

GALLAGHER ARTHUR J & CO
 Form 4
 May 17, 2007

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 GALLAGHER J PATRICK JR

2. Issuer Name and Ticker or Trading Symbol
 GALLAGHER ARTHUR J & CO
 [AJG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 ARTHUR J. GALLAGHER &
 CO., TWO PIERCE PLACE

3. Date of Earliest Transaction
 (Month/Day/Year)
 05/15/2007

Director 10% Owner
 Officer (give title below) Other (specify below)
 President & CEO

(Street)
 ITASCA, IL 60143

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) | Price | | |
| | | | | Code | V | Amount | |
| Common Stock (restricted) | 05/15/2007 | | A | 3,490 | A | 8,660 | D |
| Common Stock | | | | | | 150,426 | D |
| Common Stock | | | | | | 150,000 | I by Corporation |
| Common Stock | | | | | | 101,639 | I by Spouse |
| | | | | | | 171,250 | I by Trust ⁽²⁾ |

Common
Stock

Common
Stock

92,221 I by Trust 2

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying Security (Instr. 3 and 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title |
| Non-Qualified Stock Option (right to buy) | \$ 28.65 | 05/15/2007 | | A | 16,667 | (3) 05/15/2017 | | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 9.25 | | | | | (4) 08/30/2008 | | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 18.5 | | | | | (4) 06/20/2010 | | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 22.7 | | | | | (4) 07/21/2012 | | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 24.9 | | | | | 01/01/2004(4) 07/16/2013 | | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 26.5 | | | | | (4) 07/19/2011 | | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 27.03 | | | | | (4) 05/15/2016 | | Common Stock |

| | | | | |
|---|----------|---------------------------|------------|-----------------|
| Non-Qualified Stock Option (right to buy) | \$ 27.1 | (4) | 05/16/2015 | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 27.25 | (4) | 07/20/2015 | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 29.42 | (4) | 07/21/2014 | Common Stock |
| Non-Qualified Stock Option (right to buy) | \$ 33.28 | 01/01/2005 ⁽⁴⁾ | 03/31/2014 | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| GALLAGHER J PATRICK JR ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143 | X | | President & CEO | |

Signatures

By: John C. Rosengren For: J. Patrick
Gallagher, Jr. 05/17/2007

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Restricted stock award vesting in four years.
- (2) Held in trust for benefit of minor children.
- (3) The stock option becomes exercisable 20% each year on the anniversary of the grant date.
- (4) The stock option becomes exercisable 10% each year, commencing January 1 after the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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