

CARY RICHARD C

Form 4

February 13, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(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
__X__ Officer (give title ____ Other (specify
below) below)
Controller, CAO

(Street)

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

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

ITASCA, IL 60143

(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	(A) or (D)	Price
Common Stock	02/10/2006		M		1,000	A	\$ 9.25
Common Stock							16,481
Common Stock							14,865
Common Stock (restricted)							1,667
							D
							I
							by Trust

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

**Persons who respond to the collection of
information contained in this form are not**

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 Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Incentive Stock Option (right to buy)	\$ 9.25	02/10/2006		M	1,000	<u>(1)</u> 08/30/2008	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 18.5					<u>(1)</u> 06/20/2010	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 22.7					<u>(1)</u> 07/21/2012	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004 <u>(1)</u> 07/16/2013	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 26.5					<u>(1)</u> 07/19/2011	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.25					<u>(1)</u> 07/20/2015	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 29.42					<u>(1)</u> 07/21/2014	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 33.28					01/01/2005 <u>(1)</u> 03/31/2014	Common Stock

Reporting Owners

Reporting Owner Name / Address

Relationships

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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
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 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.

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