

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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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 *
HOWELL DOUGLAS K

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)
VP & Chief Financial Officer

ITASCA, IL 60143
 (City) (State) (Zip)

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

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--------|---------|---|--|-----------------------------------|
| | | | | (A) or (D) | Amount | Price | | | |
| Common Stock | 08/11/2008 | | J ⁽¹⁾ | V | 590 | A \$ 26 | 24,715 | I | by Trust |
| Common Stock | | | | | | | 25,942 | D | |
| Common Stock (restricted) | | | | | | | 19,946 | 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 Securities (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Incentive Stock Option (right to buy) | \$ 24.58 | | | | | <u>(2)</u> | 03/02/2013 | Common Stock | 75,000 |
| Non-Qualified Stock Option (right to buy) | \$ 23.76 | | | | | <u>(3)</u> | 03/05/2018 | Common Stock | 6,000 |
| Non-Qualified Stock Option (right to buy) | \$ 27.03 | | | | | <u>(2)</u> | 05/15/2016 | Common Stock | 2,590 |
| Non-Qualified Stock Option (right to buy) | \$ 27.25 | | | | | <u>(2)</u> | 07/20/2015 | Common Stock | 35,000 |
| Non-Qualified Stock Option (right to buy) | \$ 27.94 | | | | | <u>(2)</u> | 10/18/2017 | Common Stock | 50,000 |
| Non-Qualified Stock Option (right to buy) | \$ 28.65 | | | | | <u>(3)</u> | 05/15/2017 | Common Stock | 11,300 |
| Non-Qualified Stock Option (right to buy) | \$ 29.42 | | | | | <u>(2)</u> | 07/21/2014 | Common Stock | 35,000 |
| Non-Qualified Stock Option (right to buy) | \$ 33.28 | | | | | 01/01/2005 <u>(2)</u> | 03/31/2014 | Common Stock | 3,750 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| HOWELL DOUGLAS K ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143 | | | VP & Chief Financial Officer | |

Signatures

By: Kerry S. Abbott For: Douglas K.
Howell

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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