

Bay Walter D.
Form 4
March 07, 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

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Bay Walter D.

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)
08/16/2007

____ Director ____ 10% Owner
__X__ Officer (give title ____ Other (specify
below) below)
VICE PRESIDENT, SECRETARY AND

ITASCA, IL 60143

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

(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 or Disposed of (A) or (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)
Common Stock (restricted)	08/16/2007		J	10,000	A <u>1</u> 10,000	D	
Common Stock (restricted)	03/05/2008		A	6,061	A <u>2</u> 16,061	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
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SEC 1474
(9-02)

number.

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 Security (Instr. 3 and 4)	Amount or Number of Shares
Incentive Stock Option (right to buy)	\$ 29.25	08/16/2007		J	17,000	<u>(3)</u> 08/16/2017	Common Stock	17,000
Non-Qualified Stock Option (right to buy)	\$ 23.76	03/05/2008		A	3,197	<u>(3)</u> 03/05/2018	Common Stock	3,197
Non-Qualified Stock Option (right to buy)	\$ 29.25	08/16/2007		J	13,000	<u>(3)</u> 08/16/2017	Common Stock	13,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Bay Walter D. ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143			VICE PRESIDENT, SECRETARY AND	

Signatures

By: Kerry S. Abbott For: Walter D. Bay 03/07/2008

__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) Restricted stock award vesting in equal parts over a 5 year period.

(2) Restricted stock award vesting in four years.

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

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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