

GALLAGHER ARTHUR J & CO  
 Form 4  
 February 16, 2006

**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 \*  
 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 \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ 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<br>ARTHUR J. GALLAGHER & CO.<br>TWO PIERCE PLACE<br>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.