

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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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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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