

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

MARSH & MCLENNAN COMPANIES, INC.
1166 AVENUE OF THE AMERICAS
NEW YORK, NEW YORK 10036-2774
(212) 345-5000

COMMISSION FILE NUMBER 1-5998
STATE OF INCORPORATION: DELAWARE
I.R.S. EMPLOYER IDENTIFICATION NO. 36-2668272

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock	New York Stock Exchange
(par value \$1.00 per share)	Chicago Stock Exchange
Preferred Stock Purchase Rights	Pacific Exchange
	London Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/. No / /.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

As of February 28, 2001, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$29,787,002,930.

As of February 28, 2001, there were outstanding 276,148,279 shares of common stock, par value \$1.00 per share, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE
(ONLY TO THE EXTENT SET FORTH IN THE PART INDICATED)

Annual Report to Stockholders for year ended December 31, 2000.....	Parts I, II and IV
Notice of Annual Meeting of Stockholders and Proxy Statement dated March 29, 2001.....	Part III

ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2000

PART I

ITEM 1. BUSINESS.

Marsh & McLennan Companies, Inc. ("MMC"), a professional services organization with origins dating from 1871 in the United States, is primarily a holding company which, through its subsidiaries and affiliates, provides clients with analysis, advice and transactional capabilities in the fields of risk and insurance services, investment management and consulting.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 25 through 32 of the Annual Report to Stockholders for the year ended December 31, 2000 (the "2000 Annual Report"), which is incorporated herein by reference, for a discussion of MMC's revenues and operating income by industry segment for each of the last three fiscal years.

RISK AND INSURANCE SERVICES. MMC's risk and insurance services are provided by its subsidiaries and their affiliates as broker, agent or consultant for insureds, insurance underwriters and other brokers on a worldwide basis. These services are provided by Marsh Inc., which delivers risk and insurance services and solutions to clients through its various subsidiaries and affiliates. Risk management, insurance broking and program management services are provided for businesses, public entities, professional services organizations and private clients under the Marsh name. Reinsurance broking, financial modeling services and related advisory functions are conducted for insurance and reinsurance companies, principally under the Guy Carpenter name. The Consumer and Program Practices unit delivers program management services for associations primarily under the Seabury & Smith or Marsh names. Wholesale underwriting management services, primarily in the area of professional liability insurance, are performed for a wide range of clients under various names. In addition, MMC Capital, Inc. provides services principally in connection with originating, structuring and managing insurance, financial services and other industry focused investments.

Marsh Inc. serves clients with risk and insurance services in more than 100 countries in all major regions of the world where insurance business is done. These clients are engaged in essentially all of the major areas of manufacturing and services found in the world economy. Business clients range from major worldwide corporations to mid-size and small businesses and professional services organizations. Marsh Inc.'s clientele also includes government agencies, high-net-worth individuals, and consumers served through affinity groups and employer-based programs.

The services provided include the identification, analysis, valuation, mitigation, financing and transfer of risks that arise from client operations. These risks relate to damage to property, various liability exposures, and other factors that could result in financial loss, including large and complex risks that require access to world insurance markets. In recent years, the risks addressed by Marsh Inc.'s operating units have expanded beyond traditional property-liability areas to include a widening range of exposures. Major examples of these risks include employment practices liability, the launch and operation of rockets and spacecraft, the development and operation of technology resources (such as computers, communications networks and Web sites), the theft or loss of intellectual property, copyright infringement, the remediation of environmental pollution, merger and acquisition issues, the interruption of revenue streams

derived from leasing and credit operations, political risks and various other financial, strategic and operating exposures.

To deal with client risks, Marsh Inc.'s subsidiaries provide a broad spectrum of services requiring expertise in multiple disciplines: risk identification, valuation and mitigation; conducting negotiations and placement transactions with the worldwide insurance and capital markets; gaining knowledge of specific insurance product lines and technical aspects of client operations, industries and fields of business; actuarial analysis; and understanding the regulatory and legal environments of various countries.

Once client risks are identified, Marsh provides advice on addressing the exposures. This includes structuring programs for retaining, mitigating, financing, and transferring the risks in combinations that vary according to the risk profiles, requirements and preferences of clients. Specific professional functions provided in this process include loss-control services, the placement of client risks with the worldwide insurance and capital markets (risk transfer) sometimes involving other intermediaries, the development of alternative risk financing methods, establishment and management of specialized insurance companies owned by clients ("captive insurance companies"); claims collection, injury management, and other insurance and risk related services.

Marsh operates through offices in various countries around the world. Correspondent relationships are maintained with unaffiliated firms in certain countries.

The provision of reinsurance services to insurance and reinsurance companies and other risk assumption entities by Guy Carpenter and its subsidiaries and affiliates primarily involves acting as a broker or intermediary on all classes of reinsurance. It's offices are principally in North America, Europe and Asia Pacific. The predominant lines addressed are property and casualty. In addition, Guy Carpenter's reinsurance activities include specialty lines such as professional liability, medical malpractice, accident, life and health. Services include providing advice, placing coverages with reinsurance markets, arranging risk-transfer financing with capital markets, and furnishing related services such as actuarial, financial and regulatory consulting, portfolio analysis, catastrophe modeling and claims services. An insurance or reinsurance company may seek reinsurance or other risk-transfer financing on all or a portion of the risks it insures.

Marsh Inc.'s Consumer and Program Practices unit provides a diverse range of services to clients in North America and also in Europe. It serves small businesses with property-casualty insurance and insured employee benefits programs under the Marsh name. Services related to employee voluntary payroll deduction programs and the administration of insurance- and benefit-related programs also are provided under the Marsh name for corporations and employer coalitions. Specialized risk and insurance programs are delivered directly to high-net-worth individuals under the Marsh name. For associations, the Consumer and Program Practices unit designs, markets and administers primarily life, health, accident, disability, automobile, homeowners, professional liability and other insurance-related products purchased by members of the associations. These activities are conducted under the Seabury & Smith name. The Consumer and Program Practices unit also provides underwriting management services to insurers in the United States, Canada and the United Kingdom, primarily for professional liability coverages, as well as wholesale broking services in the United States and the United Kingdom for a broad range of products on behalf of both affiliated and unaffiliated brokers. These services are provided under various names apart from Marsh and Seabury & Smith.

As part of the acquisition of Sedgwick Group plc in 1998, MMC acquired several insurance companies that were in run-off. MMC is seeking to dispose of these interests.

MMC CAPITAL, INC. MMC Capital, Inc. (formerly known as Marsh & McLennan Capital, Inc.)("MMCAP") is a private equity investment firm that manages fund families focused on distinct industry sectors. It is an advisor to The Trident Partnership L.P., a private investment partnership formed in 1993 with \$660 million in capital commitments, and Trident II, L.P. formed in 1999 with \$1.4 billion in

capital commitments for investments in insurance, financial services and related industries. MMCAP also is the advisor to two funds with aggregate capital commitments of \$330 million for investments in technology companies and to a fund with capital commitments of \$75 million for investments in communications and information companies. Investors in these funds include MMCAP's corporate parent and other investors.

MMCAP and its predecessor operations were instrumental in the formation of several substantial insurance and reinsurance entities, including ACE Ltd. and XL Capital Ltd. MMCAP advises its immediate parent company, Marsh & McLennan Risk Capital Holdings, Ltd., regarding the latter's ownership holdings in certain insurance and reinsurance entities and funds, primarily ones initiated by MMCAP.

As a result of the foregoing activities, subsidiaries and affiliates of MMC may have direct or indirect investments in insurance and reinsurance companies, including entities at Lloyd's, which are considered for client placements by MMC's insurance and reinsurance brokerage businesses.

MMC ENTERPRISE RISK, INC. MMC Enterprise Risk, Inc., along with certain subsidiaries and affiliates ("MMC ER"), is a new operating entity that implements value-based enterprise risk solutions that reduce the volatility in operating performance and the cost of equity to client companies. MMC ER provides both advice and transactions to assist clients to resolve strategic, financial, operating, and hazard risks. By applying mathematical, economic, actuarial and financial analysis to a wide range of risk issues, and recommending tailored financial and organizational risk solutions, MMC ER assists clients in creating a risk management approach that prioritizes key risks, quantifies their impact, develops integrated solutions and establishes or enhances governance and controls.

MMC ER is composed of previously existing businesses within MMC, including Marsh & McLennan Securities, which, through registered securities broker-dealers, provides merger & acquisition advisory services to the insurance industry and offers capital markets solutions for transferring risk; William M. Mercer's risk, finance & insurance unit which provides both property and casualty and life and health actuarial consulting services; and the advanced risk transfer, political risk and trade credit brokerage units of Marsh which provide complex, structured risk transfer solutions. All of these businesses now operate and are branded under MMC Enterprise Risk.

COMPENSATION FOR SERVICES. The revenue attributable to MMC's risk and insurance services consists primarily of fees paid by clients; commissions and fees paid by insurance and reinsurance companies; interest income on funds held in a fiduciary capacity for others, such as premiums and claims proceeds; contingent income for services provided to insurers; and compensation for services provided in connection with the organization, structuring and management of insurance, financial services and other industry-focused investments, including fees and dividends, as well as appreciation that has been realized on sales of holdings in such entities.

Revenue generated by risk and insurance services is fundamentally derived from the value of the service provided to clients and insurance markets. These revenues may be affected by premium rate levels in the property and casualty and employee benefits insurance markets and available insurance capacity, since compensation is frequently related to the premiums paid by insureds. In many cases, compensation may be negotiated in advance based upon the estimated value of the services to be performed. Revenue is also affected by fluctuations in the amount of risk retained by insurance and reinsurance clients themselves and by insured values, the development of new products, markets and services, new and lost business, merging of clients (including insurance companies that are clients in the reinsurance intermediary business) and the volume of business from new and existing clients, as well as by interest rates for fiduciary funds.

Revenue and fees also may be received from originating, structuring and managing investments in insurance, financial services and other industry-focused investments, as well as income derived from investments made by MMC. Contingent income for services provided includes payments or allowances by

insurance companies based upon such factors as the overall volume of business placed by the broker with that insurer, the aggregate commissions paid by the insurer for that business during specific periods, or the profitability or loss to the insurer of the risks placed. This revenue reflects compensation for services provided by brokers to the insurance market. These services include new product development, the development and provision of technology, administration, and the delivery of information on developments among broad client segments and the insurance markets.

Revenues vary from quarter to quarter as a result of the timing of policy renewals, the net effect of new and lost business, interest and foreign exchange rate fluctuations and the realization of investments, whereas expenses tend to be more uniform throughout the year.

Commission rates vary in amount depending upon the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer, the capacity in which the broker acts and negotiations with clients. In some cases, compensation for brokerage or advisory services is paid directly as a fee by the client. Occasionally, commissions are shared with other brokers that have participated in placing insurance or servicing insureds.

The investment of fiduciary funds is governed by the applicable laws or regulations of insurance authorities of the states in the United States and in other jurisdictions in which MMC's subsidiaries do business. These laws and regulations typically limit the type of investments that may be made with such funds. The general amount of funds invested and interest rates vary from time to time.

INVESTMENT MANAGEMENT. Investment management and related services are provided by Putnam Investments, LLC (the successor to Putnam Investments, Inc.), and its subsidiaries ("Putnam"). Putnam has been engaged in the investment management business since 1937, with its principal offices in Boston, Massachusetts. Putnam also has offices in London and Tokyo. Putnam provides individual and institutional investors with a broad range of equity and fixed income investment products and services designed to meet varying investment objectives and which afford its clients the opportunity to allocate their investment resources among various investment products as changing worldwide economic and market conditions warrant.

On January 2, 2001, Putnam Investments, Inc. participated in an internal corporate reorganization pursuant to which it became a wholly-owned subsidiary of Putnam Investments Trust, a newly formed Massachusetts business trust, and it was merged into Putnam Investments, LLC. Putnam Investments, LLC is the successor to Putnam Investments, Inc.

INVESTMENT MANAGEMENT SERVICES. Putnam's investment management services, which are performed principally in the United States, include securities investment advisory and management services consisting of investment research and management, and accounting and related services for a group of publicly-held investment companies. As of December 31, 2000, there were 124 such funds (the "Putnam Funds") registered under the Investment Company Act of 1940, including 16 closed-end investment companies whose shares are traded on various major domestic stock exchanges. A number of the open-end funds serve as funding vehicles for variable insurance contracts. Investment management services are also provided to corporate profit-sharing and pension funds, state and other governmental and public employee retirement funds, university endowment funds, charitable foundations, collective investment vehicles (both U.S. and non-U.S.) and other domestic and foreign institutional accounts.

The majority of Putnam's assets under management are derived from U.S. individuals and institutions. In recent years Putnam has been expanding its international client base on a selective basis through joint ventures and the development of products such as offshore funds. Many international markets are well developed with many established investment management firms. It may be difficult for Putnam to establish businesses whose profitability equals that of its business in the U.S. where it is one of the market leaders. Putnam seeks to manage the risks of international expansion by using joint ventures with established firms in selected countries and otherwise carefully choosing which markets to enter.

Putnam has a minority interest in Thomas H. Lee Partners ("THL"), a private equity investment firm. In addition, Putnam and THL formed a joint venture entity, TH Lee, Putnam Capital of which Putnam owns a 25% interest. THL and TH Lee, Putnam Capital offer private equity and alternative investment funds for institutional and high-net-worth investors.

Assets managed by Putnam, on which management fees are earned, aggregated approximately \$370 billion and \$391 billion as of December 31, 2000 and 1999, respectively, invested both domestically and globally. Mutual fund assets aggregated \$269 billion at December 31, 2000 and \$289 billion at December 31, 1999. Assets held in equity securities at December 31, 2000 represented 83% of assets under management, compared with 82% in 1999 and 73% in 1998, while investments in fixed income products represented 17%, compared with 18% in 1999 and 27% in 1998. Assets under management averaged \$397 billion in 2000.

Putnam's revenue is derived primarily from investment management and 12b-1 fees received from the Putnam Funds and institutional accounts. Assets under management and revenue levels are particularly affected by fluctuations in domestic and international stock and bond market prices, and by the level of investments and withdrawals for current and new fund shareholders and clients. U.S. equity markets were volatile throughout 2000 and declined for the year after several years of substantial growth. This volatility contributed to the fluctuations in assets under management and, accordingly, to growth rates of revenue. A continued decline in general market levels will reduce revenue growth or, in some circumstances, could lead to a decline in revenue. Items affecting revenue also include, but are not limited to, investment performance, service to clients, the development and marketing of new investment products, the relative attractiveness of the investment style under prevailing market conditions, changes in the investment patterns of clients and equity earnings associated with THL investments.

Revenue levels are sensitive to all of the factors above, but in particular, to significant changes in bond and stock market valuations. Fluctuations in the prices of stocks will have an effect on equity assets under management and may influence the flow of monies to and from equity funds and accounts. Fluctuations in interest rates and in the yield curve have a similar effect on fixed income assets under management and may influence the flow of monies to and from fixed-income funds and accounts. Putnam provides individual and institutional investors with a broad range of equity and fixed income investment products and services designed to meet varying investment objectives and which afford its clients the opportunity to allocate their investment resources among various investment products as changing worldwide economic and market conditions warrant.

The investment management services provided to the Putnam Funds and institutional accounts are performed pursuant to advisory contracts which provide for fees payable to the Putnam company that manages the account. The amount of the fees varies depending on the individual mutual fund or account and is usually based upon a sliding scale in relation to the level of assets under management and, in certain instances, is also based on investment performance. Such contracts automatically terminate in the event of their assignment, generally may be terminated by either party without penalty and, as to contracts with the Putnam Funds, continue in effect only so long as approved, at least annually, by their shareholders or by the Putnam Funds' trustees, including a majority who are not affiliated with Putnam. "Assignment" includes any direct or indirect transfer of a controlling block of voting stock in Putnam or MMC. The management of Putnam and the trustees of the funds regularly review the fund fee structure in light of fund performance, the level and range of services provided, industry conditions and other relevant factors.

PUTNAM FIDUCIARY TRUST COMPANY. A Putnam subsidiary, Putnam Fiduciary Trust Company, a Massachusetts trust company, serves as transfer agent, dividend disbursing agent, registrar and custodian for the Putnam Funds and provides custody services to several external clients. Putnam Fiduciary Trust Company receives compensation from the Putnam Funds for such services pursuant to written investor servicing agreements which may be terminated by either party on 90 days' notice, and pursuant to written custody agreements which may be terminated by either party on 30 days' notice. These contracts generally provide

for compensation on the basis of several factors which vary with the type of service being provided. In addition, Putnam Fiduciary Trust Company provides administrative and trustee (or custodial) services for employee benefit plans (in particular 401(k) plans), IRA's and other clients for which it receives compensation pursuant to service and trust or custodian contracts. In the case of employee benefit plans, investment options are usually selected by the plan sponsors and may include Putnam mutual funds and other Putnam managed products, as well as employer stock and other non-Putnam investments.

PUTNAM RETAIL MANAGEMENT, INC. Putnam Retail Management, Inc., a Putnam subsidiary, acts as principal underwriter of the shares of the open-end Putnam Funds, selling primarily through independent broker/dealers, financial planners and financial institutions, including banks, and directly to certain large 401(k) plans and other institutional accounts. Shares of open-end funds are generally sold at their respective net asset value per share plus a sales charge, which varies depending on the individual fund and the amount and class of shares purchased. In some cases the sales charge is assessed only if the shares are redeemed within a stated time period. In accordance with certain terms and conditions described in the prospectuses for such funds, certain investors are eligible to purchase shares at net asset value or at reduced sales charges, and investors may generally exchange their shares of a fund at net asset value for shares of another Putnam Fund without the payment of additional sales charges.

Commissions to selling dealers are typically paid at the time of the purchase as a percentage of the amount invested. Essentially all Putnam Funds are available with a contingent deferred sales charge in lieu of a front-end load. The related prepaid dealer commissions initially paid by Putnam to broker/dealers for distributing such funds can be recovered through charges and fees received over a number of years.

All of the open-end Putnam Funds have adopted distribution plans pursuant to Rule 12b-1 under the Investment Company Act of 1940 under which the Putnam Funds make payments to Putnam Retail Management, Inc., a Putnam subsidiary, to cover costs relating to distribution of the Putnam Funds and services provided to shareholders. These payments enable the Putnam subsidiary to pay service fees and other continuing compensation to firms that provide services to Putnam Fund shareholders and distribute shares of the Putnam Funds. Some Rule 12b-1 fees are retained by Putnam Retail Management, Inc. as compensation for the costs of distribution and other services provided by Putnam to shareholders and for commissions advanced by Putnam at the point of sale (and recovered through fees received over time) to firms that distribute shares of the Putnam Funds. These distribution plans, and payments made by the Putnam Funds thereunder, are subject to annual renewal by the trustees of the Putnam Funds and to termination by vote of the shareholders of the Putnam Funds or by vote of a majority of the Putnam Funds' trustees who are not affiliated with Putnam. Failure of the Trustees to approve continuation of the Rule 12b-1 plans for Class B (deferred sales charge) shares would have a material adverse effect on Putnam. The Trustees also have the ability to reduce the level of 12b-1 fees paid by a fund or to make other changes that would reduce the amount of 12b-1 fees received by Putnam. Such changes could have a material adverse effect on Putnam.

Putnam provides investor services through several separate facilities in the Boston area and has one of the largest image processing facilities in the world.

CONSULTING. Through Mercer Consulting Group, Inc., subsidiaries and affiliates of MMC, separately and in collaboration, provide consulting services from locations around the world, predominantly to corporate clients in the areas of human resources and employee benefit programs, including retirement, health care and compensation, as well as communication and human resource strategy; general management consulting, which comprises strategy, operations and marketing; and organizational change and economic consulting and analysis services.

William M. Mercer Companies LLC ("William M. Mercer"), through its subsidiaries and affiliates provides professional advice and services to corporate, government and institutional clients from offices in more than 35 countries and territories in North and South America, Europe, Asia, Australia and New Zealand. Consultants help organizations design, implement, administer and communicate employee

benefit, compensation and other human resource programs and strategies. Through its investment consultants, the firm assists trustees of pension funds and others in the selection of investment managers and investment strategies. William M. Mercer also advises investment managers on product design and positioning. In certain locations outside of the United States, William M. Mercer advises individuals in the investment and disposition of lump sum retirement benefits and other retirement savings and offers a retirement trust service, incorporating plan administration, trustee services and investment manager selection.

Mercer Management Consulting, Inc. provides advice and assistance on issues of business strategy, primarily to large corporations in North America, Europe and Asia. Consultants help clients understand customer dynamics, optimize the economics of their business, and structure their organizations, processes and systems to achieve their strategic goals and maximize shareholder value.

Mercer Delta Consulting Inc., with offices in North America, works with senior executives and CEOs of major corporations and other institutions on the design and leadership of organizational change.

National Economic Research Associates, Inc. ("NERA"), a firm of consulting economists, serves law firms, corporations, trade associations and governmental agencies, from offices in the United States, Europe and Australia. NERA provides research and analysis of economic and financial issues arising in litigation, regulation, public policy and management.

Under the Lippincott & Margulies name, Mercer advises leading corporations on issues relating to brand, corporate identity and image.

The major component of Mercer Consulting Group's revenue is fees paid by clients for advice and services. In a relatively small number of situations, fees are partly contingent on the client having successful outcomes. In addition, commission revenue is received from insurance companies for the placement of individual and group insurance contracts, primarily life, health and accident coverages. A relatively small amount of revenue is derived from brokerage commissions in connection with a registered securities broker dealer, and in the form of equity interests in clients of Mercer Management Consulting, Inc.

Revenue in the consulting business is fundamentally derived from the value of the advice and services provided to clients. It is affected by changes in clients' industries, including government regulation, as well as new products and services, the stage of the economic cycle, broad trends in employee demographics and in the management of large organizations and interest and foreign exchange rate fluctuations.

REGULATION. The activities of MMC are subject to licensing requirements and extensive regulation under the laws of the United States and its various states, territories and possessions, as well as laws of other countries in which MMC's subsidiaries operate. These laws and regulations are primarily intended to benefit clients.

MMC's three business segments depend on the validity of, and continued good standing under, the licenses and approvals pursuant to which they operate, as well as compliance with pertinent regulations. MMC therefore devotes significant effort toward maintaining its licenses and to ensuring compliance with a diverse and complex regulatory structure.

In all jurisdictions the applicable laws and regulations are subject to amendment or interpretation by regulatory authorities. Generally, such authorities are vested with relatively broad discretion to grant, renew and revoke licenses and approvals, and to implement regulations. Licenses may be denied or revoked for various reasons, including the violation of such regulations, conviction of crimes and the like. Possible sanctions which may be imposed include the suspension of individual employees, limitations on engaging in a particular business for specified periods of time, revocation of licenses, censures, redress to clients and fines. In some instances, MMC follows practices based on its interpretations, or those generally followed by the industry, of laws or regulations, which may prove to be different from those of regulatory

authorities. Accordingly, the possibility exists that MMC may be precluded or temporarily suspended from carrying on some or all of its activities or otherwise fined or penalized in a given jurisdiction.

No assurances can be given that MMC's risk and insurance services, investment management or consulting activities can continue to be conducted in any given jurisdiction as they have been in the past.

RISK AND INSURANCE SERVICES. While the laws and regulations vary among jurisdictions, every state of the United States and most foreign jurisdictions require an insurance broker or agent (and in some cases a reinsurance broker or intermediary) or insurance consultant, managing general agent or third party administrator to have an individual and/or company license from a governmental agency or self-regulatory organization. In addition, certain of MMC's risk and insurance activities are governed by the rules of the General Insurance Standards Council in London and self-regulatory organizations in the United Kingdom and in other jurisdictions, as well as investment, securities and futures licensing and regulatory authorities. A few jurisdictions issue licenses only to individual residents or locally-owned business entities. In some of these jurisdictions, if MMC has no licensed subsidiary, MMC may maintain arrangements with residents or business entities licensed to act in such jurisdiction. Also, in some jurisdictions, various insurance related taxes may also be due either by clients directly or from the broker. In the latter case, the broker customarily looks to the client for payment.

INVESTMENT MANAGEMENT. Putnam's securities investment management activities are subject to regulation in the United States by the Securities and Exchange Commission, and other federal, state and self regulatory authorities, as well as in certain other countries in which it does business. Putnam's officers, directors and employees may from time to time own securities which are also held by the Putnam Funds or institutional accounts. Putnam's internal policies with respect to individual investments require prior clearance and reporting of transactions and restrict certain transactions so as to reduce the possibility of conflicts of interest.

To the extent that existing or future regulations affecting the sale of Putnam fund shares or other investment products or their investment strategies, cause or contribute to reduced sales of Putnam fund shares or investment products or impair the investment performance of the Putnam Funds or such other investment products, Putnam's aggregate assets under management and its revenues might be adversely affected. Changes in regulations affecting the free movement of international currencies might also adversely affect Putnam.

CONSULTING. In general, the consulting activities of MMC's subsidiaries are not subject to licensing or other regulatory requirements; however, the subject matter of certain consulting services is subject to regulation. For example, employee benefit plans are subject to various governmental regulations, and services related to brokerage activities, trustee services, investment matters (including advice to individuals on the investment of personal pension assets) and the placing of individual and group insurance contracts subject MMC's subsidiaries to insurance, investment or securities regulations and licensing in various jurisdictions.

COMPETITIVE CONDITIONS. Principal methods of competition in risk and insurance services and consulting include the quality and types of services and products that a broker or consultant provides its clients and their cost. Putnam competes with other providers of investment products and services primarily on the basis of the range of investment products offered, the investment performance of such products, as well as the manner in which such products are distributed, and the scope and quality of the shareholder and other services provided. Sales of Putnam fund shares are also influenced by general securities market conditions, government regulations, global economic conditions and advertising and sales promotional efforts.

All these businesses also encounter strong competition from both public corporations and private firms in attracting and retaining qualified employees.

RISK AND INSURANCE SERVICES. The combined insurance and reinsurance broking services business of MMC is the largest of its type in the world.

MMC encounters strong competition in the risk and insurance services business from other insurance brokerage firms which also operate on a nationwide or worldwide basis, from a large number of regional and local firms in the United States, the European Union and in other countries and regions, from insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or agents and from other businesses, including commercial and investment banks, accounting firms and consultants that provide risk-related services and products.

Certain insureds and groups of insureds have established programs of self insurance (including captive insurance companies), as a supplement or alternative to third-party insurance, thereby reducing in some cases the need for insurance placements. There are also many other providers of insurance program management services, including many insurance companies, and many other organizations seeking to structure and manage investments in the insurance industry.

INVESTMENT MANAGEMENT. Putnam Investments is one of the largest investment management firms in the United States. The investment management business is highly competitive. In addition to competition from firms already in the investment management business, including commercial banks, stock brokerage and investment banking firms, and insurance companies, there is competition from other firms offering financial services and other investment alternatives. Although Putnam Investments has expanded its marketing and distribution outside the U.S., it competes in non-U.S. markets with local and global firms, many of whom have much larger investment management businesses in their respective non-U.S. markets.

Many securities dealers, whose large retail distribution systems play an important role in the sale of shares in the Putnam Funds, also sponsor competing proprietary mutual funds. To the extent that such securities dealers value the ability to offer customers a broad selection of investment alternatives, they will continue to sell independent funds, notwithstanding the availability of proprietary products. However, to the extent that these firms limit or restrict the sale of Putnam fund shares through their brokerage systems in favor of their proprietary mutual funds, assets under management might decline and Putnam's revenues might be adversely affected. In addition, a number of mutual fund sponsors presently market their funds to the general public without sales charges. Certain firms also offer passively managed funds such as index funds to the general public.

CONSULTING. Mercer Consulting Group, one of the largest global consulting firms, is a leader in many of its businesses. William M. Mercer is the world's largest human resources consulting organization. Mercer Management Consulting is a leader in strategy consulting. NERA is a leading firm of consulting economists.

William M. Mercer, Mercer Management Consulting and NERA compete with other privately held and publicly held worldwide and national consulting companies, as well as regional and local firms. Competitors include independent consulting firms and consulting organizations affiliated with accounting, information systems, technology and financial services firms, some of which provide administrative or consulting services as an adjunct to other primary services.

SEGMENTATION OF ACTIVITY BY TYPE OF SERVICE AND GEOGRAPHIC AREA OF OPERATION. Financial information relating to the types of services provided by MMC and the geographic areas of its operations is incorporated herein by reference to Note 16 of the Notes to Consolidated Financial Statements on pages 51 and 52 of the 2000 Annual Report. MMC's non-U.S. operations are subject to the customary risks involved in doing business in other countries, including currency fluctuations and exchange controls.

EMPLOYEES. As of December 31, 2000, MMC and its consolidated subsidiaries employed about 57,000 people worldwide, of whom approximately 35,500 were employed by subsidiaries providing risk and insurance services, approximately 6,100 were employed by subsidiaries providing investment management

services, approximately 15,000 were employed by subsidiaries providing consulting services, and approximately 400 were employed by MMC.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS. MMC and its subsidiaries and their representatives may from time to time make verbal or written statements (including certain statements contained in this report and MMC's financial statements and other documents incorporated herein by reference or in other MMC filings with the Securities and Exchange Commission) relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, discussions concerning revenue and expense growth, cash flow, capital structure, cost savings and efficiencies expected from the integration of Sedgwick Group plc, market and industry conditions, interest rates, foreign exchange rates, contingencies and matters relating to MMC's operations and income taxes. Such forward-looking statements are based on available current market and industry materials, experts' reports and opinions, as well as management's expectations concerning future events impacting MMC. Forward-looking statements by their very nature involve risks and uncertainties. Factors that may cause actual results to differ materially from those contemplated by any forward-looking statements contained or incorporated or referred to herein include, in the case of MMC's risk and insurance services and consulting businesses, the integration of the business of Sedgwick Group plc (including the achievement of synergies and cost reductions) or other adverse consequences from that transaction. Other factors that should be considered in the case of MMC's risk and insurance service business are changes in competitive conditions, movements in premium rate levels and other changes in the global property and casualty insurance markets, the impact of natural catastrophes and mergers between client organizations, including insurance and reinsurance companies. Factors to be considered in the case of MMC's investment management business include changes in worldwide and national equity and fixed income markets; and with respect to all of MMC's activities, changes in general worldwide and national economic conditions, fluctuations in foreign currencies, actions of competitors or regulators, changes in interest rates, developments relating to claims, lawsuits and contingencies, prospective and retrospective changes in the tax or accounting treatment of MMC's operations and the impact of tax and other legislation and regulation in the jurisdictions in which MMC operates. A description of certain of these factors is included elsewhere in this Annual Report and is incorporated herein by reference.

MMC is committed to providing timely and materially accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, MMC and its operating companies use their Web sites to convey meaningful information about their businesses, including the posting of updates of assets under management at Putnam, and from time to time, Marsh Inc.'s view of insurance market conditions. Monthly updates of assets under management at Putnam will be posted on the first business day following the end of each month, except at the end of March, June, September and December, when such information will be released with MMC's quarterly earning announcement. Investors can link to MMC and its operating company Web sites through www.mmc.com.

ITEM 2. PROPERTIES.

MMC and certain of its subsidiaries, as tenants in common, own a 69% condominium interest in a 44-story building in New York City which serves as their worldwide headquarters.

The principal offices of MMC's risk and insurance services subsidiaries in the UK are located on the eastern side of the City of London in The Marsh Centre. This freehold building, owned by a subsidiary of MMC, comprises 360,000 square feet containing offices located around a central atrium, and ancillary facilities including a shopping mall.

The remaining business activities of MMC and its subsidiaries are conducted principally in leased office space in cities throughout the world. In general, no difficulty is anticipated in negotiating renewals as leases expire or in finding other satisfactory space if the premises become unavailable. From time to time,

MMC may have unused space and may seek to sublet such space to third parties, depending upon the demands for office space in the locations involved.

ITEM 3. LEGAL PROCEEDINGS.

MMC and its subsidiaries are subject to various claims, lawsuits and proceedings consisting principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering investment and consulting services. Some of these matters seek damages, including punitive damages, in amounts which could, if assessed, be significant.

Sedgwick Group plc, since prior to its acquisition, has been engaged in a review of previously undertaken personal pension plan business as required by United Kingdom regulators to determine whether redress should be made to customers. As of December 31, 2000, settlements and related costs previously paid amount to approximately \$200 million of which approximately \$30 million is due from or has been paid by insurers. The contingent exposure of Sedgwick for pension redress and related costs is estimated to be \$240 million. Sedgwick has recorded \$100 million of reserves and recognized approximately \$140 million of insurance recoveries related to this exposure.

Other present and former subsidiaries of MMC are engaged in a comparable review of their personal pension plan businesses, although the extent of their activity in this area, and consequently their financial exposure, was proportionally much less than Sedgwick. The contingent exposure of the present and former non-Sedgwick subsidiaries of MMC for pension redress and related costs is estimated to be approximately \$110 million, essentially all of which is expected to be recovered from insurers. As of December 31, 2000, net settlements and related costs previously paid total approximately \$55 million.

MMC's ultimate exposure from the United Kingdom Personal Investment Authority review, as presently calculated and including Sedgwick, is subject to a number of variable factors including, among others, the interest rates established quarterly by the U.K. Personal Investment Authority for calculating compensation, equity markets, and the precise scope, duration, and methodology of the review as required by that Authority.

On the basis of present information, anticipated insurance coverage and advice received from counsel, it is the opinion of MMC's management that the disposition or ultimate determination of these claims, lawsuits and proceedings will not have a material adverse effect on MMC's consolidated results of operations or its consolidated financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR MMC'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market and dividend information regarding MMC's common stock on page 54 of the 2000 Annual Report is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data on page 55 of the 2000 Annual Report are incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Information on pages 25 through 32 of the 2000 Annual Report is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information under the heading "Market Risk" on pages 31 and 32 of the 2000 Annual Report is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Financial Statements and the Independent Auditors' Report thereto on pages 33 through 53 of the 2000 Annual Report and Selected Quarterly Financial Data (Unaudited) on page 54 of the 2000 Annual Report are incorporated herein by reference. Supplemental Notes to Consolidated Financial Statements are included on page 21 hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF MMC.

Information as to the directors and nominees for the Board of Directors of MMC is incorporated herein by reference to the material under the heading "Election of Directors" in the Notice of Annual Meeting of Stockholders and Proxy Statement dated March 29, 2001 (the "2001 Proxy Statement").

The executive officers of MMC as of March 24, 2001 are Messrs. Cabiallavetta, Coster, Davis, Greenberg, Lasser, and Sinnott, with respect to whom information is incorporated herein by reference to the 2001 Proxy Statement, and:

Francis N. Bonsignore, age 54, has been Senior Vice President-Human Resources & Administration of MMC since 1990. Immediately prior thereto he was partner and National Director-Human Resources for Price Waterhouse.

William L. Rosoff, age 54, became Senior Vice President and General Counsel of MMC in October 2000. Before joining MMC, Mr. Rosoff was a partner at the law firm of Davis Polk & Wardwell, having rejoined that firm after serving two years as senior vice president and general counsel of RJR Nabisco, Inc. Mr. Rosoff first joined Davis Polk & Wardwell in 1978 and became a partner in 1985.

Sandra S. Wijnberg, age 44, became Senior Vice President and Chief Financial Officer of MMC in January 2000. Before joining MMC, Ms. Wijnberg was a senior vice president and treasurer of Tricon Global Restaurants, Inc. from 1997 until December 1999. Prior to that, Ms. Wijnberg spent three years with PepsiCo., last serving as senior vice president and chief financial officer of its KFC corporation division.

ITEM 11. EXECUTIVE COMPENSATION.

Information under the headings "Executive Compensation", "Compensation Committee Report" and "Comparison of Cumulative Total Stockholder Return" in the 2001 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information under the heading "Security Ownership" in the 2001 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information under the headings "Employment Agreement" "Directors Compensation" and "Transactions with Management and Others; Other Information" in the 2001 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as a part of this report:

1. Consolidated Financial Statements (incorporated herein by reference to pages 33 through 53 of the 2000 Annual Report):

Consolidated Statements of Income for each of the three years in the period ended December 31, 2000

Consolidated Balance Sheets as of December 31, 2000 and 1999

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2000

Consolidated Statements of Stockholders' Equity and Comprehensive Income for each of the three years in the period ended December 31, 2000

Notes to Consolidated Financial Statements

Independent Auditors' Report

Supplemental Notes to Consolidated Financial Statements

Independent Auditors' Report

Other:

Selected Quarterly Financial Data and Supplemental Information (Unaudited) for the three years ended December 31, 2000 (incorporated herein by reference to page 54 of the 2000 Annual Report)

Five-Year Statistical Summary of Operations (incorporated herein by reference to page 55 of the 2000 Annual Report)

2. All required Financial Statement Schedules are included in the Consolidated Financial Statements, the Notes to Consolidated Financial Statements or the Supplemental Notes to Consolidated Financial Statements.

3. The following exhibits are filed as a part of this report:

- (3.1) -- the registrant's restated certificate of incorporation (incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
- (3.2) -- the registrant's by-laws
- (4.1) -- Indenture dated as of June 14, 1999 between MMC and State Street Bank and Trust Company, as trustee (incorporated by reference to the registrant's Registration Statement on Form S-3, Registration No. 333-67543)
- (4.2) -- First Supplemental Indenture dated as of June 14, 1999 between MMC and State Street Bank and Trust Company, as trustee (incorporated by reference to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999)
- (4.3) -- Amended and Restated Rights Agreement dated as of January 20, 2000 between the registrant and Harris Trust Company of New York (incorporated by reference to the registrant's Registration Statement on Form 8-A/A filed on January 27, 2000)

- (10.1)* -- Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1999)
- (10.2)* -- Marsh & McLennan Companies Stock Investment Supplemental Plan (incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1994)
- (10.3)* -- Amendment to Marsh & McLennan Companies Stock Investment Supplemental Plan dated June 16, 1997 (incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1997)
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- (10.5)* -- Amendment to Marsh & McLennan Companies Stock Investment Supplemental Plan dated January 1, 2000
- (10.6)* -- Marsh & McLennan Companies Special Severance Pay Plan (incorporated by reference to the registrant's Annual Report on Form 10-K for the year ended December 31, 1996)
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- (10.15)* -- Second Amendment effective as of March 22, 2001 to the Employment Agreement between Lawrence J. Lasser and Putnam Investments, LLC
- (10.16)* -- MMC Capital, Inc. Amended and Restated Long Term Incentive Plan dated as of March 19, 2001

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* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

- (10.17)* -- Consulting Agreement between A.J.C. Smith and MMC effective as of June 1, 2000 (Incorporated by reference to the registrant's Quarterly Report on Form 10-Q for the quarter ending June 30, 2000)
- (12) -- Statement Re: Computation of Ratio of Earnings to Fixed Charges
- (13) -- Annual Report to Stockholders for the year ended December 31, 2000, to be deemed filed only with respect to those portions which are expressly incorporated by reference
- (21) -- list of subsidiaries of the registrant (as of 2/28/2001)
- (23) -- independent auditors' consent
- (24) -- powers of attorney

(b) No reports on Form 8-K were filed by the registrant in the fiscal quarter ended December 31, 2000

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed this 29th day of March, 2001 on its behalf by the undersigned, thereunto duly authorized.

MARSH & McLENNAN COMPANIES, INC.

By /s/ J. W. GREENBERG

J. W. Greenberg
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated this 29th day of March, 2001.

/s/ J. W. GREENBERG

J. W. GREENBERG
Director, Chairman of the Board
and Chief Executive Officer

MATHIS CABIALAVETTA*

MATHIS CABIALAVETTA
Director

/s/ SANDRA S. WIJNBERG

SANDRA S. WIJNBERG
Senior Vice President and Chief
Financial Officer

PETER COSTER*

PETER COSTER
Director

/s/ ROBERT J. RAPPORT

ROBERT J. RAPPORT
Vice President and Controller
(Chief Accounting Officer)

CHARLES A. DAVIS*

CHARLES A. DAVIS
Director

LEWIS W. BERNARD *

LEWIS W. BERNARD
Director

ROBERT F. ERBURU*

ROBERT F. ERBURU
Director

RAY J. GROVES*

RAY J. GROVES
Director

DAVID A. OLSEN*

DAVID A. OLSEN
Director

STEPHEN R. HARDIS*

STEPHEN R. HARDIS
Director

JOHN D. ONG*

JOHN D. ONG
Director

GWENDOLYN S. KING*

ADELE SIMMONS*

GWENDOLYN S. KING
Director

ADELE SIMMONS
Director

THE RT. HON. LORD LANG OF MONKTON*

JOHN T. SINNOTT*

THE RT. HON. LORD LANG OF MONKTON
Director

JOHN T. SINNOTT
Director

LAWRENCE J. LASSER*

A.J.C. SMITH*

LAWRENCE J. LASSER
Director

A.J.C. SMITH
Director

* William L. Rosoff, pursuant to Powers of Attorney executed by each of the individuals whose name is followed by an (*) and filed herewith, by signing his name hereto does hereby sign and execute this Form 10-K of Marsh & McLennan Companies, Inc. on behalf of such individual in the capacities in which the names of each appear above.

/s/ WILLIAM L. ROSOFF

WILLIAM L. ROSOFF

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders of
Marsh & McLennan Companies, Inc.:

We have audited the consolidated balance sheets of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2000, and have issued our report thereon dated March 2, 2001; such financial statements and report are included in your 2000 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the supplemental notes to the consolidated financial statements (the "Supplemental Notes") listed in Item 14. These Supplemental Notes are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such Supplemental Notes, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP

New York, New York
March 2, 2001

SUPPLEMENTAL NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. INFORMATION CONCERNING MMC'S VALUATION ACCOUNTS FOLLOWS:

An analysis of the allowance for doubtful accounts for the three years ended December 31, 2000 follows (in millions of dollars):

	2000	1999	1998
	-----	-----	-----
Balance at beginning of year.....	\$132	\$128	\$ 53
Provision charged to operations.....	18	18	19
Accounts written-off, net of recoveries.....	(9)	(12)	(5)
Effect of exchange rate changes.....	(6)	(2)	2
Other (A).....	--	--	59
	----	----	----
Balance at end of year.....	\$135	\$132	\$128
	=====	=====	=====

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(A) Relates primarily to the acquisition of Sedgwick in 1998.

17. AN ANALYSIS OF INTANGIBLE ASSETS AT DECEMBER 31, 2000 AND 1999 FOLLOWS (IN MILLIONS OF DOLLARS):

	2000	1999
	-----	-----
Goodwill.....	\$5,891	\$5,799
Other intangible assets.....	141	142
	-----	-----
Subtotal.....	6,032	5,941
Less--accumulated amortization.....	(556)	(399)
	-----	-----
Total.....	\$5,476	\$5,542
	=====	=====

EXHIBIT INDEX

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BY-LAWS
OF
MARSH & MCLENNAN COMPANIES, INC.

RESTATED AS LAST AMENDED

MAY 18, 2000

I N D E X

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BY-LAWS

OF

MARSH & MCLENNAN COMPANIES, INC.

ARTICLE I

OFFICES

The principal office of the Corporation in Delaware shall be at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, in the State of Delaware, and The Corporation Trust Company shall be the resident agent of the Corporation in charge thereof. The Corporation may also have such other offices at such other places as the Board of Directors may from time to time designate or the business of the Corporation may require.

ARTICLE II

MEETINGS OF THE STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of the stockholders may be held at such place as the Board of Directors may determine.

SECTION 2. ANNUAL MEETINGS. The annual meeting of the stockholders shall be held on the third Thursday of May in each year, or such other day in May as may be determined from time to time by the Board of Directors, at such time and place as the Board of Directors may designate. At said meeting the stockholders shall elect a Board of Directors and transact any other business authorized or required to be transacted by the stockholders.

SECTION 3. SPECIAL MEETINGS. Special meetings of the stockholders, except as otherwise provided by law, shall be called by the Chairman of the Board, or whenever the Board of Directors shall so direct, the Secretary.

SECTION 4. NOTICE OF MEETINGS. Except as otherwise provided by law, written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered personally or mailed, postage prepaid, at least ten (10) days but not more than sixty (60) days before such meeting to each stockholder at such address as appears on the stock books of the Corporation.

