

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, 1994

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
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Common Stock (par value \$1.00 per share)	New York Stock Exchange
Preferred Stock Purchase Rights	Chicago Stock Exchange
	Pacific Stock Exchange
	The 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 ☒ 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, 1995, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$5,962,000,000.

As of February 28, 1995, there were outstanding 73,026,687 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 the year ended December 31, 1994.....	Parts I, II and IV
Notice of Annual Meeting of Stockholders and Proxy Statement dated March 30, 1995.....	Parts I and III

ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 1994

PART I

ITEM 1. BUSINESS.

Marsh & McLennan Companies, Inc. (the "registrant"), a professional services organization with origins dating from 1871 in the United States, through its subsidiaries and affiliates, provides clients with professional advice and related services in the fields of insurance and reinsurance broking, consulting and investment management.

INSURANCE SERVICES. Subsidiaries and affiliates of the registrant provide insurance (including reinsurance) services on a worldwide basis, as broker, agent or consultant for insureds, insurance underwriters and other brokers. They also provide insurance program management services involving a wide range of insurance and related products for individuals and others through both sponsored and non-sponsored affinity group programs in the United States, the United Kingdom and Canada, and other services in connection with originating, structuring and managing investments in both new and existing insurers.

Insurance broking services, carried on throughout the world primarily under the "Marsh & McLennan" name, are provided for a predominantly corporate clientele engaged in a broad range of commercial activities. Clients also include various government and related agencies, non-profit organizations and individuals. Such services are provided primarily in connection with the risk management and the insurance placement processes, and involve various types of property and liability loss exposures and developing alternatives to deal effectively with these exposures. Services include traditional insurance broking activities and, both as part of broking and agency activities and on a fee basis, professional counseling services on risk management issues, including risk analysis, coverage requirements, self-insurance, alternative insurance and funding methods, claims collection, injury management, loss prevention, and other insurance related matters. They also include organization and administrative services for special purpose insurance companies and other risk assumption alternatives. Insurance coverage is placed on behalf of clients with insurers directly or through wholesale brokers. Correspondent relationships are maintained with unaffiliated firms in certain countries.

Reinsurance services are provided to insurance and reinsurance risk takers worldwide, principally by Guy Carpenter & Company, Inc. and its subsidiaries and affiliates, including Carpenter Bowring (UK). Essentially such services involve acting as an intermediary for insurance and reinsurance organizations on all classes of reinsurance. The intermediary assists the insurance underwriter by providing advice, placing reinsurance coverage with reinsurance organizations located around the world, and furnishing related services. The insurance underwriting organization may seek reinsurance on all or a portion of the risks it insures. Intermediary services are also provided to reinsurance underwriters, who may also seek reinsurance on the risks they have underwritten.

Seabury & Smith, Inc. and its subsidiaries provide insurance program management services (including the design, placement and administration of life, health, accident, disability, automobile, homeowners, professional liability and other insurance and related products) on a group marketing basis to individuals, businesses and their employees, and organizations and their members in the United States, Canada and the United Kingdom. It also provides underwriting management services to insurers in these countries. The Frizzell Group Limited, the holding company of Frizzell Financial Services Ltd. and its subsidiaries, provides motor and general insurances, life assurance and personal financial planning, and consumer finance services, including insurance premium financing programs, personal and secured loans, mortgage loans and credit cards, to members of affinity groups in the United Kingdom.

Marsh & McLennan Risk Capital Corp. and its predecessor operations have been instrumental in the formation of several substantial insurance and reinsurance entities, including ACE Insurance Company Ltd., XL Insurance Company Ltd., Centre Reinsurance Holdings Ltd. and Mid Ocean Reinsurance Company Ltd., to alleviate, in part, capacity shortages in critical segments of the insurance and reinsurance business. Risk Capital Corp. also advises Marsh & McLennan Risk Capital Holdings, Ltd. regarding insurance and reinsurance interests, and is an advisor to The Trident Partnership, L.P., an independent investment partnership established in 1994 to invest selectively in the global insurance and reinsurance underwriting industry.

