

GALLAGHER ARTHUR J & CO
 Form 4
 May 18, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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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 *
BROOKER T KIMBALL

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

(Street)

ITASCA, IL 60143

(City) (State) (Zip)

3. Date of Earliest Transaction (Month/Day/Year)
05/16/2006

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

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

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)
			Code	V Amount (D) Price			
Common Stock (restricted)	05/16/2006		A	4,000 A 4,000	4,000	D	
Common Stock					132,000	D	
Common Stock					15,000	I	by Corporation (2)

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

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SEC 1474
(9-02)

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 Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 12.36					(3) 07/06/2009		Common Stock	24,000
Non-Qualified Stock Option (right to buy)	\$ 18.5					(3) 06/20/2010		Common Stock	24,000
Non-Qualified Stock Option (right to buy)	\$ 25.79					05/21/2004 ⁽³⁾ 05/20/2013		Common Stock	25,000
Non-Qualified Stock Option (right to buy)	\$ 26.11					(3) 05/21/2011		Common Stock	25,000
Non-Qualified Stock Option (right to buy)	\$ 27.1					(3) 05/16/2015		Common Stock	25,000
Non-Qualified Stock Option (right to buy)	\$ 30.58					(3) 05/17/2014		Common Stock	25,000
Non-Qualified Stock Option (right to buy)	\$ 35.86					(3) 05/13/2012		Common Stock	25,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

Director 10% Owner Officer Other

BROOKER T KIMBALL
ARTHUR J. GALLAGHER & CO. X
TWO PIERCE PLACE
ITASCA, IL 60143

Signatures

By: John C. Rosengren For: T. Kimball
Brooker

05/17/2006

__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 equal parts over three year period.
- (2) The shares are held by a corporation owned by members of the Reporting Person's immediate family and of which the Reporting Person is President and a director. The Reporting Person disclaims beneficial ownership of the shares.
- (3) The stock option becomes exercisable in three equal annual installments, commencing one year 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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