SECTION 5. FIXING OF RECORD DATE. In order to determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, and no more than sixty (60) days prior to any other action.

If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close

of business on the day next preceding the day on which notice of the meeting is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and such date for any other purpose shall be the date on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. QUORUM. The holders of a majority of the stock issued and outstanding present in person or represented by proxy shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by law, by the Restated Certificate of Incorporation or by these by-laws. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders present in person or by proxy shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting until the requisite amount of stock shall be represented. At such adjourned meeting at which the requisite amount of stock shall be represented, any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 7. VOTING. Each stockholder entitled to vote in accordance with the terms of the Restated Certificate of Incorporation and in accordance with the provisions of these by-laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. The vote for directors and, upon demand of any stockholder, the vote upon any question before the meeting shall be by ballot. All elections of directors shall be decided by plurality vote; all other questions shall be decided by a majority of the shares present in person or represented by proxy at the meeting of stockholders and entitled to vote on the subject matter, except as otherwise provided in the Restated Certificate of Incorporation or by law or regulation.

SECTION 8. INSPECTORS OF ELECTION. All elections of directors and all votes where a ballot is required shall be conducted by two inspectors of election who shall be appointed by the Board of Directors; but in the absence of such appointment by the Board of Directors, the Chairman of the meeting shall appoint such inspectors who shall not be directors or candidates for the office of director.

SECTION 9. VOTING LIST. The Secretary shall prepare and make, at least ten days before every election of directors, a complete list of the stockholders entitled to vote, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in his name. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 10. STOCKHOLDER NOMINATIONS OF DIRECTORS. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors at a meeting of stockholders. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors, by any person appointed by the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 10. Such nominations, other than those made by or at the direction of the Board of Directors

or by any person appointed by the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary, Marsh & McLennan Companies, Inc. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation, in the case of an Annual Meeting of Stockholders, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the Stockholder in order to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the 15th day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number

of shares of capital stock of the Corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 11. ADVANCE NOTICE OF STOCKHOLDER PROPOSED BUSINESS AT ANNUAL MEETINGS. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, otherwise properly brought

before the meeting by or at the direction of the Board of Directors, or otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary, Marsh & McLennan Companies, Inc. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in these by-laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 11, provided, however, that nothing in this Section 11 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section, and if he should so determine, he shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

ARTICLE III

DIRECTORS

SECTION 1. POWERS, NUMBER, TENURE, QUALIFICATIONS AND COMPENSATION. The business and affairs of the Corporation shall be managed by its Board of Directors which shall consist of the number of members set forth in Article FIFTH of the Restated Certificate of Incorporation, none of whom need be stockholders, but no person shall be eligible to be nominated or elected a director of the Corporation who has attained the age of 72 years. In addition to the powers and duties by these by-laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Restated Certificate of

Incorporation or by these by-laws directed or required to be exercised or done by the stockholders. The Board of Directors may provide for compensation of directors who are not otherwise compensated by the Corporation or any subsidiary thereof.

SECTION 2. MEETINGS AND NOTICE. The Board shall, for the purposes of organization, the election and appointment of officers and the transaction of other business, hold a meeting as soon as convenient after the annual meeting of stockholders. Regular meetings of the directors may be held without notice at such places and times as shall be determined from time to time by resolution of the directors. Special meetings of the Board may be called by the Chairman of the Board on at least twenty-four (24) hours' notice to each director, personally or by mail or by telegram or by telephone. Special meetings shall also be called in like manner on the written request of any three (3) directors. The attendance of a director at any meeting shall dispense with notice to him of the meeting. Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

SECTION 3. OFFICES, BOOKS, PLACE OF MEETING. The Board of Directors may have one or more offices and keep the books of the Corporation outside of Delaware, and may hold its meetings at such places as it may from time to time determine.

SECTION 4. QUORUM. At all meetings of the Board of Directors one-third (1/3) of the total number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Restated Certificate of Incorporation or by these by-laws.

SECTION 5. INFORMAL ACTION. The Board of Directors shall, except as otherwise provided by law, have power to act in the following manner: A resolution in writing, signed by all of the members of the Board of Directors shall be deemed to be action by such Board to the effect therein expressed with the same force and effect as if the same had been duly passed at a duly convened meeting, and it shall be the duty of the Secretary of the Corporation to record any such resolution in the minute book of the Corporation, under its proper date.

ARTICLE IV

OFFICERS

SECTION 1. ELECTION. The Board of Directors shall elect officers of the Corporation, including a Chairman of the Board, one or more Vice Chairmen, one or more Vice Presidents, a Secretary, a Treasurer and a Controller.

SECTION 2. TERM AND REMOVAL. Each officer of the Corporation designated in SECTION 1 of this Article IV shall hold office until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may be removed at any time, with or without cause, by the Board of Directors. Any officer who may be elected or appointed by the Executive Committee may also be removed at any time, with or without cause by said Committee.

SECTION 3. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation and, subject to the control of the Board of Directors and of the committees exercising functions of the Board of Directors, shall have general supervision over the business and property of the Corporation. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall review and recommend to the Board of Directors both short-term objectives and long-term planning for the business. The Chairman of the Board shall also preside at meetings of any committee of which the Chairman of the Board is a member which is not attended by the chairman of such committee. The Chairman of the Board or an appointed delegate may take any action on behalf of the Corporation with respect to the shares owned by the Corporation in other corporations in such manner as they deem advisable unless otherwise directed by the Board of Directors. The Chairman of the Board shall have full authority to take other action on behalf of the Corporation in

respect of shares of stock in other corporations owned by the Corporation, directly or indirectly, including the obtaining of information and reports.

SECTION 4. VICE CHAIRMAN. A Vice Chairman shall, subject to the control of the Board of Directors and of the committees exercising functions of the Board of Directors, perform such duties as may from time to time be assigned to the Vice Chairman by the Chairman. A Vice Chairman shall also preside at all meetings of the stockholders and of the Board of Directors not attended by the Chairman of the Board. If two or more Vice Chairmen hold office concurrently, the Vice Chairman who shall preside at a meeting of the Stockholders or the Board of Directors not attended by the Chairman of the Board shall be determined in the order of their election.

SECTION 5. VICE PRESIDENTS. A Vice President shall have such powers, duties, supplementary titles and other designations as the Board of Directors may from time to time determine.

SECTION 6. SECRETARY. The Secretary shall attend all meetings of the stockholders and the Board of Directors. The Secretary shall, at the invitation of the chairman thereof, attend meetings of the committees elected by the Board or established by these by-laws. The Secretary shall record all votes and minutes of all proceedings which the Secretary attends and receive and maintain custody of all votes and minutes of all such proceedings. Votes and minutes of meetings of the Compensation and Audit Committees shall be recorded and maintained as each such committee

shall determine. The Secretary shall give or cause to be given notice of meetings of the stockholders, Board of Directors and, when instructed to do so by the Chairman thereof, committees of the Board of Directors, and shall have such other powers and duties as may be prescribed by appropriate authority. The Secretary shall keep in safe custody the seal of the Corporation and shall affix the seal to any instrument requiring the same. The Assistant Secretaries shall have such powers and perform such duties as may be prescribed by appropriate authority.

SECTION 7. TREASURER. The Treasurer shall have such powers and perform such duties as are usually incident to the office of Treasurer or which may be assigned to the Treasurer by the Board of Directors or other appropriate authority. The Assistant Treasurers shall have such powers and perform such duties as may be prescribed by the chief financial officer or the Treasurer.

SECTION 8. CONTROLLER. The Controller shall be the chief accounting officer of the Corporation. The Controller shall keep or cause to be kept all books of account and accounting records of the Corporation and shall render to the Chairman, the chief financial officer and the Board of Directors whenever they may require it, a report of the financial condition of the Corporation. The Controller shall have such other powers and duties as shall be assigned to him by appropriate authority. The Assistant Controllers shall have such powers and perform such duties as may be prescribed by the chief financial officer or the Controller.

SECTION 9. BOND. The Board of Directors may, or the Chairman may, require any officers, agents or employees of the Corporation to furnish bonds conditioned on the faithful performance of their respective duties with a surety company satisfactory to the Board of Directors or the Chairman as surety. The expenses of such bond shall be paid by the Corporation.

ARTICLE V

COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE. An Executive Committee, composed of the Chairman of the Board and such other directors as the Board of Directors may determine from time to time shall be elected by the Board of Directors. Except as provided hereinafter or in resolutions of the Board of Directors, the Executive Committee shall have, and may exercise when the Board of Directors is not in session, all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. The Executive Committee shall not, however, have power or authority in reference to (a) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the provisions of the General Corporation Law of Delaware to be submitted to stockholders for approval, (b) adopting, amending or repealing any by-laws of the Corporation, (c) electing or appointing the Chairman of the Board of the Corporation, or (d) declaring a dividend.

SECTION 2. COMPENSATION COMMITTEE. A Compensation Committee, including a chairman, having such number of directors as the Board of Directors shall determine from time to time, shall be elected by the Board of Directors. Each member of the Compensation Committee should be a "non-employee director" within the meaning of Rule 16b-(3) of the Securities Exchange Act of 1934 and an outside director for purposes of Section 162(m) of the Internal Revenue Code. The Compensation Committee shall fix the compensation of the chief executive officer of the Corporation and approve the compensation of senior executives of the Corporation or any of its subsidiaries designated under procedures established by the Committee from time to time. The Compensation Committee will approve, disapprove or modify the retention by the Corporation of advisors or consultants on matters relating to the compensation of the chief executive officer and senior executives of the Corporation. The Compensation Committee shall also satisfy itself, if in its opinion circumstances make it desirable to do so, that the general compensation policies and practices followed by the Corporation and its subsidiaries are in the Corporation's best interests. The Compensation Committee shall have such other duties as may be set forth in the Corporation's compensation and benefit plans as they may exist from time to time, or otherwise as provided by the Board of Directors. The Compensation Committee shall report to the Board at least annually and whenever the Board may require respecting the discharge of the committee's duties and responsibilities. The term "compensation" as used in this Section shall mean salaries, bonuses, agreements to pay deferred

compensation, and discretionary benefits such as stock options, but shall not include payments to or under any employee pension, retirement, profit sharing, stock investment, or similar plan.

SECTION 3. AUDIT COMMITTEE. An Audit Committee, including a chairman, having such number of directors as the Board of Directors may determine from time to time, shall be elected by the Board of Directors. The Audit Committee shall have such duties as may be set forth in the Corporation's Audit Committee Charter as it may exist from time to time, or as otherwise provided by the Board of Directors. The Audit Committee shall, as it may deem appropriate from time to time, report and make recommendations to the Board of Directors.

SECTION 4. REPORTS. The Executive Committee shall report to each regular meeting and, if directed, to each special meeting of the Board of Directors all action taken by such committee subsequent to the date of its last report, and other committees shall report to the Board of Directors at least annually.

SECTION 5. OTHER COMMITTEES. The Board of Directors may appoint such other committee or committees as it deems desirable.

SECTION 6. ELECTION AND TERM. The Chairman and each member of every committee shall be a member of and, except as provided in Section 7 of this Article V, elected by the Board of Directors and shall serve until such person shall cease to be a member of the Board of Directors or such person's membership on the committee shall be terminated by the Board.

SECTION 7. MEETINGS, QUORUM AND NOTICE. The Chairman of any committee shall be the presiding officer thereof. Any committee may meet at such time or times on notice to all the members thereof by the Chairman or by a majority of the members or by the Secretary of the Corporation and at such place or places as such notice may specify. At least twenty-four (24) hours' notice of the meeting shall be given but such notice may be waived. Such notice may be given by mail, electronic media, telephone or personally. Each committee shall cause minutes to be kept of its meetings which record all actions taken. Such minutes shall be placed in the custody of the Secretary of the Corporation except that the Compensation and Audit Committees shall each determine who shall maintain custody of its minutes or portions thereof. Any committee may, except as otherwise provided by law, act in its discretion by a resolution or resolutions in writing signed by all the members of such committee with the same force and effect as if duly passed by a duly convened meeting. Any such resolution or resolutions shall be recorded in the minute book of the committee under the proper date thereof. Members of any committee may also participate in a meeting of such committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other and participation in the meeting pursuant to this provision shall constitute presence in person at such meeting. A majority of the members of each committee shall constitute a quorum. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from

voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

ARTICLE VI

INDEMNIFICATION

SECTION 1. RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that, on or after May 21, 1987, he or she is serving or had served as a director, officer or employee of the Corporation or, while serving as such director, officer or employee, is serving or had served at the request of the Corporation as a director, officer, employee or agent of, or in any other capacity with respect to, another corporation or a partnership, joint venture, trust or other entity or enterprise, including service with respect to employee benefit plans (hereinafter, an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer or employee of the Corporation, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by Delaware law, as the same exists or may hereafter be changed or amended (but, in the case of any such change or amendment, only to the extent that such change or amendment permits the Corporation to provide

broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) reasonably incurred or suffered by an indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer or employee of the Corporation and shall inure to the benefit of the indemnitee's heirs, executors and administrators; PROVIDED, HOWEVER, that except as provided in Section 3 of this Article with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by the indemnitee only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Article shall be a contract right.

SECTION 2. ADVANCEMENT OF EXPENSES. An indemnitee who is a director or officer of the Corporation, and any other indemnitee to the extent authorized from time to time by the board of directors of the Corporation, shall have the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"); PROVIDED, HOWEVER, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without

limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Article or otherwise.

SECTION 3. RIGHT OF INDEMNITEE TO BRING SUIT. If a claim under Section 1 or Section 2 of this Article is not paid in full by the Corporation within sixty days in the case of Section 1 and twenty days in the case of Section 2 after a written claim has been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (other than a suit brought by the indemnitee to enforce a right to an advancement of expenses), it shall be a defense that, and (ii) any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the

failure of the Corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its board of directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to the action. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article or otherwise shall be on the Corporation.

SECTION 4. INDEMNIFICATION OF AGENTS OF THE CORPORATION. The Corporation may, to the extent authorized from time to time by its board of directors, grant rights to indemnification, and to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any agent of the Corporation to the fullest extent of the provisions of this Article with respect to the

indemnification of directors, officers and employees of the Corporation and advancement of expenses of directors and officers of the Corporation.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS. The right to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Restated Certificate of Incorporation, these by-laws, any agreement, vote of stockholders or disinterested directors, or otherwise.

SECTION 6. INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SECTION 7. SURVIVAL OF PRIOR INDEMNIFICATION PROVISIONS; EFFECT OF SUBSEQUENT CHANGE ON EXISTING RIGHTS. Nothing contained in this Article shall be construed as altering or eliminating the rights to indemnification existing, or based upon service by an indemnitee, prior to May 21, 1987. Any repeal or modification of this Article shall not adversely affect any right or protection of a director, officer or employee of the Corporation existing at the time of such repeal or modification.

ARTICLE VII

CHECKS, CONTRACTS, OTHER INSTRUMENTS

SECTION 1. DOCUMENTS, INSTRUMENTS NOT REQUIRING SEAL. All checks, notes, drafts, acceptances, bills of exchange, orders for the payment of money, and all written contracts and instruments of every kind which do not require a seal shall be signed by such officer or officers, or person or persons as these by-laws, or the Board of Directors or Executive Committee by resolution, may from time to time prescribe.

SECTION 2. DOCUMENTS, INSTRUMENTS REQUIRING SEAL. All bonds, deeds, mortgages, leases, written contracts and instruments of every kind which require the corporate seal of the Corporation to be affixed thereto, shall be signed and attested by such officer or officers as these by-laws, or the Board of Directors or Executive Committee, by resolution, may from time to time prescribe.

ARTICLE VIII

CAPITAL STOCK

SECTION 1. STOCK CERTIFICATES. The certificates for shares of the capital stock of the Corporation shall be in such form, not inconsistent with the Restated Certificate of Incorporation, as shall be approved by the Board of Directors. Each certificate shall be signed by the Chairman of the Board of Directors or a Vice President and also by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer, provided, however, that any such signature of an officer of the Corporation or of the Transfer Agent, Assistant Transfer Agent,

Registrar or Assistant Registrar, or any of them, may be a facsimile. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be issued by the Corporation and be used and delivered as though the officer or officers who signed the said certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be said officer or officers of the Corporation. All certificates shall be consecutively numbered, shall bear the corporate seal and the names and addresses of all persons owning shares of capital stock of the Corporation with the number of shares owned by each; and, the date or dates of issue of the shares of stock held by each shall be entered in books kept for that purpose by the proper officers or agents of the Corporation.

SECTION 2. RECOGNITION OF HOLDERS OF RECORD. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has actual or other notice thereof, save as expressly provided by the laws of the State of Delaware.

SECTION 3. LOST CERTIFICATES. Except in cases of lost or destroyed certificates, and in that case only after conforming to the requirements hereinafter provided, no new certificates shall be issued until the former certificate for the shares represented thereby shall have been surrendered and cancelled. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate or certificates to be lost or destroyed; and the Board of Directors may, in its discretion and as a condition precedent to the issuance of any such new certificate or certificates, require (i) that the owner of such lost or destroyed certificate or certificates, or his legal representative give the Corporation and its transfer agent or agents, registrar or registrars a bond in such form and amount as the Board of Directors may direct as indemnity against any claim that may be made against the Corporation and its transfer agent or agents, registrar or registrars, or (ii) that the person requesting such new certificate or certificates obtain a final order or decree of a court of competent jurisdiction as to his right to receive such new certificate or certificates.

SECTION 4. TRANSFER OF SHARES. Shares of stock shall be transferred on the books of the Corporation by the holder thereof or by his attorney thereunto duly authorized upon the surrender and cancellation of certificates for a like number of shares.

SECTION 5. REGULATIONS GOVERNING TRANSFER OF Shares. The Board of Directors may make such regulations as it may deem expedient concerning the issue, transfer and registration of stock.

SECTION 6. APPOINTMENT OF TRANSFER AGENT, REGISTRAR. The Board may appoint a Transfer Agent or Transfer Agents and Registrar or Registrars for transfers and may require all certificates to bear the signature of either or both.

ARTICLE IX

MISCELLANEOUS

SECTION 1. INSPECTION OF BOOKS. The Board of Directors or the Executive Committee shall determine from time to time whether and, if allowed, when and under what conditions and regulations the accounts and books of the Corporation (except such as may by statute be specifically open to inspection), or any of them shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

SECTION 2. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, Delaware".

SECTION 3. FISCAL YEAR. The fiscal year shall begin on the first day of January of each year.

SECTION 4. WAIVER OF NOTICE. Whenever by statute, the provisions of the Restated Certificate of Incorporation, or these by-laws, the stockholders, the Board of Directors or any committee established by the Board of Directors in accordance with these by-laws are authorized to take any action after notice, such notice may be waived, in writing, before or after the holding of the meeting at which such action is to be taken, by the person or persons entitled to such notice or, in the case of a stockholder, by his attorney thereunto authorized.

ARTICLE X

AMENDMENTS

SECTION 1. BY STOCKHOLDERS. These by-laws, or any of them, may be amended, altered, changed, added to or repealed at any regular or special meeting of the stockholders, by the affirmative vote of a majority of the shares of stock then issued and outstanding.

SECTION 2. BY THE BOARD OF DIRECTORS. The Board of Directors, by affirmative vote of a majority of its members, may, at any regular or special meeting, amend, alter, change, add to or repeal these by-laws, or any of them, but any by-laws made by the Directors may be amended, altered, changed, added to or repealed by the stockholders.

AMENDMENT TO THE
STOCK INVESTMENT SUPPLEMENTAL PLAN

WHEREAS, this Board has previously adopted the Marsh & McLennan Companies Stock Investment Supplemental Plan (the "Supplemental Plan") to provide benefits to certain employees of this Corporation and its subsidiaries who would have their benefits and contributions under the Marsh & McLennan Companies Stock Investment Plan (the "Stock Investment Plan") limited by certain provisions of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the above-described increase in this Corporation's matching contributions under the Stock Investment Plan will be automatically provided under the Supplemental Plan without further action of this Board; and

WHEREAS, this Board desires to amend the Supplemental Plan to mirror certain other provisions of the Stock Investment Plan; it is hereby

RESOLVED, that, the Supplemental Plan is hereby amended to provide a diversification election comparable to that offered to eligible employees under the Stock Investment Plan pursuant to procedures to be established by the Supplemental Plan Administrator; and further

RESOLVED, that the proper officers of this Corporation are hereby authorized and empowered to amend the Supplemental Plan in any and all respects as they, upon advice of counsel, may deem necessary or appropriate to implement the foregoing resolutions; and further

RESOLVED, that the proper officers of this Corporation are hereby authorized and empowered to take all other steps and to execute and deliver all other instruments and documents as may be necessary or appropriate to carry out the intent and purpose of the foregoing resolutions.

Dated: November 20, 1997

AMENDMENT TO THE
STOCK INVESTMENT SUPPLEMENTAL PLAN

WHEREAS, this Board has previously adopted the Marsh & McLennan Companies Stock Investment Supplemental Plan (the "Supplemental Plan") to provide benefits to certain employees of this Corporation and its subsidiaries who would have their benefits and contributions under the Marsh & McLennan Companies Stock Investment Plan (the "Stock Investment Plan") limited by certain provisions of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the Supplemental Plan was previously amended to provide a diversification election comparable to that offered to eligible employees under the Stock Investment Plan and this Board now deems it advisable to limit the scope of such diversification.

NOW, THEREFORE, BE IT RESOLVED, that the Supplemental Plan is hereby amended to provide that, effective January 1, 2000 to the extent participant account balances are deemed invested in shares of this Corporation's common stock as of January 1, 2000 and thereafter such common stock shall not be eligible for diversification; and further

RESOLVED, that the proper officers of this Corporation are hereby authorized and empowered to amend and restate the Supplemental Plan in any and all respects as they, upon advice of counsel, may deem necessary or appropriate to implement the foregoing resolution; and further

RESOLVED, that the proper officers of this Corporation are hereby authorized and empowered to take all other steps and to execute and deliver all other instruments and documents as may be necessary or appropriate to carry out the intent and purpose of the foregoing resolutions.

Effective: January 1, 2000

PUTNAM INVESTMENTS LLC
EXECUTIVE DEFERRED BONUS PLAN

SECTION 1. PURPOSE

The purpose of this Putnam Investments LLC Executive Deferred Bonus Plan is to foster and promote the long-term financial success of Putnam and MMC and to increase materially stockholder value by (A) enabling Putnam to retain the services of an outstanding management team on whose judgment, interest and special effort the successful conduct of its operations is dependent and (B) motivating superior performance by participants in the Plan.

SECTION 2. DEFINITIONS

(a) DEFINITIONS. Whenever used herein, the following terms shall have the respective meanings set forth below.

(i) "Account" means the account established pursuant to and administered in accordance with Section 5.

(ii) "Accredited Investor" means an "accredited investor" under the individual net worth test set forth in paragraph (a)(5) of Rule 501 ("Rule 501") of Regulation D under the Securities Act of 1933 ("Securities Act"), the individual net income test set forth in paragraph (a)(6) of Rule 501 or any provision which the Committee may determine is a successor or comparable provision to said paragraphs (a)(5) or (a)(6).

(iii) "AFR" shall mean the fixed rate of return equal to the long-term "applicable federal rate" (within the meaning of section 1274(d) of the Code and the Treasury Regulations thereunder), compounded semiannually, and in effect at the time Putnam makes a capital contribution with respect to the initial Related Investment.

(iv) "Beneficiary" means the person or persons named by the Participant pursuant to Section 12(b).

(v) "Board" means the Board of Directors of Putnam.

(vi) "Cause" means misappropriation of assets of Putnam or any Subsidiary, willful misconduct in the performance of the duties of the Participant's position, refusal to perform the duties of the Participant's position, violation of the Participant's Non-Solicitation Agreement or Confidentiality Agreement or other restrictive covenant with Putnam or any Subsidiary, violation of the Putnam Code of Ethics, violation of rules and regulations issued by any regulatory authority, breach of fiduciary duty or breach of trust, willful violation of an important Putnam policy, conviction of a felony, imprisonment for any crime, or any other action likely to bring substantial discredit to Putnam.

(vii) "Change in Control of MMC" means the first to occur of the following events after the Effective Date:

a) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than MMC, any trustee or other fiduciary holding securities under an employee benefit plan of MMC or any corporation owned, directly or indirectly, by the stockholders of MMC in substantially the same proportions as their ownership of stock of MMC), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of MMC representing 50% or more of the combined voting power of MMC's then outstanding voting securities; or

b) during any period of two consecutive years, individuals who at the beginning of such period constitute the MMC Board, and any new director (other than a director designated by a person who has entered into an agreement with MMC to effect a transaction described in clause a), c), or d) of this definition) whose election by the MMC Board or nomination for election by MMC's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or

c) the stockholders of MMC approve a merger or consolidation of MMC with any other corporation, other than (I) a merger or consolidation which would result in the voting securities of

MMC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) more than 50% of the combined voting power of the voting securities of MMC or such surviving or parent entity outstanding immediately after such a merger or consolidation or (II) a merger or consolidation effected to implement a recapitalization of MMC (or similar transaction) in which no "person" (as herein above defined) acquired 50% or more of the combined voting power of MMC's then outstanding securities; or

d) the stockholders of MMC approve a plan of complete liquidation of MMC or an agreement for the sale or disposition by MMC of all or substantially all of MMC's assets (or any transaction having a similar effect).

(viii) "Change in Control of Putnam" means the first to occur of the following events after the Effective Date:

a) MMC approves a plan of complete liquidation of Putnam, or a sale or other disposition of all or substantially all of its assets to an entity of which MMC holds less than 50% of the voting power of securities; or

b) MMC, together with its subsidiaries, trustees or other fiduciaries holding securities of Putnam under an employee benefit plan maintained by MMC or by a subsidiary of MMC, ceases for any reason (including by reason of a sale or other disposition, including a spinoff or public offering) to be a beneficial owner of securities of Putnam representing more than 50% of the voting power of the securities of Putnam.

(ix) "Code" means the Internal Revenue Code of 1986, as amended.

(x) "Committee" means a committee appointed by the Board which shall consist of two or more members of the Board, including the Chief Executive Officer of Putnam and one or more other members of the Board who shall be appointed and serve at the pleasure of the Board.

(xi) "Confidentiality Agreement" means the Confidentiality Agreement or any similar agreement or provision in effect from time to time between the Participant and the Employer.

(xii) "Deferred Bonus" has the meaning given in Section 3.

(xiii) "Effective Date" means the date specified as such by the Board when it approves the Plan.

(xiv) "Employee" means any executive or senior officer or other key employee of Putnam or any Subsidiary who is an Accredited Investor, or, subject to the determination by the Committee, who is not an Accredited Investor, but whose designation as an Employee would not cause the Plan or any related transactions not to qualify for the exemption from registration provided by Regulation D promulgated under the Securities Act.

(xv) "Employer" means the Putnam entity that employs the Participant.

(xvi) "Fund" means the Putnam Investments Employees' Securities Company II LLC that is being separately offered to Participants.

(xvii) "MMC" means Marsh & McLennan Companies, Inc., a Delaware corporation, and any successor thereto.

(xviii) "Non-Solicitation Agreement" means the Non-Solicitation Agreement or any similar agreement or provision in effect from time to time between the Participant and the Employer.

(xix) "Participant" means any Employee designated by the Committee to receive a Deferred Bonus pursuant to Section 3.

(xx) "Plan" means this Putnam Investments Executive Deferred Bonus Plan, as in effect and as may be amended from time to time.

(xxi) "Putnam" means Putnam Investments LLC, a Delaware limited liability company, and any successor thereto.

(xxii) "Related Investment" means a portfolio investment by the Fund, which investment is designated by the Committee as relating to all or a portion of a Deferred Bonus under the Plan.

(xxiii) "Retirement" means, as to a Participant, a termination of the Participant's employment under circumstances that the Committee determines as qualifying as retirement for purposes of the Plan and not inconsistent with the treatment of the Participant under other Putnam plans.

(xxiv) "Special Termination" means termination of a Participant's employment by reason of Participant's death, Total Disability or Retirement.

(xxv) "Subsidiary" means any corporation, limited liability company or other entity a majority of whose outstanding voting securities is owned, directly or indirectly, by Putnam.

(xxvi) "Total Disability" means, as to any Participant, a total disability within the meaning of any long-term disability plan maintained for the benefit of the Participant or, if the Participant is not covered by such a disability plan, then as determined by the Committee. A person will be considered to have terminated employment due to his "Total Disability" as of the first day of his continuous absence from work on account of the disability supporting his certification as having a Total Disability.

(b) GENDER AND NUMBER. Except where the context indicates otherwise, words in the masculine gender used in the Plan shall include the feminine gender, the singular shall include the plural and the plural shall include the single.

SECTION 3. DEFERRED BONUS

The Committee may grant a bonus to any Employee selected by the Committee and in such amount as determined by the Committee, which bonus shall be required to be deferred and shall be payable to the Participant, if at all, only in accordance with the terms of the Plan and on the date or dates provided for herein (the "Deferred Bonus").

SECTION 4. ELIGIBILITY TO INVEST IN THE FUND

In connection with the grant of a Deferred Bonus to an Employee under this Plan, a Participant must agree to subscribe for a Profits Interest in the Fund in a capital commitment amount equal to the Participant's Deferred Bonus. An Employee who elects to become a Participant shall agree to do so by entering into such agreement or agreements as the Committee determines appropriate.

SECTION 5. ACCOUNT

(a) ESTABLISHMENT OF ACCOUNT. Putnam shall establish a book entry Account for each Participant. The Account is notional and shall be used for recordkeeping purposes only. Neither Putnam nor the Employer nor any other person shall be required to fund any Accounts or set aside funds for this purpose. Each Participant's Account (I) shall be increased by (V) the amount of any Deferred Bonus granted to such Participant under this Plan, (W) any notional earnings credited to such Participant under this Plan and (X) any other credits authorized under this Plan as determined by the Committee in its sole and absolute discretion and (II) shall be decreased by (Y) any payments made to such Participant under this Plan and (Z) any other debits authorized under this Plan as determined by the Committee in its sole and absolute discretion. As of the end of each calendar quarter, Putnam shall provide each Participant with a statement of his Account reflecting debits and credits to such Account since the prior statement.

(b) NOTIONAL EARNINGS ON ACCOUNT. The portion of a Participant's Account designated by the Committee as corresponding to a Related Investment shall be credited with the AFR commencing on the date such Related Investment is made through the date that Fund's "Managing Member" has received the "AFR Return" (in each case as defined in the Limited Liability Company Agreement of the Fund), and the balance of the Account shall be credited with the rate of earnings applicable from time to time to a short-term investment vehicle designated by the Committee.

(c) PAYMENTS. A Participant's Account shall be reduced by any payment made to or on behalf of the Participant in reference to the Participant's Account as of the date such payment is made.

(d) VESTING AND FORFEITURE. Unless determined otherwise by the Committee, and except as otherwise provided in Section 7 and Section 8, a Participant shall, subject to his or her continuous employment with Putnam or one of its Subsidiaries, vest in his Account in accordance with the table attached as SCHEDULE A hereto. A Participant's Account will be reduced by the amount of any forfeitures hereunder.

SECTION 6. PAYMENTS IN RESPECT OF AN ACCOUNT.

Except to the extent otherwise expressly provided herein, no payment shall be made in reference to a Participant's Account until the earlier of (I) the eighth

anniversary of the date a Deferred Bonus is credited to the Participant's Account or (II) any date determined by the Committee that is at least one year after the date as of which the Deferred Bonus was credited to the Participant's Account. In making a determination under the preceding sentence, the Committee may take into consideration any factors it deems relevant in its sole and absolute discretion. Unless otherwise determined by the Committee, any payment in reference to a Participant's Account shall be made in a single lump sum in cash as soon as practicable following the date such amount is first payable under the preceding sentence.

SECTION 7. TERMINATION OF EMPLOYMENT

(a) SPECIAL TERMINATION. Unless otherwise determined by the Committee, in the event that a Participant's employment with Putnam and the Subsidiaries terminates by reason of a Special Termination, subject to such conditions as the Committee may prescribe (including forfeiture of all or any portion of the Participant's Account upon violation of the Participant's Non-Solicitation or Confidentiality Agreement), the Participant shall be fully vested in his Account as of the date of such termination, and payments equal to the balance of the Participant's vested Account shall be made in accordance with Section 6 (such balance determined as of the date of such payment).

(b) TERMINATION FOR CAUSE. Unless otherwise determined by the Committee, in the event that a Participant's employment with Putnam and the Subsidiaries is terminated for Cause, the Participant shall forfeit his entire Account.

(c) OTHER TERMINATIONS. Except as otherwise provided herein, and unless otherwise determined by the Committee, in the event that a Participant's employment with Putnam, its parent, the Participant's Employer or any other Subsidiary terminates for any reason other than a Special Termination or a termination for Cause, subject to such conditions as the Committee may prescribe (including forfeiture of all or any portion of the Participant's Account upon violation of the Participant's Non-Solicitation or Confidentiality Agreement), payments equal to the balance of the Participant's vested Account shall be made in accordance with Section 6 (such balance determined as of the date of such payment) and any portion of the Account which is not vested as of the date of such termination shall be forfeited as of such date.

(d) BREACH OF NON-SOLICITATION AGREEMENT. Unless otherwise determined by the Committee, in the event that a Participant breaches such Participant's Non-Solicitation Agreement, such Participant shall forfeit his entire Account and shall return to the Employer 50% of any amounts that the Participant may have previously received with respect to his Account.

(e) BREACH OF CONFIDENTIALITY AGREEMENT. Unless otherwise determined by the Committee, in the event that a Participant breaches such Participant's Confidentiality Agreement, such Participant shall forfeit his entire Account.

SECTION 8. CHANGE IN CONTROL

In the event of a Change in Control of MMC or a Change in Control of Putnam, each Participant shall be fully vested in his Account.

SECTION 9. TRANSFERABILITY

Neither a Participant nor such Participant's Beneficiary shall have the right or power to sell, exchange, pledge, transfer, assign or otherwise encumber or dispose of such Participant's or Beneficiary's rights or benefits under this Plan (including, without limitation, any rights in respect of the Participant's or Beneficiary's Account), other than in accordance with this Section 9. The Participant's or Beneficiary's interest in the Participant's Account shall also not be subject to seizure for the payment of any debt, judgment, alimony or separate maintenance or be transferable by the operation of law in the event of the Participant's or any Beneficiary's bankruptcy or insolvency. In the event of a Participant's death, a payment in an amount equal to the value of the Participant's Account shall be paid to the Beneficiary in accordance with Section 6.

SECTION 10. ADMINISTRATION

(a) ADMINISTRATION. The administrator of the Plan shall be the Committee. The Committee shall have the authority, subject to the terms of the Plan, to interpret the Plan; to determine the amount of benefits payable to each Participant under the Plan; to adopt, amend and rescind rules and regulations for the administration of the Plan; and to make all determinations necessary or advisable for the administration of the Plan. Whenever the Plan provides that the Committee may make any determination or decision, or take any action, the Committee shall be permitted to do so in its sole and absolute discretion. In the exercise of its discretion hereunder, the Committee may treat different Participants, including similarly situated Participants, differently, and may treat the same Participant differently at different times, and in so exercising its discretion, may take any factor or factors into account, and may disregard any factor or factors, as it determines in its sole

and absolute discretion. Any action taken or decision made by the Committee in connection with the Plan, including, without limitation, the interpretation by the Committee of any provision of the Plan, shall be final and binding on each affected Employee, Participant or Beneficiary and any persons claiming hereunder.

(b) ACTIONS BY PUTNAM OR THE EMPLOYER. Putnam shall be the sponsor of the Plan, and any action taken by Putnam (or any of its officers, directors or agents, including the members of the Board, but excluding the members of the Committee solely when acting for the Committee) shall be taken solely in such capacity. Any action required or permitted to be taken by Putnam pursuant to the Plan may be taken by any authorized officer without further action of the Board or the board of directors of the Employer (or any committee thereof). In no event shall the consent of the Employer be required with respect to any action (including any discretionary action) taken by Putnam or any of its officers, directors or agents, including the members of the Board, pursuant to or in accordance with the terms of the Plan.

SECTION 11. AMENDMENT AND TERMINATION

The Committee at any time may terminate or suspend the Plan, and may from time to time amend or modify the Plan. No amendment, modification, termination or suspension of the Plan shall in any manner materially adversely affect any award theretofore granted under the Plan; PROVIDED that the Committee may amend the Plan at any time without any such consent to the extent necessary to ensure compliance with tax, securities or any other applicable laws.

SECTION 12. MISCELLANEOUS

(a) WITHHOLDING. Any payment made or other compensation provided under the Plan shall be reduced by any amounts required to be withheld or paid with respect to such payment or compensation under all applicable federal, state and local tax and other laws and regulations which may be in effect as of the date of such payment.

(b) BENEFICIARY DESIGNATION. Each Participant under the Plan may from time to time name any beneficiary or beneficiaries (who may be named contingently or successively) by whom any right under the Plan is to be exercised in case of his death. Each designation will revoke all prior designations by the same Participant, shall be in a form reasonably prescribed by the Committee, and will be effective only when filed by the Participant in writing with the Committee during his

lifetime. In absence of any designation, the Participant's Beneficiary shall be his estate.

(c) NO GUARANTEE OF EMPLOYMENT OR PARTICIPATION. Nothing in the Plan or any agreement or document evidencing an award hereunder shall interfere with or limit in any way the right of Putnam, MMC or any Subsidiary to terminate any Participant's employment at any time, or confer upon any Participant any right to continue in the employ of Putnam, MMC or any Subsidiary. No Employee shall have a right to be selected as a Participant or, having been so selected, to receive any bonus or other compensation that may be deferred hereunder.

(d) NO RIGHTS TO CORPORATE ASSETS. The Plan is an unfunded plan of deferred compensation, and nothing in the Plan shall give a Participant, the Participant's Beneficiaries or any other person any interest of any kind in the assets of the Employer, Putnam or any affiliates of either or create a trust or fiduciary relationship of any kind between the Employer, Putnam or any affiliates of either and any such person. Notwithstanding anything in the Plan to the contrary, nothing in this Plan shall be construed to limit the right of the Fund to sell, exchange, pledge, assign, transfer or otherwise encumber or dispose of any Related Investment it shall hold from time to time. The obligations hereunder to any Participant shall be the sole responsibility of Putnam.

(e) NO LIMIT ON CORPORATE ACTIONS. Except as otherwise provided in Section 11, nothing contained in the Plan shall prevent an Employer from taking any action which is deemed by the Employer to be appropriate or in its best interest, whether or not such action would have any adverse effect on the Plan or any Participant's interests under the Plan. No Participant, Beneficiary or other person shall have any claim against such Employer as a result of any such action.

(f) COMPLIANCE WITH APPLICABLE LAWS. An Employer shall not be required to take any action, including the making of any payment under the Plan, if such action would violate any applicable federal or state law.

(g) INDEMNIFICATION. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by Putnam to the fullest extent permitted by law from and against any and all losses, costs, liabilities and expenses (including any related attorneys' fees and advances thereof) in connection with, based upon or arising or resulting from any claim, action, suit or proceeding to which he may be made a party or in which he may be involved by reason of any action taken or failure to act under the Plan and from and

against any and all amounts paid by him in settlement thereof, with Putnam's approval, or paid by him in satisfaction of any judgment in any such action, suit or proceeding against him, provided that he shall give Putnam an opportunity, at its own expense, to defend the same before he undertakes to defend it on his own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under Putnam's Articles of Organization or By-laws, by contract, as a matter of law, or otherwise.

(h) NO LIMITATION ON COMPENSATION. Nothing in the Plan shall be construed to limit the right of Putnam, MMC or any Subsidiary to establish other plans or to pay compensation to its employees, in cash or property, in a manner that is not expressly authorized under the Plan.

(i) SECURITIES LAWS COMPLIANCE. The Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required. No interest shall be granted in or under the Plan, if such grant or issuance would result in a violation of applicable law, including the federal securities laws and any applicable state securities laws.

(j) RIGHT OF OFFSET. Notwithstanding anything else contained in this Plan to the contrary, as a condition of participation in the Plan, each Participant agrees and acknowledges that any amount due from his Employer or Putnam may, at the discretion of the Employer or Putnam (as the case may be), be reduced to the maximum extent permitted by applicable law by any and all amounts due and owing from the Participant to Putnam or the Employer (but excluding any obligations owed by the Participant to a private investment fund that has made a Related Investment).

(k) GOVERNING LAW. The Plan, and all agreements thereunder, shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts.

(l) SECTION HEADINGS. Titles and headings to sections are for the purpose of reference only, and in no way limit or otherwise affect the meaning or interpretation of any provision of the Plan.

(m) NO THIRD PARTY BENEFICIARIES. Nothing expressed or implied in this Plan is intended or shall be construed to confer upon or give to any person

(other than a Participant or Beneficiary) any rights or remedies under or by reason of this Plan.

PUTNAM INVESTMENTS LLC

Sole Member, Putnam Investments Trust,

By:

Lawrence J. Lasser
President

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

MARSH & McLENNAN COMPANIES, INC.
U.S. EMPLOYEE
2000 CASH BONUS AWARD VOLUNTARY DEFERRAL PLAN

1. ELIGIBILITY

All active U.S. employees of Marsh & McLennan Companies, Inc. (the "Corporation") and its subsidiaries who are designated as eligible for participation in the MMC Partners Bonus Plan or a Local Bonus Plan, and who are presently in salary grade 15 (or its equivalent) or above, may, at management's discretion, be considered for participation in the Marsh & McLennan Companies, Inc. U.S. Employee 2000 Cash Bonus Award Voluntary Deferral Plan (the "2000 Plan"). Participants in the 2000 Plan may make deferral elections pursuant to the rules outlined in Section 2 below.

2. PROGRAM RULES

Except as otherwise provided herein, the 2000 Plan shall be administered by the Compensation Committee of the Board of Directors of the Corporation (the "Committee"). The Committee shall have authority in its sole discretion to interpret the 2000 Plan and make all determinations, including the determination of bonus awards eligible to be deferred, with respect to the 2000 Plan. All determinations made by the Committee shall be final and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the 2000 Plan, and references to the Committee shall be deemed to include any such delegate. Exercise of deferral elections under the 2000 Plan must be made in accordance with the following rules.

a. RIGHTS TO AN AWARD AND TO A DEFERRAL ELECTION

- (i) 2000 CASH BONUS DEFERRAL. The right of an employee to a deferral election currently applies to the annual cash bonus scheduled to be awarded in early 2001 in respect of 2000 services, the payment of which bonus would normally be made by the end of the first quarter of the 2001 calendar year. The granting of such an annual cash bonus award is discretionary, and neither delivery of deferral election materials nor an election to defer shall affect entitlement to such an award. The right to a deferral election does not apply to bonuses (including, but not limited to, sign-on bonuses, commissions or non-annual incentive payments) that are not awarded as part of an annual cash bonus plan.
- (ii) 2001 CASH BONUS DEFERRAL. The right of an employee to a deferral election currently applies to the annual cash bonus scheduled to be awarded in early 2002 in respect of 2001 services, should the employee have a guarantee for the bonus, the payment of which would normally be made by the end of the first quarter of the 2002 calendar year. The deferral of such a bonus will be made pursuant to the U.S. Employee 2001 Cash Bonus Award Voluntary Deferral Plan (the "2001 Plan") and is contingent upon approval of the 2001 Plan by the Committee. The terms and conditions for the 2001 Plan are expected to be essentially the same as for the 2000 Plan.

b. ELECTION FORMS

In order to ensure that elections to defer bonus amounts (including such amounts for 2001 cash bonuses with a guarantee) are effective under applicable tax laws, please complete and sign the attached election form(s), and return them (postmarked, delivered or faxed) no later than December 1, 2000. Form(s) should be returned, and any questions should be directed, to:

Brian A. Kenny
Manager, HR Systems and Administration
Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, NY 10036-2774
Telephone #: (212) 345-5287
Facsimile #: (212) 345-4767

c. DEFERRAL OPTIONS

- (i) DEFERRAL AMOUNT. An eligible employee may elect to defer a portion of such employee's bonus award until January of a specific year ("year certain") or until January of the year following retirement in an amount represented by one of the following two choices:
1. 25%, 50% or 75% of the employee's cash bonus award, subject to a maximum limit established by the Committee, or
 2. the lowest of 25%, 50% or 75% of the employee's cash bonus award which results in a deferral of at least \$10,000.

