

MCKENNA RICHARD J

Form 4

November 02, 2007

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

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
MCKENNA RICHARD J

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

3. Date of Earliest Transaction
(Month/Day/Year)
10/31/2007

____ Director ____ 10% Owner
X Officer (give title ____ Other (specify
below) below)
Vice President

(Street)

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

ITASCA, IL 60143

(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 Beneficial Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Stock	10/31/2007		M		20,000	A	\$ 9.25	56,314	D
Common Stock	10/31/2007		S		16,000	D	\$ 26.57	40,314	D
Common Stock								62,483	I by Trust

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)

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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 Ar Underlying Se (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Non-Qualified Stock Option (right to buy)	\$ 9.25	10/31/2007		M	20,000	10/31/2007 ⁽¹⁾ 08/30/2008	Common Stock

Reporting Owners

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

Signatures

Richard J.
McKenna 11/02/2007

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

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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