

GALLAGHER ARTHUR J & CO
 Form 4
 February 16, 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

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 *
 GAULT JAMES S

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)

3. Date of Earliest Transaction
 (Month/Day/Year)
 02/15/2006

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

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 Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	02/15/2006		M	3,000 A	\$ 7.97	31,549	D
Common Stock	02/15/2006		M	4,000 A	\$ 9.25	35,549	D
Common Stock	02/15/2006		S	7,000 D	\$ 29.274	28,549	D
Common Stock						28,000	I by Spouse (1)
Common Stock						47,393	I by Trust

Common
Stock
(restricted)

9,763 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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Non-Qualified Stock Option (right to buy)	\$ 7.97	02/15/2006		M	3,000	(2) 07/17/2006	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 9.25	02/15/2006		M	4,000	(2) 08/30/2008	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 18.5					(2) 06/20/2010	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 22.7					(2) 07/21/2012	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004(2) 07/16/2013	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 26.5					(2) 07/19/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.25					(2) 07/20/2015	Common Stock
	\$ 29.42					(2) 07/21/2014	

Non-Qualified
 Stock Option
 (right to buy)

Common
 Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GAULT JAMES S ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143			Vice President	

Signatures

By: John C. Rosengren For: James S.
 Gault 02/16/2006

__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) The reporting person disclaims beneficial ownership of these securities pursuant to Rule 16a-1(a)(4). This report shall not be deemed an admission that the reporting person is, for purposes of Section 16 or otherwise, the beneficial owner of such securities.
 - (2) 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.