If the percentage selected times the amount of the cash bonus award is less than \$10,000, NO deferral will be made or deducted from the award.

- (ii) 2000 DEFERRED BONUS ACCOUNTS. If a deferral election is made, deferrals may be made into one or both of the two accounts which the Corporation shall make available to the participating employee. The relevant portion of the award deferral will be credited to the relevant account on the first business day following the date on which the bonus payment would have been made had it not been deferred. The available accounts for deferrals of bonuses (the "2000 Deferred Bonus Accounts") shall consist of (a) the 2000 Putnam Fund Account and (b) the 2000 Corporation Stock Account. Amounts may not be transferred between the 2000 Corporation Stock Account and either the 2000 Putnam Fund Account or the "Putnam Transfer Fund Account" (as referred to in Section 2.e. below).

d. 2000 PUTNAM FUND ACCOUNT

- (i) ACCOUNT VALUATION. The 2000 Putnam Fund Account is a bookkeeping account, the value of which shall be based upon the performance of selected funds of the Putnam mutual fund group. The Corporation will determine, in its sole discretion, the funds of the Putnam mutual fund group into which deferrals may be made. Deferrals among selected funds comprising the 2000 Putnam Fund Account must be made in multiples of 5% of the total amounts deferred into the 2000 Putnam Fund Account. Deferred amounts will be credited to the 2000 Putnam Fund Account with units each reflecting one Class A share of the elected fund. Fractional units will also be credited to such account, if applicable. The number of such credited units will be determined by dividing the value of the bonus award deferred into the elected fund by the net asset value of such fund of the 2000 Putnam Fund Account as of the close of business on the day on which such bonus payment would have been made had it not been deferred. All dividends paid with respect to an elected fund of a 2000 Putnam Fund Account will be deemed to be immediately reinvested in such fund.
- (ii) FUND REALLOCATIONS. Amounts deferred into a 2000 Putnam Fund Account and the Putnam Transfer Fund Account may be reallocated between eligible funds of these respective accounts (but not between the 2000 Putnam Fund Account and the Putnam Transfer Fund Account) pursuant to an election which may be made daily. Such election shall be effective, and the associated reallocation shall be based upon the net asset values of the applicable funds of the 2000 Putnam Fund Account or the Putnam Transfer Fund Account, as of the close of business on the business day the election is received by facsimile or mail, if received by 2:30 p.m. Eastern Time of that day. If received later than 2:30 p.m., the election shall be effective as of the close of business on the following business day.

e. PUTNAM TRANSFER FUND ACCOUNT

By December 1, 2000, each individual with respect to whom there is maintained an "Interest Factor Account" (established for all pre-1993 bonus deferrals and account balances transferred from certain Sedgwick plans), whether or not any such individual is eligible for participation under Section 1 above, may make an irrevocable election to transfer ALL (but not less than all) of such participant's Interest Factor Account into a "Putnam Transfer Fund Account", which election shall be effective, and which transfer shall be based upon the net asset value of the selected funds of such Putnam Transfer Fund Account, as of the close of business on the last trading day in 2000. The Putnam Transfer Fund Account shall be administered in a manner consistent with the administration of the 2000 Putnam Fund Account pursuant to Section 2.d.(i) above. Distribution elections (including the form of payment) otherwise in effect for the Interest Factor Account shall remain in effect for amounts transferred to the Putnam Transfer Fund Account.

f. 2000 CORPORATION STOCK ACCOUNT

- (i) ACCOUNT VALUATION. The 2000 Corporation Stock Account is a bookkeeping account, the value of which shall be based upon the performance of the common stock of the Corporation. Amounts deferred into the 2000 Corporation Stock Account will be credited to such account with units each reflecting one share of common stock of the Corporation. Fractional units will also be credited to such account, if applicable. The number of such credited units will be determined by dividing the value of the bonus award deferred into the 2000 Corporation Stock Account (plus the "supplemental amount" referred to in clause (ii) below) by the closing price of the common stock of the Corporation on the New York Stock Exchange on the day on which such bonus payment would have been made had it not been deferred. Dividends paid on the common stock of the Corporation shall be reflected in a participant's 2000 Corporation Stock Account by the crediting of additional units in such account equal to the value of the dividend and based upon the closing price of the common stock of the Corporation on the New York Stock Exchange on the date such dividend is paid. Deferrals into the 2000 Corporation Stock Account must be deferred to a date not earlier than January 1, 2004. (For deferrals relating to 2001 bonuses with a guarantee, such deferrals will be allocated into the 2001 Corporation Stock Account and must be deferred to a date not earlier than January 1, 2005.)
- (ii) SUPPLEMENTAL AMOUNT. With respect to that portion of a bonus award which a participating employee defers into the 2000 Corporation Stock Account, there shall be credited to such participant's 2000 Corporation Stock Account an amount equal to the amount deferred into such account plus an additional amount equal to 15% of the amount so deferred (the "supplemental amount"). The maximum percentage of any participating employee's annual bonus award permitted to be deferred into the 2000 Corporation Stock Account (prior to giving effect to the supplemental amount) is 50% of such award.
- (iii) STOCK DISTRIBUTIONS. Distributions from the 2000 Corporation Stock Account will be deposited automatically via book entry for your personal account with the Corporation's stock transfer agent. If you (or you and your spouse, as joint tenants) already have such an account with the stock transfer agent, then the shares will be deposited into that account. If you do not have such an account, then one will be established in your name, and the shares will be deposited in the account.

g. STATEMENT OF ACCOUNT

The Corporation shall provide periodically to each participant (but not less frequently than once per calendar quarter) a statement setting forth the balance to the credit of such participant in such participant's 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account.

h. IRREVOCABILITY AND ACCELERATION

Subject to the provisions of paragraphs i. (iii) and i. (vii) below, all deferral elections made under the 2000 Plan (and the 2001 Plan) are irrevocable. However, the Committee may, in its sole discretion, and upon finding that a participant has demonstrated severe financial hardship, direct the acceleration of the payment of any or all deferred amounts then credited to the participant's 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account.

i. PAYMENT OF DEFERRED AMOUNTS

- (i) YEAR CERTAIN DEFERRALS. If the participant remains employed until the deferral year elected, all amounts relating to "year certain" deferrals will be paid in a single distribution, less applicable withholding taxes, in January of the deferral year elected, or the participant may elect (at the time of the original deferral election) to have distributions from the 2000 Corporation Stock Account or the 2000 Putnam Fund Account, as the case may be, made in up to fifteen (15) annual installments payable each January commencing with the deferral year elected. Annual installments will be paid in an amount, less applicable withholding taxes, determined by multiplying (i) the balance of the 2000 Corporation Stock Account or the 2000 Putnam Fund Account, as the case may be, by (ii) a fraction, the numerator of which is 1 and the denominator of which is a number equal to the remaining unpaid annual installments.
- (ii) RETIREMENT DEFERRALS. For participants who retire, amounts relating to deferrals until the year following retirement will be paid in a single distribution in January of the year following retirement, or the participant may elect (at the time of the original deferral election) to have distributions from the 2000 Corporation Stock Account or 2000 Putnam Fund Account, as the case may be, made in up to fifteen (15) annual installments payable each January commencing with the year following retirement. Annual installments will be paid in an amount, less applicable withholding taxes, determined by multiplying (i) the balance of the 2000 Corporation Stock Account or 2000 Putnam Fund Account, as the case may be, by (ii) a fraction, the numerator of which is 1 and the denominator of which is a number equal to the remaining unpaid annual installments.
- (iii) REDEFERRAL ELECTION. Participants shall be permitted to delay the beginning date of distribution and/or increase the number of annual installments (up to the maximum number permitted under the 2000 Plan) for awards previously deferred or redeferred under the 2000 Plan (and the 2001 Plan), provided that the redeferral election must be made at least one full calendar year prior to the beginning date of distribution.
- (iv) TERMINATION OF EMPLOYMENT PRIOR TO END OF DEFERRAL PERIOD. Subject to the provisions of paragraph (vi) below, in the event of termination of employment for any reason prior to completion of the elected deferral period, all amounts then in the participant's 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account will be paid to the participant (or the participant's designated beneficiary in the event of death) in a single distribution, less applicable withholding taxes, as soon as practicable after the end of the quarter in which the termination occurred; PROVIDED, HOWEVER, that, subject to the

provisions of paragraph (vi) below, upon a participant's retirement or termination for total disability prior to completion of the elected deferral period, all such amounts shall be paid in January of the year following such retirement or termination for total disability, as the case may be.

- (v) DEATH DURING INSTALLMENT PERIOD. If a participant dies after the commencement of payments from his or her 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account, the designated beneficiary shall receive the remaining installments over the elected installment period.
- (vi) SPECIAL RULES APPLICABLE TO 2000 CORPORATION STOCK ACCOUNT. Notwithstanding any provision in the 2000 Plan to the contrary (other than the second sentence of Section 2.h. above), with respect to a participant's 2000 Corporation Stock Account, in the event that prior to January 1, 2004, a participant's employment terminates for total disability or retirement, all amounts in such account will be paid to the participant, less applicable withholding taxes, in January of 2004. In the event that, prior to January 2004, a participant's employment terminates on account of death, or a participant whose employment was earlier terminated for total disability or retirement should die, the distribution rule in paragraph (iv) above will apply. If, however, the termination of employment prior to January 1, 2004 is on account of a reason other than death, total disability or retirement, the participant will receive, as soon as practicable following the end of the quarter in which the termination occurred, a single distribution, less applicable withholding taxes, of (a) the balance of the participant's 2000 Corporation Stock Account less (b) the portion of such balance attributable to the supplemental amount (including earnings thereon), which portion shall be forfeited in its entirety. For purposes of determining the portion of the balance of the 2000 Corporation Stock Account attributable to the supplemental amount, the supplemental amount shall be increased or decreased by the respective gain or loss in the 2000 Corporation Stock Account attributable to such supplemental amount.
- (vii) ACCELERATION OF DISTRIBUTION. A participant may elect to accelerate the distribution of all or a portion of the 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account for any reason prior to the completion of the elected deferral period, subject to the imposition of a significant penalty in accordance with applicable tax rules. The penalty shall be an account forfeiture equal to (i) 6% of the amount that the participant elects to have distributed from the 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account and (ii) 100% of any unvested supplemental amount as provided in Section 2(f)(ii) above, including related earnings, that the participant elects to have distributed from the 2000 Corporation Stock Account. Amounts distributed to the participant will be subject to applicable tax withholding, but amounts forfeited will not be subject to tax.
- (viii) CHANGE IN CONTROL. Notwithstanding any other provision in the 2000 Plan to the contrary, in the event of a "change in control" of the Corporation, as defined in the Corporation's 2000 Senior Executive Incentive and Stock Award Plan (the "2000 Senior Executive Plan") and 2000 Employee Incentive and Stock Award Plan (the "2000 Employee Plan"), all amounts credited to a participant's 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account as of the effective date of such change in

- (ix) control will be distributed within five days of such change in control as a lump sum cash payment, less applicable withholding taxes.
- (x) FORM OF PAYMENT. All payments in respect of the 2000 Putnam Fund Account shall be made in cash and payments in respect of the 2000 Corporation Stock Account shall be made in shares of common stock of the Corporation; provided, however, that in the event of a change in control of the Corporation, payments from the 2000 Corporation Stock Account shall be made in cash based upon (A) the highest price paid for shares of common stock of the Corporation in connection with such change in control or (B) if shares of common stock of the Corporation are not purchased or exchanged in connection with such change in control, the closing price of the common stock of the Corporation on the New York Stock Exchange on the last trading day on the New York Stock Exchange prior to the date of the change in control.

j. TAX TREATMENT

Under present Federal income tax laws, no portion of the balance credited to a participant's 2000 Deferred Bonus Accounts or Putnam Transfer Fund Account will be includable in income for Federal income tax purposes during the period of deferral. However, FICA tax withholding is required currently on the cash bonus amount (excluding any portion subject to a mandatory deferral) awarded to the participant, and such withholding is required on the supplemental amount in January of 2004. When any part of the 2000 Deferred Bonus Accounts or Putnam Transfer Fund Account is actually paid to the participant, such portion will be includable in income, and Federal, state and local income tax withholding will apply. The Corporation may make necessary arrangements in order to effectuate any such withholding, including the mandatory withholding of shares of common stock of the Corporation which would otherwise be distributed to a participant.

k. BENEFICIARY DESIGNATION

Each participant shall have the right, at any time, to designate any person or persons as beneficiary or beneficiaries (both principal and contingent) to whom payment shall be made under the 2000 Plan and every other Cash Bonus Award Voluntary Deferral Plan for which the participant has or will have an account balance (collectively, including the 2000 Plan, "the Plans"), in the event of death prior to complete distribution to the participant of the amounts due under the Plans. Any beneficiary designation may be changed by a participant by the filing of such change in writing on a form prescribed by the Corporation. The filing of a new beneficiary designation form will cancel all beneficiary designations previously filed and apply to all deferrals in the account. A beneficiary designation form is attached for use by a participant who either does not have such form on file or wishes to make a change in the beneficiary designation. Upon completion of the attached form, it should be forwarded to Brian Kenny, at the address set forth in Section 2.b. above. If a participant does not have a beneficiary designation in effect, or if all designated beneficiaries predecease the participant, then any amounts payable to the beneficiary shall be paid to the participant's estate. The payment to the designated beneficiary or to the participant's estate shall completely discharge the Corporation's obligations under the Plans.

1. CHANGES IN CAPITALIZATION

If there is any change in the number or class of shares of common stock of the Corporation through the declaration of stock dividend or other extraordinary dividends, or recapitalization resulting in stock splits, or combinations or exchanges of such shares or in the event of similar corporate transactions, each participant's 2000 Corporation Stock Account shall be equitably adjusted by the Committee to reflect any such change in the number or class of issued shares of common stock of the Corporation or to reflect such similar corporate transaction.

3. AMENDMENT AND TERMINATION OF THE 2000 PLAN

The Committee may, at its discretion and at any time, amend the 2000 Plan in whole or in part. The Committee may also terminate the 2000 Plan in its entirety at any time and, upon any such termination, each participant shall be paid in a single distribution, or over such period of time as determined by the Committee (not to extend beyond the earlier of 15 years or the elected deferral period), the then remaining balance in such participant's 2000 Deferred Bonus Accounts and Putnam Transfer Fund Account.

4. MISCELLANEOUS

- a. A participant under the 2000 Plan is merely a general (not secured) creditor, and nothing contained in the 2000 Plan shall create a trust of any kind or a fiduciary relationship between the Corporation and the participant or the participant's estate. Nothing contained herein shall be construed as conferring upon the participant the right to continued employment with the Corporation or its subsidiaries, or to a cash bonus award. Except as otherwise provided by applicable law, benefits payable under the 2000 Plan may not be assigned or hypothecated, and no such benefits shall be subject to legal process or attachment for the payment of any claim of any person entitled to receive the same. The adoption of the 2000 Plan and any elections made pursuant to the 2000 Plan are subject to approval of the 2000 Plan by the Committee.
- b. Participation in the 2000 Plan is subject to these terms and conditions and to the terms and conditions of (i) the 2000 Senior Executive Plan with respect to those participants hereunder who are subject thereto and (ii) the 2000 Employee Plan with respect to all other participants. Participation in the 2000 Plan shall constitute an agreement by the participant to all such terms and conditions and to the administrative regulations of the Committee. In the event of any inconsistency between these terms and conditions and the provisions of the 2000 Senior Executive Plan or the 2000 Employee Plan, as applicable, the provisions of the latter shall prevail. The 2000 Senior Executive Plan and the 2000 Employee Plan are not subject to any of the provisions of the Employee Retirement Income Security Act Of 1974.
- c. Not more than four million (4,000,000) shares of the Corporation's common stock, plus such number of shares remaining unused under pre-existing stock plans approved by the Corporation's stockholders, may be issued under the 2000 Senior Executive Plan.
- d. Not more than forty million (40,000,000) shares of the Corporation's common stock, plus such number of shares authorized and reserved for awards pursuant to certain preexisting share

resolutions adopted by the Corporation's Board of Directors, may be issued under the 2000 Employee Plan.

5. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Annual Report on Form 10-K of the Corporation for its last fiscal year, the Corporation's Registration Statement on Form 8 dated February 3, 1987, describing Corporation common stock, including any amendment or reports filed for the purpose of updating such description, and the Corporation's Registration Statement on Form 8-A/A dated January 26, 2000, describing the Preferred Stock Purchase Rights attached to the common stock, including any further amendment or reports filed for the purpose of updating such description, which have been filed by the Corporation under the Securities Exchange Act of 1934, as amended (the Exchange Act), are incorporated by reference herein.

All documents subsequently filed by the Corporation pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, subsequent to the end of the Corporation's last fiscal year and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

Participants may receive without charge, upon written or oral request, a copy of any of the documents incorporated herein by reference and any other documents that constitute part of this Prospectus by contacting Mr. Brian Kenny, Manager, HR Systems and Administration, as indicated above.

AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT (the "Amendment") made as of January 1, 2001, among Putnam Investments, Inc., a Massachusetts corporation ("Putnam"), Putnam Investments Trust, a Massachusetts business trust (the "Business Trust"), and Lawrence J. Lasser (the "Executive"). This Amendment amends the employment agreement made as of December 31, 1997 between Putnam and the Executive (the "Employment Agreement") as set forth below.

WHEREAS, Putnam is restructuring such that Putnam will become a limited liability company wholly owned by the Business Trust;

WHEREAS, pursuant to such restructuring, outstanding shares of Class A Common Stock, par value \$.01 per share, of Putnam ("Class A Putnam shares") and outstanding shares of Class B Common Stock, par value \$.01 per share, of Putnam ("Class B Putnam Shares") will be exchanged for Class A and Class B Common Shares, respectively, of the Business Trust;

WHEREAS, under the Employment Agreement, the Executive is entitled to awards and payments denominated in Class B Putnam Shares;

NOW THEREFORE, the parties hereto agree to amend the Employment Agreement as follows:

1. The Employment Agreement is hereby amended, effective as of the date of the consummation of the restructuring described above, such that all references to (i) Class B Common Stock of Putnam and Class B Putnam Shares shall be deemed to refer to, respectively, Class B Common Shares of the Business Trust and Class B Common Shares, (ii) Class A Common Stock of Putnam and Class A Putnam Shares shall be deemed to refer to, respectively, Class A Common Shares of the Business Trust and Class A Common Shares and (iii) Putnam Investments, Inc. and Putnam shall be deemed to refer collectively to the Business Trust and Putnam Investments, Inc. and any successors thereto.

2. Notice is hereby given that the shareholders of the Business Trust shall not be personally liable for any claims arising from obligations of the Business Trust under the Employment Agreement and the Executive shall look solely to the Trust Estate (as such term is defined in the Declaration of Trust for the Business Trust) for the payment of any claim arising from obligations of the Business Trust under the Employment Agreement.

3. Except as set forth above, the Employment Agreement is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the parties have duly executed this agreement as of the date first written above.

PUTNAM INVESTMENTS, INC.

By: /s/ William H. Woolverton

PUTNAM INVESTMENTS TRUST

By: /s/ William H. Woolverton

By: /s/ Lawrence J. Lasser

SECOND AMENDMENT
TO
EMPLOYMENT AGREEMENT

This amendment (the "Amendment") is made by and between Putnam Investments, L.L.C. ("Putnam") and Lawrence J. Lasser (the "Executive") to amend the employment agreement between the Executive and Putnam, dated December 31, 1997 and amended on January 1, 2001 (the "Agreement"). Except as may be otherwise herein modified, all provisions of the Agreement shall continue in full force and effect. Any capitalized term not defined in this Amendment shall have the meaning ascribed to it in the Agreement. In consideration of the covenants and agreements set forth herein, Putnam hereby agrees that the Executive shall continue to be employed by Putnam, and the Executive hereby agrees to continue his employment with Putnam, on the terms and conditions contained in the Agreement, as amended hereby.

1. The first sentence of Paragraph 1 of the Agreement is hereby amended by substituting "December 31, 2005" for "December 31, 2001" therein.

2. The first sentence of paragraph 2.B of the Agreement is hereby amended by the substitution of "year 2003 annual meeting" for the words "year 2000 annual meeting" therein.

3. Paragraph 3.B of the Agreement is hereby amended by the addition of the following language immediately after the second sentence thereof:

"The intent is to provide an Annual Bonus reflecting the Compensation Committee's assessment, based on the recommendation of the Chief Executive Officer of MMC, of your performance, which will be the sum of (a) an amount ranging from 80% to 120% of two times the bonus attributable to a Pre-Assigned Partnership Interest (as defined in the Partners Plan) in the Putnam Investments, L.L.C. Partners Incentive Compensation Plan (the "Partners Plan") of a 5% Partner (as defined in paragraph 4.E) and (b) bonus attributable to one unit under the Putnam Investments L.L.C. Operating Heads Incentive Compensation Plan (the "Operating Heads Agreement")."

4. The fourth sentence of paragraph 3.B of the Agreement is hereby restated in its entirety to read as follows:

"The Annual Bonus shall be paid in cash in the first quarter of the calendar year following the year to which such Annual Bonus shall relate."

5. The third sentence of paragraph 3.D (i) is hereby amended by the addition of the following language immediately after the words "Fair Market Value" therein:

"(as used here and, unless otherwise provided herein, as used hereafter, Fair Market Value with respect to a Class B Share shall be as defined in the Putnam Investments, L.L.C. Equity Partnership Plan (the "Equity Partnership Plan"))"

6. Paragraph 3.D of the Agreement is hereby amended by the addition of new paragraphs, 3.D(vii), (viii), (ix) and (x) which shall read as follows:

"(vii) NEW PUTNAM STOCK OPTIONS. Effective as of March 15, 2001, Putnam Investments Trust, a Massachusetts business trust (the "Business Trust") shall grant to you a nonqualified option (the "Fifth Putnam Option") to purchase 50,000 Class B Shares. You shall also receive, in March 2002, a nonqualified option (the "Sixth Putnam Option", and, together with the Fifth Putnam Option, the "New Putnam Options") to purchase an additional 50,000 Class B Shares. The per share exercise price shall be equal to the Fair Market Value of a Class B Share as of the date of the applicable grant. Each New Putnam Option shall expire on the tenth anniversary of the date of grant of such option. The Fifth Putnam Option shall become exercisable with respect to 25% of the Class B Shares subject thereto on March 10 in each of 2002, 2003, 2004 and 2005. The Sixth Putnam Option shall become exercisable with respect to 25% of the Class B Shares subject thereto on March 10 in each of 2003, 2004, 2005 and 2006. In all other respects, the New Putnam Options granted pursuant to the Amendment shall be treated as if they were subject to the terms and conditions of the Equity Partnership Plan and as if such New Putnam Options had been granted thereunder, except that (a) any amounts paid to you with respect to the exercise of any and all rights or obligations of Putnam or the Business Trust pursuant to the Equity Partnership Plan (including with respect to cancellation, forfeiture, purchase, sale, exchange, conversion or similar events affecting New Putnam Options or Class B Shares acquired by exercise of New Putnam Options) shall be paid to you as soon as practicable following the Payment Date as defined in paragraph 3.D(iii) and (b) the New Putnam Options shall be subject to subparagraph (b), (c), (e) and the next to last sentence of paragraph 3.D(i) hereof as if such New Putnam Options were Putnam Options granted under paragraph 3.D(i) (except that subparagraphs (b) and (e) thereof shall be read as if the words "December 31, 2005" replaced the words "December 31, 2001" therein). Furthermore, notwithstanding anything in the Equity Partnership Plan to the contrary, Putnam, the Business Trust

and MMC, as applicable, may exercise the rights set forth in the first sentence of Section 8(b)(ii) of the Equity Partnership Plan, to cancel New Putnam Options or Class B Shares acquired by exercise of the New Putnam Options only if all options granted under the Equity Partnership Plan or all Class B Shares, as applicable, are also cancelled. Each New Putnam Option granted to you shall be evidenced by an Award Agreement substantially in the form of the award agreement attached hereto as Exhibit D, or with respect to the Sixth Putnam Option, in the form then used for option grants to Putnam senior executives. Notwithstanding anything herein to the contrary, the Sixth Putnam Option may be granted subject to the terms and conditions of a successor plan to the Equity Partnership Plan and relate to a different class of Putnam Common Shares (in each case, to the same extent as applies to awards then being made to other Putnam senior executives).

(viii) NEW MMC STOCK OPTIONS. Effective as of March 15, 2001, the Compensation Committee shall grant to you, pursuant to and subject to the terms of the MMC 2000 Senior Executive Incentive and Stock Award Plan (such plan, or any amended or successor plan, the "2000 Plan") a nonqualified option (the "Second MMC Option") to purchase 50,000 MMC Shares at an exercise price per share equal to the Fair Market Value (for all purposes hereunder with respect to the New MMC Options (as defined below), Fair Market Value shall be as defined in the 2000 Plan) of an MMC Share as of such date, which shall expire on March 14, 2011 and shall vest with respect to 25% of the shares subject thereto on each anniversary of the date of grant in each of 2002, 2003, 2004 and 2005. You shall also receive, in each of March 2002, March 2003 and March 2004, pursuant to and subject to the terms of the 2000 Plan, a nonqualified option (collectively with the Second MMC Option, the "New MMC Options") to purchase 50,000 MMC Shares at an exercise price per share equal to the Fair Market Value of an MMC Share as of the applicable date of grant, which shall expire on the day preceding the tenth anniversary of the applicable date of grant and shall vest with respect to 25% of the shares subject thereto per year on each anniversary of the applicable date of grant. In all other respects, unless otherwise noted herein, each New MMC Option shall be treated as an MMC Option granted pursuant to Paragraph 3.D(ii) hereof. Each New MMC Option granted to you shall be evidenced by an Award Agreement substantially in the form of the award agreement attached as Exhibit E.

(ix) NEW PUTNAM RESTRICTED STOCK UNITS. Effective as of March 15, 2001, the Business Trust shall grant to you 100,000 Putnam Restricted Stock Units (the "New Putnam Restricted Stock Units"). The New Putnam Restricted Stock Units shall vest at

the rate of 25% per year on March 10 in each of 2002, 2003, 2004 and 2005 and shall otherwise be treated as if they were subject to the terms and conditions of the Equity Partnership Plan applicable to the shares of Restricted Stock awarded under the Equity Partnership Plan except that any amounts paid to you with respect to the exercise of any and all rights or obligations of Putnam or the Business Trust pursuant to the Equity Partnership Plan (including with respect to cancellation, forfeiture, purchase, sale, exchange, conversion, or similar events affecting New Putnam Restricted Stock Units or Class B Shares) shall be paid to you as soon as practicable following the Payment Date. Each individual New Putnam Restricted Stock Unit shall represent and shall have a Fair Market Value equal to the Fair Market Value of one Class B Share. In addition, notwithstanding anything to the contrary contained in the Equity Partnership Plan, the New Putnam Restricted Stock Units shall be subject to the terms of subparagraphs (a), (b), (e), (f) and the first sentence of the next to last paragraph of paragraph 3.D(iii) hereof as if such New Putnam Restricted Stock Units were Putnam Restricted Stock Units granted pursuant to paragraph 3.D(iii) hereof (except that subparagraph (f) thereof shall be read as if the words "December 31, 2005" replaced the words "December 31, 2001" therein). Notwithstanding anything in the Equity Partnership Plan to the contrary, Putnam, the Business Trust and MMC, as applicable, may exercise the rights, set forth in the first sentence of Section 8(b)(ii) of the Equity Partnership Plan, to cancel the New Putnam Restricted Stock Units, or Class B Shares acquired by payment with respect to New Putnam Restricted Stock Units, only if all restricted stock granted under the Equity Partnership Plan, or all Class B Shares, as applicable, are also cancelled. The New Putnam Restricted Stock Units granted to you shall be evidenced by an Award Agreement substantially in the form of the award agreement attached hereto as Exhibit D.

(x) The Putnam Class B Shares related to the New Putnam Stock Options and the New Putnam Restricted Stock Units shall reduce the four million additional Putnam Class B Shares authorized by MMC's Board of Directors in October of 2000 to be sold or granted to Putnam participants under plans or related agreements approved by the Compensation Committee.

7. Paragraph 3.D(v) of the Agreement is hereby amended by the insertion of the following words between the words "Restricted Stock Units" and "referred" in the first sentence thereof:

"(but not with respect to the New Putnam Options or the New Putnam Restricted Stock Units)."

8. Paragraph 3 of the Agreement is hereby amended by the addition of the following new paragraph 3.F, with the existing paragraphs 3.F, 3.G and 3.H being re-designated as paragraphs 3.G, 3.H and 3.I respectively and existing cross references to such paragraphs being re-designated accordingly.

"F. PUTNAM FUND PAYMENT. You are hereby granted a deferred special payment in an amount equal to the Fair Market Value (as defined in the 2000 Plan) as of February 15, 2001, of 150,000 MMC Shares. Such amount shall be deemed invested, pursuant to your investment direction, among the various Putnam funds. On the later of (a) December 31, 2005 and (b) the Payment Date, you shall be entitled to receive in cash the amount referenced in the immediately preceding sentence, plus the earnings, if any, net of any losses, if any, of the deemed investment thereof (such total, the "Putnam Fund Payment"). The Putnam Fund Payment shall vest on December 31, 2005. If your employment with Putnam is terminated by Putnam or MMC (acting through its Compensation Committee) pursuant to paragraph 4.A of this Agreement or by you prior to December 31, 2005 for any reason other than pursuant to paragraph 4.E of this Agreement, then you shall forfeit all of the Putnam Fund Payment granted pursuant to this paragraph 3.F. If your employment with Putnam is terminated in accordance with paragraphs 4.B, 4.C, 4.D or 4.E of this Agreement prior to December 31, 2005, then the Putnam Fund Payment granted to you pursuant to this paragraph 3.F shall vest as of the date of such termination and shall be paid to you on the later of (a) the date of such termination or (b) the Payment Date."

9. Paragraph 3 of the Agreement is hereby amended by the addition of a new paragraph 3.J which shall read as follows:

"J. SPLIT DOLLAR LIFE INSURANCE. In accordance with the Compensation Committee approval of September 16, 1999, you were permitted to participate in the Putnam Estate Enhancement Program, pursuant to which you have previously chosen to forego \$2 million with respect to a certain Annual Bonus in exchange for two (2) so called "split dollar" life insurance policies of \$1 million each. You are hereby permitted to elect to forego an additional \$2 million in the aggregate with respect to future Annual Bonuses as a premium for additional split dollar life insurance policies under such program."

10. Paragraph 4.A is hereby amended by the addition of ", the 2000 Plan" after each occurrence of the words "1997 Plan" therein.

11. Paragraph 4.A is hereby amended by the addition of the following sentence immediately after the last sentence thereof:

"Notwithstanding anything herein to the contrary, after December 31, 2001, the forfeiture provisions contained in this paragraph 4.A shall be of no further force and effect with respect to the Putnam Options, the MMC Stock Option, Putnam Restricted Stock Units, MMC Restricted Stock Units or any Class B Shares which were issued in settlement of such awards; provided, however that such provisions shall continue to be applicable to the New Putnam Options, New MMC Options and New Putnam Restricted Stock Units."

12. Paragraph 4.D of the Agreement is hereby amended by substituting "December 31, 2005" for the words "December 31, 2001" therein.

13. The third sentence of paragraph 4.E of the Agreement is hereby restated in its entirety to read as follows:

"For purposes of this Agreement, the phrase "Good Cause" shall mean (a) a breach by MMC, the Business Trust or Putnam of a material term of this Agreement which is not cured within 30 business days from receipt of written notice thereof from you, (b) relocation of Putnam's executive offices outside of the Boston area, (c) reassignment of you to a location outside of the Boston area, (d) failure to pay you an annual bonus, as contemplated by paragraph 3.B above, with respect to each full year of your employment during the term commencing with year 2001 of at least the sum (such sum, the "Minimum Amount") of (1) two times an amount equal to a bonus attributable to a 5% Pre-Assigned Partnership Interest (as such term is defined in the Partners Plan) under the Partners Plan (a participant with such 5% Pre-Assigned Partnership Interest, a "5% Partner") for a 5% Partner with a Base Partnership Percentage (as such term is defined in the Partners Plan) of 80%, plus (ii) the bonus with respect to such year determined under the Putnam Investments, L.L.C. Operating Heads Incentive Compensation Plan with respect to one Unit (as defined in such plan), (e) a Change in Control of MMC or a Change in Control of Putnam, each as defined below, or (f) failure to grant to you the New Putnam Options, the New MMC Options or the New Putnam Restricted Stock Units."

14. The first sentence of paragraph 4.F is hereby amended by the addition of ", the New MMC Options, Putnam Fund Payment" immediately after the words "the MMC Option" therein.

15. Paragraph 4.F is hereby amended by the addition of the following immediately at the end thereof:

"Notwithstanding anything herein to the contrary, no Gross-Up Payments shall be payable to you with respect to any Excise Tax attributable to the New Putnam Options or the New Putnam Restricted Stock Units."

16. Paragraphs 7.A and 7.B of the Agreement are hereby amended by substituting "68" for each occurrence of "65" therein.

17. The third from the last sentence of paragraph 7.A shall be amended by the addition of "and the Putnam Fund Payment" after "Special Retirement Benefit", by the addition of "and New Putnam Options" after each occurrence of "Putnam Options" and by the addition of "and New Putnam Restricted Stock Units" after each occurrence of "Putnam Restricted Stock Units" therein.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed as of this 22nd day of March, 2001.

PUTNAM INVESTMENTS, L.L.C.
By: PUTNAM INVESTMENTS TRUST,
its sole member

By: -----
J.W. Greenberg
Trustee

Agreed and Accepted:

Lawrence J. Lasser

The Business Trust hereby agrees to perform any and all obligations and duties owed to the Executive pursuant to paragraph 3D(vii) and 3D(ix) of the Agreement, and the Executive agrees to perform any and all obligations owed to the Business Trust by the Executive pursuant to the terms and conditions of the Agreement and acknowledges all of the rights of the Business Trust under the Agreement.

Notice is hereby given that the shareholders of the Business Trust shall not be personally liable for any claims arising from obligations of the Business Trust under the Agreement and the Executive shall look solely to the Trust Estate (as such term is defined in the Declaration of Trust for the Business Trust) for the payment of any claim arising from obligations of the Business Trust under the Agreement.

PUTNAM INVESTMENTS TRUST

By: _____
J.W. Greenberg
Trustee

Agreed and Accepted:

- _____
Lawrence J. Lasser

AMENDED & RESTATED
MMC CAPITAL, INC.
LONG TERM INCENTIVE PLAN
DATED AS OF MARCH 19, 2001

I. STATEMENT OF PURPOSE

The purpose of the MMC Capital, Inc. Long Term Incentive Plan (the "LTIP") is to attract, retain and motivate key employees and consultants of MMC Capital, Inc. ("MMC Capital") and affiliates of MMC Capital to originate, structure and manage insurance and related industry investments by allowing them to participate in the profitability of such investments.

II. CERTAIN DEFINITIONS

- (a) CAUSE shall mean "Cause" as defined in a Participant's employment, consulting or other written agreement with MMC or MMC Capital or, in the absence of any such agreement, (1) the conviction for any felony, (2) willful malfeasance or gross negligence in the performance of duties, (3) misconduct that causes actual material injury to MMC or any of its affiliates, or (4) prior to a Change in Control of MMC or Change in Control of MMC Capital (in each case, as defined in Paragraphs VI(b) and (c)) , the continued and substantial failure to perform duties consistent with a Participant's position and responsibilities within 60 days after notice of such failure being given.
- (b) DISABILITY shall mean total disability as defined in a Participant's employment, consulting or other written agreement with MMC or MMC Capital or, in the absence of such an agreement, as defined in the MMC benefits program.
- (c) EXCEPTION GRANT PAYMENT shall mean an additional Grant Payment, which is not otherwise provided for in the applicable Grant.
- (d) GRANT shall mean the right to receive a payment of an amount determined by reference to one or more Incentive Pools.

- (e) FEE INCOME shall mean fees received by MMC Capital, including investment banking fees, monitoring fees, break-up fees, directors fees, advisory fees and other similar fees, less the amount of any offsets required for the benefit of partnerships managed by MMC Capital relating to the receipt of such fees and net of any unreimbursed expenses incurred by MMC Capital in earning such fees (e.g., travel expenses, outside counsel fees, auditors and actuaries fees, etc.), but excluding any fees paid by affiliates of MMC Capital (i.e., MMC companies not portfolio companies) unless otherwise approved by MMC.
- (f) GRANT PAYMENT shall mean a payment made with respect to a Grant.
- (g) GROSS PROFITS shall mean, with respect to each MMRCH Designated Investment (as defined in Paragraph II(h) (2) (aa)), the sum (whether positive or negative) of all: (1) pre-tax gains realized upon the sale of such investment, (2) pre-tax distributions of dividends, interest, or other distributions (including break-up fees) received in respect of the investment except to the extent included in the Fee Income Incentive Pool, (3) pre-tax losses realized upon the sale of such investment, and (4) pre-tax write-downs of such investment (decreases in value which have been determined to be other than temporary in accordance with Generally Accepted Accounting Principles as reflected in the consolidated financial statements of Marsh & McLennan Risk Capital Holdings, Ltd. ("MMRCH")). In the event a MMRCH Designated Investment is held indefinitely and determined to be a strategic investment, as agreed upon by the LTIP Committee and MMC, the applicable Valuation Date and Gross Profits shall be determined, in good faith, by the LTIP Committee and MMC.
- (h) INCENTIVE POOL shall mean the aggregate amounts realized in cash and, accordingly, available for distribution as Grant Payments and Exception Grant Payments to Participants, determined separately solely for The Trident Partnership,

L.P. ("Trident"), MMRCH, Risk Capital Reinsurance Company ("RCRe") and any Fee Income received by MMC Capital, as follows:

- (1) Trident Incentive Pool -50% of the Trident Carry for the applicable Realization Period;
- (2) MMRCH Incentive Pool -the sum of (aa) 50% of 20% (i.e., 10%) of Gross Profits realized in cash by MMRCH during the applicable Realization Period with respect to the investments to be set forth in a schedule of the MMRCH Incentive Pool, as amended from time to time (the "MMRCH Designated Investments"); and (bb) 50% of pre-tax gains realized by MMRCH for the applicable Realization Period from (i) the sale of shares of common stock, \$.01 par value per share, of Arch Capital Holdings, Inc. ("Arch Capital Holdings"), received upon the exercise of any Class A or Class B warrants, in each case to be set forth in a schedule of the MMRCH Incentive Pool, owned by MMRCH (the cost basis of the Class B warrants shall be \$7.007 per share plus the exercise price per share of such warrants) and (ii) the sale of such Class A or Class B warrants; and
- (3) RCRe Fee Incentive Pool -50% of the excess of (A) fees received by MMC Capital during the applicable Realization Period pursuant to the Investment Advisory Agreement dated September 19, 1995, between RCRe and MMC Capital (the "7.5% Fees"), with respect to investments made during the term of such agreement, to be set forth in a schedule of the RCRe Fee Incentive Pool, as amended from time to, time (the "RCRe Designated Investments"), over (B) any amounts payable to Robert Clements with respect to 1998 and 2000 with respect to such 7.5% Fees under the Amended and Restated Employment Agreement, effective as of December 31, 1993, between MMC Capital and Robert Clements, as such agreement may be amended from time to time.

- (4) Fee Income Incentive Pool - 50% of Fee Income received by MMC Capital during the applicable Realization Period arising out of (i) the other incentive pools described herein, (ii) other existing or new investments managed by MMC Capital, or (iii) other fees (net of any offsets deemed appropriate) as might be considered and approved by MMC.

The computation of amounts available for distribution with respect to an Incentive Pool as of the applicable Realization Date (or Valuation Date, if earlier) shall be made available by MMC Capital to MMC for review and, if deemed appropriate, confirmation by MMC's independent auditors.

- (i) LTIP Committee shall mean a committee with authority to administer the LTIP, initially comprised of the following individuals: Jeffrey W. Greenberg, Robert Clements, Stephen Friedman and Charles A. Davis. The appointment of any additional or successor members to the LTIP Committee shall be subject to approval by the MMC Compensation Committee. Notwithstanding the foregoing, the MMC Compensation Committee shall serve as the LTIP Committee with respect to employees or consultants of MMC Capital who either (1) are members of the MMC Partners Group or (2) are or were members of the LTIP Committee. In the event of a deadlock on any matter submitted to the LTIP Committee, the composition of the LTIP Committee will be expanded (solely for purposes of resolving such matter) by the appointment of an additional member selected by MMC.
- (j) MMC shall mean Marsh & McLennan Companies, Inc.
- (k) MMC COMPENSATION COMMITTEE shall mean the Compensation Committee of the Board of Directors of MMC.
- (l) MMC PARTNERS GROUP shall mean the Partners Group of MMC, as then constituted.

- (m) PARTICIPANT shall mean an employee or consultant of MMC Capital selected by the LTIP Committee for participation in the LTIP.
- (n) REALIZATION DATE shall mean the end of each calendar quarter during which there occurred an increase in amounts realized in cash with respect to (or, in the discretion of the LTIP Committee, otherwise distributable from) an Incentive Pool, or any earlier date selected by the LTIP Committee within such calendar quarter.
- (o) REALIZATION PERIOD shall mean a period commencing on the later of the next preceding Realization Date, and, with respect to the Trident Incentive Pool, the date of formation of Trident (i.e., 11/93); with respect to the MMRCH Incentive Pool, the date indicated on the schedule of the MMRCH Incentive Pool with respect to the applicable MMRCH Designated Investment or the date of formation of Risk Capital Holdings (i.e., 3/95), as applicable; and with respect to the RCR Fee Incentive Pool, the date indicated on the schedule of the RCR Fee Incentive Pool with respect to the applicable RCR Designated Investment, and ending on any Realization Date or Valuation Date, as applicable; and with respect to the Fee Income Incentive Pool, January 1, 2000.
- (p) RETIREMENT shall mean "Retirement" as defined in a Participant's employment, consulting or other written agreement with MMC or MMC Capital or, in the absence of such an agreement, a termination of a Participant's employment or service following the date the Participant attains age 65 or higher with five or more years of service with MMC or any of its affiliates or, subject to approval by the board of directors of MMC Capital, an earlier termination of employment.
- (q) TRIDENT CARRY shall mean the sum of:
 - (1) the advisor's fee received by MMC Capital from Trident; and

(2) special limited partner distributions to MMRCH (after giving effect to any repayment to Trident resulting from a "claw-back").

(r) VALUATION DATE with respect to an investment shall mean the earliest of (1) with respect to a MMRCH Designated Investment only, the tenth anniversary of the date such investment was originally made, (2) the fifth anniversary of the date of termination of MMC Capital as investment advisor with respect to such investment, or (3) the fifth anniversary of the date of termination of the LTIP.

III. GRANTS

- (a) The original Grant (the "Original Grant") to each Participant shall be determined by reference to some or all of the following: a subset of the Trident Incentive Pool, which for this purpose may also include limited partner distributions to MMRCH in excess of the cumulative preferential return, determined pursuant to the applicable agreement (after giving effect to any repayment to Trident resulting from a "clawback") (a "Trident Pool Subset"), certain MMRCH Designated Investments, and certain RCR Designated Investments, in each case stated as a percentage (the "Individual Carry Percentage"). Each Participant may be awarded additional Grants with respect to existing Incentive Pools or new investments in such Incentive Pools.
- (b) The sum of all Grant Payments and Exception Grant Payments with respect to the Grants relating to a particular Incentive Pool shall not exceed the aggregate amount available for distribution with respect to such Incentive Pool.
- (c) Unless otherwise provided in a Participant's employment, consulting or other written agreement with MMC or MMC Capital, Grants shall vest in accordance with a vesting schedule set forth in the applicable Grant, and Grant Payments shall be made in accordance with a Grant Payment schedule set forth in the applicable Grant. Unless otherwise provided in a Participant's employment,

consulting or other written agreement with MMC or MMC Capital, the vesting and Grant Payment schedule with respect to the Original Grants is set forth in Exhibit A.

