

GALLAGHER ARTHUR J & CO

Form 4

August 13, 2008

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

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
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(Print or Type Responses)

1. Name and Address of Reporting Person *
DURKIN JAMES W JR

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)
08/11/2008

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

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 | 08/11/2008 | | J ⁽¹⁾ | | 1,303 | A | \$ 25.91 |
| Common Stock | | | | | | | 54,469 |
| Common Stock | | | | | | | 248,630 |
| Common Stock (restricted) | | | | | | | 7,349 |
| | | | | | | | I |
| | | | | | | | D |
| | | | | | | | D |
| | | | | | | | 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)

required to respond unless the form
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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 Securities (Instr. 3 and 4) |
|---|---|---|---|---|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount or Number of Shares |
| Non-Qualified Stock Option (right to buy) | \$ 9.25 | | | | | (2) 08/30/2008 | Common Stock 40,000 |
| Non-Qualified Stock Option (right to buy) | \$ 18.5 | | | | | (2) 06/20/2010 | Common Stock 30,000 |
| Non-Qualified Stock Option (right to buy) | \$ 22.7 | | | | | (2) 07/21/2012 | Common Stock 20,000 |
| Non-Qualified Stock Option (right to buy) | \$ 23.76 | | | | | (3) 03/05/2018 | Common Stock 6,350 |
| Non-Qualified Stock Option (right to buy) | \$ 24.9 | | | | | 01/01/2004(2) 07/16/2013 | Common Stock 20,000 |
| Non-Qualified Stock Option (right to buy) | \$ 26.5 | | | | | (2) 07/19/2011 | Common Stock 20,000 |
| Non-Qualified Stock Option (right to buy) | \$ 27.25 | | | | | (2) 07/20/2015 | Common Stock 30,000 |
| Non-Qualified Stock Option (right to buy) | \$ 28.65 | | | | | (3) 05/15/2017 | Common Stock 5,950 |
| Non-Qualified Stock Option (right to buy) | \$ 29.42 | | | | | (2) 07/21/2014 | Common Stock 30,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------|-------|
| | Director | 10% Owner | Officer | Other |
| DURKIN JAMES W JR ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143 | | | Vice President | |

Signatures

James W.
Durkin, Jr. 08/13/2008

**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) Dividend reinvestment 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.
- (3) The stock option becomes exercisable 20% each year on the anniversary of the grant date.

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.

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