The revenue attributable to the registrant's insurance services consists primarily of commissions and fees paid by insurance and reinsurance underwriters; fees paid directly by clients; interest income on premiums collected and not yet remitted to insurers or reinsurers and, in certain cases, on claims or refunds collected from underwriters to be remitted to clients, such funds being held in a fiduciary capacity; and compensation for services provided in connection with the formation and capitalization of various insurers and reinsurers, including

gains from sales of interests in such entities. The investment of fiduciary funds is governed by the applicable regulatory laws of the states in the United States and laws or regulations of insurance supervisory authorities in other jurisdictions in which the registrant's subsidiaries do business. These regulations typically limit the investments that may be made with such funds.

Commission rates vary in amount depending upon the type of insurance coverage provided, the particular underwriter, the capacity in which the registrant acts and the volume and profitability to the underwriter of the business placed with it by the registrant during specific periods, in addition to negotiations with clients. Claims services may be performed for policies placed in prior years.

The insurance broking industry is affected by premium rate levels in the property and casualty insurance industry and available insurance capacity, as compensation is frequently related to the premiums paid by insureds. Revenue is also affected by fluctuations in retained limits, insured values and interest rates, the development of new products, markets and services, and the volume of business from new and existing clients.

CONSULTING. Subsidiaries and affiliates of the registrant provide consulting services to a predominantly corporate clientele through the Mercer Consulting Group, Inc. which comprises the following:

The William M. Mercer group of companies provides professional advice and services to corporate, government and institutional clients worldwide. Companies in the William M. Mercer group assist clients with the design, implementation, administration and communication of employee benefit, compensation and other human resource programs, including retirement, group life, health and disability. William M. Mercer also advises health care provider organizations regarding capitation, cost control and quality improvement.

Mercer Management Consulting, Inc. provides advice and assistance to clients, primarily in North America and Europe, regarding strategy, organization, marketing, manufacturing and distribution by combining functional knowledge with an understanding of the subject industry. Working with client teams, it seeks to facilitate growth and sustainable profits for such clients, often using proprietary techniques. In addition, sometimes under the Lippincott & Margulies name, Mercer Management Consulting, Inc. provides expanded marketing services relating to brand and corporate identity, as well as image.

National Economic Research Associates, Inc. ("NERA"), a firm of consulting economists, provides advice to law firms, corporations, trade associations and governmental agencies, from

offices principally in the United States and England. NERA's research and analysis addresses a broad range of micro-economic issues in areas of business and public policy.

The revenue attributable to the registrant's consulting services consists primarily of consulting fees paid by clients, but also includes commissions paid by insurance underwriters for the placement of individual and group insurance contracts, and asset planning and plan administration services fees paid by investment managers for monies invested through defined contribution plans.

Revenue in the consulting business is a function of new products and services, the impact of technology upon certain consulting services, the degree of regulatory change and change in the industries of clients, and the demand for consulting services.

INVESTMENT MANAGEMENT. Investment management and related services are provided by Putnam Investments, Inc. and its subsidiaries.

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. Putnam's investment management services, which are provided primarily in the United States, include securities investment advisory and management services consisting of investment research and management, accounting and related services for a group of publicly-held investment companies registered under the Investment Company Act of 1940, including several closed-end investment companies whose shares are traded on various stock exchanges (the "Putnam Funds"). Investment management services are also provided to profit sharing and pension funds, state retirement systems, university endowment funds, charitable foundations and other domestic and foreign institutional accounts. A Putnam subsidiary also serves as transfer agent, dividend disbursing agent, registrar and custodian for the Putnam Funds and provides one or more of such services to several external clients. A Putnam subsidiary also acts as principal underwriter of the shares of the open-end Putnam Funds, selling primarily through independent broker/dealers and financial institutions, including banks, and also directly to certain large 401(k) plans and other institutional accounts. A Putnam subsidiary also provides trustee services for IRA's, corporate retirement plans and other clients.

Revenue attributable to Putnam is derived primarily from investment management fees. The investment management services provided to the Putnam Funds and institutional accounts are performed pursuant to advisory contracts which provide for a fee payable to the Putnam company that manages the account. The amount of the fee depends on the individual mutual fund or account and the level of assets under management and, in the case of certain institutional accounts, is also based on investment performance.

Such contracts may not be assigned by the Putnam company managing the account, generally may be terminated 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.

