GALLAGHER ARTHUR J & CO
Form 4
May 26, 2005

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

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 ROBERT E

(Last) (First) (Middle)

ARTHUR J. GALLAGHER & CO., TWO PIERCE PLACE

(Street)

ITASCA, IL 60143

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
05/25/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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	(A) or (D)	Price			
Common Stock	05/25/2005		J		100,000	D	$ 0	624,469	D	
Common Stock	05/25/2005		J		100,000	A	$ 0	100,000	I	by Trust 6 (1)
Common Stock								400,000	I	by Trust (2)
Common Stock								300,000	I	by Trust 2 (3)
Common Stock								276,048	I	by Trust 3 (4)

Common Stock	400,000	I	by Trust 4 (5)
Common Stock	500,000	I	by Trust 5 (6)
Common Stock (restricted)	8,333	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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)	$ 27.1							(7)	05/16/2015	Common Stock	18,450

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GALLAGHER ROBERT E ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143	X		Chairman	

Signatures

By: John C. Rosengren For: Robert E. Gallagher 05/25/2005

**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)	Securities held of record by Flagship II, LLC, an Illinois limited liability company. Voting membership interests are owned by the reporting person and non-voting membership interests are owned by the reporting person (1%) and a family trust (99%). The reporting person disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein.
(2)	Held in irrevocable trust by three trustees for the benefit of spouse.
(3)	Held in trust for benefit of grandchildren.
(4)	Held in trust for benefit of daughter.
(5)	Held in irrevocable charitable trust.
(6)	Securities are held of record by Flagship Limited Partnership, an Illinois limited partnership ("Flagship"). The reporting person is the general partner of Flagship and, as such, may be deemed to be beneficial owner of such shares. The reporting person disclaims beneficial ownership of these securities except to the extent of his pecuniary interest therein.
(7)	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.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.