- (d) In the event a Participant incurs an income tax liability relating to a Grant upon a Realization Date (or Valuation Date, if earlier) and the related Grant Payment is not then due to be made to the Participant, the LTIP Committee may authorize prepayment of a portion of such Grant Payment equal to the income tax liability. The amount of any such prepayment shall be subtracted from the Grant Payment when made or, if the Grant is forfeited and no such Grant Payment is due, the prepayment shall be repaid by the Participant upon the Participant's termination of employment.
- (e) After the date of a Grant, the terms of the Grant shall not be amended adversely for any Participant.

IV. GRANT PAYMENTS AND EXCEPTION GRANT PAYMENTS

- (a) Grant Payments shall be made to Participants as set forth In this Paragraph IV, except as otherwise provided in a Participant's employment, consulting or other written agreement with MMC or MMC Capital, or as otherwise determined by the LTIP Committee.
- (b) Grant Payments shall be made, subject to the applicable vesting and Grant Payment schedule, as soon as reasonably practicable after the end of each calendar quarter in which a Realization Date or Valuation Date occurs. A Participant's Grant Payment with respect to a Realization Date (or Valuation Date, if earlier) shall be determined by the LTIP Committee. With respect to an Original Grant, a Participant's Grant Payments (in all cases subject to the applicable vesting and Grant Payment schedule and to the limitations of Paragraph III(b)) shall not be less than the Grant Payments determined as follows:
 - (1) With respect to the Trident Incentive Pool, the Grant Payment shall not be less than the

product of the Participant's Individual Carry Percentage with respect to the applicable Trident Pool Subset, and such Trident Pool Subset;

- (2) With respect to the MMRCH Incentive Pool, the Grant Payment shall not be less than the total of the products of (aa) the Participant's Individual Carry Percentage with respect to each applicable MMRCH Designated Investment, and (bb) the portion of the MMRCH Incentive Pool relating to such MMRCH Designated Investment; and
 - (3) With respect to the RCR Fee Incentive Pool, the Grant Payment shall not be less than the total of the products of (aa) the Participant's Individual Carry Percentage with respect to each applicable RCR Designated Investment, and (bb) the portion of the RCR Fee Incentive Pool relating to such RCR Designated Investment.
- (c) The LTIP Committee may authorize Exception Grant Payments to Participants with respect to Grants, subject to the limitation set forth in Paragraph III(b).
- (d) In the event that, upon a Realization Date or Valuation Date, after the distribution of all applicable Grant Payments and Exception Grant Payments, there remains an amount available for distribution with respect to the applicable Incentive Pool, the unallocated balance shall remain in a reserve account (the "Reserve Account") with respect to such Incentive Pool, to be distributed from time to time, in whole or in part, at the discretion of the LTIP Committee. Notwithstanding the foregoing, any amounts forfeited by a Participant who is or was a member of the MMC Partners Group shall not be redistributed without the approval of the MMC Compensation Committee if such redistribution would result in a material change to the remaining Participants' distributions, as determined by the MMC Compensation Committee.

- (e) All Grant Payments and Exception Grant Payments shall be made in cash, unless otherwise determined by the LTIP Committee with the approval of MMC.

V. TERMINATION OF EMPLOYMENT

- (a) Termination of employment and service provisions shall apply as set forth in this Paragraph V, except as otherwise provided in a Participant's employment, consulting or other written agreement with MMC or MMC Capital, or as otherwise determined at the time of Grant by the LTIP Committee.
- (b) If a Participant's employment or service is terminated for Cause as defined in Paragraph II(a)(1), (2) or (3) (or for actions, other than those described in Paragraph II(a)(4), which constitute Cause pursuant to the Participant's employment, consulting or other written agreement with MMC or MMC Capital) the Participant's Grants shall be forfeited (regardless of whether the Grants are vested or unvested) and the value of the related Individual Carry Percentages of each Incentive Pool shall be returned to the applicable Incentive Pool. If a Participant's employment or service is terminated for Cause as defined in Paragraph II(a)(4), (or for actions described in Paragraph II(a)(4) which constitute Cause pursuant to the Participant's employment, consulting or other written agreement with MMC or MMC Capital), any unvested portion of the Participant's Grants shall be forfeited and the value of the related Individual Carry Percentages of each Incentive Pool shall be returned to the applicable Incentive Pool, and Grant Payments with respect to any vested but unpaid portion of the Grants shall be made to the Participant as soon as practicable following such termination. Such Grant Payments shall be determined by calculating each Incentive Pool based upon the carrying value, as reported in the most recent quarterly financial statements, of the

investments in such Incentive Pool as of the Participant's date of termination.

- (c) If a Participant's employment or service terminates without Cause for any reason except death, Disability or Retirement, any unvested portion of the Participant's Grants shall be forfeited and the value of the related Individual Carry Percentages of each Incentive Pool shall be returned to the applicable Incentive Pool, and Grant Payments with respect to any vested but unpaid portion of the Grants shall be made in accordance with the applicable Grant Payment schedule.
- (d) If a Participant's employment or service terminates because of death, Disability or Retirement, Grant Payments with respect to any unvested portion of the Participant's Grants shall become fully vested, and shall be made in accordance with the applicable Grant payment schedule.
- (e) For purposes of vesting only, a Participant's employment or service shall not be deemed to have terminated as long as the Participant is employed by, or renders services to, MMC or any of its affiliates; in such cases, the Participant's Grants shall continue to vest, subject to the limitations set forth in Paragraphs V(f) and (g). Upon the subsequent termination of such Participant's employment or service with MMC or any of its affiliates, the provisions of Paragraphs V(b), (c) or (d) (as applicable) shall apply.
- (f) With respect to each Incentive Pool except the Trident Incentive Pool, in no case shall a Grant Payment be made to a Participant with respect to an investment made or Fee Income received following the date of termination of the Participant's employment or service with MMC Capital, and in no case shall a Grant Payment with respect to a Participant's Grant be reduced because of the performance of an investment made following the date of termination of the

Participant's employment or service with MMC Capital.

- (g) With respect to the Trident Incentive Pool, the sum of the Grant Payments made to any Participant shall not exceed an amount reflecting a portion of the Participant's Grant, such portion being equal to (i) the portion of the Grant that is vested, multiplied by, (ii) a fraction, the numerator of which is the aggregate value (determined on the cost basis) of funds invested (including amounts drawn down or committed) by Trident prior to the date of the termination of the Participant's employment or service with MMC Capital and the denominator of which is \$667 million, the aggregate value (determined on the cost basis) of funds authorized for investment by Trident.

VI. CHANGE IN CONTROL

- (a) Notwithstanding anything herein to the contrary, upon a Change in Control of MMC or Change in Control of MMC Capital: (1) any unvested Grants shall become fully vested as of the date of such change in control, (2) Grant Payments shall be based upon the appraised market value of the investments in each applicable Incentive Pool as of such date, and such payments shall be made to the Participants as soon as practicable following such date, (3) the outstanding balance in each Reserve Account as of such date shall be distributed to the Participants ratably (as determined by the LTIP Committee at its discretion) as Grant Payments or Exception Grant Payments, and (4) the LTIP shall continue thereafter at the discretion of the LTIP Committee.
- (b) For purposes of the LTIP, a "Change in Control of MMC" shall have occurred if:
 - (1) any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (other than MMC, any trustee or other fiduciary holding

securities under an employee benefit plan of MMC or any corporation owned, directly or indirectly, by the stockholders of MMC in substantially the same proportions as their ownership of stock of MMC), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of MMC representing 50% or more of the combined voting power of MMC's then outstanding voting securities;

- (2) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of MMC, and any new director (other than a director designated by a person who has entered into an agreement with MMC to effect a transaction described in clause (1), (3), or (4) of this Paragraph VI(b)) whose election by the Board of Directors of MMC or nomination for election by MMC's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;
- (3) the stockholders of MMC approve a merger or consolidation of MMC with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of MMC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) 50% or more of the combined voting power of the voting securities of MMC or such surviving or parent entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of MMC (or

similar transaction) in which no "person" (as hereinabove defined) acquired 50% or more of the combined voting power of MMC's then outstanding securities; or

- (4) the stockholders of MMC approve a plan of complete liquidation of MMC or an agreement for the sale or disposition by MMC of all or substantially all of MMC's assets (or any transaction having a similar effect).

- (c) For purposes of the LTIP, a "Change in Control of MMC Capital" shall have occurred if MMC no longer owns (directly or indirectly) at least 50% of the value and voting power of MMC Capital.

VII. ADMINISTRATION

- (a) The LTIP Committee shall have the authority in its sole discretion, subject to and not inconsistent with the express provisions of the LTIP, to administer the LTIP and to exercise all the powers and authorities either specifically granted to it under the LTIP or necessary or advisable in the administration of the LTIP, including, without limitation, the authority to make Grants; to determine the persons to whom Grants shall be made; to determine the size of Grants to be made, and the terms and conditions relating to any Grant including vesting; to determine whether, to what extent, and under what circumstances a Grant may be settled, cancelled, forfeited or surrendered; to determine and make Grant payments and Exception Grant Payments; to construe and interpret the LTIP and any Grant; and to prescribe, amend and rescind rules and regulations relating to the LTIP.
- (b) No member of the LTIP Committee shall be liable for any action taken or determination made in good faith with respect to the LTIP or any Grant hereunder.

VIII. OTHER

- (a) COMPLIANCE WITH LEGAL REQUIREMENTS. Awarding Grants, making Grant Payments and Exception Grant Payments, and any other terms pursuant to the LTIP shall be subject to applicable Federal and state laws, rules and regulations, and approvals by any regulatory or governmental agency as may be required.
- (b) GOVERNING LAW. The LTIP and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of New York, without giving effect to the conflict of laws principles thereof.
- (c) EFFECTIVE DATE. The effective date of the LTIP shall be December 31, 1998.
- (d) PARTICIPANT RIGHTS. No Participant shall have any claim to receive any Grant (other than the Original Grant) under the LTIP, and there is no obligation for uniformity of treatment with respect to Participants.
- (e) NO RIGHT TO CONTINUED EMPLOYMENT OR SERVICE. Nothing in the LTIP or in any Grant shall confer upon any Participant the right to continue in the employ or service of MMC Capital, MMC or an affiliate of MMC, interfere with or limit in any way the right of MMC Capital, MMC or an affiliate of MMC to terminate any Participant's employment or service, or entitle any Participant to remuneration or benefits not set forth in the LTIP.
- (f) NONTRANSFERABILITY. Grants shall not be transferable by a Participant except by will or the laws of descent and distribution.
- (g) BENEFICIARY DESIGNATION. Using the beneficiary designation form set forth in Exhibit B, a Participant shall have the right, at any time, to designate any person or persons as beneficiary or beneficiaries (both principal and contingent) to whom payment shall be made in the event of the Participant's death prior to the complete distribution to the participant of the amounts due under the LTIP. Upon completion of the form,

it should be submitted to the LTIP Committee. A Participant may change a beneficiary designation by completing a new form and submitting it to the LTIP Committee. A new beneficiary designation shall cancel any prior beneficiary designation. If a Participant does not have a beneficiary designation in effect, or if all designated beneficiaries predecease the Participant, then any amounts otherwise payable to a beneficiary shall be paid to the Participant's estate. The payment to a designated beneficiary or to the Participant's estate shall completely discharge MMC Capital's obligations under the LTIP.

- (h) AMENDMENT; TERMINATION. The Board of Directors of MMC Capital shall, with the consent of MMC, have the right to alter, amend, suspend and terminate the LTIP, provided that, without the written consent of the Participant, no such alteration, amendment, suspension or termination shall adversely affect the terms and conditions of any Grant theretofore made to such Participant under the LTIP.

Marsh & McLennan Companies, Inc. and Subsidiaries
Ratio of Earnings to Fixed Charges
(In millions, except ratios)

	Years Ended December 31,				
	2000	1999(1)	1998	1997(2)	1996
EARNINGS					
Income before income taxes and minority interest*	\$ 1,955	\$ 1,255	\$ 1,305	\$ 715	\$ 668
Interest expense	247	233	140	107	61
Portion of rents representative of the interest factor	120	121	104	88	72
Amortization of capitalized interest	-	1	1	1	1
	\$ 2,322	\$ 1,610	\$ 1,550	\$ 911	\$ 802
FIXED CHARGES					
Interest expenses	\$ 247	\$ 233	\$ 140	\$ 107	\$ 61
Portion of rents representative of the interest factor	120	121	104	88	72
	\$ 367	\$ 354	\$ 244	\$ 195	\$ 133
Ratio of Earnings to Fixed Charges	6.3	4.5	6.4	4.7	6.0

* Minority interest has been reclassified in the prior years to conform to the current year presentation.

- (1) For the year ended December 31, 1999, income before income taxes included a \$337 million special charge related to the acquisition and integration of Sedgwick. Excluding that charge, the ratio of earnings to fixed charges would have been 5.5.
- (2) For the year ended December 31, 1997, income before income taxes included a \$244 million special charge related to the Johnson & Higgins integration, London real estate and the disposal of certain assets. Excluding that charge, the ratio of earnings to fixed charges would have been 5.9.

[MMC LOGO]

MARSH - PUTNAM - MERCER
MARSH & MCLENNAN COMPANIES

[TWO GRAPHICS OF ANTIQUE MAPS, SHIP GRAPHIC, AND TWO GRAPHICS OF ANTIQUE MAPS]]

ANNUAL

REPORT

2 0 0 0

MMC IS A GLOBAL PROFESSIONAL SERVICES FIRM
WITH ANNUAL REVENUES EXCEEDING \$10 BILLION. IT IS THE PARENT
COMPANY OF MARSH, THE WORLD'S LEADING RISK AND
INSURANCE SERVICES FIRM;
PUTNAM INVESTMENTS, ONE OF THE LARGEST INVESTMENT MANAGEMENT

[BACKGROUND GRAPHIC: COMPASS DESIGN]

COMPANIES IN THE UNITED STATES; AND MERCER CONSULTING GROUP,
A MAJOR GLOBAL PROVIDER OF CONSULTING SERVICES.
APPROXIMATELY 57,000 EMPLOYEES PROVIDE ANALYSIS, ADVICE AND
TRANSACTIONAL CAPABILITIES TO CLIENTS IN OVER 100 COUNTRIES.

FINANCIAL HIGHLIGHTS

For the Three Years Ended December 31, (IN MILLIONS, EXCEPT PER SHARE FIGURES)	2000	1999	1998
Revenue	\$10,157	\$9,157	\$7,190
Income Before Income Taxes and Minority Interest(a)	\$ 1,955	\$1,255	\$1,305
Net Income	\$ 1,181	\$ 726	\$ 796
Stockholders' Equity	\$ 5,228	\$4,170	\$3,659
Diluted Net Income Per Share	\$ 4.10	\$ 2.62	\$ 2.98
Diluted Net Income Per Share Excluding Special Credits/Charges(b)	\$ 4.10	\$ 3.48	\$ 2.97
Dividends Paid Per Share	\$ 1.90	\$ 1.70	\$ 1.46
Year-end Stock Price	\$117.00	\$95.69	\$58.44

- (a) MINORITY INTEREST HAS BEEN RECLASSIFIED IN THE PRIOR YEARS TO CONFORM TO THE CURRENT YEAR PRESENTATION.
- (b) SPECIAL CREDITS/CHARGES ARE DISCUSSED IN NOTE 12 TO THE CONSOLIDATED FINANCIAL STATEMENTS.

[PAGE 1 GRAPHICS: BAR CHARTS]

YEAR-END SHARE PRICE	YEAR-END MARKET CAPITALIZATION (IN BILLIONS)	REVENUE (IN BILLIONS)
FIVE-YEAR COMPOUND ANNUAL GROWTH 32%	FIVE-YEAR COMPOUND ANNUAL GROWTH 39%	FIVE-YEAR COMPOUND ANNUAL GROWTH 21%
96 = \$ 34.67	96 = \$ 7.7 billion	96 = \$ 4.4 billion
97 = \$ 49.71	97 = \$13.0 billion	97 = \$ 6.0 billion
98 = \$ 58.44	98 = \$15.4 billion	98 = \$ 7.2 billion
99 = \$ 95.69	99 = \$26.3 billion	99 = \$ 9.2 billion
00 = \$117.00	00 = \$33.7 billion	00 = \$10.2 billion

[GRAPHICS OF ANTIQUE MAPS]

DEAR SHAREHOLDER

I am pleased to report that 2000 was another excellent year for MMC. Revenues increased 11 percent to \$10.2 billion. Net income rose 23 percent to \$1.2 billion, and earnings per share, before special charges for 1999, increased 18 percent to \$4.10.

Our businesses grew and strengthened their positions in their respective markets. Our attention to delivering the finest and most comprehensive professional services led us to continue our investment in the recruiting and development of people who can build our company to respond to clients throughout the world. We believe that this is vital to the creation of long-term value for our shareholders.

It was a watershed year for our risk and insurance services business. Marsh successfully completed the integration of two large mergers. Initiatives introduced over the last several years began to generate growth. Marsh expanded its business in Europe and increased the number of midsize companies it serves. Seabury & Smith, our personal risk services company, delivered broader services to affinity groups, consumers and small businesses. Guy Carpenter, our reinsurance unit, produced good new business results on a global basis as clients continued to recognize its special expertise.

Our risk and insurance services business had excellent financial results. New business growth contributed to a 6 percent revenue increase to \$4.8 billion, achieved in a year of changing insurance market conditions. Profit margins also increased, and operating income grew by 17 percent to \$944 million.

Putnam produced outstanding business results in a year of extreme volatility and decline in U.S. equity markets. Revenues grew 21 percent to \$3.2 billion, and operating income increased 23 percent to \$1 billion. Putnam's \$33 billion in net new sales in its mutual fund and institutional businesses was double the amount in 1999. Putnam's diversification across asset classes and distribution channels, its balanced mix of investment products and the quality of its assets were all factors in the strength of its business. However, in a year of equity market declines, Putnam ended 2000 with \$370 billion in assets under management, compared with \$391 billion in 1999.

Mercer's performance was strong. Revenues increased 9 percent to \$2.1 billion, and operating income grew 20 percent to \$312 million, with continued margin expansion. All of Mercer's consulting practices contributed to these results. Mercer's acquisition in 2000 of Delta Consulting Group, the leader in organizational design and change management, creates an important strategic link between Mercer's business strategy and human resource activities, making it possible to provide complete solutions for clients.

MMC Capital, our private equity investment business, launched its second technology fund with capital commitments of \$250 million, and it joined with Mercer to

[PHOTOGRAPH = J.W. GREENBERG, CHAIRMAN]

form a communications and information fund that draws on the knowledge and expertise of both firms.

MMC has always been dedicated to providing the best possible advice and services to clients. To achieve this, the organization allows each operating company to concentrate on the quality and delivery of work in its field. The shared MMC vision and purpose allied to individual company strategies have enabled us to build a long record of successful client service in all of our businesses. This has been important to our reputation as a very effective owner of professional services companies and has been key to growing shareholder value.

MMC also seeks to strengthen its services to clients from the association of its firms. Drawing on resources across MMC has been valuable for our clients in the past, and we expect it will be more so in the future. MMC has appointed regional and country executives who develop business and lead coordination between individual operating companies in different geographies. We share intellectual capital and encourage communication among our professionals through our Business In Combination initiative.

Collaboration has led to changes in our businesses. MMC Capital targets its investment activities where it is advantaged by our operating companies' knowledge, relationships and presence. MMC Enterprise Risk, which draws on the talent and resources of Marsh and Mercer, offers clients advice and transactional capabilities on a full range of risks across their enterprises.

One person who has greatly enriched MMC for many years is A.J.C. Smith. After a 39-year career at MMC, which includes serving as chairman for eight pivotal years in MMC's growth and development, Ian retired in May. His leadership and guidance have been invaluable to the organization and to me personally. His professional and personal standards, dedication and openness to new ideas are part of his legacy to our company. I am pleased that Ian continues as senior advisor and a member of our board of directors.

During 2000, we welcomed William L. Rosoff as general counsel for MMC. Bill has served as a legal and business advisor to some of the world's leading companies. We are also pleased that Gregory F. Van Gundy, who has been general counsel since 1979 and has made important contributions to MMC, continues as corporate secretary.

Rob White-Cooper and Norman Barham retired from the board in 2000. Rob, former chief executive officer of Sedgwick, has taken responsibility to lead MMC's crucial Business In Combination initiative. Norman, as president of Johnson & Higgins, played an important role in the merger and was instrumental in integrating Johnson & Higgins with Marsh before retiring.

MMC's leadership has always set a high bar. The people who lead our operating companies today are as strong a group as the firm has enjoyed in its 130-year history. On the following pages, the heads of Marsh, Putnam and Mercer talk about their respective companies' performance and goals for the future.

As a management team we are devoted to growing MMC's long-term shareholder value. We have new opportunities because of our market leadership in each major business, strong financial position, global footprint and size. Each of our companies is dedicated to being a magnet for talent and developing great leaders and professionals. We are grateful to our colleagues whose efforts on behalf of MMC and its clients are the reason for our success. As the services we provide evolve and economic conditions change, we remain committed to delivering excellent work to our clients and value to our shareholders.

[TEXTBOX GRAPHIC IN CENTER OF PAGE WITH BELOW MESSAGE]

THE SHARED
MMC VISION AND
PURPOSE ALLIED
TO INDIVIDUAL
OPERATING
COMPANY
STRATEGIES HAVE
ENABLED US TO
BUILD A LONG
RECORD OF
SUCCESSFUL CLIENT
SERVICE IN ALL OF
OUR BUSINESSES.

/s/ J.W. Greenberg
J.W. Greenberg, Chairman

March 2, 2001

RISK AND
INSURANCE SERVICES

A CONVERSATION WITH JOHN T. SINNOTT,
CHAIRMAN AND CHIEF EXECUTIVE OFFICER, MARSH INC.

[GRAPHIC: ANTIQUE MAP DETAIL]

AS DEMAND GROWS FOR SERVICES AND SOLUTIONS
THAT DEAL WITH GLOBAL RISKS OF INCREASING SIZE AND COMPLEXITY,
MARSH'S ADVICE ON THE TREATMENT OF RISK
IS MORE VALUABLE THAN EVER.

[GRAPHIC: ANTIQUE MAP]

RISK AND INSURANCE SERVICES

WHAT ARE THE HIGHLIGHTS OF MARSH'S RECENT PERFORMANCE?

We had a strong year in 2000. Underlying revenue growth was 8 percent, a higher rate than any year during the 1990s. Operating income grew by 17 percent, with significant margin improvement. Over the past five years, our compound growth rates for annual revenue and operating income have been 19 percent.

Since 1997, Marsh has completed two very large mergers and a number of smaller ones. We integrated these firms well, which is a tribute to the efforts of our more than 35,000 colleagues around the world. Looking to 2001, it will be the first time in four years that integration-related issues will not be a major concern. Our attention will be on growth of the business and the execution necessary to drive that growth.

HOW HAS THE INTEGRATION OF SEDGWICK PROGRESSED?

At the end of 2000, the integration was substantially complete. We now have a global organization and a professional staff whose expertise is unmatched in the industry. We sold certain non-core businesses and merged approximately 175 offices. The operating and financial benefits of the combination have exceeded our expectations.

WHAT OPPORTUNITIES DOES MARSH HAVE TO BUILD ON ITS PROMINENCE?

Marsh is benefiting from a number of trends, which are driving demand for services that deal with global risks and solve the problems created by exposure to the increasing size and complexity of risks. Reduced policy barriers to international trade and investment, privatization, deregulation of insurance markets and investment in major infrastructure projects are creating a range of large and difficult risks, making Marsh's advice on the treatment of risk more valuable than ever.

Large clients' attitudes toward risk are changing as they consider their exposure to risk throughout their operations. They are concerned about strategic, financial and operating risks as well as hazard risks. Clients look for identification and analysis of risks on an enterprise-wide basis, and they expect solutions that consider risks individually and jointly. MMC Enterprise Risk was formed to supply the advice and arrange the transactions these clients require and will access all available sources of capital--debt, equity and insurance.

Guy Carpenter's reinsurance clients are seeking a broader range of advisory services, in particular catastrophe financial modeling and actuarial analysis. Carpenter's professionals use proprietary tools to help clients select the risk transfer alternatives that coincide with their financial and strategic objectives.

[GRAPHIC: ANTIQUE MAP DETAIL]

Midsize and small businesses are also affected by the increase in size and diversity of risk. Consequently, they are more inclined to seek the professional expertise available through Marsh. As we have had a relatively small share of this market, this trend represents an important opportunity.

Insurance program clients are benefiting from the technology that makes more services possible. We are expanding our work-site, affinity group and professional association activities to make comprehensive programs available. The analysis and insurance of the risk for affluent individuals has been for some time one of Marsh's most appreciated and successful services. The increase in the number and wealth of these individuals creates an opportunity for the expansion of Marsh's private client services business.

COULD YOU ELABORATE ON MARSH'S POTENTIAL IN GLOBAL MARKETS.

We see potential for considerable growth in Marsh's business in Europe, Asia Pacific and Latin America.

In Europe, competitive pressures continue to reshape business and industry, increasing the need for our services. New capital markets are emerging, commercial risks are expanding and opportunities created by the European Union continue to unfold. Increased scrutiny by regulators and shareholders as corporate governance gets more attention has increased the need for sophisticated risk management. We are responding to the demand by bringing our professional strengths--industry specialization, risk consulting services and experience in the affinity group and private client services businesses--to the European market.

Japan is the world's second largest economy and insurance market. Marsh has built a decades-long relationship with Japanese multinationals handling their insurance programs outside of Japan. Now, with deregulation, we are providing services to their operations in Japan.

Privatization, foreign investment and major infrastructure projects make Latin America an exciting area for development. Some of the largest increases in property and casualty insurance premium volume worldwide have occurred in Latin America. We are established in all the countries in the region, and our business is expanding.

HOW CAN MARSH CONTINUE TO DEVELOP THE TALENT IT NEEDS TO SERVE CLIENTS?

Our success has always been tied to our people and our ability to provide services that respond to clients' changing needs. We are proud of our reputation for innovation and service but we must continue to attract the most talented people and create an environment conducive to their constantly adding to their professional skills and knowledge.

We have been appointing individuals throughout Marsh whose assignments involve providing leadership for the company as a whole in their professional fields. We are supporting programs they develop by strengthening human resources and the technology facilities they need to extend these programs throughout the company.

[GRAPHIC: BAR CHART]

```
=====
      Revenue
    (IN BILLIONS)
- - - - -
FIVE-YEAR COMPOUND
ANNUAL GROWTH 19%

96 = $1.9 billion
97 = $2.8 billion
98 = $3.4 billion
99 = $4.5 billion
00 = $4.8 billion
```

[GRAPHIC: BAR CHART]

```
=====
    Operating Income
      (IN MILLIONS)
- - - - -
FIVE-YEAR COMPOUND
ANNUAL GROWTH 19%

96 = $363 million
97 = $496 million
98 = $613 million
99 = $806 million
00 = $944 million
```

Marsh is a terrific place for people to establish their careers. It has a first-class reputation. Our people do interesting work in a demanding field and provide clients with valuable services. They work with talented colleagues in a culture that values individual initiative and partnership.

PLEASE SHARE YOUR VIEWS ON THE CHANGING CONDITIONS IN THE INSURANCE MARKETPLACE.

Within the United States, most of our clients saw continuous declines in commercial insurance rates from 1987 through 1999. In late 1999 and early 2000, rates began to stabilize, and by midyear increases were averaging approximately 10 percent. The size of the rate increases has varied by coverage line, company size and loss experience. Rates have continued to increase in 2001.

The recent price increases are being driven by insurers' needs to secure adequate prices for the risks they are assuming. As insurance becomes scarcer and more expensive, Marsh's advice and knowledge and our relationships with insurance markets throughout the world become more valuable for clients.

[GRAPHIC: GLOBE]

HOW HAS MARSH USED ITS INTELLECTUAL CAPITAL AND RESOURCES TO EXTEND ITS INSURANCE ACTIVITIES?

Building on our history and our record of innovation, we have used our expertise in insurance and finance to create new insurance markets when risk capital has been insufficient to meet client needs. We formed MMC Capital to expand on that role, creating The Trident Partnership in 1994 and Trident II in 1999, which had, combined, more than \$2 billion in capital commitments. These investments reap rewards for third-party investors as well as MMC's shareholders, and continue to keep us at the forefront of developments and innovations in the insurance and financial services markets.

As MMC Capital develops its private equity activities, it takes advantage of MMC's knowledge about industries, markets, people and trends for its investments. MMC Capital launched its first technology fund in 1999, now fully invested with capital commitments of over \$80 million. It formed a successor technology fund in 2000 with capital commitments of \$250 million. These funds target investments in e-commerce, software and Internet companies in the financial services industries.

WHAT ARE MARSH'S PROSPECTS?

Marsh is strong and growing stronger. We have been the leader in our industry for 130 years, and are positioned for continued growth. Everywhere in Marsh I sense the energy and dedication of our people. We are investing in talent, global expansion and technology--all critical elements on the road to future growth.

[GRAPHIC: PIE CHART]

=====	
2000 REVENUE	
- - - - -	
\$4.8 BILLION	
United States	34%
Europe	16%
Global Consumer Programs	13%
Global Practices	16%
Latin America, Middle East, Africa	4%
Global Reinsurance	10%
Asia Pacific	4%
Canada	3%

INVESTMENT
MANAGEMENT

A CONVERSATION WITH LAWRENCE J. LASSER,
PRESIDENT AND CHIEF EXECUTIVE OFFICER, PUTNAM INVESTMENTS

[GRAPHIC: ANTIQUE MAP DETAIL]

AMONG ALL ITS U.S. COMPETITORS,
NO COMPANY HAS GROWN ITS BUSINESS AS EFFECTIVELY AS PUTNAM.
THE LONG-TERM OUTLOOK FOR CONTINUED MARKET GROWTH
AND GLOBAL EXPANSION IS EXCELLENT.

[GRAPHIC: ANTIQUE MAP]

INVESTMENT MANAGEMENT

PLEASE COMMENT ON THE STATE OF THE EQUITY MARKETS.

From 1995 to 1999, we saw enormous appreciation in the U.S. equity markets. For this reason, the market correction that began in 2000, particularly in sectors such as technology that had reached high levels of valuation, was not entirely surprising.

As everyone knows, markets were extremely volatile throughout 2000. The S&P 500 closed the year down 10 percent, the Dow down 6 percent and the Nasdaq down 39

percent. Today, the overall equity markets are more reasonably valued than they were at the end of 1999.

HOW DID THE VOLATILITY AFFECT PUTNAM?

We began 2000 with assets under management of \$391 billion. It was a strong sales year with net new sales of over \$30 billion. But the decline in the equity markets reduced our assets by more than \$50 billion, and we ended the year with assets under management of \$370 billion.

WHAT STANDS OUT ABOUT PUTNAM'S PERFORMANCE IN 2000?

Putnam achieved strong business performance in an extremely volatile environment. Revenues rose 21 percent and operating income increased 23 percent. And we achieved these results on top of five years of robust growth.

For the year, we increased our market share in our retail, defined benefit, defined contribution and international businesses.

On the retail mutual fund side of our business, we benefited from strong investment performance in 1999, as well as the continued strength of sales and marketing efforts and the support of investor services. That experience was duplicated in the institutional area where we earned record levels of new defined benefit and defined contribution business, particularly in larger accounts. The international business grew solidly in 2000, and it continues to be strong.

[GRAPHIC: PIE CHART]

=====	
YEAR-END 2000	
ASSETS UNDER MANAGEMENT	
- -----	
\$370 BILLION	
Fixed Income	17%
Value Equity	17%
Core Equity	29%
Growth Equity	37%

WHAT'S THE OUTLOOK FOR PUTNAM?

Our long-term outlook for the industry, and for Putnam's prospects for growth, is as strong as ever. The opportunities for us to manage our business better, to gain market share in a slower growth environment and to continue to expand outside the United States are excellent.

In terms of the markets, we believe fundamentals remain sound. The U.S. economy is slowing after a prolonged period of above-average growth. The Federal Reserve has been aggressively reducing rates to prevent a further slowdown in economic growth. This year, we expect market returns to be more in tune with long-term historical growth averages.

IS THE VALUE OF ADVICE GAINING FAVOR AMONG INVESTORS?

The high returns investors experienced until a year ago made investing in the stock market seem easy to some. Many investors have since discovered that those results were unsustainable. We know that to invest successfully over the long term is not simple. In an environment of greater uncertainty, the role of the financial advisor becomes even more critical. We believe sales through intermediaries--brokers, banks and financial planners--continue to have excellent prospects.

[GRAPHIC: BAR CHART]

=====
Revenue
(IN BILLIONS)

FIVE-YEAR COMPOUND
ANNUAL GROWTH 29%

96 = \$1.3 billion
97 = \$1.9 billion
98 = \$2.3 billion
99 = \$2.7 billion
00 = \$3.2 billion

[GRAPHIC: BAR CHART]

=====
Operating Income
(IN BILLIONS)

FIVE-YEAR COMPOUND
ANNUAL GROWTH 33%

96 = 0.338 billion
97 = 0.463 billion
98 = 0.677 billion
99 = 0.836 billion
00 = 1.027 billion

[GRAPHIC: ANTIQUE MAP DETAIL]

WHY DOES PUTNAM PAY SUCH CLOSE ATTENTION TO THE QUALITY OF THE ASSETS IT MANAGES?

We want to grow our business in a measured way. We carefully monitor the longevity, servicing, sales requirements and long-term profit potential of our assets. Mutual fund selling costs are high. If the first year's management fee income goes to paying selling expenses, contributions to investment management costs do not start until year two. If the customer redeems shares, the benefits of the sale are negated.

Untimely redemptions have become a problem for the entire industry. Putnam's rate is lower than the industry average but there is little comfort in that. If anything, we pay even closer attention to asset quality than our competitors.

A relatively small percentage of the brokers, banks and financial advisors who sell our products bring in the highest quality business. Instead of merely reacting to short-term market movements, these advisors work with their clients to develop long-term investment strategies. We are dedicating a greater share of our selling and educational resources to those individuals and firms.

TELL US ABOUT PUTNAM'S COMPETITIVE POSITIONING.

Among all our U.S. competitors--500 mutual fund management companies and 1,500 registered institutional defined benefit managers--no company has come as far as fast as Putnam when measured by revenue and asset growth, earnings, margins, reputation, prestige, quality of people or investment performance.

Our strategy is to be diversified. We have retail and institutional businesses and manage investments including equity and fixed income, domestic and international, value and growth. Our goal is to perform with exceptional skill in each sector. That said, we do take a portfolio approach to investment management. If one asset class is underperforming, we may have another asset class that is outperforming.

Most of our major mutual fund competitors have as much as half of their new business spread over just a few funds, which means they are doing well in a highly concentrated way. Putnam, on the other hand, had 15 funds that generated over \$1 billion each in new sales in 2000. We sold funds in all categories, not just 1999's successes.

PLEASE UPDATE US ON PUTNAM'S INTERNATIONAL BUSINESS.

Strong demand for seasoned money management, market and pension reforms, deregulation and capital flows have created extraordinary opportunities for Putnam to grow its international business. Five years ago, we had \$2 billion in assets from non-U.S. sources. Today, we have \$31 billion, which represents a compound annual growth rate of approximately 70 percent. We didn't get there by planting flags all over the world. We chose to enter each market judiciously, forming strategic alliances with well-established firms that are close to the customer and understand the local culture.

Thanks to our very successful joint venture with the Italian financial services firm Gruppo Bipop-Carire, we are now the sixth largest Italian mutual fund company. Bipop has developed a strategy to expand in other parts of Western Europe, including France, Germany and Spain, and has asked us to be their partner in that expansion. MMC, through Putnam, made an investment in Bipop, and Putnam became its exclusive investment management partner.

We have three businesses in Japan. Two are with Nippon Life Insurance Company--among the world's largest life insurers--to manage international portfolios for Japanese pension funds and retail products for individuals. We also distribute mutual funds through major Japanese brokerage firms and banks.

In Canada, we invested in Sceptre Investment Counsel Limited, a premier institutional investment management firm. In Australia, we have a joint venture with Rothschild Australia Asset Management to manage the non-Australian assets of its customers. In New Zealand, we are working with Spicers Portfolio Management, a leading investment manager, focusing on developing retail business. In France, we have a joint venture with Oddo Asset Management, one of the country's leading independent investment houses, to develop mutual funds and institutional portfolios. And in the United Kingdom, we manage pension assets for prominent U.K. and global companies.

Our presence in the European retail mutual fund market has been expanded through the marketing of a selection of our mutual funds, domiciled in Ireland, to intermediaries in the United Kingdom, France, Switzerland, Austria and Germany.

WHAT IS PUTNAM'S SERVICE PHILOSOPHY?

We aim to provide timely information to our clients, interact meaningfully with them and handle a large volume of transactions rapidly and accurately. The continuous integration of new technologies into every aspect of our business has allowed us to remain in the forefront of client service. In fact, Putnam is the winner of more Dalbar Awards--for superior service to buyers of mutual funds and variable annuities, and to financial advisors--than any other investment management firm. In 2000, we were the only winner of the Dalbar Triple Crown for service across the three categories. Our client service centers in Franklin and Andover, and our newest facility in Norwood--all outside of Boston, enable us to process approximately 140 million transactions, 16 million phone calls and 3.4 million voice response inquiries each year.

We use the Internet to interact and communicate with our intermediaries and more than 13 million individual investors and retirement plan participants and to deliver more customized levels of service. On a daily basis, more shareholders now use Putnam's website, putnaminv.com, than call a Putnam telephone representative.

One of the most innovative ways we are integrating the Internet into our services is by creating customized websites for our defined contribution plan participants. In 2000, we launched ibenefitcenter.com, a personalized corporate benefit portal that integrates account transaction capabilities with investor education, third-party advice and the client's own benefit offerings. Putnam's portal is the first in the industry to consolidate all this information in a single place.

WHAT ARE YOUR GOALS FOR PUTNAM?

My personal goal for Putnam is not to be the biggest company but for us to be tireless in our efforts to be the best. Ultimately, our success will depend on the strength of our culture and the ability to hire and retain the best talent. Putnam already possesses the elements of success that are hardest to achieve--scale, depth and quality of talent. Our aspiration is to translate that talent into demonstrated competitive superiority. This is our most important goal. We must never forget that when we successfully manage the money entrusted to us, it enables our clients to realize their hopes for the future.

CONSULTING

A CONVERSATION WITH PETER COSTER,
PRESIDENT AND CHIEF EXECUTIVE OFFICER, MERCER CONSULTING GROUP

[GRAPHIC: ANTIQUE MAP DETAIL]

ORGANIZATIONS ARE OPERATING IN AN ENVIRONMENT OF RAPID CHANGE,

INTENSE COMPETITION AND INCREASING COMPLEXITY.

THIS DRIVES THE DEMAND FOR MERCER'S INNOVATIVE APPROACHES

AND ADVICE ON A WIDE ARRAY OF BUSINESS ISSUES.

[GRAPHIC: ANTIQUE MAP]

CONSULTING

WHAT STANDS OUT ABOUT MERCER'S PERFORMANCE IN 2000?

Mercer had another good year marked by global growth, innovative thinking, strong new business and excellent financial results. We completed several important acquisitions including Delta Consulting Group, which became Mercer Delta Consulting. As our brand continued to strengthen, we had one of our best recruiting years ever in terms of the quality of the people who elected to join us. Most important, we delivered great work for clients.

Financially, we produced 9 percent revenue growth, with operating income increasing 20 percent and continued margin expansion. Excluding acquisitions and foreign exchange, revenue growth for the year was 11 percent. The improvement was broad-based--all of our consulting practices are growing and have strong market positions. Over the last five years, our compound earnings growth rate has been 23 percent.

WHAT IS THE OUTLOOK FOR MERCER?

The outlook is generally good, though U.S. economic trends have introduced a measure of uncertainty in the short term. Some clients have adopted a more cautious operating posture, and we've tailored our consulting approaches accordingly. We've also identified steps to take, if needed, to maintain profitability while continuing to invest in the growth of our business. That said, we remain optimistic about the future. Our clients are operating in an environment of rapid change and intense competition, fueling the need for advice in strategy, organizational design and change management.

[GRAPHIC: PIE CHART]

2000 REVENUE BY CONSULTING PRACTICE	
\$2.1 BILLION	
Economic Consulting	5%
Investment Consulting	4%
Compensation & Communication	14%
Retirement	41%
Management Consulting	16%
Health & Group	15%
Organizational Change & Other	5%

Human resource consulting is in demand as companies remain under pressure to attract and retain the best employees, and as economies around the world increasingly adopt more competitive and less regulated labor market practices. We also continue to see movement by governments around the world to emphasize the private aspect of retirement income, an advantage for our benefit consulting business, particularly in Asia and Europe.

The growing importance of large-scale auctions such as telecom spectrum auctions, as well as complex antitrust issues and the need for econometric models in acquisitions and securities valuation present excellent opportunities for our economic consulting business. Finally, Mercer's scope and scale help us address the needs of clients as they expand globally.

TELL US MORE ABOUT MERCER'S THOUGHT LEADERSHIP.

To maintain our position as one of the world's leading consulting firms, we must continually bring fresh thinking and solutions to clients. This is reflected in a high level of research across a broad array of issues ranging from human resource strategies, aligning employee behaviors with customer needs, to tools to help companies incorporate cash flow volatility into their planning. The most visible indication of our thought leadership is the breadth of our publications. In 2000, along with numerous articles, we produced books on digital business design (HOW DIGITAL IS YOUR BUSINESS?), on building flexible, customer-centered, digitized supply chain networks (VALUE NETS) and on strengthening the tie between employee and employer (BUILDING COMMITMENT). We also produced two books in Japanese on human resource practices for Asia. These publications reflect the level of investment we are making in developing innovative approaches to clients' most pressing issues.

HOW DOES THE GROWTH OF THE INTERNET CREATE OPPORTUNITIES FOR MERCER?

The initial buildup and subsequent crash of so many e-businesses should not mask the fact that the Internet remains a major factor in the economy and in clients' thinking. Through the MercerDigital practice of Mercer Management Consulting and some of our human resource consulting practices, we are helping clients perfect the application of Internet technologies to their businesses, including "e" strategies for human resource administration and employee communication. The key point to bear in mind about e-business strategy is that simply adding Internet capabilities to an existing poor business model is of little value; a company's strategy must be carefully thought out and adapted to the changes brought by the Internet, and Internet-related investments should be focused where they yield the greatest value.

[GRAPHIC: BAR CHART]

```
=====
      REVENUE
    (IN BILLIONS)
-----
FIVE-YEAR COMPOUND
ANNUAL GROWTH 15%

96 = $1.2 billion
97 = $1.3 billion
98 = $1.5 billion
99 = $2.0 billion
00 = $2.1 billion
```

[GRAPHIC: BAR CHART]

```
=====
OPERATING INCOME
    (IN MILLIONS)
-----
FIVE-YEAR COMPOUND
ANNUAL GROWTH 23%

96 = $119 million
97 = $148 million
98 = $202 million
99 = $260 million
00 = $312 million
```

Mercer itself is making good use of Internet capabilities to collaborate more effectively with clients in consulting work and, in some cases, to create new businesses that leverage our existing expertise and knowledge. For example, we are currently building a global human resource information business that will be fully adapted for the e-world both in data collection and sales. We are also providing legislative and other information over the Internet on a subscription basis. We see opportunities for Mercer in a world that is data rich. We believe clients will value the quality, consistency, relevance and reliability of the data we provide. Most important, these new services support our consulting advice to help clients address complex problems and stay competitive.

PLEASE ELABORATE ON MERCER'S RECENT ACQUISITIONS AND TELL US HOW THEY FIT THE COMPANY'S STRATEGY FOR LONG-TERM GROWTH.

