Bay Walter D. Form 4 March 10, 2009

FORM 4

OMB APPROVAL

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16. Form 4 or

Washington, D.C. 20549

January 31, Expires: 2005

Form 5

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

Estimated average burden hours per response... 0.5

obligations may continue. See Instruction

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

1(b).

(Print or Type Responses)

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

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol

GALLAGHER ARTHUR J & CO [AJG]

(Check all applicable)

(Last) (First) (Middle)

(Street)

3. Date of Earliest Transaction

Director 10% Owner X_ Officer (give title Other (specify

VICE PRESIDENT, SECRETARY AND

(Month/Day/Year) 03/04/2009

below)

ARTHUR J. GALLAGHER & CO., TWO PIERCE PLACE

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

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 2. Transaction Date 2A. Deemed 3. 4. Securities Acquired 5. Amount of 6. Execution Date, if Securities

Security (Month/Day/Year) (Instr. 3)

03/04/2009

Transaction(A) or Disposed of Code (D) (Instr. 3, 4 and 5) (Month/Day/Year) (Instr. 8)

7. Nature of Ownership Indirect Beneficially Form: Direct Beneficial Owned Ownership (D) or **Following** Indirect (I) (Instr. 4)

(A) or

Reported (Instr. 4) Transaction(s)

(Instr. 3 and 4) (D) Price Amount

Code V

<u>(1)</u> A 11,063 25,124 D A

(restricted)

Common

Common

Stock

3,069 D

Stock

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

Persons who respond to the collection of **SEC 1474** information contained in this form are not number.

required to respond unless the form displays a currently valid OMB control

(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. Transactic Code (Instr. 8)	5. conNumber of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)			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)	\$ 29.25					(2)	08/16/2017	Common Stock	17,000
Non-Qualified Stock Option (right to buy)	\$ 23.76					(2)	03/05/2018	Common Stock	3,197
Non-Qualified Stock Option (right to buy)	\$ 26.09					(3)	05/13/2018	Common Stock	15,000
Non-Qualified Stock Option (right to buy)	\$ 29.25					(2)	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.

VICE PRESIDENT, SECRETARY AND

ITASCA, IL 60143

TWO PIERCE PLACE

Signatures

Walter D. Bay 03/10/2009

**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 four years.

Reporting Owners 2

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- (2) The stock option becomes exercisable 20% each year on the anniversary of the grant date.
- (3) The stock option becomes exercisable 10% each year, commencing January 1 after the date of grant.

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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.