A Putnam subsidiary also receives compensation from the Putnam Funds for providing shareholder services pursuant to written agreements which may be terminated by either party on 90 days notice, and for providing custody services pursuant to a written agreement which may be terminated by either party on 30 days notice. These contracts generally provide for compensation on the basis of several factors which varies with the type of service being provided.

Shares of the 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 purchased. Commissions paid to broker/dealers are typically paid at the time of the purchase as a percentage of the amount invested. Certain Putnam Funds are available with a deferred sales charge. The related commissions initially paid by Putnam to broker/dealers are recovered through charges and fees received over a number of years.

Nearly all of the 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 a Putnam subsidiary to cover costs relating to distribution of the Putnam Funds and services provided to shareholders. These payments either are paid by the Putnam subsidiary directly to firms that distribute shares of the Putnam Funds for the costs of providing services to shareholders, or retained by the Putnam subsidiary as compensation for the costs of 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 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.

Assets managed by Putnam, on which management fees are based, were approximately \$95.3 billion and \$90.9 billion as of December 31, 1994 and 1993, respectively. Mutual fund assets aggregated \$67.2 billion at December 31, 1994 and \$64.3 billion at December 31, 1993. Assets under management at December 31, 1994 consisted of approximately sixty percent fixed income and forty percent equity securities, invested both domestically and globally. Assets under management are affected by fluctuations in domestic and international bond and stock market prices, by the level of investments and withdrawals for current and new fund shareholders and clients, by the development and marketing of new investment products, and by investment performance and service to clients.

REGULATION. The activities of the registrant 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 the registrant's subsidiaries operate.

While these 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) to have a license from a governmental agency or self-regulatory organization. In addition, certain of the registrant's insurance activities are governed by the rules of the Lloyd's insurance market in London and self-regulatory organizations in other jurisdictions. A few jurisdictions issue licenses only to individual residents or locally-owned business entities. In some of these jurisdictions, if the registrant has no licensed subsidiary, the registrant may maintain arrangements with residents or business entities licensed to act in such jurisdiction. 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.

No licensing or other regulatory requirements material to the consulting activities of the registrant apply to that activity in general; however, the subject matter of certain consulting services may result in regulation. For example, employee benefit plans are subject to various governmental regulations and services on insurance or investment matters may subject the registrant to insurance or securities regulations.

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.

The registrant's business depends on the validity of, and its continued good standing under, the licenses and approvals pursuant to which it operates, as well as compliance with pertinent regulations. The registrant therefore devotes significant effort toward maintaining its licenses and to ensuring compliance with a diverse and complex regulatory structure. However, 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, and licenses may be denied or revoked for various reasons, including the violation of such regulations, conviction of crimes and the like. In some instances, the registrant 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 the registrant may be precluded or temporarily suspended from carrying on some or all of its activities or otherwise penalized in a given jurisdiction.

No assurances can be given that the registrant's insurance, consulting or investment management activities can continue to be conducted in any given jurisdiction as in the past.

COMPETITIVE CONDITIONS. The insurance and reinsurance broking services provided by the registrant are believed to be the largest of their type in the world. Mercer Consulting Group, one of a few large global consulting firms in the world, is a market leader in human resources, employee benefits, compensation and general management consulting services. Putnam Investments is one of the largest investment management firms in the United States.

The registrant encounters strong competition in the insurance and consulting businesses from other companies which also operate on a nationwide or worldwide basis and from a large number of regional and local firms. Some insurance and reinsurance underwriters market and service their insurance products without the assistance of brokers, agents or program managers.

The investment management business is also highly competitive. In addition to competition from firms already in the investment management business, there is competition from other firms offering financial services, such as commercial banks and insurance companies, as well as other investment alternatives. Many securities dealers and commercial banks also sponsor competing proprietary mutual funds.

Principal methods of competition in these businesses include the services and the quality thereof that a broker, consultant or investment manager provides its clients and the cost thereof. These businesses also encounter strong competition from both public corporations and private firms in attracting and retaining qualified employees.

SEGMENTATION. Financial information relating to the types of services provided by the registrant and the geographic areas of its operations is incorporated herein by reference to Note 14 of the Notes to Consolidated Financial Statements on page 45 of the Annual Report to Stockholders for the year ended December 31, 1994 (the "1994 Annual Report"). The registrant's non-U.S. operations are subject to the customary risks involved in doing business in other countries, such as currency fluctuations and exchange controls.