We made several important acquisitions in 2000 beginning with Delta. Mercer Delta is the leader in providing organizational design and change management advice to the senior leadership of Fortune 500 companies. By combining this expertise with Mercer's existing capabilities in business strategy and human resources, we can provide clients with unique and powerful solutions linking the three most enduring dimensions of business success--business design, organizational design and people strategy. We see excellent prospects around the world for Mercer Delta and for this integrated service offering.

[GRAPHIC: ANTIQUE MAP DETAIL]

Two important acquisitions outside the United States strengthened Mercer Management Consulting's global network. St. Gallen Consulting Group, based in Switzerland, brings additional strength in Europe, one of our strongest markets. Mexico City-based Analisis y Desarrollo de Proyectos supports faster growth in Latin America, a region of increasing opportunity and one where Mercer's human resource consulting business and Marsh are already market leaders.

Mercer's strategy has long been to use acquisitions to establish market position rather than to achieve market share. Our acquisitions have been successful because we spend a lot of time qualifying candidates to assess the strategic fit, as well as the cultural issues that are so critical in merging people businesses.

HAVE ANY CHANGES OCCURRED IN MERCER'S FINANCIAL ARRANGEMENTS WITH CLIENTS?

Our billing model has been fee-for-service and we remain committed to this. We don't view equity as a substitute for fees, and we have been very selective in making investments in our clients. However, with the right clients, equity can be a powerful way to build a stronger relationship, address certain client needs and more fairly reflect the value of our services.

MMC Capital is our partner in several investment opportunities. Mercer's contribution to this partnership is to help identify prospects and provide strategy advice to maximize the value of the businesses we invest in. One example of this partnership is a private equity fund Mercer and MMC Capital formed in 2000, with capital commitments approaching \$80 million, which combines MMC Capital's financial resources and capital markets experience with Mercer's expertise in the communications and information industries.

WHAT NEW APPROACHES HAS MERCER INTRODUCED THAT ARE MAKING IT AN INCREASINGLY ATTRACTIVE PLACE TO WORK?

A consulting business ultimately succeeds or fails based upon the quality of the talent it is able to attract. Mercer is fortunate to be able to leverage its own expertise in developing innovative ways to attract, retain and motivate talented people.

We emphasize teamwork, mentoring and learning programs throughout the firm. We are also enhancing communication and providing our people with more opportunities to control the pace of their own career development. We recently adjusted our reward strategies and instituted initiatives to address work/life issues, including some innovative programs that allow our people to leave the firm for a stated time period to get specialized experience working for clients. Our high retention levels and success in recruiting show that our efforts are succeeding.

WHAT DO YOU SEE AS THE KEY TO MERCER'S SUCCESS AS WE ENTER THE 21ST CENTURY?

The single most important factor has to be the quality of our thinking. Developing leading edge ways to help our clients become more successful--and having a reputation for being preeminent at this--drive our ability to attract the best clients and the best consulting talent.

MMC WORLDWIDE

RISK AND INSURANCE SERVICES

MARSH INC. is the world leader in delivering risk and insurance services and solutions to clients. Risk management, insurance broking and program management services are provided for businesses, public entities, professional services organizations and private clients under the MARSH name. Reinsurance broking, financial modeling services and related advisory functions are conducted for insurance and reinsurance companies, principally under the GUY CARPENTER name. Program management services are delivered for associations under the SEABURY & SMITH name. Wholesale underwriting management services, primarily in the area of professional liability insurance, are performed for a wide range of clients.

MMC ENTERPRISE RISK, a newly formed entity, draws on the strengths of Marsh Inc. and Mercer Consulting Group to provide our clients with tailored risk solutions and advice across the whole range of their strategic, financial, operating and hazard risks.

MMC CAPITAL is a global private equity firm with over \$2.5 billion in assets under management that invests in industries where MMC possesses specialized knowledge and proprietary deal flow.

INVESTMENT MANAGEMENT

PUTNAM INVESTMENTS, one of the oldest and largest money management organizations in the United States, offers a full range of both equity and fixed income products, invested domestically and globally, for individual and institutional investors. Putnam, which manages 124 mutual funds, has over 2,700 institutional clients and more than 13 million individual shareholder accounts. It had \$370 billion in assets under management at year-end 2000.

CONSULTING

MERCER CONSULTING GROUP, one of the world's largest consulting firms, provides advice and services, primarily to business organizations. WILLIAM M. MERCER COMPANIES is the global leader in human resource, employee benefit and compensation consulting. MERCER MANAGEMENT CONSULTING, one of the world's premier corporate strategy firms, helps clients achieve sustained shareholder value growth through the development and implementation of innovative business designs. MERCER DELTA CONSULTING, the recognized leader in organizational change, works with CEOs and senior teams of major companies on the design and leadership of large-scale transformation. NATIONAL ECONOMIC RESEARCH ASSOCIATES (NERA), the leading firm of consulting economists, devises solutions to problems involving competition, regulation, finance, public policy and business strategy. LIPPINCOTT & MARGULIES, the premier corporate identity firm, helps clients create, develop and manage their brands throughout the world.

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[GRAPHIC: GLOBE]

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Marsh & McLennan Companies, Inc. and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

Marsh & McLennan Companies, Inc. and Subsidiaries ("MMC") is a professional services firm. MMC subsidiaries include Marsh, the world's leading risk and insurance services firm; Putnam Investments, one of the largest investment management companies in the United States; and Mercer Consulting Group, a major global provider of consulting services. Approximately 57,000 employees worldwide provide analysis, advice and transactional capabilities to clients in over 100 countries.

MMC operates in three principal business segments based on the services provided. Segment performance is evaluated based on operating income, which is after deductions for directly related expenses and minority interest but before special credits/charges. The accounting policies of the segments are identical to those used for the consolidated financial statements, described in Note 1 to the consolidated financial statements.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain statements relating to future results which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See "Cautionary Language Regarding Forward-Looking Information" on the inside back cover page of this annual report.

The consolidated results of operations follow:

=====			
(IN MILLIONS, EXCEPT PER SHARE FIGURES)	2000	1999	1998

REVENUE:			
Risk and Insurance Services	\$ 4,780	\$ 4,523	\$ 3,351
Investment Management	3,242	2,684	2,296
Consulting	2,135	1,950	1,543

	10,157	9,157	7,190

EXPENSE:			
Compensation and Benefits	4,941	4,574	3,565
Amortization of Intangibles	183	156	82
Other Operating Expenses	2,856	2,623	2,127
Special (Credits)/Charges	(2)	337	(4)

	7,978	7,690	5,770

OPERATING INCOME	\$ 2,179	\$ 1,467	\$ 1,420
=====			
NET INCOME	\$ 1,181	\$ 726	\$ 796
=====			
NET INCOME PER SHARE:			
BASIC	\$ 4.35	\$ 2.76	\$ 3.11
=====			
DILUTED	\$ 4.10	\$ 2.62	\$ 2.98
=====			
AVERAGE NUMBER OF			
SHARES OUTSTANDING:			
BASIC	272	263	256
=====			
DILUTED	284	272	264
=====			

Minority interest recorded in other operating expenses in 1999 has been reclassified to be consistent with the 2000 presentation.

In 2000, revenue, derived mainly from commissions and fees, rose 11%. This increase was driven by a higher volume of business in all operating segments. Excluding the effect of foreign exchange, acquisitions and dispositions, consolidated revenue grew approximately 12% over 1999. The risk and insurance services segment experienced revenue growth of approximately 8% primarily due to net new business, higher fiduciary interest income, the effect of higher U.S. premium rates and an increase in investment activities realized by MMC Capital, Inc. Revenue increased 21% in the investment management segment as the level of average assets under management increased significantly in 2000. Consulting revenue grew 11% for the year reflecting an increased level of services provided in all lines of business.

Operating expenses rose 4% in 2000. Excluding the effect of foreign exchange, acquisitions, dispositions and the impact of the special charges in 1999, expenses grew approximately 10% in 2000 primarily reflecting staff growth and higher incentive compensation in all operating segments commensurate with strong operating performance. In addition, volume-related costs grew for all segments as a result of the increased level of business activity. Partially offsetting these increases was approximately \$90 million of incremental net consolidation savings associated with the Sedgwick integration. Of the \$90 million of net consolidation savings, approximately \$85 million was realized by risk and insurance services and approximately \$5 million by consulting. An additional \$40 million of net consolidation savings is expected to be realized in 2001.

In 1999, the full-year results of operations reflect MMC's business combination

with Sedgwick Group plc ("Sedgwick"), a London-based holding company of one of the world's leading insurance and reinsurance broking and consulting groups, concluded in November 1998. Also during 1999, MMC recorded special charges of \$337 million related to the acquisition and integration of Sedgwick. These special charges are explained in more detail under the caption Special Credits/Charges in this Management's Discussion and Analysis.

Revenue rose 27% in 1999 compared with 1998 due, in part, to the Sedgwick transaction, which was not reflected in MMC's consolidated results of operations for the first ten months of 1998. Excluding the impact of acquisitions, dispositions and foreign exchange, consolidated revenue grew approximately 9% over 1998. Revenue increased 17% in the investment management segment, as average assets under management increased significantly in 1999. Consulting revenue grew 9% for the year reflecting a higher volume of business in all practice lines. Also, the risk and insurance services segment experienced revenue growth of approximately 4% primarily due to net new business development and higher levels of contingent income.

In 1999, operating expenses increased 33% over 1998 primarily reflecting the acquisition of Sedgwick and special charges of \$337 million. Excluding the effect of acquisitions, dispositions,

foreign exchange and special charges, expenses grew approximately 7% in 1999 primarily reflecting staff growth in the consulting segment and higher incentive compensation within the investment management and consulting segments commensurate with strong operating performance. Partially offsetting these increases was approximately \$30 million of net consolidation savings associated with the Sedgwick integration and \$40 million of net incremental savings relating to the business combination with Johnson & Higgins ("J&H") completed on March 27, 1997. Of the \$70 million of net consolidation savings, approximately \$60 million was realized by risk and insurance services, approximately \$5 million by consulting and approximately \$5 million by corporate.

RISK AND INSURANCE SERVICES

The operations within this segment provide risk and insurance services as broker, agent or consultant for insureds, insurance underwriters and other brokers on a worldwide basis. These services are provided by Marsh Inc., which delivers risk and insurance services and solutions to clients through its various subsidiaries and affiliates. Risk management, insurance broking and program management services are provided for businesses, public entities, professional services organizations and private clients under the Marsh name. Reinsurance broking, financial modeling services and related advisory functions are conducted for insurance and reinsurance companies, principally under the Guy Carpenter name. The Consumer and Program Practices unit delivers program management services for associations primarily under the Seabury & Smith or Marsh names. Wholesale underwriting management services, primarily in the area of professional liability insurance, are performed for a wide range of clients under various names. In addition, MMC Capital provides services principally in connection with originating, structuring and managing insurance, financial services and other industry-focused investments.

The services provided include the identification, analysis, valuation, mitigation, financing and transfer of risks that arise from client operations. These risks relate to damage to property, various liability exposures, and other factors that could result in financial loss, including large and complex risks that require access to world insurance markets. In recent years, the risks addressed by Marsh Inc.'s operating units have expanded beyond traditional property-liability areas to include a widening range of exposures. Major examples of these risks include employment practices liability, the launch and operation of rockets and spacecraft, the development and operation of technology resources (such as computers, communications networks and Web sites), the theft or loss of intellectual property, copyright infringement, the remediation of environmental pollution, merger and acquisition issues, the interruption of revenue streams derived from leasing and credit operations, political risks and various other financial, strategic and operating exposures.

Marsh Inc.'s subsidiaries provide a broad spectrum of services requiring expertise in multiple disciplines: risk identification, valuation and mitigation; conducting negotiations and placement transactions with the worldwide insurance and capital markets; gaining knowledge of specific insurance product lines and technical aspects of client operations, industries and fields of business; actuarial analysis; and understanding the regulatory and legal environments of various countries. Marsh provides advice on addressing client exposures. This includes structuring programs for retaining, mitigating, financing, and transferring the risks in combinations that vary according to the risk profiles, requirements and preferences of clients. Specific professional functions provided in this process include loss- control services, the placement of client risks with the worldwide insurance and capital markets (risk transfer) sometimes involving other intermediaries, the development of alternative risk financing methods, establishment and management of specialized insurance companies owned by clients ("captive insurance companies"), claims collection, injury management, and other insurance and risk related services.

Reinsurance services are provided to insurance and reinsurance companies and other risk assumption entities by Guy Carpenter and primarily involve acting as a broker or intermediary on all classes of reinsurance. The predominant lines addressed are property and casualty. In addition, reinsurance activities include specialty lines such as professional liability, medical malpractice, accident, life and health. Services include providing advice, placing coverages with reinsurance markets, arranging risk-transfer financing with capital markets, and furnishing related services such as actuarial, financial and regulatory consulting, portfolio analysis, catastrophe modeling and claims services. An insurance or reinsurance company may seek reinsurance or other risk-transfer financing on all or a portion of the risks it insures.

Marsh Inc.'s Consumer and Program Practices unit serves small businesses with property-casualty insurance and insured employee benefits programs. Services related to employee voluntary payroll deduction programs and the administration of insurance- and benefit-related programs also are provided for corporations and employer coalitions. Specialized risk and insurance programs are delivered directly to high-net-worth individuals. For associations, the Consumer and Program Practices unit designs, markets and administers primarily life, health, accident, disability, automobile, homeowners, professional liability and other insurance-related products purchased by members of the associations. The Consumer and Program Practices unit also provides underwriting management services to insurers in the United States, Canada and the United Kingdom, primarily for professional liability coverages, as well as wholesale broking services in the United States and the United Kingdom for a broad range of products on behalf of both affiliated and unaffiliated brokers.

MMC Capital, Inc. is a private equity investment firm that manages fund families focused on distinct industry sectors. It is an advisor to The Trident Partnership L.P., a private investment partnership, and Trident II, L.P. formed in 1999 with \$1.4 billion in capital commitments for investments in insurance, financial services and related industries. MMC Capital also is the advisor to funds which invest in technology, communications and information companies. Investors in these funds include MMC Capital's corporate parent and other

investors.

MMC Enterprise Risk, Inc., along with certain subsidiaries and affiliates, is a new operating entity that implements value-based enterprise risk solutions that reduce the volatility in operating performance and the cost of equity to client companies. MMC Enterprise Risk was formed by joining previously existing businesses within MMC to provide both advice and transactions to assist clients effectively manage strategic, financial, operating,

and hazard risks. By applying mathematical, economic, actuarial and financial analysis to a wide range of risk issues, and recommending tailored financial and organizational risk solutions, MMC Enterprise Risk assists clients in creating a risk management approach that prioritizes key risks, quantifies their impact, develops integrated solutions and establishes or enhances governance and controls.

Revenue attributable to the risk and insurance services segment consists primarily of fees paid by clients; commissions and fees paid by insurance and reinsurance companies; interest income on funds held in a fiduciary capacity for others, such as premiums and claims proceeds; contingent income for services provided to insurers; and compensation for services provided in connection with the organization, structuring and management of insurance, financial services and other industry-focused investments, including fees and dividends, as well as appreciation that has been realized on sales of holdings in such entities.

Revenue generated by the risk and insurance services segment is fundamentally derived from the value of the services provided to clients and insurance markets. These revenues may be affected by premium rate levels in the property and casualty and employee benefits insurance markets and available insurance capacity, since compensation is frequently related to the premiums paid by insureds. In many cases, compensation may be negotiated in advance based upon the estimated value of the services to be performed. Revenue is also affected by fluctuations in the amount of risk retained by insurance and reinsurance clients themselves and by insured values, the development of new products, markets and services, new and lost business, merging of clients and the volume of business from new and existing clients, as well as by interest rates for fiduciary funds. Revenue and fees also may be received from originating, structuring and managing investments in insurance, financial services and other industry-focused investments, as well as income derived from investments made by MMC. Contingent income for services provided includes payments or allowances by insurance companies based upon such factors as the overall volume of business placed by the broker with that insurer, the aggregate commissions paid by the insurer for that business during specific periods, or the profitability or loss to the insurer of the risks placed. This revenue reflects compensation for services provided by brokers to the insurance market. These services include new product development, the development and provision of technology, administration, and the delivery of information on developments among broad client segments and the insurance markets.

Revenues vary from quarter to quarter as a result of the timing of policy renewals, the net effect of new and lost business, interest and foreign exchange rate fluctuations and the realization of investments, whereas expenses tend to be more uniform throughout the year.

The results of operations for the risk and insurance services segment are presented below:

=====			
(IN MILLIONS OF DOLLARS)	2000	1999	1998
- - - - -			
REVENUE	\$4,780	\$4,523	\$3,351
EXPENSE(a)	3,836	3,717	2,738
- - - - -			
OPERATING INCOME	\$ 944	\$ 806	\$ 613
=====			
OPERATING INCOME MARGIN	19.7%	17.8%	18.3%
=====			

(a) Excluding special credits/charges, which are detailed below.

REVENUE

Revenue for the risk and insurance services segment increased 6% over 1999. Excluding the effect of foreign exchange, acquisitions and dispositions, revenue rose approximately 8% reflecting net new business, higher fiduciary interest income, the effect of higher U.S. premium rates and an increase in investment activity realized by MMC Capital. Risk management and insurance broking revenue, which represented 75% of risk and insurance services, grew approximately 8% over 1999. In addition, revenue rose 10% in the consumer and program practices unit and 7% in the reinsurance business. During the second quarter of 2000, premium rates in most U.S. commercial insurance lines began to rise for the first time in more than a decade. By midyear, increases averaged approximately 10% and this trend has continued into early 2001.

In 1999, risk and insurance services revenue grew 35% over 1998 primarily due to the Sedgwick acquisition. Excluding acquisitions, dispositions and the effect of foreign exchange, revenue for risk and insurance services operations rose approximately 4%. Risk management and insurance broking revenue, which represented 75% of risk and insurance services, grew approximately 4% primarily reflecting the effect of net new business development and higher levels of contingent income. Revenue from reinsurance broking and consumer and program practices increased by 4% and 2%, respectively, in 1999. Overall, the rate of decline in commercial premium rates lessened towards the end of 1999 compared with 1998.

EXPENSE

Risk and insurance services expenses increased 3% in 2000. Excluding the effect of foreign exchange, acquisitions and dispositions, expenses increased approximately 5% from 1999 primarily reflecting staff growth and other costs associated with a higher volume of business, partially offset by the realization of \$85 million of incremental net integration savings related to the Sedgwick transaction.

In 1999, risk and insurance services expenses increased 36%, attributable largely to the acquisition of Sedgwick. Excluding acquisitions, dispositions and the effect of foreign exchange, expenses increased approximately 2% from 1998 primarily reflecting higher technology spending, which was partially offset by the realization of \$60 million in net integration savings related to the Sedgwick and J&H transactions, as well as the impact of certain discretionary expense reductions.

INVESTMENT MANAGEMENT

The operations within the investment management segment provide services primarily under the Putnam name. The services, which are performed principally in the United States, include securities investment advisory and management services consisting of investment research and management, and accounting and related services for a group of publicly held investment companies (the "Putnam Funds"). A number of the open-end funds serve as funding vehicles for variable insurance contracts. Investment management services are also provided to corporate profit-sharing and pension funds, state and other governmental and public employee retirement funds, university endowment funds, charitable foundations, collective investment vehicles (both U.S. and non-U.S.) and other domestic and foreign institutional accounts. Putnam serves as transfer agent, dividend

disbursing agent, registrar and custodian for the Putnam Funds and provides custody services to several external clients. In addition, Putnam provides administrative and trustee (or custodial) services for employee benefit plans (in particular 401(k) plans), IRAs and other clients for which it receives compensation pursuant to service and trust or custodian contracts. Putnam also acts as principal underwriter of the shares of the open-end Putnam Funds, selling primarily through independent broker/dealers, financial planners and financial institutions, including banks, and directly to certain large 401(k) plans and other institutional accounts. Shares of open-end funds are generally sold at their respective net asset value per share plus a sales charge, which varies depending on the individual fund and the amount and class of shares purchased. Essentially all Putnam Funds are available with a contingent deferred sales charge in lieu of a front-end load. The related prepaid dealer commissions initially paid by Putnam to broker/dealers for distributing such funds can be recovered through charges and fees received over a number of years.

Putnam's revenue is derived primarily from investment management and 12b-1 fees received from the Putnam Funds and institutional accounts. The investment management services provided by Putnam are performed pursuant to advisory contracts. The amount of the fees varies depending on the individual mutual fund or account and is usually based upon a sliding scale in relation to the level of assets under management and, in certain instances, is also based on investment performance. The management of Putnam and the trustees of the Putnam Funds regularly review the fund fee structure in light of fund performance, the level and range of services provided, industry conditions and other relevant factors. Putnam also receives compensation for providing certain shareholder and custody services.

Putnam has a minority interest in Thomas H. Lee Partners ("THL"), a private equity investment firm. In addition, Putnam and THL formed a joint venture entity, TH Lee, Putnam Capital ("THLPC") of which Putnam owns 25%. THL and THLPC offer private equity and alternative investment funds for institutional and high-net-worth investors.

The results of operations for the investment management segment are presented below:

=====			
(IN MILLIONS OF DOLLARS)	2000	1999	1998

REVENUE	\$3,242	\$2,684	\$2,296
EXPENSE(a)	2,215	1,848	1,619

OPERATING INCOME	\$1,027	\$ 836	\$ 677
=====			
OPERATING INCOME MARGIN	31.7%	31.1%	29.5%
=====			

(a) Minority interest recorded in expense in 1999 has been reclassified to be consistent with the 2000 presentation.

REVENUE

Putnam's revenue increased 21% in 2000 reflecting significant growth in the level of average assets under management on which management fees are earned. Assets under management averaged \$397 billion in 2000, a 23% increase over the \$322 billion managed in 1999. Assets under management aggregated \$370 billion at December 31, 2000 compared with \$391 billion at December 31, 1999, as a \$54 billion decrease resulting from a reduction in equity market levels was partially offset by \$33 billion of net new sales, including reinvested dividends.

Putnam's revenue increased 17% in 1999 reflecting a strong increase in the level of average assets under management on which management fees are earned. Assets under management aggregated \$391 billion at December 31, 1999 compared with \$294 billion at December 31, 1998, reflecting \$16 billion of net new sales, including reinvested dividends, and an \$81 billion increase resulting from both higher securities market levels and strong portfolio performance.

EXPENSE

Putnam's expenses rose 20% in 2000, primarily reflecting staff growth and higher incentive compensation commensurate with strong operating performance. An increased level of business activity in 2000 resulted in higher volume-related costs including increased amortization of deferred commissions from higher sales and redemptions. In addition, goodwill amortization arising from the July 1999 investment in THL is included for a full year in 2000 compared with only six months in 1999.

Putnam's expenses increased 14% in 1999 reflecting an increase in incentive compensation commensurate with operating performance, increased amortization of deferred commissions from both increased sales and redemptions, as well as goodwill amortization arising from the July 1999 investment with THL.

Year-end and average assets under management are presented below:

=====			
(IN BILLIONS OF DOLLARS)	2000	1999	1998

MUTUAL FUNDS:

Growth Equity	\$104	\$139	\$ 78
Core Equity	59	37	24
Value Equity	58	63	65
Fixed Income	48	50	54

	269	289	221

INSTITUTIONAL ACCOUNTS:			
Growth Equity	34	39	18
Core Equity	46	38	25
Value Equity	6	5	5
Fixed Income	15	20	25

	101	102	73

YEAR-END ASSETS	\$370	\$391	\$294
=====			
YEAR-END ASSETS FROM			
NON-US INVESTORS	\$ 31	\$ 28	\$ 17
=====			
AVERAGE ASSETS	\$397	\$322	\$264
=====			

Assets under management and revenue levels are particularly affected by fluctuations in domestic and international stock and bond market prices and by the level of investments and withdrawals for current and new fund shareholders and clients. U.S. equity markets were volatile throughout 2000 and declined for the year after several years of substantial growth. This volatility contributed to the fluctuations in assets under management and, accordingly, to growth rates of revenue. A continued decline in general market levels will reduce revenue growth or, in some circumstances, could lead to a decline in revenue. Items affecting revenue also include, but are not limited to, investment performance, service to clients, the development and marketing of new investment products, the relative attractiveness of the investment style under prevailing market conditions, changes in the investment patterns of clients and equity earnings associated

with the THL investments. Revenue levels are sensitive to all of the factors above, but in particular, to significant changes in bond and stock market valuations.

Putnam provides individual and institutional investors with a broad range of equity and fixed income investment products and services designed to meet varying investment objectives and which afford its clients the opportunity to allocate their investment resources among various investment products as changing worldwide economic and market conditions warrant.

At the end of 2000, assets held in equity securities represented 83% of assets under management, compared with 82% in 1999 and 73% in 1998, while investments in fixed income products represented 17%, compared with 18% in 1999 and 27% in 1998.

CONSULTING

Through Mercer Consulting Group, Inc., the operations within this segment provide consulting services from locations around the world, predominantly to corporate clients in the areas of human resources and employee benefit programs, including retirement, health care and compensation, as well as communication and human resource strategy; general management consulting, which comprises strategy, operations and marketing; and organizational change and economic consulting and analysis services.

William M. Mercer Companies LLC provides professional advice and services to corporate, government and institutional clients worldwide. Consultants help organizations design, implement, administer and communicate employee benefit, compensation and other human resource programs and strategies.

Mercer Management Consulting, Inc. provides advice and assistance on issues of business strategy, primarily to large corporations in North America, Europe and Asia. Consultants help clients understand customer dynamics, optimize the economics of their business, and structure their organizations, processes and systems to achieve their strategic goals and maximize shareholder value.

Mercer Delta Consulting Inc. works with senior executives and CEOs of major corporations and other institutions on the design and leadership of organizational change.

National Economic Research Associates, Inc. ("NERA"), a firm of consulting economists, serves law firms, corporations, trade associations and governmental agencies. NERA provides research and analysis of economic and financial issues arising in litigation, regulation, public policy and management.

Under the Lippincott & Margulies name, Mercer advises leading corporations on issues relating to brand, corporate identity and image.

The major component of Mercer Consulting Group's revenue is fees paid by clients for advice and services. In addition, commission revenue is received from insurance companies for the placement of individual and group insurance contracts, primarily life, health and accident coverages.

Revenue in the consulting business is affected by changes in clients' industries, including government regulation, as well as new products and services, the stage of the economic cycle, broad trends in employee demographics and in the management of large organizations, and interest and foreign exchange rate fluctuations.

The results of operations for the consulting segment are presented below:

=====			
(IN MILLIONS OF DOLLARS)	2000	1999	1998
- - - - -	- - - - -	- - - - -	- - - - -
REVENUE	\$2,135	\$1,950	\$1,543
EXPENSE(a)	1,823	1,690	1,341
- - - - -	- - - - -	- - - - -	- - - - -
OPERATING INCOME	\$ 312	\$ 260	\$ 202
=====			
OPERATING INCOME MARGIN	14.6%	13.3%	13.1%
=====			

(a) Excluding special credits/charges, which are detailed below.

REVENUE

Consulting services revenue increased 9% in 2000 reflecting strong contributions from all practices due to an increase in the level of services provided as well as rate increases. Excluding the effect of foreign exchange, acquisitions and dispositions, consulting revenue increased approximately 11% in 2000. Retirement consulting revenue, which represented 41% of the consulting segment, grew 11% over 1999. In addition, revenue rose 11% in general management consulting, 7% in health and group consulting, 20% in compensation and communication consulting and 15% in economic consulting.

In 1999, consulting services revenue increased 26% reflecting an increase in the level of services provided as well as the impact of the Sedgwick acquisition. Excluding acquisitions, dispositions and the effect of foreign exchange, consulting revenue increased approximately 9% in 1999. Retirement consulting revenue, which represented 43% of the consulting segment, grew 9% over 1998 primarily due to a higher amount of services provided. In addition, revenue rose 2% in health care consulting, 9% in general management consulting, 14% in the compensation consulting practice and 16% in economic consulting.

EXPENSE

Consulting services expenses increased 8% in 2000. Excluding the effect of foreign exchange, acquisitions and dispositions, expenses increased 9% in 2000 primarily reflecting the effect of higher staff levels to support new business and higher incentive compensation commensurate with strong operating performance. In 2000, approximately \$5 million of incremental net consolidation savings related to the Sedgwick transaction were realized.

Consulting services expenses increased 26% in 1999. Excluding acquisitions, dispositions and the effect of foreign exchange, expenses increased 7% in 1999 primarily reflecting the effect of staff growth to support new business and higher incentive compensation commensurate with strong operating performance. These increases were partially offset by approximately \$5 million of realized consolidation savings related to the Sedgwick transaction.

CORPORATE EXPENSES

Corporate expenses increased to \$127 million in 2000 from \$103 million in 1999 due, in part, to costs associated with new corporate initiatives including the establishment of MMC Enterprise Risk, as well as certain consulting fees, a portion of which related to the integration of Sedgwick.

Corporate expenses increased from \$76 million in 1998 to \$103 million in 1999 due, in part, to the full year effect of the

Sedgwick acquisition and a new corporate advertising program in 1999. These increases were partially offset by integration savings of \$5 million.

SPECIAL CREDITS/CHARGES

In the fourth quarter of 2000, MMC recorded a net special credit of \$2 million attributable to changes in estimates in connection with integration and restructuring plans from prior years. Changes in estimated costs resulted in a special charge of \$7 million for employee termination costs associated with the Sedgwick transaction and a reversal of reserves of \$9 million related to office consolidation costs, of which \$7 million represented lease abandonment costs in London and \$2 million represented office consolidation costs associated with the J&H combination. The resulting net special credit had no effect on diluted net income per share.

MMC recorded \$337 million of special charges in 1999, which included \$266 million of merger-related costs associated with the combination with Sedgwick and a charge of \$71 million primarily for acquisition-related awards pertaining to the Sedgwick transaction. Of the total \$337 million of special charges, \$292 million was applicable to risk and insurance services, \$36 million related to consulting and \$9 million was related to corporate. The net impact of the special charges was \$233 million after tax, or \$.86 per diluted share.

The \$266 million of merger-related costs associated with employees and offices of MMC included personnel-related expenses principally involving severance and related benefits associated with the reduction of approximately 2,100 positions worldwide (\$194 million), costs related to the planned consolidations of approximately 50 offices (\$47 million) and other integration costs (\$25 million). In addition, \$285 million of costs for planned reductions of approximately 2,400 positions and consolidations of approximately 125 offices of Sedgwick are included in the cost of the acquisition. The utilization of these charges is summarized in Note 4 to the consolidated financial statements. The actions contemplated by the integration plan were substantially completed by the end of 2000. The above actions did not result in any meaningful disruptions of MMC's operations.

Of the combined merger-related costs totaling \$551 million, cash payments of approximately \$171 million were made in 2000 and approximately \$220 million in 1999. Estimated cash payments of approximately \$100 million are expected to be made in 2001. Some accruals, primarily representing future rent under noncancelable leases (net of anticipated sublease income) are expected to be paid out over several years. Cash outlays are expected to be funded through operating cash flows.

Management believes the net annual savings associated with the Sedgwick integration should approach \$160 million when it is completed. Most of the gross savings will result from reduced compensation and benefits expense reflecting the elimination of approximately 4,500 positions and lower facilities costs reflecting the consolidation of approximately 175 offices. Offsetting these reductions are additional expenses for goodwill amortization and costs related to improvements to information technology systems and employee benefit, compensation and retirement plans. Of the \$160 million of net savings, approximately \$30 million was realized in 1999 and an incremental \$90 million was realized in 2000, with a remaining \$40 million expected to be realized in 2001.

During 1998, MMC recorded a special charge of \$11 million representing acquisition-related stock unit awards issued to certain senior employees of Sedgwick. In addition, a reserve related to a 1996 provision for restructuring of approximately \$15 million was reversed. The resulting net special credit of \$4 million increased diluted net income per share by \$.01 for the year.

INTEREST

Interest income earned on corporate funds increased to \$23 million in 2000, compared with \$21 million in 1999. Interest expense increased to \$247 million in 2000 from \$233 million in 1999. This full year increase in interest expense primarily was due to higher average interest rates in 2000 compared with 1999, partially offset by a reduced level of outstanding debt. During 2000, MMC reduced outstanding debt by approximately \$800 million.

Interest income earned on corporate funds decreased to \$21 million in 1999 compared with \$25 million in 1998. The decrease in interest income primarily reflected the use of excess cash to pay down debt during 1999. Interest expense increased to \$233 million in 1999 from \$140 million in 1998. This increase was primarily due to incremental debt of \$2.2 billion incurred in November 1998 to finance the Sedgwick acquisition as well as incremental debt incurred in 1999 to support approximately \$460 million of initiatives, including Putnam's relationship with THL, the purchase of an additional condominium interest at MMC's worldwide headquarters in New York City and several investments initiated by MMC Capital. During 1999, commercial paper borrowing used to initially finance the Sedgwick acquisition declined as proceeds from a common stock offering of \$300 million in April 1999 and a \$1.0 billion senior notes offering in June 1999 were used to repay a portion of the debt.

INCOME TAXES

MMC's consolidated tax rate was 38.5% of income before income taxes and minority interest in 2000 compared with 41.8% in 1999. In 1999, excluding the tax effect of the special charges, the underlying rate was 39.5%. In 1998, the underlying tax rate was 39.0%. The reduction in the 2000 tax rate compared with the underlying 1999 rate primarily reflects the implementation of tax strategies relating to MMC's non-U.S. operations. The increase in the underlying 1999 tax rate, compared with 1998, was largely attributable to the non-deductibility of certain of the goodwill associated with acquisitions. The overall tax rates are higher than the U.S. federal statutory rate primarily because of the non-deductibility of goodwill and provisions for state and local income taxes.

LIQUIDITY AND CAPITAL RESOURCES

MMC anticipates that internally generated funds will be sufficient to meet its

foreseeable recurring operating cash requirements as well as dividends, capital expenditures and scheduled repayments of long-term debt.

MMC generated \$1.4 billion of cash from operations in 2000 compared with \$1.0 billion in 1999. These amounts reflect the

net income earned by MMC in those years adjusted for non-cash charges and working capital changes.

Included in the cash flows from operations are the net cash requirements related to the 1999 and 1997 merger-related charges. The 1997 merger-related charges were related to the combination with J&H. Related cash outlays of \$179 million, \$267 million and \$122 million were made in 2000, 1999 and 1998, respectively.

MMC's cash and cash equivalents aggregated \$240 million at the end of 2000, a decrease of \$188 million from the end of 1999.

In June 2000, MMC arranged a new \$1.2 billion revolving credit facility for the use of its subsidiary, Marsh USA Inc. The new credit facility replaced a similar facility that expired during 2000. Borrowing under the new facility, which expires in 2001, is guaranteed by MMC and supports Marsh USA Inc.'s commercial paper borrowing. No amounts were outstanding under this facility at December 31, 2000.

During 1997, MMC executed a revolving credit facility with several banks to support its commercial paper borrowing and to fund other general corporate requirements. This noncancelable facility, which expires in June 2002, provided that MMC may borrow up to \$1.2 billion at market rates of interest, which vary depending upon the level of usage of the facility and MMC's credit ratings. This facility was amended in January 2000 to reduce the aggregate commitment from \$1.2 billion to \$1.0 billion. No amounts were outstanding under this facility at December 31, 2000 or December 31, 1999.

MMC also maintains other credit facilities with various banks, primarily related to operations located outside the United States, aggregating \$277 million at December 31, 2000 and \$196 million as of December 31, 1999. No amounts were outstanding under these facilities at December 31, 2000. Borrowings of \$88 million were outstanding at December 31, 1999 and were included in short-term debt in the Consolidated Balance Sheet.

FINANCING CASH FLOWS

Net cash used for financing activities amounted to \$1.0 billion in 2000, compared with \$334 million in 1999.

During 2000, commercial paper borrowing declined by \$696 million. Other debt repayments amounted to \$303 million in 2000 and \$734 million in 1999. Other borrowings amounted to \$197 million in 2000, for a net debt reduction of approximately \$800 million during the year.

During 1999, commercial paper borrowing declined by \$809 million. The proceeds of a common stock offering in April and a senior notes offering in June were used to repay a portion of the commercial paper borrowing that was used to initially finance the Sedgwick acquisition. MMC acquired Sedgwick in November 1998 for total cash consideration of (pound)1.25 billion or approximately \$2.2 billion.

In April 1999, MMC completed the sale of 4.1 million common shares realizing approximately \$300 million of net proceeds. In June 1999, MMC sold \$600 million of 6.625% Senior Notes due in 2004 and \$400 million of 7.125% Senior Notes due in 2009. Also during 1999, MMC completed investments totaling approximately \$460 million relating to Putnam's relationship with THL, the purchase of an additional condominium interest at its worldwide headquarters in New York City and several investments initiated by MMC Capital.

Dividends paid by MMC amounted to \$514 million in 2000 (\$1.90 per share) and \$447 million in 1999 (\$1.70 per share). MMC periodically purchases shares of its common stock to meet requirements of the various stock compensation and benefit programs. MMC purchased approximately 400,000 shares in 2000 and 200,000 shares in 1999. Management expects to increase share repurchases beginning in the first quarter of 2001.

During 1998, in connection with the Sedgwick transaction, MMC assumed, among other debt, 7.68% Senior Loan Notes due 2006, which had an outstanding balance of \$62 million at December 31, 2000.

MMC has a 9.8% fixed rate nonrecourse mortgage note due in 2009 amounting to \$200 million, in connection with its interest in its worldwide headquarters building.

During 1997, in connection with the J&H transaction, MMC assumed a note payable due 2012, which had an outstanding balance of \$80 million at December 31, 2000. Interest on this debt is fixed at 8.62%.

MMC has committed to potential future investments of approximately \$950 million in connection with various MMC Capital funds and other MMC investments. Approximately \$400 million is expected to be invested in 2001. Of this amount, \$286 million was committed to purchase a minority investment in Gruppo Bipop-Carire S.p.A. in January 2001. MMC expects to fund these commitments, in part, with sales proceeds from existing investments.

INVESTING CASH FLOWS

Cash used for investing activities amounted to \$530 million in 2000 and \$876 million in 1999. In 2000, cash used for acquisitions amounted to \$99 million and primarily related to the THL transaction, the acquisition of Delta Consulting Group by Mercer as well as the acquisitions of several insurance and consulting businesses. In 1999, \$357 million was used for acquisition activity, primarily related to the THL transaction, as well as several insurance and consulting businesses. MMC's additions to fixed assets and capitalized software, which amounted to \$512 million in 2000 and \$476 million in 1999 primarily related to computer equipment purchases, the refurbishing and modernizing of office facilities, software development costs and, in 1999, the purchase of an additional condominium interest in MMC's worldwide headquarters in New York City.

MARKET RISK

Certain of MMC's revenues, expenses, assets and liabilities are exposed to the impact of interest rate changes and fluctuations in foreign currency exchange rates. MMC manages its net exposure to interest rate changes by utilizing a mixture of variable and fixed rate borrowings to finance MMC's asset base. Interest rate swaps are used on a limited basis and are with counterparties of high creditworthiness.

MMC had the following investments and debt instruments subject to variable interest rates:

Year Ended December 31, (IN MILLIONS OF DOLLARS)		2000

Cash and cash equivalents invested in certificates of deposit and time deposits (Note 1)	\$	111
Fiduciary cash and investments (Note 1)		\$3,627
Variable rate debt outstanding (Notes 9 and 10)		\$1,331
Notional amount of interest rate swaps-net payable (Note 11)	\$	158
=====		

These investments and debt instruments are discussed more fully in the above-indicated notes to the consolidated financial statements.

Based on the above balances, if short-term interest rates increase by 65 basis points, annual interest income would increase by approximately \$24 million; however, this would be partially offset by a \$10 million increase in interest expense resulting in a net increase to income before income taxes and minority interest of \$14 million.

The translated values of revenue and expense from MMC's international risk and insurance services and consulting operations are subject to fluctuations due to changes in currency exchange rates. However, the net impact of these fluctuations on MMC's results of operations or cash flows has not been material.

Forward contracts and options are periodically utilized by MMC to limit foreign currency exchange rate exposure on net income and cash flows for specific, clearly defined transactions arising in the ordinary course of its business. At December 31, 2000, MMC had open forward exchange contracts to buy Euros for U.S. dollars for an underlying principal amount of \$488 million and to sell Euros for U.S. dollars for an underlying principal amount of \$254 million. In addition, MMC had open forward exchange contracts to purchase other foreign currencies for underlying principal amounts totaling \$7 million. These contracts were entered into principally to hedge firm commitments. The Euro contracts expired in January 2001. The fair value of these contracts at December 31, 2000 was \$22 million.

MMC's exposure from the United Kingdom Personal Investment Authority ("PIA") review is subject to a number of variable factors including, among others, the interest rates established quarterly by the PIA for calculating compensation, as well as equity markets. MMC had option contracts to hedge its interest rate exposures related to personal pension plan redress in the United Kingdom. At December 31, 2000, the notional amounts of these contracts totaled \$296 million, with amounts expiring over the next two years. All option contracts at December 31, 2000 were out of the money and as such the fair market value of these contracts was insignificant. There is no potential for a future loss associated with these options.

MMC does not enter into foreign currency or interest rate transactions for speculative purposes.

OTHER

The insurance coverage for potential liability resulting from alleged errors and omissions in the professional services provided by MMC includes elements of both risk retention and risk transfer. MMC believes it has adequately reserved for the self-insurance portion of the contingencies. Payments related to the respective self-insured layers are made as legal fees are incurred and claims are resolved and generally extend over a considerable number of years. The amounts paid in that regard vary in relation to the severity of the claims and the number of claims active in any particular year. The long-term portion of this liability is included in other liabilities in the Consolidated Balance Sheets.

As further explained in Note 15 to the consolidated financial statements, the disclosure and advice given to clients regarding certain personal pension transactions by certain present and former subsidiaries in the United Kingdom are under review by the PIA. At current rates of exchange, the contingent exposure for pension redress and related cost is presently estimated to be approximately \$350 million, of which \$250 million is expected to be recovered from insurers. Approximately two-thirds of the contingent exposure is associated with the Sedgwick acquisition while the balance is associated with other current and former subsidiaries of MMC. Such amounts in excess of anticipated insurance recoveries have been provided for in the accompanying financial statements. The timing of payments relating to the pension review process cannot be predicted with certainty; however, approximately \$110 million was paid in 2000, with \$100 million, net of insurance recoveries, anticipated to be paid in 2001. These payments are reflected in other liabilities in the Consolidated Statements of Cash Flows.

MMC's policy for funding its tax qualified U.S. defined benefit retirement plan is to contribute amounts at least sufficient to meet the funding requirements set forth in U.S. employee benefit and tax laws. As illustrated more fully in Note 6 to the consolidated financial statements, the plan has been and continues to be well funded; consequently, MMC has not been required to make a contribution since 1986. The well-funded status of the plan combined with recent high investment returns has generated pension credits, rather than pension expenses, for each of the last three years. These non-cash credits are included in other, net in the operating cash flows section of the Consolidated Statements of Cash Flows. The credit is expected to continue in 2001 and, therefore, a cash

contribution is currently not anticipated.

The defined benefit plan in the United Kingdom was well funded and a pension credit was recorded in 2000.

Factors affecting the level of these pension credits include fluctuations in interest and discount rates, which may cause the level of these credits to change in the future.

MMC contributes to certain health care and life insurance benefits provided to its retired employees. The cost of these postretirement benefits for employees in the United States is accrued during the period up to the date employees are eligible to retire, but is funded by MMC as incurred. This postretirement liability is included in other liabilities in the Consolidated Balance Sheets.

Marsh & McLennan Companies, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)			
	2000	1999	1998
Revenue	\$ 10,157	\$ 9,157	\$ 7,190
Expense	7,978	7,690	5,770
Operating income	2,179	1,467	1,420
Interest income	23	21	25
Interest expense	(247)	(233)	(140)
Income before income taxes and minority interest	1,955	1,255	1,305
Income taxes	753	524	509
Minority interest, net of tax	21	5	--
Net income	\$ 1,181	\$ 726	\$ 796
Basic net income per share	\$ 4.35	\$ 2.76	\$ 3.11
Diluted net income per share	\$ 4.10	\$ 2.62	\$ 2.98
Average number of shares outstanding--Basic	272	263	256
Average number of shares outstanding--Diluted	284	272	264

The accompanying notes are an integral part of these consolidated statements.

