

GALLAGHER ARTHUR J & CO  
 Form 4  
 August 19, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

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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 \*  
**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)  
**08/15/2008**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Vice President

**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 (A) or (D) Price			
Common Stock	08/15/2008		M	40,000 A \$ 9.25	288,630	D	
Common Stock	08/15/2008		S	40,000 D \$ 26.0785	248,630	D	
Common Stock					54,469	I	by Trust
Common Stock (restricted)					7,349	D	

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

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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	08/15/2008		M	40,000	<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)	\$ 23.76					<u>(2)</u>	03/05/2018	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004 <sup>(1)</sup>	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)	\$ 28.65					<u>(2)</u>	05/15/2017	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 29.42					<u>(1)</u>	07/21/2014	Common Stock

