

ARROW FINANCIAL CORP  
 Form 4  
 October 23, 2008

**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 \*  
**BILODEAU GERARD R**

2. Issuer Name and Ticker or Trading Symbol  
**ARROW FINANCIAL CORP  
 [AROW]**

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
**ARROW FINANCIAL CORPORATION, 250 GLEN STREET**

3. Date of Earliest Transaction (Month/Day/Year)  
**10/22/2008**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**SVP & Corporate Secretary**

(Street)  
**GLENS FALLS, NY 12801**

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

**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 Ownership (Instr. 4)
			Code	V	Amount or Price (A) or (D)		
Common Stock	10/22/2008		M		5,818 A \$ 13.54	D	
Common Stock	10/22/2008		F		4,259 (2) D \$ 23.69	D	
Common Stock	10/22/2008		J(1)		0 A \$ 0	I	ESOP
Common Stock	10/22/2008		J(1)		0 A \$ 0	I	ESPP w/Wife

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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)	Amount or Number of Shares
Employee Stock Optioni (Right to Buy)	\$ 13.54	11/18/1998		M	5,818	11/18/2002 11/18/2008	Common Stock	5,818

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BILODEAU GERARD R ARROW FINANCIAL CORPORATION 250 GLEN STREET GLENS FALLS, NY 12801			SVP & Corporate Secretary	

## Signatures

Gerard R. Bilodeau 10/23/2008

\*\*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) Amount of securities beneficially owned.
- (2) Includes 1) 3,325 shares surrendered by reporting person to issuer to pay the exercise price of the derivative security and 2) 934 shares withheld by the issuer to satisfy withholding tax liabilities related to the exercise.

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### (3) Exercise of derivative security.

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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