Marsh & McLennan Companies, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, (IN MILLIONS OF DOLLARS)			2000	1999
=====				
ASSETS				
Current assets:				
Cash and cash equivalents		\$	240	\$ 428

Receivables				
Commissions and fees			2,370	1,949
Advanced premiums and claims			270	246
Other			307	235

			2,947	2,430
Less--allowance for doubtful accounts and cancellations			(135)	(132)

Net receivables			2,812	2,298

Prepaid dealer commissions--current portion			362	326
Other current assets			225	231

Total current assets			3,639	3,283

Intangible assets			5,476	5,542
Fixed assets, net			1,360	1,314
Long-term investments			976	611
Prepaid dealer commissions			762	760
Other assets			1,556	1,664

			\$ 13,769	\$ 13,174
=====				
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term debt		\$	337	\$ 1,131
Accounts payable and accrued liabilities			1,964	1,762
Accrued compensation and employee benefits			1,388	1,157
Accrued income taxes			291	188
Dividends payable			139	121

Total current liabilities			4,119	4,359

Fiduciary liabilities			3,627	3,333
Less--cash and investments held in a fiduciary capacity			(3,627)	(3,333)

Long-term debt			2,347	2,357

Other liabilities			2,075	2,288

Commitments and contingencies				

Stockholders' equity:				
Preferred stock, \$1 par value, authorized 6,000,000 shares, none issued			--	--
Common stock, \$1 par value, authorized 800,000,000 shares, issued 278,379,359 shares in 2000 and 270,493,147 shares in 1999			278	270
Additional paid-in capital			1,918	1,495
Retained earnings			3,323	2,674
Accumulated other comprehensive loss			(149)	(75)

			5,370	4,364
Less--treasury shares, at cost 2,352,046 shares in 2000 and 3,467,350 shares in 1999			(142)	(194)

Total stockholders' equity			5,228	4,170

			\$ 13,769	\$ 13,174
=====				

The accompanying notes are an integral part of these consolidated statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS)			
	2000	1999	1998
Operating cash flows:			
Net income	\$ 1,181	\$ 726	\$ 796
Adjustments to reconcile net income to cash generated from operations:			
Special (credits) charges	(2)	337	(4)
Depreciation of fixed assets and capitalized software	305	275	190
Amortization of intangible assets	183	156	82
Provision for deferred income taxes	175	32	79
Integration related payments	(179)	(267)	(122)
Prepaid dealer commissions	(38)	28	(75)
Other liabilities	(163)	33	18
Other, net	(139)	(42)	(23)
Net receivables	(484)	(465)	(171)
Other current assets	10	166	63
Accounts payable and accrued liabilities	84	(172)	1
Accrued compensation and employee benefits	231	316	175
Accrued income taxes	226	(36)	147
Effect of exchange rate changes	(26)	(56)	(2)
Net cash generated from operations	1,364	1,031	1,154
Financing cash flows:			
Net (decrease) increase in commercial paper	(696)	(809)	425
Other borrowings	197	1,180	52
Other repayments of debt	(303)	(734)	(411)
Purchase of treasury shares	(49)	(13)	(242)
Issuance of common stock	364	489	185
Dividends paid	(514)	(447)	(375)
Net cash used for financing activities	(1,001)	(334)	(366)
Investing cash flows:			
Additions to fixed assets and capitalized software	(512)	(476)	(386)
Proceeds from sale of businesses	37	85	--
Acquisitions	(99)	(357)	(302)
Other, net	44	(128)	80
Net cash used for investing activities	(530)	(876)	(608)
Effect of exchange rate changes on cash and cash equivalents	(21)	(3)	6
(Decrease) increase in cash and cash equivalents	(188)	(182)	186
Cash and cash equivalents at beginning of year	428	610	424
Cash and cash equivalents at end of year	\$ 240	\$ 428	\$ 610

The accompanying notes are an integral part of these consolidated statements.

Marsh & McLennan Companies, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)			
	2000	1999	1998
=====			
COMMON STOCK			
Balance, beginning of year	\$ 270	\$ 260	\$ 172
Common stock issuance	--	4	--
Common stock split	--	--	87
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax benefits	8	6	1
Balance, end of year	\$ 278	\$ 270	\$ 260

ADDITIONAL PAID-IN CAPITAL			
Balance, beginning of year	\$ 1,495	\$ 973	\$ 994
Common stock issuance	--	305	--
Acquisitions	17	--	--
Common stock split	--	--	(87)
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax benefits	406	217	66
Balance, end of year	\$ 1,918	\$ 1,495	\$ 973

RETAINED EARNINGS			
Balance, beginning of year	\$ 2,674	\$ 2,412	\$ 2,010
Net income(a)	1,181	726	796
Cash dividends declared--(per share amounts: \$1.95 in 2000, \$1.75 in 1999 and \$1.53 in 1998)	(532)	(464)	(394)
Balance, end of year	\$ 3,323	\$ 2,674	\$ 2,412

ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME			
Balance, beginning of year	\$ (75)	\$ 206	\$ 167
Foreign currency translation adjustments(b)	(127)	(138)	18
Unrealized securities holding gains (losses), net of reclassification adjustments(c)	56	(140)	45
Minimum pension liability adjustment(d)	(3)	(3)	(24)
Balance, end of year	\$ (149)	\$ (75)	\$ 206

TREASURY SHARES			
Balance, beginning of year	\$ (194)	\$ (192)	\$ (110)
Purchase of treasury shares	(49)	(13)	(242)
Issuance of shares under stock compensation plans and employee stock purchase plans	101	11	160
Balance, end of year	\$ (142)	\$ (194)	\$ (192)

TOTAL STOCKHOLDERS' EQUITY	\$ 5,228	\$ 4,170	\$ 3,659

TOTAL COMPREHENSIVE INCOME (a+b+c+d)	\$ 1,107	\$ 445	\$ 835
=====			

The accompanying notes are an integral part of these consolidated statements.

Marsh & McLennan Companies, Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies

NATURE OF OPERATIONS: Marsh & McLennan Companies, Inc. ("MMC"), a professional services firm, is organized based on the different services that it offers. MMC operates in three principal business segments: risk and insurance services, investment management and consulting. The risk and insurance services segment provides insurance broking, reinsurance broking and program management services for business, public entity, insurance company, professional, association and private clients. It also provides services principally in connection with originating, structuring and managing insurance, financial services and other industry-focused investments. The investment management segment primarily provides securities investment advisory and management services and administrative services for a group of publicly held investment companies and institutional accounts. The consulting segment provides advice and services to the managements of organizations primarily in the areas of human resources and employee benefit programs, general management consulting, organizational change and economic consulting and analysis.

PRINCIPLES OF CONSOLIDATION: The accompanying consolidated financial statements include the accounts of MMC and its majority owned subsidiaries. Various subsidiaries and affiliates have transactions with each other in the ordinary course of business. All significant intercompany accounts and transactions have been eliminated. Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

FIDUCIARY ASSETS AND LIABILITIES: In its capacity as an insurance broker or agent, MMC collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters. MMC also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims are held in a fiduciary capacity. Interest income on these fiduciary funds, included in revenue, amounted to \$195 million in 2000, \$167 million in 1999 and \$137 million in 1998.

Net uncollected premiums and claims and the related payables, amounting to \$10.8 billion at December 31, 2000 and \$11.5 billion at December 31, 1999, are not included in the accompanying Consolidated Balance Sheets.

In certain instances, MMC advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. These advances are made from corporate funds and are reflected in the accompanying Consolidated Balance Sheets as receivables.

REVENUE: Revenue includes insurance commissions, fees for services rendered, contingent income from insurance carriers, compensation for services provided in connection with the organization, structuring and management of insurance, financial services and other industry-focused investments, including gains from sales of interests in such entities, commissions on the sale of mutual fund shares and interest income on fiduciary funds. Insurance commissions generally are recorded as of the effective date of the applicable policies or, in certain cases (primarily in MMC's reinsurance and London market operations), as of the effective date or billing date, whichever is later. Fees for services rendered are recorded as earned. Sales of mutual fund shares are recorded on a settlement date basis and commissions thereon are recorded on a trade date basis, in accordance with industry practice.

CASH AND CASH EQUIVALENTS: Cash and cash equivalents primarily consist of certificates of deposit and time deposits, generally with original maturities of three months or less.

FIXED ASSETS, DEPRECIATION AND AMORTIZATION: Fixed assets are stated at cost less accumulated depreciation and amortization. Expenditures for improvements are capitalized. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is reflected in income. Expenditures for maintenance and repairs are charged to operations as incurred.

Depreciation of buildings, building improvements, furniture and equipment is provided on a straight-line basis over the estimated useful lives of these assets. Leasehold improvements are amortized on a straight-line basis over the periods covered by the applicable leases or the estimated useful life of the improvement, whichever is less.

The components of fixed assets are as follows:

December 31, (IN MILLIONS OF DOLLARS)	2000	1999
Furniture and equipment	\$1,117	\$1,046
Land and buildings	559	613
Leasehold and building improvements	645	553
	2,321	2,212
Less--accumulated depreciation and amortization	(961)	(898)
	\$1,360	\$1,314

=====

INTANGIBLE ASSETS: Acquisition costs in excess of the fair value of net assets acquired are amortized on a straight-line basis over periods up to 40 years. Other intangible assets are amortized on a straight-line basis over their estimated lives. MMC periodically assesses the recoverability of intangible assets by comparing expected undiscounted future cash flows from the underlying business operation with recorded intangible asset balances. If such assessments indicate that the undiscounted future cash flows are not sufficient to recover the related carrying value, the assets are adjusted to fair values.

PREPAID DEALER COMMISSIONS: Essentially all of the mutual funds marketed by MMC's investment management segment are made available with a contingent deferred sales charge in lieu of a front-end load. The related prepaid dealer commissions, initially paid by MMC to broker/dealers for distributing such funds, can be recovered through charges and fees received over a number of years. The prepaid dealer commissions are generally amortized over a six-year period.

CAPITALIZED SOFTWARE COSTS: MMC capitalizes certain costs to develop, purchase or modify software for the internal use of MMC. These costs are amortized on a straight-line basis not to exceed five years. Unamortized computer software costs of \$204 million and \$157 million at December 31, 2000 and 1999, respectively, are included in other assets in the Consolidated Balance Sheets.

INCOME TAXES: Income taxes provided reflect the current and deferred tax consequences of events that have been recognized in MMC's financial statements or tax returns. U.S. Federal income taxes are provided on unremitted foreign earnings except those that are considered permanently reinvested, which at December 31, 2000 amounted to approximately \$800 million. However, if these earnings were not considered permanently reinvested, the incremental tax liability which otherwise might be due upon distribution, net of foreign tax credits, would be approximately \$85 million.

RISK MANAGEMENT INSTRUMENTS: MMC uses interest rate swaps and currency forwards to reduce certain exposures to fluctuations in interest and foreign currency rates. These financial exposures are managed in accordance with corporate policy and procedures. MMC does not enter into interest rate swaps or currency forwards for speculative purposes. Net amounts received or paid under interest rate swaps are included in the Consolidated Statements of Income as incurred. Foreign currency gains and losses associated with currency forwards offset the correlating foreign currency gains and losses related to the designated hedged items.

CONCENTRATIONS OF CREDIT RISK: Financial instruments that potentially subject MMC to concentrations of credit risk consist primarily of cash and cash equivalents and commissions and fees receivable. MMC maintains a policy providing for the diversification of cash and cash equivalent investments and places its investments in an extensive number of high quality financial institutions to limit the amount of credit risk exposure. Concentrations of credit risk with respect to receivables are limited due to the large number of clients and markets in which MMC does business as well as the dispersion across many geographic areas.

PER SHARE DATA: Basic net income per share is calculated by dividing net income by the average number of shares of MMC's common stock outstanding. Diluted net income per share is calculated by reducing net income for the potential minority interest expense associated with unvested shares under the Putnam Equity Partnership Plan, as discussed further in Note 7, and adding back dividend equivalent expense related to common stock equivalents. This result is then divided by the average common shares outstanding, which have been adjusted for the dilutive effect of potentially issuable common shares.

The following reconciles net income to net income for diluted earnings per share and basic weighted average common shares outstanding to diluted weighted average common shares outstanding:

=====				
For the Three Years Ended December 31,				
(IN MILLIONS)				
	2000	1999	1998	

Net income	\$ 1,181	\$ 726	\$ 796	
Less: Potential minority interest associated with Putnam Equity Partnership Plan	(17)	(14)	(10)	
Add: Dividend equivalent expense related to common stock equivalents	2	--	--	

Net income for diluted earnings per share	\$ 1,166	\$ 712	\$ 786	
=====				
Basic weighted average common shares outstanding	272	263	256	
Dilutive effect of potentially issuable common shares	12	9	8	

Diluted weighted average common shares outstanding	284	272	264	
=====				

ESTIMATES: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENTS: Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. MMC will adopt SFAS 133 effective January 1, 2001. The adoption of this standard will not have a material impact on MMC's consolidated financial position, results of operations or cash flows.

In December 1999, the SEC issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements," which became effective in the

fourth quarter of 2000. The implementation of SAB 101 did not have a material impact on MMC's consolidated financial position, results of operations or cash flows.

2 Supplemental Disclosure to the Consolidated Statements of Cash Flows

The following schedule provides additional information concerning acquisitions and interest and income taxes paid:

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS)			
	2000	1999	1998
Purchase acquisitions:			
Assets acquired, excluding cash	\$ 201	\$ 357	\$ 3,345
Liabilities assumed	(8)	--	(852)
Issuance of debt and other obligations	(77)	--	(2,191)
Shares issued	(17)	--	--
Net cash outflow for acquisitions	\$ 99	\$ 357	\$ 302
Interest paid	\$ 244	\$ 211	\$ 164
Income taxes paid	\$ 305	\$ 506	\$ 305

3 Comprehensive Income

The components of other comprehensive income are as follows:

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS)			
	2000	1999	1998
Foreign currency translation adjustments	\$(127)	\$(138)	\$ 18
Unrealized securities holding gains (losses), net of income tax liability (benefit) of \$63, \$(55) and \$39 in 2000, 1999 and 1998, respectively	125	(106)	71
Less: Reclassification adjustment for realized gains included in net income, net of income taxes of \$38, \$19, and \$14 in 2000, 1999 and 1998, respectively	(69)	(34)	(26)
Minimum pension liability adjustment, net of income taxes of \$2 in 2000 and 1999 and \$16 in 1998, respectively	(3)	(3)	(24)
	\$ (74)	\$(281)	\$ 39

The components of accumulated other comprehensive income are as follows:

December 31, (IN MILLIONS OF DOLLARS)		
	2000	1999
Foreign currency translation adjustments	\$(389)	\$(262)
Unrealized securities holding gains	270	214
Minimum pension liability adjustment	(30)	(27)
	\$(149)	\$ (75)

4 Acquisitions, Dispositions and Integration Costs

ACQUISITIONS: During 2000, MMC acquired Delta Consulting Group, an industry leader in corporate organizational design and change management consulting, and acquired or increased its interest in several other insurance and reinsurance broking, consulting and investment management businesses in transactions accounted for as purchases for a total cost of \$193 million. The cost of these transactions exceeded the fair value of net assets acquired by \$187 million.

During 1999, MMC acquired a minority ownership interest in Thomas H. Lee Partners, a private equity business, and acquired or increased its interest in several other insurance and reinsurance broking, insurance and program services and consulting businesses in transactions accounted for as purchases for a total cost of \$357 million. The cost of these transactions exceeded the fair value of net assets acquired by \$318 million.

In the fourth quarter of 1998, MMC consummated a business combination with Sedgwick Group plc ("Sedgwick"), a London-based holding company of one of the world's leading insurance and reinsurance broking and consulting groups, for total cash consideration of approximately \$2.2 billion, which was initially funded with commercial paper borrowing. In April 1999, MMC completed the sale of 4.1 million common shares, realizing approximately \$300 million of net proceeds. In June 1999, MMC sold \$600 million of 6.625% Senior Notes due 2004 and \$400 million of 7.125% Senior Notes due 2009. The proceeds of these sales were used to repay a portion of the commercial paper borrowing. The business combination is being accounted for using the purchase method of accounting. Accordingly, goodwill of approximately \$2.8 billion resulting from the purchase price allocation is being amortized over 40 years. Assets acquired and liabilities assumed have been recorded at their estimated fair values. No intangible assets, other than goodwill, were acquired as part of the business combination with Sedgwick.

The following unaudited pro forma summary presents the consolidated results of operations of MMC as if the Sedgwick business combination had occurred on January 1, 1998. The pro forma results are shown for illustrative purposes only and do not purport to be indicative of the results which would have been reported if the business combination had occurred on the date indicated or which may occur in the future. The pro forma information reflected below includes the impact of pretax special charges in 1998 of \$201 million recorded by Sedgwick prior to its being acquired by MMC, primarily related to personal pension plan redress issues discussed in Note 15.

Year Ended December 31, (IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)		1998

Revenue	\$8,646	
Net Income	514	
Basic net income per share	1.94	
Diluted net income per share	1.85	
=====		

During 1998, MMC also acquired or increased its interest in several other insurance and reinsurance broking, insurance and program services and consulting businesses for a total cost of \$413 million in transactions accounted for as purchases. The cost of these acquisitions exceeded the fair value of net assets acquired by \$422 million.

DISPOSITIONS: As part of the combination with Sedgwick, MMC acquired several businesses that it intended to sell, including insurance underwriting operations already in run-off and consulting businesses not compatible with its existing operations. MMC sold certain of these businesses for \$55 million and \$85 million, respectively, in 2000 and 1999. The net liabilities of businesses to be disposed are reflected at their estimated realizable values of \$119 million and \$101 million at December 31, 2000 and 1999, respectively, and are included in accounts payable and accrued liabilities in the Consolidated Balance Sheets. MMC is continuing its efforts to dispose of these operations.

INTEGRATION COSTS: In 1999, as part of the integration of Sedgwick, MMC adopted a plan to reduce staff and consolidate duplicative offices. The estimated cost of this plan relating to employees and offices of Sedgwick ("1999 Sedgwick Plan") amounted to \$285 million and was included in the cost of the acquisition. Merger-related costs for employees and offices of MMC ("1999 MMC Plan") amounted to \$266 million and were recorded as part of the 1999 special charge.

The utilization of the 1999 charges is summarized as follows:

(IN MILLIONS OF DOLLARS)	Initial Balance	Utilized in 1999	Utilized in 2000	Changes in Estimates	Balance Dec. 31, 2000

1999 Sedgwick Plan:					
Termination payments to employees	\$ 183	\$ (93)	\$ (60)	\$ (7)	\$ 23
Other employee-related costs	5	(2)	(1)	(2)	--
Future rent under noncancelable leases	48	(8)	(12)	--	28
Leasehold termination and related costs	49	(10)	(11)	(1)	27
	\$ 285	\$ (113)	\$ (84)	\$ (10)	\$ 78
=====					
Number of employee terminations	2,400	(1,700)	(700)	--	--
Number of office consolidations	125	(50)	(66)	--	9
=====					
1999 MMC Plan:					
Termination payments to employees	\$ 194	\$ (74)	\$ (73)	\$ 7	\$ 54
Future rent under noncancelable leases	31	(5)	(7)	--	19
Leasehold termination and related costs	16	(3)	(7)	--	6
Other integration related costs	25	(25)	--	--	--
	\$ 266	\$ (107)	\$ (87)	\$ 7	\$ 79
=====					
Number of employee terminations	2,100	(1,300)	(800)	--	--
Number of office consolidations	50	(20)	(24)	--	6
=====					

Changes in estimates are attributable to facts and circumstances arising subsequent to the original plan of integration. As a result of changes in estimates, during the fourth quarter of 2000, reserves related to the 1999 Sedgwick Plan of \$10 million were reversed and recorded as a reduction of goodwill, representing \$7 million of employee termination costs, \$2 million of other employee-related costs, and \$1 million of office consolidation costs. MMC also recorded a special charge of \$7 million representing changes in estimated employee termination costs related to the 1999 MMC Plan. This \$7 million special charge was included in the net special credit of \$2 million, as discussed in Note 12.

The other integration costs primarily consist of consulting fees and system conversion costs incurred in 1999 as a result of the restructuring and merging of MMC and Sedgwick operations.

At year-end 2000, the actions contemplated by this plan were substantially complete. The majority of the remaining balances for termination payments to employees are expected to be paid in early 2001. Some accruals, primarily for future rent under noncancelable leases and salary continuance arrangements, are expected to be paid over several years.

In 1997, as a result of a business combination with Johnson and Higgins ("J&H"), MMC adopted plans to consolidate duplicative offices and reduce staff. The estimated cost of the plans relating to employees and offices of J&H ("1997 J&H Plan") amounted to \$143 million and was included in the cost of the acquisition. Merger-related costs for employees and offices of MMC ("1997 MMC Plan") amounted to \$168 million and were recorded as part of a special charge in 1997. In 2000, as a result of changes in estimates, reserves for office consolidations related to the 1997 J&H Plan of \$3 million were reversed and recorded as a reduction of goodwill. In addition, reserves for office consolidations related to the 1997 MMC Plan of \$2 million were reversed and included as part of the net special credit of \$2 million, as discussed in Note 12. At December 31, 2000, the remaining reserves related to the 1997 J&H Plan and the 1997 MMC Plan were \$36 million and \$6 million, respectively. The remaining balances, representing future rent under noncancelable leases and salary continuance arrangements, primarily in Canada and the Netherlands, are expected to be paid out over several years.

5 Income Taxes

Income before income taxes and minority interest shown below is based on the geographic location to which such income is attributable. Although income taxes related to such income may be assessed in more than one jurisdiction, the income tax provision corresponds to the geographic location of the income.

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS)	2000	1999	1998
Income before income taxes and minority interest:			
U.S.	\$ 1,415	\$ 1,004	\$ 897
Other	540	251	408
	\$ 1,955	\$ 1,255	\$ 1,305
Income taxes:			
Current--			
U.S. Federal	\$ 436	\$ 362	\$ 284
Other national governments	82	74	89
U.S. state and local	60	56	57
	578	492	430
Deferred--			
U.S. Federal	79	2	30
Other national governments	87	40	49
U.S. state and local	9	(10)	--
	175	32	79
Total income taxes	\$ 753	\$ 524	\$ 509

The significant components of deferred income tax assets and liabilities and their balance sheet classifications are as follows:

December 31, (IN MILLIONS OF DOLLARS)	2000	1999
Deferred tax assets:		
Accrued expenses not currently deductible	\$ 707	\$ 776
Differences related to non-U.S. operations	232	356
Accrued retirement benefits	106	124
Other	34	19

-	-----		
		\$ 1,079	\$ 1,275
	=====		
Deferred tax liabilities:			
Prepaid dealer commissions	\$ 392	\$ 381	
Unrealized securities holding gains	143	117	
Differences related to non-U.S. operations	43	78	
Depreciation and amortization	98	58	
Other	12	52	
-	-----		
		\$ 688	\$ 686
	=====		
Balance sheet classifications:			
Current assets	\$ --	\$ 71	
Other assets	419	518	
Accrued income taxes	(28)	--	
	=====		

A reconciliation from the U.S. Federal statutory income tax rate to MMC's effective income tax rate is as follows:

For the Three Years Ended December 31,	2000	1999	1998
U.S. Federal statutory rate	35.0%	35.0%	35.0%
U.S. state and local income taxes-- net of U.S. Federal income tax benefit	2.3	2.4	2.9
Differences related to non-U.S. operations	(1.0)	2.1	(.4)
Other	2.2	2.3	1.5
Effective tax rate	38.5%	41.8%	39.0%

In 1997, MMC received a Notice of Proposed Adjustment from a local field office of the Internal Revenue Service ("IRS") challenging its tax treatment related to 12b-1 fees paid by Putnam.

This challenge has been resolved upon the publication of Revenue Procedure 2000-38. In this Procedure, the IRS announced it will accept a mutual fund manager's current 12b-1 tax treatment through 2000 provided that mutual fund manager elects to adjust its tax treatment prospectively beginning in 2001 to any of the prescribed methods the IRS identified in this Procedure, all of which will require amortization of distributor's fees rather than the current deduction of those fees. Putnam intends to make such an affirmative election and such election will resolve the current issue with the IRS.

Taxing authorities periodically challenge positions taken by MMC on its tax returns. On the basis of present information and advice received from counsel, it is the opinion of MMC's management that any assessments resulting from current tax audits will not have a material adverse effect on MMC's consolidated results of operations or its consolidated financial position.

6 Retirement Benefits

The following schedules provide information concerning MMC's U.S. defined benefit pension plans and postretirement benefit plans:

December 31, (IN MILLIONS OF DOLLARS)	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2000	1999	2000	1999
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 1,940	\$ 1,956	\$ 150	\$ 165
Service cost	59	63	3	3
Interest cost	143	134	12	11
Actuarial loss (gain)	83	(106)	17	(30)
Benefits paid	(110)	(101)	(12)	(10)
Dispositions	--	(6)	--	--
Plan amendments	--	--	--	11
Benefit obligation at end of year	2,115	1,940	170	150
Change in plan assets:				
Fair value of plan assets at beginning of year	2,614	2,236	--	--
Actual return on plan assets	59	466	--	--
Employer contributions	21	18	12	10
Dispositions	--	(5)	--	--
Benefits paid	(110)	(101)	(12)	(10)
Fair value of plan assets at end of year	2,584	2,614	--	--
Funded status	469	674	(170)	(150)
Unrecognized net actuarial gain	(354)	(614)	(19)	(36)
Unrecognized prior service cost (credit)	3	5	(2)	(3)
Unrecognized transition asset	(19)	(23)	--	--
Net asset (liability) recognized	\$ 99	\$ 42	\$ (191)	\$ (189)
Amounts recognized in Balance Sheet consist of:				
Prepaid benefit cost	\$ 243	\$ 166	\$ --	\$ --
Accrued benefit liability	(196)	(175)	(191)	(189)
Intangible asset	3	6	--	--
Accumulated other comprehensive income	49	45	--	--
Net asset (liability) recognized	\$ 99	\$ 42	\$ (191)	\$ (189)

The weighted average actuarial assumptions utilized in determining the above amounts for the U.S. defined benefit and other postretirement benefit plans as of the end of the year were as follows:

	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2000	1999	2000	1999
Weighted average assumptions:				
Discount rate	7.5%	7.5%	7.5%	7.5%
Expected return on plan assets	10.0%	10.0%	--	--
Rate of compensation increase	4.25%	4.25%	--	--

The discount rate used to value the liabilities of the U.S. defined benefit pension plans and postretirement benefit plans reflects current interest rates of high quality fixed income debt securities. Projected compensation increases and potential cost of living adjustments for retirees reflect current expectations as to future levels of inflation.

The benefit obligation, accumulated benefit obligation and fair value of plan assets for the U.S. pension plans with accumulated benefit obligations in excess of plan assets were \$321 million, \$269 million and \$106 million, respectively, as of December 31, 2000 and \$298 million, \$249 million and \$109 million, respectively, as of December 31, 1999.

The components of the net periodic benefit (income) cost for the U.S. defined benefit and other postretirement benefit plans are as follows:

	U.S. Pension Benefits			U.S. Postretirement Benefits		
For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS)	2000	1999	1998	2000	1999	1998
Service cost	\$ 59	\$ 63	\$ 46	\$ 3	\$ 3	\$ 3
Interest cost	143	134	104	12	11	10
Expected return on plan assets	(217)	(199)	(146)	--	--	--
Amortization of prior service cost (credit)	3	4	7	(1)	(1)	(2)
Amortization of transition asset	(5)	(4)	(4)	--	--	--
Recognized actuarial (gain) loss	(19)	7	5	(1)	(1)	--
	\$ (36)	\$ 5	\$ 12	\$ 13	\$ 12	\$ 11

The assumed health care cost trend rate was approximately 9% in 2000, gradually declining to 4% in the year 2041. Assumed health care cost trend rates have a significant effect on the amounts reported for the U.S. health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects (in millions of dollars):

	1-Percentage- Point Decrease	1-Percentage- Point Increase
Effect on total of service and interest cost components	\$ 2	\$ (2)
Effect on postretirement benefit obligation	\$ 23	\$(19)

The following schedules provide information concerning MMC's significant non-U.S. defined benefit pension plans and postretirement benefit plans:

December 31, (IN MILLIONS OF DOLLARS)	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
	2000	1999	2000	1999
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 2,729	\$ 2,680	\$ 42	\$ 17
Service cost	95	96	1	1
Interest cost	152	156	3	2
Employee contributions	18	17	--	--
Actuarial (gain) loss	32	(137)	(3)	(2)
Acquisitions	--	120	--	24
Benefits paid	(101)	(105)	(2)	(1)
Foreign currency changes	(230)	(101)	(3)	--
Plan amendments	(3)	3	--	1
Benefit obligation at end of year	2,692	2,729	38	42
Change in plan assets:				
Fair value of plan assets at beginning of year	3,311	2,721	--	--
Actual return on plan assets	20	591	--	--
Acquisitions	--	131	--	--
Company contributions	48	57	2	1
Employee contributions	18	17	--	--
Benefits paid	(101)	(105)	(2)	(1)
Foreign currency changes	(272)	(101)	--	--
Fair value of plan assets at end of year	3,024	3,311	--	--
Funded status	332	582	(38)	(42)
Unrecognized net actuarial (gain) loss	(231)	(523)	(1)	2
Unrecognized prior service cost	7	10	--	--
Unrecognized transition asset	--	(5)	--	--
Net asset (liability) recognized	\$ 108	\$ 64	\$ (39)	\$ (40)
Amounts recognized in Balance Sheet consist of:				
Prepaid benefit cost	\$ 181	\$ 176	\$ --	\$ --
Accrued benefit liability	(73)	(112)	(39)	(40)
Net asset (liability) recognized	\$ 108	\$ 64	\$ (39)	\$ (40)
Weighted average assumptions:				
Discount rate	6.0%	6.0%	6.4%	6.3%
Expected return on plan assets	8.9%	8.9%	--	--
Rate of compensation increase	4.2%	4.2%	--	--

The benefit obligation, accumulated benefit obligation and fair value of plan assets for the non-U.S. pension plans with accumulated benefit obligations in excess of plan assets were \$54 million, \$42 million and \$28 million, respectively, as of December 31, 2000 and \$64 million, \$52 million and \$31 million, respectively, as of December 31, 1999.

The components of the net periodic benefit (income) cost for the non-U.S. defined benefit and other postretirement benefit plans are as follows:

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS)	Non-U.S. Pension Benefits			Non-U.S. Postretirement Benefits		
	2000	1999	1998	2000	1999	1998
Service cost	\$ 95	\$ 96	\$ 48	\$ 1	\$ 1	\$ --
Interest cost	152	156	66	3	2	1
Expected return on plan assets	(243)	(238)	(98)	--	--	--
Amortization of prior service cost	1	--	1	--	--	--
Amortization of transition asset	(6)	(6)	(6)	--	--	--
Recognized actuarial loss	--	1	--	--	--	--
	\$ (1)	\$ 9	\$ 11	\$ 4	\$ 3	\$ 1

The assumed health care cost trend rate was approximately 6.7% in 2000, gradually declining to 4.4% in the year 2006. Assumed health care cost trend rates have a significant effect on the amounts reported for the non-U.S. health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects (in millions of dollars):

	1-Percentage- Point Increase	1-Percentage- Point Decrease
Effect on total of service and interest cost components	\$ 1	\$ -
Effect on postretirement benefit obligation	\$ 5	\$(4)

Contribution Plans: MMC maintains certain defined contribution plans for its employees, including the Marsh & McLennan Companies Stock Investment Plan ("SIP"), the Putnam Investments Profit Sharing Retirement Plan (the "Putnam Plan") and the Sedgwick Savings and Investment Plan ("Sedgwick SIP"). Under these plans, eligible employees may contribute a percentage of their base salary, subject to certain limitations. For the SIP, MMC matches a portion of the employees' contributions, while under the Putnam Plan the contributions are at the discretion of MMC subject to IRS limitations. Contributions to the Sedgwick SIP ceased on December 31, 1999. The cost of these defined contribution plans was \$79 million, \$74 million and \$62 million for 2000, 1999 and 1998, respectively.

7 Stock Benefit Plans

As provided under SFAS No. 123, "Accounting for Stock-Based Compensation," MMC has elected to continue to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and has provided the required additional pro forma disclosures.

In accordance with the intrinsic value method allowed by APB 25, no compensation cost has been recognized in the Consolidated Statements of Income for MMC's stock option and stock purchase plans and the stock options awarded under the Putnam Investments Equity Partnership Plan. Had compensation cost for MMC's stock-based compensation plans been determined consistent with the fair value method prescribed by SFAS No. 123, MMC's net income and net income per share for 2000, 1999 and 1998 would have been reduced to the pro forma amounts indicated in the table below.

(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)				
	2000	1999	1998	
Net Income:				
As reported	\$ 1,181	\$ 726	\$ 796	
Pro forma	\$ 1,100	\$ 673	\$ 762	
Net Income Per Share:				
BASIC:				
As reported	\$ 4.35	\$ 2.76	\$ 3.11	
Pro forma	\$ 4.05	\$ 2.56	\$ 2.98	
DILUTED:				
As reported	\$ 4.10	\$ 2.62	\$ 2.98	
Pro forma	\$ 3.82	\$ 2.42	\$ 2.85	

The pro forma information reflected above includes stock options issued under MMC incentive and stock award plans and the Putnam Investments Equity Partnership Plan and stock issued under MMC stock purchase plans. Such information may not be representative of the amounts to be expected in future years as the fair value method of accounting contained in SFAS No. 123 has not been applied to options granted prior to January 1995.

The fair value of each of MMC's option grants included in pro forma net income is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 2000, 1999 and 1998, respectively: dividend yield of 2.0% for 2000 and 3.0% for 1999 and 1998; expected volatility of 26.3% in 2000, 22.7% in 1999 and 18.9% in 1998; risk-free interest rate of 6.5% in 2000, 5.2% in 1999 and 5.6% in 1998; and an expected life of five years. The compensation cost as generated by the Black-Scholes model may not be indicative of the future benefit, if any, that may be received by the option holder. The weighted average fair value of options granted during the years ended December 31, 2000, 1999 and 1998 was \$26.70, \$16.09 and \$11.65 per share, respectively.

MMC INCENTIVE AND STOCK AWARD PLANS: In 2000, the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (the "2000 Employee Plan") and the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (the "2000 Executive Plan") were approved. The 2000 Employee and Executive Plans (the "2000 Plans") replaced the 1997 Employee Incentive and Stock Award Plan and the 1997 Senior Executive Incentive and Stock Award Plan

(the "1997 Plans"). The types of awards permitted under these Plans include stock options, restricted stock, stock bonus units, restricted and deferred stock units payable in MMC common stock or cash, and other stock-based and performance-based awards. The Compensation Committee of the Board of

Directors (the "Compensation Committee") determines, at its discretion, which affiliates may participate in the plans, which eligible employees will receive awards, the types of awards to be received and the terms and conditions thereof. The right of an employee to receive an award may be subject to performance conditions as specified by the Compensation Committee. The 2000 Plans contain provisions which, in the event of a change in control of MMC, may accelerate the vesting of the awards. Awards relating to not more than 40,000,000 shares of common stock may be made over the life of the 2000 Employee Plan plus shares remaining unused under pre-existing approved stock plans. Awards relating to not more than 4,000,000 shares of common stock may be made over the life of the 2000 Executive Plan plus shares remaining unused under pre-existing approved stock plans. There were 52,150,871, 15,671,576 and 24,506,619 shares available for awards under the 2000 Plans and prior plans at December 31, 2000, 1999 and 1998, respectively.

STOCK OPTIONS: Options granted under the 2000 Plans may be designated as incentive stock options or as nonqualified stock options. The Compensation Committee shall determine the terms and conditions of the option, including the time or times at which an option may be exercised, the methods by which such exercise price may be paid and the form of such payment. Except under certain limited circumstances, no stock option may be granted with an exercise price of less than the fair market value of the stock at the time the stock option is granted.

Stock option transactions under the 2000 Plans and prior plans are as follows:

	2000		1999		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance at beginning of period	30,018,436	\$ 48.91	26,492,820	\$ 38.27	24,332,522	\$ 31.18
Granted	7,184,130	\$ 91.33	7,992,425	\$ 75.86	6,115,165	\$ 60.19
Exercised	(5,399,469)	\$ 35.68	(3,809,839)	\$ 29.95	(3,427,830)	\$ 26.63
Forfeited	(668,082)	\$ 70.79	(656,970)	\$ 57.61	(527,037)	\$ 38.76
Balance at end of period	31,135,015	\$ 60.41	30,018,436	\$ 48.91	26,492,820	\$ 38.27
Options exercisable at year-end	15,610,530	\$ 42.88	15,231,609	\$ 34.25	14,587,332	\$ 30.01

The following table summarizes information about stock options at December 31, 2000:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Outstanding at 12/31/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable at 12/31/00	Weighted Average Exercise Price
\$23.81-31.19	2,766,792	3.0 years	\$26.48	2,766,792	\$26.48
\$31.20-60.25	14,264,634	5.3 years	\$44.14	10,890,282	\$40.78
\$60.40-124.65	14,103,589	8.6 years	\$83.52	1,953,456	\$77.86
\$23.81-124.65	31,135,015	6.6 years	\$60.41	15,610,530	\$42.88

RESTRICTED STOCK: Restricted shares of MMC's common stock may be awarded and shall be subject to such restrictions on transferability and other restrictions, if any, as the Compensation Committee may impose. The Compensation Committee may also determine when and under what circumstances the restrictions may lapse and whether the participant shall have the rights of a stockholder, including, without limitation, the right to vote and receive dividends. Unless the Compensation Committee determines otherwise, restricted stock that is still subject to restrictions shall be forfeited upon termination of employment.

There were 127,800, 100,700 and 162,600 restricted shares granted in 2000, 1999 and 1998, respectively. MMC recorded compensation expense of \$13 million in 2000, \$8 million in 1999 and \$10 million in 1998, related to these shares. Shares that have been granted generally become unrestricted at the earlier of: (1) January 1 of the eleventh year following the grant or (2) the later of the recipient's normal or actual retirement date.

RESTRICTED STOCK UNITS: Restricted stock units, payable in stock or cash, may be awarded under the Plans. The Compensation Committee shall determine the restrictions on such units, when the restrictions shall lapse, when the units shall vest and be paid, and upon what terms the units shall be forfeited.

There were 137,391, 167,845 and 128,255 restricted stock units awarded during 2000, 1999 and 1998, respectively. The total value of the restricted stock units at the time of the award was \$14 million, \$12 million and \$7 million in 2000, 1999 and 1998, respectively. The cost of the awards is amortized over the vesting period, which is generally three years.

DEFERRED STOCK UNITS: Deferred stock units, payable in stock or cash, may be

awarded under the Plans. The Compensation Committee shall determine the restrictions on such units, when the restrictions shall lapse, when the units shall vest and be paid, and upon what terms the units shall be forfeited.

There were 648,726, 1,618,064 and 566,315 deferred stock units awarded during 2000, 1999 and 1998, respectively. The total value of the deferred stock unit awards was \$60 million, \$99 million and \$33 million in 2000, 1999 and 1998, respectively. The cost of the awards is amortized over the vesting period which is generally three years, however, 1999 and 1998 operating expenses reflect \$71 million and \$11 million of charges,

respectively, relating to acquisition-related stock unit awards issued to certain senior employees of Sedgwick (see Note 12).

PUTNAM INVESTMENTS EQUITY PARTNERSHIP PLAN: In 1997, Putnam adopted the Putnam Investments Equity Partnership Plan (the "Equity Plan") pursuant to which Putnam is authorized to grant or sell to certain employees of Putnam or its subsidiaries restricted shares of a new class of common shares of Putnam Investments Trust, the parent of Putnam Investments, LLC which was recently established as part of a corporate reorganization ("Class B Common Shares") and options to acquire the Class B Common Shares. Such awards or options generally vest over a four-year period. Holders of Putnam Class B Common Shares are not entitled to vote and have no rights to convert their shares into any other securities of Putnam. In certain circumstances, Class B Common Shares will be converted into Class A Common Shares. Awards of restricted stock and/or options may be made under the Equity Plan with respect to a maximum of 12,000,000 shares of Class B Common Shares, as adjusted for certain issuances of Putnam Class A Common Shares, which would represent approximately 12% of the outstanding shares on a fully diluted basis. Putnam made awards pursuant to the Equity Plan with respect to 2,041,000, 3,100,200 and 3,660,000 shares of Class B Common Shares and shares subject to options in 2000, 1999 and 1998, respectively. These awards included 1,020,500, 1,550,100 and 1,830,000 restricted shares with a value of \$90 million, \$120 million and \$94 million in 2000, 1999 and 1998, respectively. These awards also included 1,020,500, 1,550,100 and 1,830,000 shares subject to options in 2000, 1999 and 1998, respectively. There were 1,677,000 shares available for grant related to the Equity Plan as of December 31, 2000. In addition, the MMC-Board of Directors has authorized an increase in the number of shares that can be made available to Putnam employees by 4,000,000 shares.

In 1999, pursuant to an executive compensation agreement, Putnam awarded 105,000 restricted stock units with a value of \$8 million and 105,000 options related to Class B Common Shares to an executive of Putnam. These shares are incremental to the shares issued under the Equity Plan.

The fair value of each option grant included in the pro forma net income is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 2000, 1999 and 1998: dividend yield of 5.0% for 2000, 1999 and 1998; expected volatility of 38.3% in 2000, 33.2% in 1999 and 28.3% in 1998; risk-free interest rate of 6.5% in 2000, 5.2% in 1999 and 5.6% in 1998; and an expected life of five years. The compensation cost as generated by the Black-Scholes model may not be indicative of the future benefit, if any, that may be received by the option holder. The weighted average fair value of each Class B option was \$24.43 in 2000, \$17.64 in 1999 and \$10.42 in 1998.

MMC STOCK PURCHASE PLANS: In May 1999, MMC's stockholders approved an employee stock purchase plan (the "1999 Plan") to replace the 1994 Employee Stock Purchase Plan (the "1994 Plan"), which terminated on September 30, 1999, following its fifth annual offering. Under these plans, eligible employees may purchase shares of MMC's common stock, subject to certain limitations, at prices not less than 85% of the lesser of the fair market value of the stock at the beginning or end of any offering period. Under the 1999 Plan, no more than 20,000,000 shares of MMC's common stock plus the remaining unissued shares in the 1994 Plan may be sold. Employees purchased 2,099,990, 2,368,734 and 1,932,060 shares in 2000, 1999 and 1998, respectively. At December 31, 2000, 21,031,716 shares were available for issuance under the 1999 Plan. In 1995, MMC's Board of Directors approved the Marsh & McLennan Companies Stock Purchase Plan for International Employees (the "International Plan"), which is similar to the 1999 Plan. Under the International Plan, no more than 1,500,000 shares of MMC's common stock may be sold. Employees purchased 384,507, 339,594 and 238,854 shares in 2000, 1999 and 1998, respectively. At December 31, 2000, 310,545 shares were available for issuance under the International Plan.

The fair value of each employee purchase right granted under these Stock Purchase Plans is included in the pro forma net income for 2000, 1999 and 1998 and was estimated using the Black-Scholes model with the following assumptions: dividend yield of 2.0% for 2000 and 3.0% for 1999 and 1998; expected life of one year; expected volatility of 26.3% for 2000, 22.7% for 1999 and 18.9% for 1998; and risk-free interest rate of 6.1% for 2000, 5.5% for 1999 and 4.4% for 1998. The weighted average fair value of each purchase right granted in 2000, 1999 and 1998 was \$34.40, \$16.15 and \$10.61, respectively.

8 Long-term Obligations

MMC leases office facilities, equipment and automobiles under noncancelable operating leases. These leases expire on varying dates; in some instances contain renewal and expansion options; do not restrict the payment of dividends or the incurrence of debt or additional lease obligations; and contain no significant purchase options. In addition to the base rental costs, occupancy lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. Approximately 97% of MMC's lease obligations are for the use of office space.