EMPLOYEES. As of December 31, 1994, the registrant and its consolidated subsidiaries employed about 26,000 people worldwide, of whom approximately 14,800 were employed by subsidiaries providing insurance services, approximately 8,200 were employed by subsidiaries providing consulting services, approximately 2,700 were employed by subsidiaries providing investment management services and approximately 300 were employed by the registrant.

EXECUTIVE OFFICERS OF THE REGISTRANT. The executive officers of the registrant as of December 31, 1994 are Messrs. Blum, Borelli, Coster, Holbrook, Lasser, Sinnott, Smith and Wroughton, with respect to whom information is incorporated herein by reference to the Notice of Annual Meeting of Stockholders and Proxy Statement dated March 30, 1995 (the "1995 Proxy Statement"), and:

Francis N. Bonsignore, age 48, who was elected Senior Vice President-Human Resources & Administration of the registrant in 1990. Immediately prior thereto, he was partner and National Director-Human Resources for Price Waterhouse.

Gregory F. Van Gundy, age 49, who is Secretary and General Counsel of the registrant. He joined the registrant in 1974.

ITEM 2. PROPERTIES.

The registrant and three of its subsidiaries, as tenants in common, own a 56% condominium interest in a 44-story building in New York City which serves as their worldwide headquarters. The principal offices of the registrant's Bowring subsidiaries in London are located in two adjoining buildings under a lease which expires in 2077.

The remaining business activities of the registrant and its subsidiaries are conducted principally in leased office space in cities throughout the world. 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, the registrant may seek to sublet unused space to third parties, depending upon the demands for office space in the locations involved.

ITEM 3. LEGAL PROCEEDINGS.

The registrant and its subsidiaries are subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering consulting and investment services. Some of these claims and lawsuits seek damages, including punitive damages, in amounts which could, if assessed, be significant. Information regarding disputes involving run-off reinsurance placements primarily in the Lloyd's market and relating to advice with respect to client purchases of guaranteed investment contracts and annuities issued by Executive Life Insurance Company are incorporated herein by reference to Note 13 of the Notes to Consolidated Financial Statements on page 44 of the 1994 Annual Report.

On the basis of present information, available insurance coverage and advice received from counsel, it is the opinion of the registrant's management that the disposition or ultimate determination of these claims and lawsuits will not have a material adverse effect on the registrant'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 REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market and dividend information regarding the registrant's common stock on page 47 of the 1994 Annual Report is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data on pages 48 and 49 of the 1994 Annual Report are incorporated herein by reference.

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

Information on pages 23 through 29 of the 1994 Annual Report is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Financial Statements and the Report of Independent Auditors thereto on pages 30 through 46 of the 1994 Annual Report and Selected Quarterly Financial Data (Unaudited) on page 47 of the 1994 Annual Report are incorporated herein by reference. Supplemental Notes to Consolidated Financial Statements are included on pages 16 and 17 hereof.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information as to the directors of the registrant is incorporated herein by reference to the material under the heading "Directors" in the 1995 Proxy Statement. Information as to the executive officers of the registrant is set forth in Item 1 above.

ITEM 11. EXECUTIVE COMPENSATION.

Information under the headings "Executive Compensation", "Compensation Committee Report" and "Comparison of Cumulative Total Stockholder Return" in the 1995 Proxy Statement are incorporated herein by reference.

Information required pursuant to Item 405 of Regulation S-K is incorporated herein by reference to the material under the heading "Transactions with Management and Others; Other Information" in the 1995 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information under the heading "Security Ownership" in the 1995 Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information under the heading "Transactions with Management and Others; Other Information" in the 1995 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 30 through 46 of the 1994 Annual Report):

Consolidated Statements of Income for the three years ended
December 31, 1994

Consolidated Balance Sheets as of
December 31, 1994 and 1993

Consolidated Statements of Cash Flows for the three years
ended December 31, 1994

Consolidated Statements of Stockholders' Equity for the
three years ended
December 31, 1994

Notes to Consolidated Financial Statements

Report of Independent Auditors

Supplemental Notes to Consolidated Financial Statements

Report of Independent Auditors

Other:

