

BROOKER T KIMBALL
 Form 4
 January 04, 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 *
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)
01/03/2007

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

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

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 Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	01/03/2007		M	24,000 A \$ 12.36	156,000	D	
Common Stock					15,000	I	by Corporation (1)
Common Stock (restricted)					4,000	D	

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

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(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 Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Non-Qualified Stock Option (right to buy)	\$ 12.36	01/03/2007		M	24,000	(2) 07/06/2009	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 18.5					(2) 06/20/2010	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 25.79					05/21/2004(2) 05/20/2013	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 26.11					(2) 05/21/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.1					(2) 05/16/2015	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 30.58					(2) 05/17/2014	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 35.86					(2) 05/13/2012	Common Stock

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

X

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

Signatures

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

01/04/2007

__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) 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.
- (2) 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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