The accompanying Consolidated Statements of Income include net rental costs of \$359 million, \$363 million and \$313 million for 2000, 1999 and 1998, respectively, after deducting rentals from subleases (\$8 million in 2000, and \$7 million in 1999 and 1998).

At December 31, 2000, the aggregate future minimum rental commitments under all noncancelable operating lease agreements are as follows:

For the Years Ending December 31, (IN MILLIONS OF DOLLARS)	Gross Rental Commitments	Rentals from Subleases	Net Rental Commitments
2001	\$ 366	\$ 22	\$ 344
2002	324	17	307
2003	289	11	278
2004	267	11	256
2005	238	8	230
Subsequent years	1,568	21	1,547
	\$3,052	\$ 90	\$2,962

MMC has entered into agreements with various service companies to outsource certain information systems activities and responsibilities. Under these agreements, MMC is required to pay minimum annual service charges. Additional fees may be payable depending upon the volume of transactions processed with all future payments subject to increases for inflation. At December 31, 2000, the aggregate fixed future minimum commitments under these agreements are as follows:

For the Years Ending December 31, (IN MILLIONS OF DOLLARS)	Future Minimum Commitments
2001	\$31
2002	19
2003	13
2004	11
Subsequent years	--
	\$74

9 Short-term Debt

MMC's outstanding short-term debt is as follows:

December 31, (IN MILLIONS OF DOLLARS)	2000	1999
Commercial paper	\$331	\$1,027
Bank loans	--	88
Current portion of long-term debt	6	16
	\$337	\$1,131

The weighted average interest rates on outstanding commercial paper borrowing at December 31, 2000 and 1999 are 6.5% and 5.8%, respectively.

In June 2000, MMC arranged a \$1.2 billion revolving credit facility for the use of its subsidiary, Marsh USA Inc. The credit facility replaced a similar facility that expired during 2000. Borrowing under the facility, which expires in 2001, is guaranteed by MMC and supports Marsh USA Inc.'s commercial paper borrowing. Commitment fees of 5 basis points are payable on any unused portion. The facility requires MMC to maintain consolidated net worth of at least \$2.8 billion and contains certain other restrictions relating to consolidations, mergers and the sale or pledging of assets. No amounts were outstanding under this facility at December 31, 2000.

MMC maintains credit facilities with various banks, primarily related to operations located outside the United States, aggregating \$277 million at December 31, 2000 and \$196 million at December 31, 1999. At December 31, 1999, MMC had borrowed \$88 million under these facilities, which was included in short-term debt. No amounts were outstanding under these facilities at December 31, 2000.

10 Long-term Debt

MMC's outstanding long-term debt is as follows:

December 31, (IN MILLIONS OF DOLLARS)	2000	1999

Commercial paper	\$1,000	\$1,000
Senior notes--6.625% due 2004	596	594
Senior notes--7.125% due 2009	398	398
Mortgage--9.8% due 2009	200	200
Notes payable--8.62% due 2012	80	83
Notes payable--7.68% due 2006	62	63
Other	17	35
	2,353	2,373
Less current portion	6	16

	\$2,347	\$2,357
=====		

Commercial paper borrowing of \$1.0 billion at December 31, 2000 and 1999 has been classified as long-term debt based on MMC's intent and ability to maintain or refinance these obligations on a long-term basis.

During 1997, MMC executed a revolving credit facility with several banks to support its commercial paper borrowing and to fund other general corporate requirements. This noncancelable facility, which expires in June 2002, provided that MMC may borrow up to \$1.2 billion at market rates of interest which may vary depending upon the level of usage of the facility and MMC's credit ratings. Commitment fees of 7 basis points are payable on any unused portion. The facility requires MMC to maintain consolidated net worth of at least \$1.7 billion and contains other restrictions relating to consolidations, mergers and

the sale or pledging of assets. This facility was amended in January 2000 to reduce the aggregate commitment from \$1.2 billion to \$1.0 billion. No amounts were outstanding under this revolving credit facility at December 31, 2000 or December 31, 1999.

In June 1999, MMC sold \$600 million of 6.625% Senior Notes due 2004 and \$400 million of 7.125% Senior Notes due 2009, the proceeds of which were used to repay a portion of the commercial paper borrowing that was used initially to finance the Sedgwick acquisition.

MMC has a fixed rate nonrecourse mortgage note agreement due in 2009 amounting to \$200 million, bearing an interest rate of 9.8%, in connection with its interest in its worldwide headquarters building in New York City. In the event the mortgage is foreclosed following a default, MMC would be entitled to remain in the space and would be obligated to pay rent sufficient to cover interest on the notes or at fair market value if greater.

Scheduled repayments of long-term debt in 2001 and in the four succeeding years are \$6 million, \$1 billion, \$4 million, \$605 million and \$5 million, respectively.

11 Financial Instruments

The estimated fair value of MMC's significant financial instruments is provided below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that MMC would realize upon disposition nor do they indicate MMC's intent or ability to dispose of the financial instrument.

	2000		1999	
December 31, (IN MILLIONS OF DOLLARS)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Nonderivatives:				
Cash and cash equivalents	\$ 240	\$ 240	\$ 428	\$ 428
Long-term investments	976	976	611	611
Short-term debt	337	337	1,131	1,131
Long-term debt	2,347	2,414	2,357	2,374
Derivatives:				
Other assets:				
Interest rate swaps	--	--	--	3
Forward exchange contracts	22	22	--	--

CASH AND CASH EQUIVALENTS: The estimated fair value of MMC's cash and cash equivalents approximates their carrying value.

LONG-TERM INVESTMENTS: Long-term investments primarily consist of available for sale securities recorded at quoted market prices. MMC also has certain additional long-term investments, for which there are no readily available market prices, amounting to \$99 million and \$117 million at December 31, 2000 and 1999, respectively, which are carried on a cost basis. Based on present information, MMC believes that the cost of these investments approximates their fair value.

MMC has classified as available for sale primarily equity securities having an aggregate fair value of \$877 million and \$494 million at December 31, 2000 and 1999, respectively. Gross unrealized gains amounting to \$459 million and \$343 million and gross unrealized losses of \$46 million and \$12 million at December 31, 2000 and 1999, respectively, have been excluded from earnings and reported, net of deferred income taxes, as accumulated other comprehensive income which is a component of stockholders' equity.

MMC recorded net gains associated with its long-term investments of \$72 million, \$53 million and \$40 million, in 2000, 1999 and 1998, respectively. Proceeds from the sale of available for sale securities for the years ended December 31, 2000, 1999 and 1998 were \$237 million, \$105 million and \$62 million, respectively. Gross realized gains on available for sale securities sold during 2000, 1999 and 1998 amounted to \$108 million, \$53 million and \$40 million, respectively. In 2000, MMC recorded a loss of \$36 million related to the impairment of certain long-term investments. The cost of securities sold is determined using the average cost method for equity securities.

A portion of insurance fiduciary funds which MMC holds to satisfy fiduciary obligations are invested in high quality debt securities. The difference between cost and fair value of these investments is not material.

As of December 31, 2000 MMC was committed to purchase, in January 2001, a minority investment in Gruppo Bipop-Carire S.p.A. as part of a joint venture agreement. The committed purchase price of \$286 million has been recorded as a liability in accounts payable and accrued liabilities along with a corresponding available for sale security included in long-term investments in the Consolidated Balance Sheets.

SHORT-TERM AND LONG-TERM DEBT: The fair value of MMC's short-term debt, which consists primarily of commercial paper borrowing, approximates its carrying

value. The estimated fair value of MMC's long-term debt is based on discounted future cash flows using current interest rates available for debt with similar terms and remaining maturities.

INTEREST RATE SWAPS: Historically, MMC has managed its net exposure to interest rate changes by employing a mixture of variable and fixed rate borrowings to finance MMC's asset base. MMC has utilized interest rate swaps to manage its exposure to interest rate movements on its cash and investments as well as its interest expense on borrowings. The counterparties to these contracts are major financial institutions. Management believes that risk of loss is remote and in any event would be immaterial.

The fair values of these interest rate swaps are the estimated amounts that MMC would receive to terminate the agreements at the reporting date, taking into account the current interest rate environment.

A summary of MMC's interest rate swaps as of December 31, 2000 and 1999 is as follows:

(IN MILLIONS OF DOLLARS)	Notional Amount	Termination Dates	Weighted Average Interest Rates	
			Receive	Pay
2000--				
Receive fixed--				
pay variable	\$195	2001-2003	6.3%	6.5%
Receive variable--				
pay fixed	\$ 37	2005	6.7%	5.8%
1999--				
Receive fixed--				
pay variable	\$348	2000-2003	6.5%	5.8%
Receive variable--				
pay fixed	\$ 39	2005	6.1%	5.8%

Forward Exchange Contracts: At December 31, 2000, MMC had open forward exchange contracts to buy Euros for U.S. dollars for an underlying principal amount of \$488 million and sell Euros for U.S. dollars for an underlying principal amount of \$254 million. In addition, MMC had open forward exchange contracts to purchase other foreign currencies for underlying principal amounts totaling \$7 million. These contracts were entered into principally to hedge firm commitments. The fair value of these contracts is determined using year-end forward foreign currency exchange rates.

OPTION CONTRACTS: MMC has entered into option contracts to hedge its interest rate exposures related to personal pension plan redress liabilities in the U.K., discussed further in Note 15. At December 31, 2000, the notional amounts of these option contracts totaled \$296 million, with amounts expiring over the next two years. All option contracts at December 31, 2000 were out of the money and as such the fair market value of these contracts was insignificant. There is no potential for a future loss associated with these options.

12 Special Credits/Charges

In the fourth quarter of 2000, MMC recorded a net special credit of \$2 million. This included a special charge of \$7 million representing a change in the estimates related to the 1999 reserve for employee termination costs associated with the Sedgwick transaction and reserves of \$9 million for office consolidation costs which were reversed in 2000. Of the \$9 million, \$7 million represented lease abandonment costs in London and \$2 million represented office consolidation costs associated with the combination with J&H. The resulting net special credit had no effect on diluted net income per share.

During 1999, MMC recorded special charges totaling \$337 million representing \$266 million of merger-related costs associated with the combination with Sedgwick and \$71 million primarily for acquisition-related awards pertaining to the Sedgwick transaction. The merger-related costs are discussed in detail in Note 4. The net impact of the special charges was \$233 million, after tax, or \$.86 per diluted share.

During 1998, MMC recorded a special charge of \$11 million representing acquisition-related stock unit awards issued to certain senior employees of Sedgwick. In addition, a reserve of approximately \$15 million related to a 1996 provision for restructuring was reversed in 1998. The resulting net special credit of \$4 million increased diluted net income per share by \$.01 for the year.

13 Common Stock

In April 1999, MMC completed the sale of 4.1 million common shares realizing approximately \$300 million of net proceeds.

On May 20, 1998, the Board of Directors authorized a three-for-two stock distribution of MMC's common stock, which was issued as a stock dividend on June 26, 1998. All references to per share amounts have been restated for this stock distribution.

On September 18, 1997, MMC's Board of Directors approved the extension of the benefits afforded by MMC's previously existing rights plan by adopting a new stockholder rights plan, which was amended and restated as of January 20, 2000. Under the current plan, Rights to purchase stock, at a rate of one Right for each common share held, were distributed to shareholders of record on September 29, 1997 and automatically attach to shares issued thereafter. Under the plan, the Rights generally become exercisable after a person or group (i) acquires 15% or more of MMC's outstanding common stock or (ii) commences a tender offer that would result in such a person or group owning 15% or more of MMC's common stock. When the Rights first become exercisable, a holder will be entitled to buy from MMC a unit consisting of one three-hundredth of a share of Series A Junior Participating Preferred Stock of MMC at a purchase price of \$400. If any person acquires 15% or more of MMC's common stock or if a 15% holder acquires MMC by means of a reverse merger in which MMC and its stock survive, each Right not owned by a 15% or more shareholder would become exercisable for common stock of MMC (or in certain circumstances, other consideration) having a market value equal to twice the exercise price of the Right. The Rights expire on September 29, 2007, except as otherwise provided in the plan.

15 Claims, Lawsuits and Other Contingencies

MMC and its subsidiaries are subject to various claims, lawsuits and proceedings consisting principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering investment and consulting services. Some of these matters seek damages, including punitive damages, in amounts which could, if assessed, be significant.

Sedgwick Group plc, since prior to its acquisition, has been engaged in a review of previously undertaken personal pension plan business as required by United Kingdom regulators to determine whether redress should be made to customers. As of December 31, 2000, settlements and related costs previously paid amount to approximately \$200 million of which approximately \$30 million is due from or has been paid by insurers. The contingent exposure of Sedgwick for pension redress and related costs is estimated to be \$240 million. Sedgwick has recorded \$100 million of reserves and recognized approximately \$140 million of insurance recoveries related to this exposure.

Other present and former subsidiaries of MMC are engaged in a comparable review of their personal pension plan businesses, although the extent of their activity in this area, and consequently their financial exposure, was proportionally much less than Sedgwick. The contingent exposure of the present and former non-Sedgwick subsidiaries of MMC for pension redress and related costs is estimated to be approximately \$110 million, essentially all of which is expected to be recovered from insurers. As of December 31, 2000, net settlements and related costs previously paid total approximately \$55 million.

MMC's ultimate exposure from the United Kingdom Personal Investment Authority review, as presently calculated and including Sedgwick, is subject to a number of variable factors including, among others, the interest rate established quarterly by the U.K. Personal Investment Authority for calculating compensation, equity markets, and the precise scope, duration, and methodology of the review as required by that Authority.

As part of the combination with Sedgwick, MMC acquired several insurance underwriting businesses that were already in run-off. Sedgwick had issued guarantees with respect to certain liabilities of these operations.

On the basis of present information, anticipated insurance coverage and advice received from counsel, it is the opinion of MMC's management that the disposition or ultimate determination of these claims, lawsuits, proceedings or guarantees will not have a material adverse effect on MMC's consolidated results of operations or its consolidated financial position.

16 Segment Information

MMC operates in three principal business segments based on the services provided. Segment performance is evaluated based on operating income, which is after deductions for directly related expenses and minority interest but before special credits/charges. The accounting policies of the segments are the same as those used for the consolidated financial statements described in Note 1. Revenues are attributed to geographic areas on the basis of where the services are performed.

Selected information about MMC's operating segments and geographic areas of operation follow:

For the Three Years Ended December 31, (IN MILLIONS OF DOLLARS)	Revenue from External Customers	Segment Operating Income	Total Assets	Depreciation and Amortization	Capital Expenditures

2000--					
Risk and Insurance Services	\$ 4,780(a)	\$ 944	\$ 8,745	\$ 304	\$ 244
Investment Management	3,242	1,027	2,276	100	139
Consulting	2,135	312	1,717	65	89

	\$10,157	\$ 2,283	\$12,738	\$ 469	\$ 472
=====					
1999--					
Risk and Insurance Services	\$ 4,523(a)	\$ 806	\$ 8,016	\$ 275	\$ 287
Investment Management	2,684	836	2,235	78	57
Consulting	1,950	260	1,511	54	50

	\$ 9,157	\$ 1,902	\$11,762	\$ 407	\$ 394
=====					
1998--					
Risk and Insurance Services	\$ 3,351(a)	\$ 613	\$ 8,084	\$ 171	\$ 263
Investment Management	2,296	677	1,437	55	70
Consulting	1,543	202	1,490	41	50

	\$ 7,190	\$ 1,492	\$11,011	\$ 267	\$ 383
=====					

A reconciliation of the totals for the operating segments to the applicable line items in the consolidated financial statements is as follows:

(IN MILLIONS OF DOLLARS)	2000	1999	1998

Income Before Income Taxes and Minority Interest:			
Total segment operating income	\$ 2,283	\$ 1,902	\$ 1,492
Special credits (charges) (see Note 12)	2	(337)	4
Corporate expense	(127)	(103)	(76)
Reclassification of minority interest	21	5	--
Operating income	2,179	1,467	1,420
Interest income	23	21	25
Interest expense	(247)	(233)	(140)
Total income before income taxes and minority interest	\$ 1,955	\$ 1,255	\$ 1,305
=====			

(IN MILLIONS OF DOLLARS)	Total Operating Segments	Corporate/ Eliminations	Total Consolidated

Other Significant Items:

2000--			
Total assets	\$12,738	\$ 1,031(b)	\$13,769
Depreciation and amortization	469	19	488
Capital expenditures	472	40	512
1999--			
Total assets	\$11,762	\$ 1,412(b)	\$13,174
Depreciation and amortization	407	24	431
Capital expenditures	394	82	476
1998--			
Total assets	\$11,011	\$ 860(b)	\$11,871
Depreciation and amortization	267	5	272
Capital expenditures	383	3	386
=====			

(a) Includes interest income on fiduciary funds (\$195 million in 2000, \$167 million in 1999 and \$137 million in 1998).

(b) Corporate assets primarily include unallocated goodwill, insurance recoverables, deferred tax assets and a portion of MMC's headquarters building.

Information by geographic area is as follows:

=====

(In millions of dollars)	Revenue from External Customers	Fixed Assets, Net

Geographic Area:		
2000--		
United States	\$ 7,223	\$ 916
United Kingdom	1,292	310
Continental Europe	769	52
Other	873	82

	\$10,157	\$ 1,360
=====		
1999--		
United States	\$ 6,375	\$ 822
United Kingdom	1,251	344
Continental Europe	748	66
Other	783	82

	\$ 9,157	\$ 1,314
=====		
1998--		
United States	\$ 5,235	\$ 720
United Kingdom	820	413
Continental Europe	551	85
Other	584	69

	\$ 7,190	\$ 1,287
=====		

Report of Management

The management of Marsh & McLennan Companies, Inc. has prepared and is responsible for the accompanying financial statements and other related financial information contained in this annual report. MMC's financial statements were prepared in accordance with generally accepted accounting principles, applying certain estimates and informed judgments as required. Deloitte & Touche LLP, independent auditors, have audited the financial statements and have issued their report thereon.

MMC maintains a system of internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's authorization, that assets are safeguarded and that proper financial records are maintained. Key elements of MMC's internal controls include securing the services of qualified personnel and proper segregation of duties. Internal auditors monitor the control system by examining financial reports, by testing the accuracy of transactions and by otherwise obtaining assurance that the system is operating in accordance with MMC's objectives.

The Audit Committee of the Board of Directors is composed entirely of independent outside directors and is responsible for recommending to the Board the independent auditors to be engaged to audit MMC's financial statements, subject to stockholder ratification. In addition, the Audit Committee meets periodically with internal auditors and the independent auditors, both with and without management, to discuss MMC's internal accounting controls, financial reporting and other related matters. The internal auditors and independent auditors have full and unrestricted access to the Audit Committee.

Sandra S. Wijnberg
Senior Vice President and
Chief Financial Officer
March 2, 2001

Independent Auditors' Report

The Board of Directors and Stockholders of
Marsh & McLennan Companies, Inc.:

We have audited the accompanying consolidated balance sheets of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
New York, New York
March 2, 2001

Marsh & McLennan Companies, Inc. and Subsidiaries
SELECTED QUARTERLY FINANCIAL DATA AND
SUPPLEMENTAL INFORMATION (UNAUDITED)

(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)	Revenue	Operating Income	Net Income	Net Income Per Share(a)		Dividends Paid Per Share	Stock Price Range High-Low

				Basic	Diluted		

2000:							
First quarter	\$ 2,665	\$ 619	\$ 337	\$ 1.26	\$ 1.19	\$.45	\$110.69- 70.50
Second quarter	2,481	514	276	1.02	.96	.45	\$112.50- 91.38
Third quarter	2,535	526	282	1.04	.97	.50	\$134.94-102.75
Fourth quarter	2,476	520	286	1.03	.98	.50	\$135.69-108.31

	\$10,157	\$ 2,179	\$ 1,181	\$ 4.35	\$ 4.10	\$ 1.90	\$135.69- 70.50
=====							
1999:							
First quarter	\$ 2,351	\$ 519	\$ 279	\$ 1.08	\$ 1.03	\$.40	\$ 79.38- 57.13
Second quarter	2,245	349(b)	177(b)	.68	.63(b)	.40	\$ 81.13- 68.13
Third quarter	2,227	427	223	.84	.81	.45	\$ 81.50- 61.75
Fourth quarter	2,334	172(c)	47(c)	.17	.16(c)	.45	\$ 96.75- 64.38

	\$ 9,157	\$ 1,467(d)	\$ 726(d)	\$ 2.76	\$ 2.62(d)	\$ 1.70	\$ 96.75- 57.13
=====							
1998:							
First quarter	\$ 1,776	\$ 404	\$ 231	\$.90	\$.87	\$.33	\$ 61.67- 46.38
Second quarter	1,750	346	193	.75	.72	.33	\$ 63.25- 54.83
Third quarter	1,719	335	186	.73	.69	.40	\$ 64.31- 46.13
Fourth quarter	1,945	335	186	.73	.70	.40	\$ 61.94- 43.38

	\$ 7,190	\$ 1,420	\$ 796	\$ 3.11	\$ 2.98	\$ 1.46	\$ 64.31- 43.38
=====							

(a) Net income per share is computed independently for each of the periods presented. Accordingly, the sum of the quarterly net income per share amounts exceeds the total for the year in 1999.

(b) Excluding special charges of \$84 for the second quarter of 1999, operating income, net income and diluted net income per share are \$433, \$228 and \$.82, respectively.

(c) Excluding special charges of \$253 for the fourth quarter of 1999, operating income, net income and diluted net income per share are \$425, \$229 and \$.82, respectively.

(d) Excluding special charges of \$337 for the full year 1999, operating income, net income and diluted net income per share are \$1,804, \$959 and \$3.48, respectively.

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

All per share amounts have been restated for a three-for-two stock distribution of MMC's common stock, which was issued as a stock dividend on June 26, 1998.

As of February 28, 2001, there were 11,245 stockholders of record.

Marsh & McLennan Companies, Inc. and Subsidiaries
FIVE-YEAR STATISTICAL SUMMARY OF OPERATIONS

For the Five Years Ended December 31, (IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)	2000	1999(a)	1998	1997(d)	1996(f)	Compound Growth Rate 1995-2000
Revenue:						
Risk and Insurance Services	\$ 4,780	\$ 4,523	\$ 3,351	\$ 2,789	\$ 1,907	19%
Investment Management	3,242	2,684	2,296	1,882	1,338	29%
Consulting	2,135	1,950	1,543	1,338	1,159	15%
Total Revenue	10,157	9,157	7,190	6,009	4,404	21%
Expenses:						
Compensation and Benefits	4,941	4,574	3,561	3,044	2,204	20%
Other Operating Expenses	3,037	3,116	2,209	2,167	1,485	19%
Total Expenses	7,978	7,690	5,770	5,211	3,689	20%
Operating Income	2,179	1,467(b)	1,420	798(e)	715(g)	26%
Interest Income	23	21	25	24	14	
Interest Expense	(247)	(233)	(140)	(107)	(61)	
Income Before Income Taxes and Minority Interest	1,955	1,255	1,305	715	668	25%
Income Taxes	753	524	509	281	209(h)	
Minority Interest, Net of Tax	21	5	--	--	--	
Net Income	\$ 1,181	\$ 726	\$ 796	\$ 434	\$ 459	24%
Basic Net Income Per Share Information:						
Net Income Per Share	\$ 4.35	\$ 2.76	\$ 3.11	\$ 1.77	\$ 2.11	19%
Average Number of Shares Outstanding	272	263	256	245	217	
Diluted Net Income Per Share Information:						
Net Income Per Share	\$ 4.10	\$ 2.62	\$ 2.98	\$ 1.73	\$ 2.08	18%
Average Number of Shares Outstanding	284	272	264	251	221	
Dividends Paid Per Share	\$ 1.90	\$ 1.70	\$ 1.46	\$ 1.26	\$ 1.11	14%
Return on Average Stockholders' Equity	25%	19%	23%	17%	26%	
Year-end Financial Position:						
Working capital	\$ (480)	\$ (1,076)	\$ (1,657)(c)	\$ 224	\$ 192	
Total assets	\$ 13,769	\$ 13,174	\$ 11,871	\$ 7,912	\$ 4,545	
Long-term debt	\$ 2,347	\$ 2,357	\$ 1,590	\$ 1,240	\$ 458	
Stockholders' equity	\$ 5,228	\$ 4,170	\$ 3,659	\$ 3,233	\$ 1,889	
Total shares outstanding (excluding treasury shares)	276	267	257	255	217	
Other Information:						
Number of employees	57,000	52,900	54,300	36,400	27,000	
Stock price ranges--						
U.S. exchanges--High	\$ 135.69	\$ 96.75	\$ 64.31	\$ 53.33	\$ 38.29	
--Low	\$ 70.50	\$ 57.13	\$ 43.38	\$ 34.21	\$ 28.08	

(a) Includes full year results for Sedgwick, which was acquired in November 1998.

(b) Includes a special charge of \$337 million.

(c) Includes \$2.2 billion of commercial paper borrowings made to initially finance the acquisition of Sedgwick.

(d) Includes the operating results of Johnson & Higgins, an insurance broking and consulting services firm, acquired in March 1997 and CECAR, a French insurance services firm.

(e) Includes a special charge of \$244 million.

(f) The Frizzell Group Limited was sold in June 1996.

(g) Includes net special charges of \$93 million partially offset by a \$33 million gain on the sale of Frizzell.

(h) Includes a tax adjustment that reduced income taxes by \$40 million. Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. See Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion of significant items affecting the results of operations in 2000 and 1999.

BOARD OF DIRECTORS AND CORPORATE OFFICERS

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MMC Capital, Inc.

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Former Chief Administrative
and Financial Officer,
Morgan Stanley & Co., Inc.

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The Times Mirror Company

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Merchant Banking, Inc.
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Former Commissioner,
Social Security Administration

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Marsh Inc.

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Gwendolyn S. King
John D. Ong
Adele Simmons

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Robert F. Erburu
Ray J. Groves

EXECUTIVE
J.W. Greenberg, CHAIRMAN
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Ray J. Groves
Adele Simmons
A.J.C. Smith

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Chief Financial Officer

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Senior Vice President and
General Counsel

FRANCIS N. BONSIGNORE
Senior Vice President,
Human Resources and Administration

BARBARA S. PERLMUTTER
Senior Vice President, Public Affairs

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Chairman, Arab Fund for Economic
and Social Development

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Mayor, Lyon
Former Prime Minister

MATHIS CABIALLAVETTA (Switzerland)
Vice Chairman, MMC
Chairman, MMC Europe

JOHN R. EVANS (Canada)
Chairman, Torstar Corporation

OSCAR FANJUL (Spain)
Chairman, Hidroelectrica del Cantabrico
Honorary Chairman, Repsol

TOYOO GYOHTEN (Japan)
President, Institute for International
Monetary Affairs
Former Chairman, The Bank of Tokyo

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Senior International Advisor,
Merrill Lynch
Former Ambassador of Brazil
to the United States

PAUL F. OREFFICE (United States)
Former Chairman and
Chief Executive Officer,
The Dow Chemical Company

SAXON RILEY (United Kingdom)
Chairman, Lloyd's
Former Chairman, Sedgwick Group

JESUS SILVA-HERZOG (Mexico)
Institute for Monetary Affairs
Former Ambassador of Mexico
to the United States

WEI MING YI (China)
Chairman, International Advisory Council,
China International Trust and
Investment Corporation

SHAREHOLDER INFORMATION

ANNUAL MEETING

The 2001 annual meeting of shareholders will be held at 10 a.m., Thursday, May 17, in the 2nd floor auditorium of the McGraw-Hill Building, 1221 Avenue of the Americas, New York City. At the time of the mailing of this annual report, the notice of the annual meeting and proxy statement, together with a proxy card, is scheduled to be sent to each shareholder.

ANTICIPATED 2001 DIVIDEND PAYMENT DATES

February 14 (paid), May 15, August 15, November 15

FINANCIAL AND INVESTOR INFORMATION

Shareholders and prospective investors inquiring about reinvestment and payment of dividends, consolidation of accounts, changes of registration and stock certificate holdings should contact:

The Bank of New York
Shareholder Relations Department
P.O. Box 11258
Church Street Station
New York, NY 10286
Telephone: (800) 457-8968
(610) 312-5238

Certificates for transfer and address changes should be sent to:

The Bank of New York
Receive and Deliver Department
P.O. Box 11002
Church Street Station
New York, NY 10286

The Bank of New York
c/o Computershare Services
Registrar's Department
P.O. Box 82, The Pavilions
Bridgewater Road, Bristol BS99 7NH
England
Telephone: 0870-7020000

The Bank of New York's website:
<http://stock.bankofny.com>

Copies of our annual reports and Forms 10-K and 10-Q may be requested through our website or by contacting:

Corporate Development
Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, NY 10036
Telephone: (212) 345-5475
MMC's website: www.mmc.com

STOCK LISTINGS

MMC's common stock (ticker symbol: MMC) is listed on the New York, Chicago, Pacific and London stock exchanges.

CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS
THIS ANNUAL REPORT TO SHAREHOLDERS CONTAINS FORWARD-LOOKING STATEMENTS, WHICH BY THEIR NATURE INVOLVE RISKS AND UNCERTAINTIES. PLEASE REFER TO MARSH & MCLENNAN COMPANIES' 2000 ANNUAL REPORT ON FORM 10-K FOR "INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS" AND A DESCRIPTION OF CERTAIN FACTORS THAT MAY CAUSE ACTUAL RESULTS TO DIFFER FROM GOALS REFERRED TO HEREIN OR CONTEMPLATED BY SUCH STATEMENTS.

Cartographers
Page 6: UNKNOWN
Page 12: CLAES JANSZ00N VISSCHER--PRINT DATE, 1652
Page 18: NICHOLAS J. VISSCHER--PRINT DATE, 1658

[Background Graphic: COMPASS DESIGN]

[MMC LOGO]

MARSH - PUTNAM - MERCER
MARSH & MCLENNAN COMPANIES

Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, NY 10036
www.mmc.com

SUBSIDIARIES OF
MARSH & MCLENNAN COMPANIES, INC.

A. Constantinidi & CIA. S.C.	Uruguay
ACE Inc	British Virgin Islands
Administradora de Inmuebles Fin, S.A. de C.V.	Mexico
Admiral Ireland Limited	Ireland
Admiral Underwriting Agencies (Ireland) Ltd.	Ireland
Admiral Underwriting Agencies Limited	England
Admirals Limited	England
Advantage Independent Limited	England
Advantage Insurance Services UK Limited	England
AFCO Premium Acceptance Inc.	California
AFCO Premium Credit LLC	Delaware
Affinity Groups Advantage Limited	England
Albert Willcox & Co. of Canada Ltd.	Canada
Aldgate Insurance Brokers (Marine) Limited	England
Aldgate Investments Limited	Bermuda
Aldgate US Investments	England
All Asia Sedgwick Insurance Brokers Corporation	Philippines
Allied Medical Assurance Services Limited	England
Al-Nisr Insurance Co. SAL	Lebanon
Amamit Insurance Agency (1995) Ltd.	Israel
American Overseas Management Corporation (Canada)	Canada
Americas Insurance Services Limited	Scotland
Am-Grip, Inc.	Louisiana
Ancien Cabinet Pierre de Kerpezdron (S.A.)	France
Antah Sedgwick Insurance Brokers Sdn. Bhd.	Malaysia
Anthony Lumsden & Company Limited	England
Anthony Lumsden Group Limited	England
Appleby & Sterling Agency, Inc.	Delaware
APRIMAN, Inc.	California
Arab Commercial Enterprises (Bahrain) Limited	Bahrain
Arab Commercial Enterprises (KWT)	Kuwait
Arab Commercial Enterprises (Qatar) Limited	Qatar
Arab Japanese Insurance Company Limited EC	Bahrain
ARC Sud Ouest SA	France
Assivalo Comercial E Representacoes Ltda.B	Brazil
Assurances Maritimes Eyssautier Malatier Inter SARL	France
Assurconseils Cekar & Jutheau	Senegal
Assureur Conseil de Djibouti- Faugere & Jutheau et Cie SARL	Djibouti
Assureurs Conseils Tchadiens (S.A.R.L.)	Chad
Astramar S.A.	France

Australian Commercial Insurance Agencies Limited	Australia
Australian World Underwriters Pty Ltd.	Australia
Aviation Risk Management Services Limited	England
Avongrove Limited	England
Ayba SA	Argentina
Ayling Marsh SA	Argentina
B.K. Thomas & Partners (General) Limited	England
B.K. Thomas & Partners Limited	England
Baffin Trading Company Ltd.	Canada
Balis & Co., Inc.	Pennsylvania
Bargheon US LLC	Delaware
Bau Assekuranz Vermittlungs GmbH	Germany
Beneficios	Columbia
Bennich Reinsurance Management AB	Sweden
Bevington Vaizey & Foster Limited	England
Blackwood Scott & Company Limited	Scotland
Bland Payne (South Aust.) Pty Limited	Australia
Bland Welch & Co Limited	England
Bland Welch (France) SA	France
Boistel Eyssautier S.A.	France
Boistel S.A.	France
Bonnor Draudimo Brokers UAB	Lithuania
BonnorA/S	Denmark
Border Insurance Services, Inc.	California
Bowring (No.2) Limited	England
Bowring Marine Limited	England
Bowring Reinsurance Brokers Limited	England
Bowring Risk Management Limited	England
Brockman y Schuh Marsh & McLennan Agente de Seguros y de Fianzas, S.A. de C.V.	Mexico
BRW Insurance & Financial Services Limited	Ireland
BRW Insurance Brokers Limited	Ireland
BRW Pension & Financial Consultants Limited	Ireland
Bureau Gogioso Eyssautier S.A.	France
ByS Servicios Especiales, Agente de Seguros, S.A. de C.V.	Mexico
Bysap Servicios Administrativos, S.A. de C.V.	Mexico
C.T. Bowring & Co. (Insurance) Limited	England
C.T. Bowring and Associates (Private) Limited	Zimbabwe
C.T. Bowring Ireland Limited	Ireland
C.T. Bowring Limited	England
C.T. Bowring Trading (s) Limited	England
Cabinet Billet et Cie SA	France
California Insurance Services Inc.	California
Capatho AB	Sweden
Caribbean Marine Associates, Inc.	Florida
Carpenter Bowring (UK) Limited	England
Carter Brito Limited	England

Casualty Insurance Company Services, Inc.	California
CBH Limited	England
Cecar & Jutheau, S.A.	France
Cecar Assurances & Finances	France
Cecar Austria	Austria
Cecar Brasil	Brazil
Cecar Deutschland	Germany
Cecar Inchcape Asia	Hong Kong
Cecar PRB	France
Cecar Reassurances	France
Cecar Tunisie	Tunisia
Chancery Eastcheap Limited	England
Charbonneau, Dulude & Associes (1985) Limitee/Charbonneau,	Canada
Cires SARL	France
Claims, Inc	Texas
Claro Marsh & McLennan Consultores en Recursos Humanos, Ltda.	Chile
Cofast SA	France
Colbituach Insurance Agency	Israel
Combined Performance Measurement Services Limited	Ireland
Compagnie Europeenne De Courtage d'Assurances et de Reassurances	France
Compensacion Tecnica Consultores, S.A. de C.V.	Mexico
Confidentia Life Insurance Agency Ltd.	Israel
Confidentia Marine Insurance Agency (1983) Ltd.	Israel
Constantinidi Marsh SA	Uruguay
Consulmercer-Consultores de Gestao, Sociedade Unipessoal, Ltda.	Portugal
Consultants en Assurance, Prevoyance, Assistance	France
Consultores en Garantias, S.A. de C.V.	Mexico
Corporate Pensions & Financial Services Limited	Scotland
Corporate Research Group (UK) Ltd.	United Kingdom
Corporate Resources Group (s) Ltd.	British Virgin Islands
Corporate Risk Limited	Scotland
Corredores Internacionales de Reaseguros S.A.	Mexico
Countryside, Inc	Tennessee
CRG (India) Private Ltd.	India
CRG (Israel) Ltd.	Israel
CRG (Singapore) PTE	Singapore
CRG (Thai) Ltd.	Thailand
CRG (Thailand) Ltd.	Thailand
CRG A/S	Denmark
CRG Argentina SA	Argentina
CRG Finland OY	Finland
CRG Holdings, Inc.	Philippines
CRG HR SDN BHD	Malaysia
CRG Iberica, SL	Spain
CRG Japan Co. Ltd.	Japan

CRC Ltd.	Hong Kong
CRC S.A.	Switzerland
CRC Sverige AB	Sweden
Crown Court Trust Limited	England
Cruiselook Limited	England
Crump E&S of Sacramento Insurance Services, Inc.	California
Crump E&S of San Francisco Insurance Services, Inc.	California
Crump Financial Services, Inc.	Tennessee
Crump Group, Inc.	Delaware
Crump Insurance Services Northwest, Inc.	Washington
Crump Insurance Services of Atlanta, Inc.	Georgia
Crump Insurance Services of Boston, Inc.	Massachusetts
Crump Insurance Services of Colorado, Inc.	Colorado
Crump Insurance Services of Florida, Inc.	Florida
Crump Insurance Services of Houston, Inc.	Texas
Crump Insurance Services of Illinois, Inc.	Illinois
Crump Insurance Services of Louisiana, Inc.	Louisiana
Crump Insurance Services of Memphis, Inc.	Tennessee
Crump Insurance Services of Michigan	Michigan
Crump Insurance Services of Texas, Inc.	Texas
Crump Insurance Services, Inc.	Texas
Crump of New Jersey, Inc.	New Jersey
Crump of New York, Inc.	New York
Cullen Egan Dell (NZ) Limited	New Zealand
Cumberland Brokerage Limited	Bermuda
CVA Consultants, Inc.	Nevada
D.G. Watt & Associates Ltd.	Canada
Decision Research Corporation	Massachusetts
DeLima Mercer Agencia de Seguros Ltda.	Columbia
DeLima Mercer Consultoria Ltda.	Columbia
Deutsche Post Assekuranz Vermittlungs GmbH	Germany
Digitsuper Limited	England
Don A. Harris & Associates, Inc.	Nevada
Dulude & Associates (1985) Limited	Canada
Duncan C. Fraser & Co.	England
E.W. Payne & Co. (Marine) Limited	England
E.W. Payne (U.K.) Limited	England
Elidov Insurance Agency (1991) Ltd.	Israel
Elysees Prevoyance Gestion	France
Employee Advantage Limited	England
Encon Holdings, Inc.	Ontario
Encon Holdings, Inc.	Texas
Encon Insurance Managers Inc.	Canada
Encon Management Services, Inc.	Canada
Encon Reinsurance Managers Inc.	Canada
Encon Title Insurance Managers Inc.	Canada

Encon Underwriting Agency, Inc.	Texas
Encon Underwriting Limited	England
Energie Courtage S.A.	France
Epsilon Insurance Company, Ltd.	Cayman Islands
Espana Cinco, Inc.	Delaware
Espana Cuatro, Inc.	Delaware
Espana Dos, Inc.	Delaware
Espana Ocho, Inc.	Delaware
Espana Seis, Inc.	Delaware
Espana Siete, Inc.	Delaware
Espana Tres, Inc.	Delaware
Espana Uno, Inc.	Delaware
Euings (London) Limited	England
Exmoor Management Company Limited	Bermuda
Eyssautier Flepp Malatier & Pages S.A.	France
Faugere & Jutheau Bermuda	Bermuda
Fenchurch Insurance Brokers Pty. Limited	Australia
Fernando Mesquida y Asociados SA	Argentina
Flexifund Limited	England
FMV - Flughafen Munchen	
Versicherungsvermittlungsgesellschaft mbH	Germany
Forum Loewenthal Elementary Insurance Agency (1997) Ltd.	Israel
Foster Higgins (Far East) Limited	Hong Kong
Franchelli & Louvet S.A.	France
Franchelli & Louvet Services	France
G. E. Freeman Insurance Agency Limited	Ontario
Gaelarachas Teoranta	Ireland
Galbraith & Green, Inc of Ohio	Ohio
Gatier S.A.	Switzerland
Gem Insurance Company Limited	Bermuda
Geological Information Systems Limited	England
Gold Line Life Insurance Agency (1997) Ltd.	Israel
Gradmann & Holler AG	Switzerland
Gradmann & Holler GbR	Germany
Grupo Assistencial De Economia E Finanzas Tudor S/C Ltda.	Brazil
Grupo Internacional de Reaseguro Intermediario de	
Reaseguro, S.A. de C.V.	Mexico
Grupo Medicos, S.A. de C.V.	Mexico
Guy Bergeron & Associates Inc.	Canada
Guy Carpenter & Cia, S.A.	Spain
Guy Carpenter & Co. Labuan Ltd.	Malaysia
Guy Carpenter & Company	Spain
Guy Carpenter & Company (Asia) Limited	Hong Kong
Guy Carpenter & Company (Canada) Limited	Canada
Guy Carpenter & Company (Stockholm) AB	Sweden
Guy Carpenter & Company BV	Netherlands
Guy Carpenter & Company GmbH	Germany
Guy Carpenter & Company Limited	England

Guy Carpenter & Company Limited	Ireland
Guy Carpenter & Company Ltda.	Brazil
Guy Carpenter & Company Peru Corredores de Reaseguros S.A.	Peru
Guy Carpenter & Company Private Limited (GC)	Singapore
Guy Carpenter & Company Pty. Limited	Australia
Guy Carpenter & Company S.r.l.	Italy
Guy Carpenter & Company, Inc.	Delaware
Guy Carpenter & Company, Inc. of Pennsylvania	Pennsylvania
Guy Carpenter & Company, Ltda.	Brazil
Guy Carpenter & Company, S.A.	Argentina
Guy Carpenter & Company, S.A.	Belgium
Guy Carpenter (Pty) Limited	South Africa
Guy Carpenter (U.K.) Ltd.	England
Guy Carpenter Advisors, Inc.	Delaware
Guy Carpenter Broking, Inc.	Delaware
Guy Carpenter Facultative Pty. Ltd.	Australia
Guy Carpenter Facultatives S.A.	France
Guy Carpenter Insurance Strategy, Inc.	Delaware
Guy Carpenter Italia, S.R.L.	Italy
Guy Carpenter Reinmex Intermediario de Reaseguros, S.A. De C.V.	Mexico
Guy Carpenter Reinsurance Brokers Philippines, Inc.	Philippines
Guy Carpenter y Cia (Mexico) S.A. de C.V.	Mexico
Hansen International Limited	Delaware
Healthcare Agencies Limited	England
Healthcare Risk Management Services, Inc.	Washington
Henry Ward Johnson & Company Insurance Services, Inc.	California
Hobson, Allfrey & Wheeler	England
IMC (Turks & Caicos) Limited	Cayman Islands
Incorporated Names Advisers Limited	England
Insbrokers Ltda.	Uruguay
Insurance Brokers of Nigeria Ltd.	Nigeria
Insurance Management Services Limited	Ireland
Intermediary Systems Limited	England
International Insurance Brokers Inc (Kuwait)	Kuwait
Inter-Ocean Management (Cayman) Limited	Cayman Islands
Inverbys, S.A. de C.V.	Mexico
Invercol Ltd.	Bermuda
Inversiones Orquidea, S.A.	Colombia
IPT Actuarial Services Limited	Ireland
Irish & Maulson Limited	Ontario
Irish Pension Trustees Limited	Ireland
Irish Pensions Trust Limited	Ireland
Ivoiriennes Assurances Conseil	Ivory Coast
J&H Aviation Plc	United Kingdom