Selected Quarterly Financial Data and Supplemental Information (Unaudited) for the three years ended December 31, 1994 (incorporated herein by reference to page 47 of the 1994 Annual Report)

Ten-Year Statistical Summary of Operations (incorporated herein by reference to pages 48 and 49 of the 1994 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) -the registrant's restated certificate of incorporation

-the registrant's by-laws

(10)*-Marsh & McLennan Companies 1992 Incentive and Stock Award Plan

-Marsh & McLennan Companies Stock Investment Supplemental Plan

-Marsh & McLennan Companies Special Severance Pay Plan

-Putnam Investments, Inc. Executive Deferred Compensation Plan

-Marsh & McLennan Companies Supplemental Retirement Plan

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* All items in this Exhibit 10 are either management contracts or compensatory plans or arrangements required to be filed pursuant to Item 14(c) of Form 10-K.

-Marsh & McLennan Companies Senior Management
Incentive Compensation Plan

-Restated Employment Agreement between Robert
Clements and Marsh & McLennan Risk Capital Corp.
and related Guaranty of the registrant.

- (13) -Annual Report to Stockholders for the year
ended December 31, 1994, to be deemed filed
only with respect to those portions which
are expressly incorporated by reference
- (21) -list of subsidiaries of the registrant
- (23) -consent of independent auditors
- (24) -powers of attorney
- (27) -Financial Data Schedule (filed only with SEC
for EDGAR purposes)
- (b) No reports on Form 8-K were filed by the registrant in the fiscal
quarter ended December 31, 1994.

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 28th day of March, 1995 on its behalf by the undersigned, thereunto duly authorized.

MARSH & McLENNAN COMPANIES, INC.

By /s/ A.J.C. SMITH

A.J.C. SMITH
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 28th day of March, 1995:

/s/A.J.C. SMITH

A.J.C. SMITH
Director, Chairman of the Board
and Chief Executive Officer

LEWIS W. BERNARD*

LEWIS W. BERNARD
Director

/s/FRANK J. BORELLI

FRANK J. BORELLI
Senior Vice President and
Chief Financial Officer,
Director

RICHARD H. BLUM*

RICHARD H. BLUM
Director

/s/DOUGLAS C. DAVIS

DOUGLAS C. DAVIS
Vice President and Controller
(Chief Accounting Officer)

ROBERT CLEMENTS*

ROBERT CLEMENTS
Director

PETER COSTER*

PETER COSTER
Director

RICHARD M. MORROW*

RICHARD M. MORROW
Director

RAY J. GROVES*

RAY J. GROVES
Director

GEORGE PUTNAM*

GEORGE PUTNAM
Director

RICHARD E. HECKERT*

RICHARD E. HECKERT
Director

ADELE SMITH SIMMONS*

ADELE SMITH SIMMONS
Director

RICHARD S. HICKOK*

RICHARD S. HICKOK
Director

JOHN T. SINNOTT*

JOHN T. SINNOTT
Director

DAVID D. HOLBROOK*

DAVID D. HOLBROOK
Director

FRANK J. TASCO*

FRANK J. TASCO
Director

ROBERT M.G. HUSSON*

ROBERT M.G. HUSSON
Director

R. J. VENTRES*

R. J. VENTRES
Director

LAWRENCE J. LASSER*

LAWRENCE J. LASSER
Director

PHILIP L. WROUGHTON*

PHILIP L. WROUGHTON
Director

Gregory F. Van Gundy, 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/GREGORY F. VAN GUNDY

GREGORY F. VAN GUNDY

REPORT OF INDEPENDENT AUDITORS

Marsh & McLennan Companies, Inc.:

We have audited the consolidated balance sheets of Marsh & McLennan Companies, Inc. as of December 31, 1994 and 1993, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1994, and have issued our report thereon dated February 28, 1995, which report expresses an unqualified opinion and includes an explanatory paragraph referring to the adoption of Statements of Financial Accounting Standards No. 112 in 1994, No. 115 in 1993, and Nos. 109 and 106 in 1992; such financial statements and report are included in your 1994 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the amounts included in the supplemental notes to the consolidated financial statements (the "Notes") included herein. These Notes are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such 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.

