

CARY RICHARD C
Form 4
February 13, 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 *
CARY RICHARD C

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

3. Date of Earliest Transaction
(Month/Day/Year)
02/10/2006

___ Director ___ 10% Owner
 Officer (give title below) ___ Other (specify below)
Controller, CAO

(Street)
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 Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	02/10/2006		M	1,000 A \$ 9.25	16,481	D	
Common Stock					14,865	I	by Trust
Common Stock (restricted)					1,667	D	

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

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SEC 1474 (9-02)

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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)	8. Amount or Number of Underlying Securities (Instr. 3 and 4)
Incentive Stock Option (right to buy)	\$ 9.25	02/10/2006		M	1,000	(1) 08/30/2008	Common Stock	1
Non-Qualified Stock Option (right to buy)	\$ 18.5					(1) 06/20/2010	Common Stock	1
Non-Qualified Stock Option (right to buy)	\$ 22.7					(1) 07/21/2012	Common Stock	1
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004 ⁽¹⁾ 07/16/2013	Common Stock	1
Non-Qualified Stock Option (right to buy)	\$ 26.5					(1) 07/19/2011	Common Stock	1
Non-Qualified Stock Option (right to buy)	\$ 27.25					(1) 07/20/2015	Common Stock	1
Non-Qualified Stock Option (right to buy)	\$ 29.42					(1) 07/21/2014	Common Stock	1
Non-Qualified Stock Option (right to buy)	\$ 33.28					01/01/2005 ⁽¹⁾ 03/31/2014	Common Stock	1

Reporting Owners

Reporting Owner Name / Address

Relationships

Reporting Owners

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Director 10% Owner Officer Other

CARY RICHARD C
ARTHUR J. GALLAGHER & CO.
TWO PIERCE PLACE
ITASCA, IL 60143

Controller, CAO

Signatures

Richard C. Cary 02/13/2006

__Signature of Date
Reporting Person

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 stock option becomes exercisable 10% each year, commencing January 1 after the date of grant.

Remarks:

The directly owned common stock holdings reflected in Table I of this form include shares purchased through Arthur J. Gallagher & Co.

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.