J&H Bowring (Bermuda) Investments Ltd.	Bermuda
J&H Global Risk Management Consultancy Limited	England
J&H Interests	New York
J&H Intermediaries (Barbados) Limited	Barbados
J&H Marsh & McLennan (Cayman Islands) Ltd.	Cayman Islands
J&H Marsh & McLennan (UK) Limited	England
J&H Marsh & McLennan Financial Services International Ltd.	Bermuda
J&H Marsh & McLennan Financial Services, Inc.	Indiana
J&H Marsh & McLennan Intermediaries of Washington, Inc.	Washington
J&H Marsh & McLennan International, Inc.	Wisconsin
J&H Marsh & McLennan Kazakhstan LLP	Kazakhstan
J&H Marsh & McLennan Ltd.	Canada
J&H Marsh & McLennan Management (UK) Limited	England
J&H Marsh & McLennan Management (USVI) Ltd.	Virgin Islands
J&H Marsh & McLennan Management, Inc.	New York
J&H Marsh & McLennan Managment (Barbados) Limited	Barbados
J&H Marsh & McLennan Private Client Services, Inc.	Delaware
J&H Marsh & McLennan Pty. Ltd.	Australia
J&H Marsh & McLennan Sigorta ve Reasurans Brokerligi A.S.	Turkey
J&H Marsh & McLennan, Inc.	Texas
J&H Unison Holdings B.V.	Netherlands
James Wigham Poland International Limited	England
Jay R. Corp.	New York
JHM Holdings, Inc.	New York
Johnson & Higgins (Peru) S.A. Corredores De Seguro	Peru
Johnson & Higgins (Uruguay) Inc.	Uruguay
Johnson & Higgins (USVI) Ltd.	Virgin Islands
Johnson & Higgins Agency of Korea, Ltd.	Korea
Johnson & Higgins Consulting (Far East) Ltd.	Hong Kong
Johnson & Higgins Corretores De Seguros Ltda.	Brazil
Johnson & Higgins Holdings Limited	England
Johnson & Higgins Intermediaries (Cayman) Ltd.	Cayman Islands
Johnson & Higgins Ireland Limited	Ireland
Johnson & Higgins Limited	England
Johnson & Higgins Luxembourg, S.A.	Luxembourg
Johnson & Higgins Managment Services, Ltd.	Bermuda
Johnson & Higgins Mediservice - Administradora De Planos De Saude Ltda.	Brazil
Johnson & Higgins of (Cayman Islands) Ltd.	Cayman Islands
Johnson & Higgins of (Chile) Limitada	Chile
Johnson & Higgins Securities, Inc.	Montana
Johnson & Higgins UK Limited	England
Johnson & Higgins W.F. Ltd.	Canada
Johnson & Higgins Willis Faber (U.S.A.) Inc.	New York
Johnson & Higgins Willis Faber Holdings, Inc.	New York
Johnson & Higgins(Bermuda) Limited	Bermuda

JWP Overseas Holdings Limited	England
Kessler & Co	Switzerland
Lamarre, Caty, Houle Ltee	Quebec
LAR/Decision Research Corporation	New York
Legal & Commercial Insurances Limited	Ireland
Les Conseillers Dpt. Inc.	Canada
Liberty Place Underwriters Inc.	Delaware
Lippincott & Margulies, Inc.	New York
Llenrup Participaues S.C. Ltda.	Brazil
Lloyd George Insurance Services Limited	England
Lynch Insurance Brokers Limited	Barbados
M&M Insurance Management Canada Ltd.	British Columbia
M&M Vehicle, L.P.	Delaware
M. A. Gesner of Illinois, Inc.	Illinois
M.B. Fitzpatrick Limited	Ireland
Mactras (Bermuda) Limited	Bermuda
Marclen Holdings, Inc.	Delaware
Marclen LLC	Delaware
Marine Risk Management Services Limited	England
Mariners Insurance Agency, Inc.	Massachusetts
Maritime Adjusters, Inc.	Massachusetts
Marketing/Innovation/Development pour l'industrie-MID, S.A.	France
Marsh - Insurance Brokers ZAO	Russia
Marsh & Co. S.p.A.	Italy
Marsh & McLennan (PNG) Limited	Papua New Guinea
Marsh & McLennan (SA) Pty. Ltd.	Australia
Marsh & McLennan (SASK) Ltd.	Saskatchewan
Marsh & McLennan (Singapore) Pte Ltd	Singapore
Marsh & McLennan (WA Division) Pty. Ltd.	Australia
Marsh & McLennan (WA) Pty. Ltd.	Australia
Marsh & McLennan Agencies Pty. Ltd.	Australia
Marsh & McLennan Agency, Incorporated	Columbia
Marsh & McLennan Argentina SA Risk Management Consultants	Argentina
Marsh & McLennan Co. Inc.	Liberia
Marsh & McLennan Companies UK Limited	England
Marsh & McLennan Estonia Limited	Estonia
Marsh & McLennan Financial Insurance Services of Massachusetts, Inc.	Massachusetts
Marsh & McLennan Financial Markets, Inc.	Delaware
Marsh & McLennan Financial Services of Texas, Inc.	Texas
Marsh & McLennan Finland Oy	Finland
Marsh & McLennan FINPRO Limited	England
Marsh & McLennan GbR Holdings, Inc.	Delaware
Marsh & McLennan Global Broking (Dublin) Ltd.	Ireland
Marsh & McLennan GP I, Inc.	Delaware
Marsh & McLennan GP II, Inc.	Delaware
Marsh & McLennan Holdings GmbH	Germany

Marsh & McLennan Holdings Limited	England
Marsh & McLennan Holdings, Inc.	Delaware
Marsh & McLennan Limited	Hong Kong
Marsh & McLennan LP II, Inc.	Delaware
Marsh & McLennan Management Services (Barbados), Ltd.	Barbados
Marsh & McLennan Management Services (Bermuda) Limited	Bermuda
Marsh & McLennan Management Services (Dublin) Limited	Ireland
Marsh & McLennan Management Services (Guernsey) Limited	Guernsey
Marsh & McLennan Management Services (L) Ltd.	Labuan
Marsh & McLennan Nederland B.V.	Netherlands
Marsh & McLennan Pallas Holdings, Inc.	Delaware
Marsh & McLennan Properties (Bermuda) Ltd.	Bermuda
Marsh & McLennan Properties, Inc.	Delaware
Marsh & McLennan Real Estate Advisors, Inc.	Delaware
Marsh & McLennan Risk Capital Holdings, Ltd.	Delaware
Marsh & McLennan Securities Corporation	Delaware
Marsh & McLennan Securities Group Limited	England
Marsh & McLennan Securities International, Ltd.	Bermuda
Marsh & McLennan Services Limited	England
Marsh & McLennan Sweden AB	Sweden
Marsh & McLennan, Incorporated	Virgin Islands
Marsh (Charities Fund) Limited	England
Marsh (Insurance Services) Limited	England
Marsh (Isle of Man) Limited	Isle of Man
Marsh (Middle East) Limited	England
Marsh (Namibia) (Proprietary) Limited	Namibia
Marsh (Pty) Limited	Botswana
Marsh (South Africa) (Proprietary) Limited	South Africa
Marsh A/S	Denmark
Marsh AB	Sweden
Marsh AG	Switzerland
Marsh Argentina SA	Argentina
Marsh Asia Pacific Management Pty. Ltd.	Australia
Marsh Austria G.m.b.H.	Austria
Marsh B.V.	Netherlands
Marsh Canada Limited	Canada
Marsh CISO Limited	England
Marsh Claims Management Services (Canada) Limited	Canada
Marsh Commercial Insurance Agencies Pty Ltd.	Australia
Marsh Corporate Services Limited	England
Marsh Corretora de Seguros Ltda.	Brazil
Marsh d.o.o. za posredovanje u osiguranju	Croatia
Marsh Eurofinance BV	Netherlands
Marsh Europe S.A.	Belgium
Marsh Financial Insurance Services of Massachusetts, Inc.	Massachusetts
Marsh Financial Services (Guernsey) Limited	Guernsey

Marsh Financial Services (Jersey) Limited	Jersey
Marsh Financial Services Limited	England
Marsh Financial Services Limited (Ireland)	Ireland
Marsh Financial Services of Texas, Inc.	Texas
Marsh Financial Services, Inc.	New York
Marsh Forsakringsmaklare AB	Sweden
Marsh Georgia Limited	England
Marsh Global Broking (Bermuda) Ltd.	Bermuda
Marsh Global Broking GmbH	Germany
Marsh Global Broking, Inc. (Connecticut)	Connecticut
Marsh Global Broking, Inc. (Illinois)	Illinois
Marsh Global Broking, Inc. (Missouri)	Missouri
Marsh Global Broking, Inc. (New Jersey)	New Jersey
Marsh Global Broking, Inc. (Texas)	Texas
Marsh GmbH	Germany
Marsh Holdings (Proprietary) Limited	South Africa
Marsh Holdings BV	Netherlands
Marsh Holdings Limited	England
Marsh Inc.	Delaware
Marsh Insurance & Investments Corp.	Delaware
Marsh Insurance Brokers Limited	England
Marsh Intermediaries of Washington, Inc.	Washington
Marsh Intermediaries, Inc.	New York
Marsh International Broking Holdings Limited	England
Marsh International Holdings II, Inc.	Delaware
Marsh International Holdings, Inc.	Delaware
Marsh International Limited	England
Marsh Ireland Holdings Limited	Ireland
Marsh Ireland Limited	Ireland
Marsh Israel (1999) Ltd.	Israel
Marsh Israel (s) Ltd.	Israel
Marsh Israel Consultants Ltd.	Israel
Marsh Israel Insurance Agency Ltd.	Israel
Marsh Israel International Brokers Ltd.	Israel
Marsh Israel Life and Pension Insurance Agency Ltd.	Israel
Marsh Japan, Inc.	Japan
Marsh Kft.	Hungary
Marsh Limited	England
Marsh Limited (Fiji)	Fiji
Marsh Limited (New Zealand)	New Zealand
Marsh Link Limited	England
Marsh LLC Insurance Brokers	Greece
Marsh LLP	Kazakhstan
Marsh Ltd.	Wisconsin
Marsh Luxembourg SA	Luxembourg
Marsh Management Services (Guernsey) Limited	Guernsey

Marsh Management Services Inc.	New York
Marsh Management Services Isle of Man Limited	Isle of Man
Marsh Management Services Jersey Limited	Jersey
Marsh Management Services Luxembourg SA	Luxembourg
Marsh Marine & Energy AB	Sweden
Marsh Marine & Energy AS	Norway
Marsh Marine & Energy Limited	England
Marsh Mercer Investment Trustee Limited	England
Marsh Mercer Pension Fund Trustee Limited	England
Marsh Norway AS	Norway
Marsh Oy	Finland
Marsh Peru SA	Peru
Marsh Philippines, Inc.	Philippines
Marsh Privat AIE	Spain
Marsh Properties & Services Limited	England
Marsh Pty. Ltd.	Australia
Marsh Risk Consulting BV	Netherlands
Marsh Risk Consulting SA	Argentina
Marsh Risk Consulting Services S.r.L.	Italy
Marsh S.A. (France)	France
Marsh S.A. Corredores De Seguros	Chile
Marsh S.A. Mediadores de Seguros	Spain
Marsh S.p.A.	Italy
Marsh S.R.L.	Romania
Marsh s.r.o.	Czech Republic
Marsh s.r.o.	Slovakia
Marsh SA (Luxembourg)	Luxembourg
Marsh San Sigorta Ve Reasurans Brokerligi A.S.	Turkey
Marsh Space Projects Limited	England
Marsh Spolka z.o.o.	Poland
Marsh Treasury Services Limited	England
Marsh Tunisia	Tunisia
Marsh UK Group Limited	England
Marsh UK Limited	England
Marsh Ukraine Limited	England
Marsh USA Agency Inc.	Texas
Marsh USA Benefits Inc.	Texas
Marsh USA Inc. (Alabama)	Alabama
Marsh USA Inc. (Alaska)	Alaska
Marsh USA Inc. (Arkansas)	Arkansas
Marsh USA Inc. (Connecticut)	Connecticut
Marsh USA Inc. (Delaware)	Delaware
Marsh USA Inc. (Idaho)	Idaho
Marsh USA Inc. (Illinois)	Illinois
Marsh USA Inc. (Indiana)	Indiana
Marsh USA Inc. (Kentucky)	Kentucky

Marsh USA Inc. (Louisiana)	Louisiana
Marsh USA Inc. (Massachusetts)	Massachusetts
Marsh USA Inc. (Michigan)	Michigan
Marsh USA Inc. (Mississippi)	Mississippi
Marsh USA Inc. (Nevada)	Nevada
Marsh USA Inc. (Ohio)	Ohio
Marsh USA Inc. (Oklahoma)	Oklahoma
Marsh USA Inc. (Pennsylvania)	Pennsylvania
Marsh USA Inc. (Puerto Rico)	Puerto Rico
Marsh USA Inc. (Rhode Island)	Rhode Island
Marsh USA Inc. (Texas)	Texas
Marsh USA Inc. (Utah)	Utah
Marsh USA Inc. (Virginia)	Virginia
Marsh USA Inc. (West Virginia)	West Virginia
Marsh USA Risk Services Inc. (Maine)	Maine
Marsh Venezuela C.A.	Venezuela
Marsh Vitsan Sigorta Ve Reasurans Brokerligi A.S.	Turkey
Marsh, Lda.	Portugal
Marsh.	Belgium
Marsh-Assureurs Conseils Tchadiens SARL	Chad
Marshcan Insurance Brokers Limited	Canada
Matchgrange Holdings Limited	England
Matchgrange Limited	England
Mathews Mulcahy & Sutherland Ltd.	Ireland
Matthiessen Assurans AB	Sweden
Matthiessen Reinsurance Ltd AB	Sweden
Mearbridge LLC	Delaware
Media Reinsurance Corporation	Barbados
Medisur SA	France
Medisure Affinity Services Limited	England
Medisure Corporate Services Limited	England
Medisure Marketing and Management Limited	England
Medisure, Seabury & Smith Limited	England
Mees & Zoonen Argentina SA	Argentina
Members Insurance Club Agency, Inc.	Louisiana
Members Insurance Club Agency, Inc.	Ohio
Mercer AS	Norway
Mercer Australia Limited	Australia
Mercer C & B S.A. de C.V.	Mexico
Mercer C & B Servicios, S.A. de C.V.	Mexico
Mercer Consulting Group Verwaltungs GmbH	Germany
Mercer Consulting Group, Inc.	Delaware
Mercer Consulting Services S.A.	Switzerland
Mercer Limited	Ireland
Mercer Management Consulting AG	Switzerland
Mercer Management Consulting Dr. Seebauer GmbH & Co. KG	Germany

Mercer Management Consulting GmbH	Germany
Mercer Management Consulting Group AG	Switzerland
Mercer Management Consulting Limited	Canada
Mercer Management Consulting S.L.	Spain
Mercer Management Consulting Servicios, S. de R.L. De C.V.	Mexico
Mercer Management Consulting SNC	France
Mercer Management Consulting, Inc.	Delaware
Mercer Management Consulting, Limited	England
Mercer Management Consulting, Ltd.	Bermuda
Mercer Management Consulting, S. De R.L. De C.V.	Mexico
Mercer MW Corredore de Seguro	Brazil
Mercer MW Ltda.	Brazil
Mercer R.H. SARL	France
Mercer SA	France
Mercer Trustees Limited	England
Mercer Trustees Limited	Ireland
Mercer-Faugere & Jutheau SA	France
Microsafe Limited	England
MMC BANCORP	Massachusetts
MMC Capital, Inc.	Delaware
MMC Enterprise Risk (UK) Limited	England
MMC Enterprise Risk Consulting, Inc.	Delaware
MMC Enterprise Risk Products Limited	England
MMC Enterprise Risk Services Limited	England
MMC Enterprise Risk, Inc.	Delaware
MMC France	France
MMC Realty, Inc.	New York
MMRC LLC	Delaware
MMRCH LLC	Delaware
MMSC Holdings, Inc.	Delaware
MMSC Risk Advisors, Inc.	Delaware
MMSC Structured Risk Services, Inc.	Delaware
Monalsa Assessoria Economico Financiera Ltda	Brazil
MPA (International) Limited	England
MPA Superannuation Services Limited	Australia
MPA Superfund Nominees Pty. Limited	Australia
Muir Beddall (Zimbabwe) Limited	Zimbabwe
MVM Versicherungsberatungs Gesellschaft m.b.H.	Austria
MVM Versicherungsmakler AG	Switzerland
National Economic Research Associates, Inc. (California)	California
National Economic Research Associates, Inc. (Delaware)	Delaware
National Medical Audit	California
NERA do Brasil Ltda.	Brazil
NERA UK Limited	England
Neuburger Noble Lowndes GmbH	Germany
New, S.A.	Peru

Niu Marsh Limited	Papua New Guinea
NKK-Putnam Management, S.A.	Luxembourg
Noble Lowndes Pensions Limited	England
Noble Lowndes Personal Financial Services Limited	England
Normandy Reinsurance Company Limited	Bermuda
OCR Ltd.	Australia
Office des Assures	France
Omega Indemnity (Bermuda) Limited	Bermuda
Omnium d'Assurances Maritimes	France
Organizacion Brockman y Schuh, S.A. de C.V.	Mexico
Overseas Reinsurance Corporation Limited	Bermuda
P.I.C. Advisory Services Limited	Ireland
P.T. Marsh	Indonesia
Pacific Marine Associates, Inc.	California
Pallas Gradmann & Holler do Brasil Corretores de Seguros Ltda.	Brazil
Pan Agora Asset Management	Delaware
Pan Agora Asset Management, Ltd.	England
Panhandle Insurance Agency, Inc.	Texas
Paul Napolitan, Inc.	Delaware
Payment Protection Services Limited	Ireland
Penguin Investments (Pty) Limited	Botswana
Pension Trustees Limited	England
Pensioneer Trustees (Leeds) Limited	England
Pensioneer Trustees (London) Limited	England
Pensioneer Trustees Limited	England
Peter Smart Associates Limited	England
PFT Limited	England
Philadelphia Insurance Management Company	Delaware
PI Financial Risk Services (Pty) Limited	South Africa
PII Holding, Inc.	Massachusetts
Pratte-Morrisette, Inc.	Quebec
Prevoyance Retraite International Management	France
Price Forbes Australia Limited	Australia
Price Forbes Limited	England
PRIESTIM SCI	France
Primary Funds Service Corp.	Delaware
Professional Indemnity Re, Ltd.	Bermuda
Professional Risk Consultants (Proprietary) Limited	South Africa
Professional Risk Services (Proprietary) Limited	South Africa
PT C.R.G.	Indonesia
Putnam Aviation Holdings, LLC	Delaware
Putnam Capital, LLC	Delaware
Putnam Fiduciary Trust Company	Massachusetts
Putnam FuturesAdvisors, Inc.	Massachusetts
Putnam International Advisory Company, S.A.	Luxembourg
Putnam International Distributors, Ltd.	Cayman Islands

Putnam International Growth Management S.A.	Luxembourg
Putnam Investment Holdings, LLC	Delaware
Putnam Investment Management, LLC	Delaware
Putnam Investments Argentina, S.A.	Argentina
Putnam Investments Limited (Ireland)	Ireland
Putnam Investments Limited (UK)	England
Putnam Investments Trust	Massachusetts
Putnam Investments, LLC	Delaware
Putnam Investor Services, Inc.	Massachusetts
Putnam Overseas Institutional Management Company Ltd.	Bahamas
Putnam Retail Management, Inc.	Massachusetts
R. Mees & Zoonen Holdings B.V.	Netherlands
R.I.A.S. Insurance Services Limited	Scotland
R.W. Gibbon & Son (Underwriting Agencies) Limited	England
Racal Insurance Services Limited	England
RAS Administration Services (Pty) Limited	South Africa
Ratio SARL	France
Reclaim Limited	England
Regis Agencies Limited	England
Reinmex de Colombia Corredores de Reaseguos, Ltda.	Mexico
Reinmex Florida, Inc.	Florida
Reinsurance and Insurance Management Services Limited	Bermuda
Reinsurance Solutions International, L.L.C.	United States of America
Reinsurances (Pacific) Ltd.	Fiji
Reinsurances New Zealand Ltd.	New Zealand
Reitmulders & Partners B.V.	Netherlands
ReSolutions International Limited	England
Resolutions International Limited (Delaware)	Delaware
Retach Corporation	Delaware
RG Serv. Philippines Inc.	Philippines
Rhone Limited	England
RIC Management Services Ltd.	Ireland
Richard Sparrow and Company (International Non Marine) Limited	England
Richard Sparrow and Company Limited	England
Richard Sparrow Holdings Limited	England
Risk Management Ltd.	New Zealand
River Thames Insurance Company Limited	England
Rivers Group Limited	England
RMB-Risk Management Beratungs-GmbH	Germany
Rosh Insurance Agency (1990) Ltd.	Israel
Ross Collins Holdings Limited	England
Route 413 Associates, Inc.	Pennsylvania
S.J. Petrakis Insurance Services, Inc	California
S.P.K. Bowring Marsh & McLennan Sdn. Bhd.	Malaysia
SAFCAR Cekar & Jutheau	Mali

Saudi Arabian Insurance Company EC
 Saudi Arabian Insurance Company Limited
 SBI Reinsurance Company, Ltd.
 Schatz Insurance Agencies, Inc.
 SCIB (Bermuda) Limited
 SCMS Administrative Services, Inc.
 Seabury & Smith Agency, Inc.
 Seabury & Smith Group Limited
 Seabury & Smith Limited
 Seabury & Smith Limited
 Seabury & Smith of Arkansas, Inc.
 Seabury & Smith of Georgia, Inc.
 Seabury & Smith of Idaho, Inc.
 Seabury & Smith of Illinois, Inc.
 Seabury & Smith, Inc. (Delaware)
 Seabury & Smith, Inc. (Indiana)
 Seabury & Smith, Inc. (Kentucky)
 Seabury & Smith, Inc. (Louisiana)
 Seabury & Smith, Inc. (Massachusetts)
 Seabury & Smith, Inc. (Michigan)
 Seabury & Smith, Inc. (Nevada)
 Seabury & Smith, Inc. (Oklahoma)
 Seabury & Smith, Inc. (Texas)
 Seabury & Smith, Inc. (Virginia)
 SEDFEMA Insurance Brokers, Inc.
 Sedgwick (Bermuda) Limited
 Sedgwick (Continental) SA
 Sedgwick (Deutschland) GmbH
 Sedgwick (Fiji) Limited
 Sedgwick (Isle of Man) Limited
 Sedgwick (PNG) Limited
 Sedgwick (s) Pty. Limited
 Sedgwick a.s.
 Sedgwick Affinity Group Services Limited
 Sedgwick Africa Holdings (Proprietary) Limited
 Sedgwick Agency Services Limited
 Sedgwick Alpha Limited
 Sedgwick Analysis Services Limited
 Sedgwick Asia Pacific Limited
 Sedgwick Asia Pacific Pte Ltd
 Sedgwick Aviation Limited
 Sedgwick Azeri Limited
 Sedgwick Bahrain WLL
 Sedgwick Bankrisk Limited
 Sedgwick Benefits, Inc.
 Sedgwick Bergvall Holdings AS

Bahrain
 Bermuda
 Bermuda
 Saskatchewan
 Bermuda
 Illinois
 Ohio
 England
 Ontario
 England
 Arkansas
 Georgia
 Idaho
 Illinois
 Delaware
 Indiana
 Kentucky
 Louisiana
 Massachusetts
 Michigan
 Nevada
 Oklahoma
 Texas
 Virginia
 Philippines
 Bermuda
 Switzerland
 Germany
 Fiji
 Isle of Man
 Papua New Guinea
 Australia
 Czech Republic
 England
 South Africa
 England
 England
 England
 Australia
 Singapore
 England
 England
 Bahrain
 England
 Utah
 Norway

Sedgwick Bergvall Inc.	USA
Sedgwick Brimex (Guernsey) Limited	Guernsey
Sedgwick Brimex Romania SRL	Romania
Sedgwick Claims Management Services Limited	Ireland
Sedgwick Claims Management Services, Inc.	Illinois
Sedgwick CMS Holding, Inc.	Delaware
Sedgwick Computer & Network Service Company Limited	England
Sedgwick Construction Asia Limited	Hong Kong
Sedgwick Consulting GmbH	Germany
Sedgwick Consulting Group Limited	England
Sedgwick Corporate and Employee Benefits Limited	Australia
Sedgwick Corporate Services Limited	Isle of Man
Sedgwick Corporate Services Limited	England
Sedgwick Credit Europe Limited	England
Sedgwick Credit Limited	England
Sedgwick Delta Limited	England
Sedgwick Dineen Consulting Group Limited	Ireland
Sedgwick Dineen Employee Benefits Limited	Ireland
Sedgwick Dineen Group Limited	Ireland
Sedgwick Dineen Ireland Limited	Ireland
Sedgwick Dineen Limited	Ireland
Sedgwick Dineen Personal Financial Management Limited	Ireland
Sedgwick Dineen Trustees Limited	Ireland
Sedgwick Energy & Marine Limited	England
Sedgwick Energy (Insurance Services) Inc.	Texas
Sedgwick Energy Limited	England
Sedgwick Epsilon Limited	England
Sedgwick Eta Limited	England
Sedgwick Europe Benefit Consultants BV	Netherlands
Sedgwick Europe Risk Services Limited	England
Sedgwick Europe Risk Solutions Limited	England
Sedgwick Far East Limited	England
Sedgwick Financial Services (Deutschland) GmbH	Germany
Sedgwick Financial Services, Inc	Delaware
Sedgwick Forbes Middle East Limited	Bermuda
Sedgwick Forbes Middle East Limited	Jersey
Sedgwick France SA	France
Sedgwick Gamma Limited	England
Sedgwick Global Limited	England
Sedgwick Global Reinsurance Services Limited	England
Sedgwick GmbH & Co	Germany
Sedgwick Group (Australia) Pty. Limited	Australia
Sedgwick Group (Bermuda) Limited	Bermuda
Sedgwick Group (Netherlands) BV	Netherlands
Sedgwick Group (NZ) Limited	New Zealand
Sedgwick Group (Zimbabwe) Limited	Zimbabwe

Sedgwick Group Canada 1997 Inc.	Canada
Sedgwick Group Development Limited	England
Sedgwick Group Limited	England
Sedgwick Group Nominees Limited	England
Sedgwick Group Overseas Management Services Limited	Bermuda
Sedgwick Group Pension Scheme Trustee Limited	England
Sedgwick Holdings (Private) Limited	Zimbabwe
Sedgwick Insurance Agencies Pty Limited	Australia
Sedgwick Insurance and Risk Management Consultants (China) Co, Ltd	People's Rep. of China
Sedgwick Insurance Brokers (Private) Limited	Zimbabwe
Sedgwick Internationaal BV	Netherlands
Sedgwick International Broking Services Limited	England
Sedgwick International Marketing Services Inc	Delaware
Sedgwick International Risk Management, Inc.	Delaware
Sedgwick Investment Services Limited	England
Sedgwick Investments, Inc.	Delaware
Sedgwick James of Puerto Rico, Inc.	Puerto Rico
Sedgwick Japan Limited	England
Sedgwick Kazakhstan Limited	England
Sedgwick Kenya Insurance Brokers Limited	Kenya
Sedgwick Korea Limited	Korea
Sedgwick Lamda Limited	England
Sedgwick Lark Limited	England
Sedgwick Life and Benefits, Inc.	Texas
Sedgwick Limited	England
Sedgwick Ltd.	New Zealand
Sedgwick Ltd.	Hong Kong
Sedgwick Ltd.	Australia
Sedgwick Ltd.	Taiwan
Sedgwick Management Services (Antigua) Limited	Antigua
Sedgwick Management Services (Barbados) Limited	Barbados
Sedgwick Management Services (Bermuda) Limited	Bermuda
Sedgwick Management Services (Cayman) Limited	Cayman Islands
Sedgwick Management Services (Curacao) N.V.	Netherlands Antilles
Sedgwick Management Services (Guernsey) Limited	Guernsey
Sedgwick Management Services (Ireland) Limited	Ireland
Sedgwick Management Services (Isle of Man) Limited	Isle of Man
Sedgwick Management Services (London) Limited	England
Sedgwick Management Services (Private) Limited	Zimbabwe
Sedgwick Management Services (Singapore) Pte Limited	Singapore
Sedgwick Management Services (U.S.) Ltd.	Vermont
Sedgwick Managing General Agency, Inc.	Texas
Sedgwick Nobel Lowndes B.V.	Netherlands
Sedgwick Noble Lowndes (Europe) Limited	England
Sedgwick Noble Lowndes (NZ) Ltd.	New Zealand
Sedgwick Noble Lowndes Actuarial Limited	Australia

Sedgwick Noble Lowndes Actuarial Services Limited	England
Sedgwick Noble Lowndes Asia Pacific Limited	Australia
Sedgwick Noble Lowndes Conseil SA	France
Sedgwick Noble Lowndes GmbH	Germany
Sedgwick Noble Lowndes Limited	Hong Kong
Sedgwick Noble Lowndes Limited (Ireland)	Ireland
Sedgwick Noble Lowndes North America, Inc.	Delaware
Sedgwick Northern Ireland Risk Services Limited	Northern Ireland
Sedgwick Omega Limited	England
Sedgwick OS Limited	England
Sedgwick Outsourcing Services Limited	England
Sedgwick Overseas Group Limited	England
Sedgwick Overseas Investments Limited	England
Sedgwick Overseas Limited	England
Sedgwick Oy	Finland
Sedgwick Professional Services Limited	New Zealand
Sedgwick Pte Ltd	Singapore
Sedgwick Re Asia Pacific (Consultants) Private Limited	Singapore
Sedgwick Re Asia Pacific Limited	Australia
Sedgwick Re Limited	New Zealand
Sedgwick Reinsurance Brokers Limited	England
Sedgwick Reinsurance Services Limited	England
Sedgwick Risk Consulting Limited	Ireland
Sedgwick Risk Management and Consultancy (Private) Limited	Zimbabwe
Sedgwick Risk Services AB	Sweden
Sedgwick Russia Limited	England
Sedgwick S.A.	France
Sedgwick Slovakia a.s.	Slovakia
Sedgwick Special Risks Limited	England
Sedgwick Superannuation Pty Limited	Australia
Sedgwick Sweden Aktiebolag	Sweden
Sedgwick Thai Limited	Thailand
Sedgwick Theta Limited	England
Sedgwick Turkey Limited	England
Sedgwick UK Risk Services Limited	England
Sedgwick Venezuela Corredores de Reaseguros, C.A.	Venezuela
Sedgwick Verwaltungs-GmbH	Germany
Sedgwick Wiggmoore Communications Limited	England
Sedgwick Zeta Limited	England
SedgwickA/S	Denmark
Sellon Associates, Inc.	New York
Sepakat James Insurance Brokers Sdn Bhd	Malaysia
Sersur	Brazil
Servicios Actuariales Guatemala, S.A.	Guatemala
Servicios Actuariales, S.A. de C.V.	Mexico
SG Services Limited	England

Shariffuddin-Sedgwick (B) Sdn Bhd	Brunei Darussalam
Shipowners of Claims Bureau, Inc.	New York
SIMS Nominees Limited	England
Smith-Sternau Organization, Inc.	Delaware
SNC P. Deleplanque	France
Societe Bargheon	France
Societe Conseil Mercer Limitee	Quebec
Societe d'Assistance a la Gestion et a L'Ingeniere des Risques	France
Societe d'Assurances et de Participations Guian S.A.	France
Societe d'Etude et de Gestion et de Conseil en Assurance SA	Senegal
Societe Francaise de Courtage d'Assurance de Risques Petroliers et d'Energie	France
Societe Internationale de Courtage d'Assurances et de Reassurances Cekar & Jutheu	Burkina Faso
Socodel-Paris S.A.	France
Sogescor SARL	France
Southampton Place Trustee Co. Ltd.	England
Southern Marine & Aviation Underwriters, Inc.	Louisiana
Southern Marine & Aviation, Inc.	Louisiana
Stevton (No.140) Limited	England
Sudzucker Versicherungs-Vermittlungs GmbH	Germany
Sumitomo Marine Claims Services (Europe) Limited	England
Sundance B.V.	Netherlands
Superfund Nominees Pty. Ltd.	Australia
Syndicate and Corporate Management Services Limited	Bermuda
T.I.E. Systems Limited	England
Tamir Insurance Company Ltd.	Israel
Technical Insurance Management Services Pty Limited	Australia
Terra Nova (Bermuda) Holdings Ltd.	Bermuda
TH Lee Putnam Equity Managers Trust	Massachusetts
The ARC Group LLC	Delaware
The Carpenter Management Corporation	Delaware
The Financial & Insurance Advice Centre Limited	England
The International Employer Limited	England
The Marsh Centre Limited	England
The Putnam Advisory Company, LLC	Delaware
The Schinnerer Group, Inc.	Delaware
The Sedgwick Information Exchange Limited	England
The Sumitomo Marine & Fire Insurance Company (Europe) Limited	England
Tmura Loewenthal Ltd.	Israel
Tower Hill Holdings B.V.	Netherlands
Tower Hill Limited	England
Tower Hill Property Company Limited	England
Tower Place Developments Limited	England
Tower Place Holdings Limited	England
Transbrasil Ltda.	Brazil
Transglobe (Guernsey) Limited	Guernsey
Transglobe Management (Bermuda) Ltd.	Bermuda

Travelgold Mexico, S.A. de C.V.	Mexico
Triad Services, Inc.	Delaware
Triad Underwriting Management Agency, Inc.	Delaware
Tudor, Marsh & McLennan Corretores de Seguros Ltda.	Brazil
UBM Consulting France International Management Consultants	France
UBM Consultoria Internacional S/C Ltda.	Brazil
Ulster Insurance Services Limited	Northern Ireland
Union Francaise de Reassurances (S.A.)	France
Uniservice Insurance Service Limited	Bermuda
Unison Insurance Services Limited	England
Unison Management (Bermuda) Ltd.	Bermuda
Unison Management (Dublin) Limited	Ireland
Unison Management (Scandinavia) AB	Sweden
Unison n.v./s.a.	Belgium
Unused Subsidiary, Inc.	New York
Unused Subsidiary, Inc.	Texas
Van Vugt & Beukers BV	Netherlands
Versicherungs-Vermittlungsgesellschaft fur die Energieversorgung Baden-Wurtemberg	Germany
VIC Corporation	Maine
Victor O. Schinnerer & Company Ltd.	England
Victor O. Schinnerer & Company, Inc.	Delaware
Victor O. Schinnerer & Company, Inc.	Ohio
Victor O. Schinnerer of Illinois, Inc.	Illinois
Victoria Hall Company Limited	Bermuda
Vista Insurance Company, Ltd.	Bermuda
VVG Gradmann & Holler Versicherungsvermittlungs GmbH	Germany
VW Versicherungsvermittlungs-GmbH	Germany
White Kennett Limited	England
Wigham Poland (Hellas) Limited	Greece
Wigham Poland (NSW) Pty Limited	Australia
Wigham Poland Australia Pty. Limited	Australia
Wigham Poland Aviation Limited	England
Wigham Poland Life Pty Limited	Australia
Wigham Poland Limited	England
Wigham Poland Marine Limited	England
Wigham Poland Professional Indemnity Limited	England
Wigham Poland Reinsurance Brokers Hellas Limited	Greece
Wigham Poland Reinsurance Brokers Limited	England
Wigham Poland Scotland Limited	Scotland
Willcox Intermediaries Limited	England
Willcox J&H Reinsurance Brokers Limited	England
Willcox Johnson & Higgins Limited	England
Willcox, Barringer & Co. (California) Inc.	California
William M Mercer GmbH	Germany
William M. Mercer (Aust) Limited	Australia
William M. Mercer (Hungary) Kft.	Hungary

William M. Mercer (Isle of Man) Limited	Isle of Man
William M. Mercer (Korea) Co., Ltd.	Korea
William M. Mercer (Malaysia) Sdn. Bhd.	Malaysia
William M. Mercer (NZ) Limited	New Zealand
William M. Mercer (Properties) Ltd.	England
William M. Mercer A.B.	Sweden
William M. Mercer A/S	Denmark
William M. Mercer Agente de Seguros S.A. de C.V.	Mexico
William M. Mercer Broking (Taiwan) Ltd.	Taiwan
William M. Mercer CA	Venezuela
William M. Mercer Claro Corredores de Seguros	Chile
William M. Mercer Comercio Consultoria e Servicos Ltda.	Brazil
William M. Mercer Companies LLC	Delaware
William M. Mercer Consulting (Taiwan) Ltd.	Taiwan
William M. Mercer Consultoria Ltda.	Brazil
William M. Mercer Fraser (Irish Pensioneer Trustees) Limited	Ireland
William M. Mercer Fraser Computer Services Limited	England
William M. Mercer Fraser Limited	England
William M. Mercer Holdings Canada, Inc.	Delaware
William M. Mercer Holdings, Inc.	Delaware
William M. Mercer Investment Consulting, Inc.	Kentucky
William M. Mercer Ltda.	Portugal
William M. Mercer Limitada	Chile
William M. Mercer Limited (Canada)	Canada
William M. Mercer Limited (Hong Kong)	Hong Kong
William M. Mercer Limited (NZ)	New Zealand
William M. Mercer Limited (UK)	England
William M. Mercer Limited of Japan	Japan
William M. Mercer of Indiana, Incorporated	Indiana
William M. Mercer of Kentucky, Inc.	Kentucky
William M. Mercer of Michigan, Incorporated	Michigan
William M. Mercer of Texas, Inc.	Texas
William M. Mercer of Virginia, Incorporated	Virginia
William M. Mercer OY	Finland
William M. Mercer Philippines, Incorporated	Philippines
William M. Mercer Pte. Ltd.	Singapore
William M. Mercer Pty. Ltd.	Australia
William M. Mercer Retirement Plan Pty Ltd.	Australia
William M. Mercer S.A.	France
William M. Mercer S.A.	Belgium
William M. Mercer S.A.	Argentina
William M. Mercer S.A. Asesores de Seguros	Argentina
William M. Mercer S.A. De C.V.	Mexico
William M. Mercer Securities Corp.	Delaware
William M. Mercer Services B.V.	Netherlands
William M. Mercer SP Z.O.O.	Poland

William M. Mercer Srl
William M. Mercer Ten Pas B.V.
William M. Mercer Zainal Fraser Sdn. Bhd.M
William M. Mercer, Incorporated (Delaware)
William M. Mercer, Incorporated (Louisiana)
William M. Mercer, Incorporated (Massachusetts)
William M. Mercer, Incorporated (Nevada)
William M. Mercer, Incorporated (Ohio)
William M. Mercer, Incorporated (Oklahoma)
William M. Mercer, Incorporated (Puerto Rico)
William M. Mercer, S.A.
William M. Mercer, S.A.
William M. Mercer-Faugere & Jutheau (S.A.R.L.)
William M. Mercer-MPA Limited
Wilson McBride, Inc.
Winchester Bowring Limited
WMM Haneveld Investment Consulting B.V.N
WMM Services, Inc.
Yarmouth Insurance Limited
Yemen General Insurance Company SYC

Italy
Netherlands
Malaysia
Delaware
Louisiana
Massachusetts
Nevada
Ohio
Oklahoma
Puerto Rico
Switzerland
Belgium
France
Hong Kong
Ohio
England
Netherlands
Delaware
Bermuda
Yemen

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the previously filed Registration Statements of Marsh & McLennan Companies, Inc. on Form S-8 (Registration File Nos. 2-58660, 2-65096, 33-21566, 33-32880, 33-48803, 33-48804, 33-48807, 33-59603, 33-63389, 333-35741, 333-35739, 333-51141, 333-29627, 333-41828, 333-41830 and 333-41832) and the previously filed Registration Statement on Form S-3 (Registration File No. 333-67543) and the previously filed Registration Statement on Form S-4 (Registration File No. 33-24124) of our reports dated March 2, 2001 appearing in, and incorporated by reference in, this Annual Report on Form 10-K of Marsh & McLennan Companies, Inc. for the year ended December 31, 2000.

/s/ Deloitte & Touche LLP

New York, New York
March 27, 2001

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of J. W. Greenberg, Sandra S. Wijnberg and William L. Rosoff to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

To sign or to transmit electronically in the name and on behalf of the undersigned, as a Director and/or Officer of MMC, and file with the Securities and Exchange Commission on behalf of MMC an Annual Report on Form 10-K for the year ended December 31, 2000, any registration statements or prospectuses for the registration of MMC's common stock and related interests to be issued pursuant to MMC's employee benefit, compensation and stock plans, any registration statements for the registration of MMC's common stock for issuance in connection with future acquisitions or for resale by the holders thereof who acquired or will acquire such stock in connection with past or future acquisitions, and any amendments or supplements to such Annual Report on Form 10-K and such registration statements; and

To execute and deliver, either through a paper filing or electronically, any agreements, instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report on Form 10-K, registration statements and prospectuses and amendments or supplements thereto and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 15th day of March, 2001.

/s/ Lewis W. Bernard

Lewis W. Bernard

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of J. W. Greenberg, Sandra S. Wijnberg and William L. Rosoff to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

To sign or to transmit electronically in the name and on behalf of the undersigned, as a Director and/or Officer of MMC, and file with the Securities and Exchange Commission on behalf of MMC an Annual Report on Form 10-K for the year ended December 31, 2000, any registration statements or prospectuses for the registration of MMC's common stock and related interests to be issued pursuant to MMC's employee benefit, compensation and stock plans, any registration statements for the registration of MMC's common stock for issuance in connection with future acquisitions or for resale by the holders thereof who acquired or will acquire such stock in connection with past or future acquisitions, and any amendments or supplements to such Annual Report on Form 10-K and such registration statements; and

To execute and deliver, either through a paper filing or electronically, any agreements, instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report on Form 10-K, registration statements and prospectuses and amendments or supplements thereto and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 15th day of March, 2001.

/s/ Mathis Cabiallavetta

Mathis Cabiallavetta

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of J. W. Greenberg, Sandra S. Wijnberg and William L. Rosoff to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

To sign or to transmit electronically in the name and on behalf of the undersigned, as a Director and/or Officer of MMC, and file with the Securities and Exchange Commission on behalf of MMC an Annual Report on Form 10-K for the year ended December 31, 2000, any registration statements or prospectuses for the registration of MMC's common stock and related interests to be issued pursuant to MMC's employee benefit, compensation and stock plans, any registration statements for the registration of MMC's common stock for issuance in connection with future acquisitions or for resale by the holders thereof who acquired or will acquire such stock in connection with past or future acquisitions, and any amendments or supplements to such Annual Report on Form 10-K and such registration statements; and

To execute and deliver, either through a paper filing or electronically, any agreements, instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report on Form 10-K, registration statements and prospectuses and amendments or supplements thereto and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 15th day of March, 2001.

/s/ Peter Coster

Peter Coster

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of J. W. Greenberg, Sandra S. Wijnberg and William L. Rosoff to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

To sign or to transmit electronically in the name and on behalf of the undersigned, as a Director and/or Officer of MMC, and file with the Securities and Exchange Commission on behalf of MMC an Annual Report on Form 10-K for the year ended December 31, 2000, any registration statements or prospectuses for the registration of MMC's common stock and related interests to be issued pursuant to MMC's employee benefit, compensation and stock plans, any registration statements for the registration of MMC's common stock for issuance in connection with future acquisitions or for resale by the holders thereof who acquired or will acquire such stock in connection with past or future acquisitions, and any amendments or supplements to such Annual Report on Form 10-K and such registration statements; and

To execute and deliver, either through a paper filing or electronically, any agreements, instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report on Form 10-K, registration statements and prospectuses and amendments or supplements thereto and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 15th day of March, 2001.

/s/ Charles A. Davis

Charles A. Davis

POWER OF ATTORNEY

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/s/ Robert F. Erburu

Robert F. Erburu

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/s/ J. W. Greenberg

J. W. Greenberg

POWER OF ATTORNEY

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/s/ Ray J. Groves

Ray J. Groves

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/s/ Stephen R. Hardis

Stephen R. Hardis

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/s/ Gwendolyn S. King

Gwendolyn S. King

POWER OF ATTORNEY

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/s/ The Rt. Hon. Lord Lang of Monkton

The Rt. Hon. Lord Lang of Monkton

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/s/ Lawrence J. Lasser

Lawrence J. Lasser

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/s/ David A. Olsen

David A. Olsen

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/s/ John D. Ong

John D. Ong

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/s/ Adele Simmons

Adele Simmons

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/s/ John T. Sinnott

John T. Sinnott

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/s/ A.J.C. Smith

A.J.C. Smith