

GALLAGHER ARTHUR J & CO
 Form 4
 August 13, 2008

FORM 4

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

OMB APPROVAL

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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 *
GALLAGHER J PATRICK 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
 Officer (give title below) Other (specify below)
President & CEO

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)
			Code	V	Amount or Price		
Common Stock	08/12/2008		M		12,000 A \$ 9.25	161,578	D
Common Stock	08/12/2008		S		12,000 D \$ 26.4061	149,578	D
Common Stock	06/12/2008		G	V	300 D \$ 0	99,789	I by Spouse (1)
Common Stock	08/11/2008		J(2)		2,376 A \$ 25.8597	176,426	I by Trust
Common Stock						150,000	I by Corporation

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Common Stock	96,490	I	by Trust 2
Common Stock (restricted)	7,699	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 required to respond unless the form displays a currently valid OMB control number. SEC 1474 (9-02)

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 Underlying Security (Instr. 3 and 4)	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title
Non-Qualified Stock Option (right to buy)	\$ 9.25	08/12/2008		M	12,000	(3) 08/30/2008		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 18.5					(3) 06/20/2010		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 22.7					(3) 07/21/2012		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 23.76					(4) 03/05/2018		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004(3) 07/16/2013		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 26.5					(3) 07/19/2011		Common Stock
Non-Qualified Stock Option (right to buy)	\$ 27.03					(3) 05/15/2016		Common Stock