/s/DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

New York, New York
February 28, 1995

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
SUPPLEMENTAL NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Information concerning the Company's valuation accounts follows.

An analysis of the allowance for doubtful accounts for the three years ended December 31, 1994 follows (in millions of dollars):

	1994	1993	1992
	-----	-----	-----
Balance at beginning of year.....	\$50.9	\$50.9	\$40.4
Provision charged to operations.....	11.6	8.8	8.5
Accounts written-off, net of recoveries.....	(11.3)	(7.7)	(6.4)
Effect of exchange rate changes.....	1.2	(.6)	(4.7)
Other (A).....	(.2)	(.5)	13.1
	-----	-----	-----
Balance at end of year (B).....	\$52.2	\$50.9	\$50.9
	-----	-----	-----

(A) Primarily balances of acquired companies in 1992.

(B) Includes allowance for doubtful accounts related to long-term consumer finance receivables amounting to \$7.3 million in 1994, \$8.0 million in 1993 and \$9.8 million in 1992.

An analysis of the valuation allowance for certain foreign deferred tax assets as of December 31, 1994, 1993 and 1992 follows (in millions of dollars):

	1994	1993	1992
	-----	-----	-----
Balance at beginning of year.....	\$23.6	\$21.6	\$ --
Valuation allowance upon adoption of SFAS No. 109 "Accounting for Income Taxes" effective January 1, 1992.....	--	--	25.5
Provision.....	.5	1.7	5.4
Effect of exchange rate changes.....	.6	.3	(9.3)
	-----	-----	-----
Balance at end of year (A).....	\$24.7	\$23.6	\$21.6
	-----	-----	-----

(A) Included in other liabilities in the Consolidated Balance Sheets.

16. An analysis of intangible assets at December 31, 1994 and 1993 follows (in millions of dollars):

	1994	1993
	-----	-----
Goodwill	\$736.9	\$668.9
Other intangible assets.....	87.4	88.7
	-----	-----
Subtotal.....	824.3	757.6
Less - accumulated amortization	(123.3)	(97.5)
	-----	-----
Total.....	\$701.0	\$660.1
	-----	-----

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
SUPPLEMENTAL NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. Per share data, as presented in the Consolidated Statements of Income, is computed by using the average number of shares of the Company's common stock outstanding. Common stock equivalents (relating principally to stock options), which have been excluded from the calculation because their dilutive effect is immaterial, are shown below for the three years ended December 31, 1994 (in millions of shares).

	1994	1993	1992
	----	----	----
Primary	.7	1.0	1.1
	----	----	----
	----	----	----
Fully Diluted	.7	1.0	1.5
	----	----	----
	----	----	----

EXHIBIT INDEX

Page number in
sequential
numbering system

- (3) -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, 1987)
- the registrant's by-laws
- (10) -Marsh & McLennan Companies 1992
Incentive and Stock Award Plan
(incorporated by reference to
Registration Statement No. 33-48804)
- Marsh & McLennan Companies Stock
Investment Supplemental Plan
- 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, 1992)
- Putnam Investments, Inc. Executive
Deferred Compensation Plan
- Marsh & McLennan Companies
Supplemental Retirement Plan
(incorporated by reference to
the registrant's Annual Report on
Form 10-K for the year ended
December 31, 1992)
- Restated Employment Agreement between
Robert Clements and Marsh & McLennan
Risk Capital Corp. and related
Guaranty of the registrant
- Marsh & McLennan Companies Senior
Management Incentive Compensation Plan

EXHIBIT INDEX (cont'd)

Page number in
sequential
numbering system

- (13) -Annual Report to Stockholders for the year ended December 31, 1994, to be deemed filed only with respect to those portions which are expressly incorporated by reference
- (21) -list of subsidiaries of the registrant
- (23) -consent of independent auditors
- (24) -powers of attorney
- (27) -Financial Data Schedule (filed only with SEC for EDGAR purposes)

BY-LAWS
OF
MARSH & McLENNAN COMPANIES, INC.

