GALLAGHER ARTHUR J & CO

Form 4 March 16, 2006

FORM 4

OMB APPROVAL

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

OMB Number:

Expires:

January 31, 2005

0.5

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if no longer subject to Section 16. Form 4 or

Check this box

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Estimated average burden hours per response...

Form 5 obligations may continue.

See Instruction

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

1(b).

(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)			
		(Month/Day ALLAGHER & 03/14/200						Director 10% Owner _X Officer (give title Other (specify below) Controller, CAO			
ITASCA, IL	(Street) 60143	4. If Amend Filed(Month	dment, Date Original h/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				
(City)	(State) Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned								ly Owned		
1.Title of Security (Instr. 3)	2. Transaction D (Month/Day/Yea	ar) Executany		3. Transaction Code (Instr. 8)	Disposed (Instr. 3,	l (A) o l of (D))	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)		
Common Stock	03/14/2006			A	3,447	A	<u>(1)</u>	18,592	I	by Trust	
Common Stock								16,481	D		
Common Stock (restricted)								1,667	D		

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 (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. Transactic Code (Instr. 8)	5. onNumber 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 Securitie (Instr. 3 and 4)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amou or Numb of Sha
Incentive Stock Option (right to buy)	\$ 9.25					(2)	08/30/2008	Common Stock	2,00
Non-Qualified Stock Option (right to buy)	\$ 18.5					<u>(2)</u>	06/20/2010	Common Stock	18,0
Non-Qualified Stock Option (right to buy)	\$ 22.7					(2)	07/21/2012	Common Stock	10,0
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004(2)	07/16/2013	Common Stock	10,00
Non-Qualified Stock Option (right to buy)	\$ 26.5					(2)	07/19/2011	Common Stock	10,00
Non-Qualified Stock Option (right to buy)	\$ 27.25					(2)	07/20/2015	Common Stock	10,00
Non-Qualified Stock Option (right to buy)	\$ 29.42					<u>(2)</u>	07/21/2014	Common Stock	10,0
Non-Qualified Stock Option (right to buy)	\$ 33.28					01/01/2005(2)	03/31/2014	Common Stock	1,50

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Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

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

Controller, CAO

Signatures

By: John C. Rosengren For: Richard C.
Cary
03/16/2006

**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) Granted pursuant to the Arthur J. Gallagher & Co. Deferred Equity Participation Plan.
- (2) 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. Gallag 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.

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