

GAULT JAMES S
Form 4
August 22, 2007

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 *
GAULT JAMES S

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)
08/20/2007

___ 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)
				(A) or (D) Code V Amount (D) Price			
Common Stock	08/20/2007		J ⁽¹⁾	1,189 A \$ 29.9987	58,759	I	by Trust
Common Stock					34,689	D	
Common Stock					28,000	I	by Spouse ⁽²⁾
Common Stock (restricted)					1,588	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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(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 Amount of 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					(3) 08/30/2008	Common Stock 4,000
Non-Qualified Stock Option (right to buy)	\$ 18.5					(3) 06/20/2010	Common Stock 20,000
Non-Qualified Stock Option (right to buy)	\$ 22.7					(3) 07/21/2012	Common Stock 25,000
Non-Qualified Stock Option (right to buy)	\$ 24.9					01/01/2004(3) 07/16/2013	Common Stock 35,000
Non-Qualified Stock Option (right to buy)	\$ 26.5					(3) 07/19/2011	Common Stock 20,000
Non-Qualified Stock Option (right to buy)	\$ 27.25					(3) 07/20/2015	Common Stock 35,000
Non-Qualified Stock Option (right to buy)	\$ 28.65					(4) 05/15/2017	Common Stock 7,580
Non-Qualified Stock Option (right to buy)	\$ 29.42					(3) 07/21/2014	Common Stock 35,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GAULT JAMES S ARTHUR J. GALLAGHER & CO. TWO PIERCE PLACE ITASCA, IL 60143			Vice President	

Signatures

By: Douglas K Howell For: James S.
Gault

08/22/2007

__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 reporting person disclaims beneficial ownership of these securities pursuant to Rule 16a-1(a)(4). This report shall not be deemed an admission that the reporting person is, for purposes of Section 16 or otherwise, the beneficial owner of such securities.

(3) The stock option becomes exercisable 10% each year, commencing January 1 after the date of grant.

(4) 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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