RESTATED AS LAST AMENDED
July 20, 1994

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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 Tuesday 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 not less than 60 days nor more than 90 days prior to the meeting; PROVIDED, HOWEVER, that in the event that the meeting is not to be held on the date set forth in Article II, Section 2 and less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received not later than the close of business on the 15th day following the day on which such public disclosure was made. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection 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 60 days nor more than 90 days prior to the meeting; PROVIDED, HOWEVER, that in the event that the meeting is not to be held on the date set forth in Article II, Section 2 and less than 75 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder 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 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, a Vice Chairman of the Board, one or more Vice Presidents, a Secretary, a Treasurer and a Controller. Such officers shall be elected at the annual meeting of the Board of Directors following the annual meeting of stockholders. The Board of Directors may, as it deems advisable, elect one or more Assistant Vice Presidents, Assistant Secretaries and Assistant Treasurers and such other officers as it may deem appropriate. The Board of Directors may at any meeting fill any vacancy that shall occur, or create new offices and elect incumbents thereto.

SECTION 2. TERM AND REMOVAL. The officers of the Corporation designated in SECTION 1 of this Article IV, shall hold office for one year and until their respective successors are chosen and qualify in their stead. Any officer may be removed at any time, with or without cause, by the Board of Directors. An officer 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. He shall preside at all meetings of the stockholders and of the Board of Directors. He shall review and recommend to the Board of Directors both short-term objectives and long-term planning for the business. He shall also preside at meetings of any committee of which he is a member which is not attended by the chairman of such committee. He or his delegate may vote on behalf of the Corporation the shares owned by the Corporation in other corporations in such manner as they deem advisable unless otherwise directed by the Board of Directors. He 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 OF THE BOARD. The Vice Chairman of the Board of Directors 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 him by the Chairman of the Board. He shall preside at meetings of the stockholders and of the Board of Directors not attended by the Chairman of the Board.

SECTION 5. VICE PRESIDENTS. The 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. He shall, at the invitation of the chairman thereof, attend meetings of the committees elected by the Board or established by these by-laws. He shall record all votes and minutes of all proceedings which he 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 the custody of the corporate funds and securities and shall deposit all

monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by, or in accordance with general policies adopted by, the Board of Directors or Executive Committee. He shall disburse the funds of the Corporation as may be ordered by the Chairman, the chief financial officer, the Board of Directors or the Executive Committee, taking proper vouchers for such disbursements, and shall render to the Chairman, the chief financial officer and the Board of Directors whenever they may require it, an account of all his transactions as Treasurer. He shall have such powers and perform such duties as shall be assigned to him by 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. He 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. He 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 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, the Executive Committee shall have, and may exercise when the Board 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 amending the Restated Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the by-laws of the

Corporation, or declaring a dividend. Unless and to the extent otherwise provided for by resolutions of the Board of Directors, the Executive Committee shall not have the power or authority to elect or appoint the Chairman of the Board of the Corporation, or to authorize the acquisition or entering into of an agreement for acquiring the stock or assets of any other corporation or business entity in the event such acquisition involves an expenditure of more than \$10,000,000 or the issuance of more than 200,000 shares of the common stock of the Corporation or in the event such other corporation or business entity is engaged in any business other than the insurance, reinsurance, real estate consulting, investment management or a related business. The Executive Committee may authorize the issuance not to exceed 200,000 shares of common stock of the Corporation at any one time for the purpose of acquiring the stock or assets of another corporation as aforesaid, but may not authorize the issuance of stock for any other purpose or authorize the issuance of debt obligations except for short-term borrowings.

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. No member of the Compensation Committee while holding such office and within the previous year shall, in addition to usual compensation as a director, receive or be granted or be eligible for any award or any other benefit under any compensation, stock option or other benefit plans that the committee may supervise, administer, or review or while holding such office shall be a full-time employee of the Corporation or any of its subsidiaries. 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, stock option or other 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 members of the Audit Committee shall be elected by the Board of Directors from among the members of the Board who are not officers or employees of the Corporation. The Audit Committee shall meet at least annually with the Corporation's independent public accountants, and at any time during the year when considered appropriate by the independent public accountants or the committee. The committee shall review the annual financial statements of the Corporation with the independent public accountants and shall review the practices and procedures adopted by the Corporation in the preparation of such financial statements. The Audit Committee shall submit recommendations to the Board of Directors with respect to the selection of independent public accountants to examine the Corporation's annual financial statements and shall review the independent public accountant's annual scope of audit. 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 elected by the Board of Directors and shall serve until he shall cease to be a member of the Board of Directors or his 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, telegraph, 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.

