

GALLAGHER J PATRICK JR
 Form 5
 February 06, 2006

FORM 5

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

OMB APPROVAL

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 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL 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

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)

3. Statement of Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2005

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

ARTHUR J. GALLAGHER &
 CO., TWO PIERCE PLACE

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

ITASCA, IL 60143

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)	(A) or (D)	Price	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	08/16/2005	^	G	450	D	\$ (1)	124,142	D	^
Common Stock	12/01/2005	^	G	359	A	\$ (1)	101,238	I	by Spouse
Common Stock	^	^	^	^	^	^	150,000	I	by Corporation
	^	^	^	^	^	^	168,450	I	by Trust (2)

Common Stock

Common Stock ^ ^ ^ ^ ^ ^ 73,213 I by Trust 2

Common Stock (restricted)

Common Stock ^ ^ ^ ^ ^ ^ 27,740 D ^

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 Amount of Underlying Security (Instr. 3 and 4)
Non-Qualified Stock Option (right to buy)	\$ 7.97	^	^	^	^ (A) ^ (D) ^ (3)	07/17/2006	Common Stock 4
Non-Qualified Stock Option (right to buy)	\$ 9.25	^	^	^	^ (A) ^ (D) ^ (3)	08/30/2008	Common Stock 1
Non-Qualified Stock Option (right to buy)	\$ 18.5	^	^	^	^ (A) ^ (D) ^ (3)	06/20/2010	Common Stock 2
Non-Qualified Stock Option (right to buy)	\$ 22.7	^	^	^	^ (A) ^ (D) ^ (3)	07/21/2012	Common Stock 2
Non-Qualified Stock Option (right to buy)	\$ 24.9	^	^	^	^ (A) ^ (D) 01/01/2004 ⁽³⁾	07/16/2013	Common Stock 5
Non-Qualified Stock Option (right to buy)	\$ 26.5	^	^	^	^ (A) ^ (D) ^ (3)	07/19/2011	Common Stock 2
	\$ 27.1	^	^	^	^ (A) ^ (D) ^ (3)	05/16/2015	Common Stock 1

Non-Qualified Stock Option (right to buy)										Common Stock		
Non-Qualified Stock Option (right to buy)	\$ 27.25	Â	Â	Â	Â	Â	Â	Â	(3)	07/20/2015	Common Stock	5
Non-Qualified Stock Option (right to buy)	\$ 29.42	Â	Â	Â	Â	Â	Â	Â	(3)	07/21/2014	Common Stock	5
Non-Qualified Stock Option (right to buy)	\$ 33.28	Â	Â	Â	Â	Â	01/01/2005	(3)		03/31/2014	Common Stock	1

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	Â X	Â	Â President & CEO	Â

Signatures

By: John C. Rosengren For: J. Patrick Gallagher, Jr. 02/06/2006

__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) This transaction involves a gift.
- (2) Held in trust for benefit of minor children.
- (3) The stock option becomes exercisable 10% each year, commencing January 1 after the date of grant.

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Remarks:

The directly owned common stock holdings reflected in Table I of this form include shares purchased

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.