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 "indemnatee"), 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 indemnatee in connection therewith and such indemnification shall continue as to an indemnatee who has ceased to be a director, officer or employee of the Corporation and shall inure to the benefit of the indemnatee'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 indemnatee in connection with a proceeding (or part thereof) initiated by the indemnatee 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 adopted 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.

MARSH & MCLENNAN COMPANIES
STOCK INVESTMENT SUPPLEMENTAL PLAN
(Effective July 1, 1992)

As amended and restated to conform to the Stock Investment Plan (amended to conform to IRS determination letter dated January 25, 1995)

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PREAMBLE

Effective July 1, 1992, Marsh & McLennan Companies, Inc. (the "Company") adopted this Marsh & McLennan Companies Stock Investment Supplemental Plan (the "Plan"). The Plan provides benefits to certain employees of the Company and its subsidiaries who would have their benefits and contributions under the Marsh & McLennan Companies Stock Investment Plan limited by certain provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and other applicable laws. It is intended that, to the maximum extent possible, benefits paid under the Plan shall be paid under an arrangement that is an unfunded "excess benefit plan" within the meaning of section 3(36) of ERISA and, to the extent not so paid, such benefits shall be paid under an arrangement that is, for purposes of ERISA, unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. This document describes the benefits provided under the Plan and is intended to represent a binding obligation of Marsh & McLennan Companies, Inc. and participating subsidiaries to provide those benefits, subject to the terms and conditions of the Plan as from time to time in effect. The Plan reads as follows:

ARTICLE 1

DEFINITIONS

The following terms when used in this Plan have the designated meanings unless a different meaning is clearly required by the context.

1.1 AFTER-TAX CONTRIBUTIONS, CODE, COMPANY, COMPENSATION, EMPLOYEE, MMC STOCK, MONTHLY EARNINGS, PARTICIPANT, PARTICIPATING COMPANY MATCHING CONTRIBUTIONS, PLAN YEAR, PRE-TAX CONTRIBUTIONS and TERMINATION OF EMPLOYMENT have the meanings given them in the Basic Plan.

1.2 BASIC PLAN means the Marsh & McLennan Companies Stock Investment Plan.

1.3 BENEFICIARY means the person or persons designated pursuant to Article 6 to receive a benefit in the event of a SISP Participant's death before his SISP Benefit has been paid in full.

1.4 CHANGE IN CONTROL has the meaning set forth in Section 5.6.

1.5 COMMITTEE means the committee appointed by the Company pursuant to Section 11.1 of the Basic Plan.

1.6 COMPENSATION LIMIT means, with respect to any Plan Year, the limit established for such Year pursuant to section 401(a)(17) of the Code.

1.7 DEFERRAL LIMIT means, with respect to any calendar year, the limit on elective deferrals for such year established pursuant to section 402(g) of the Code.

1.8 FAIR MARKET VALUE of a share of MMC Stock on any date means the closing price per share reported on the New York Stock Exchange for such date or, if no trading occurs on such date, for the last preceding day on which trading occurred.

1.9 PARTICIPATING COMPANY means the Company and any subsidiary thereof whose Employees are eligible to participate in the Basic Plan.

1.10 PAYMENT DATE means a date determined pursuant to Section 5.3 or 5.4 for commencement of the payment of some portion or all of a SISP Benefit.

1.11 PLAN means this Marsh & McLennan Companies Stock Investment Supplemental Plan as in effect from time to time.

1.12 PLAN ADMINISTRATOR means an individual appointed from time to time by the Company to administer the Plan.

1.13 SECTION 415 LIMIT means, with respect to any limitation year within the meaning of Treas. Reg. section 1.415-2(b), the limit established for such year pursuant to section 415(c)(1)(A) of the Code.

1.14 SISP ACCOUNT means an account established by the Company pursuant to Section 4.1.

1.15 SISP BENEFIT means the benefit described in Section 5.1.

1.16 SISP PARTICIPANT means an individual who has a SISP Account that has not been terminated pursuant to Section 4.1.

1.17 STOCK UNIT means a bookkeeping entry made to a SISP Participant's SISP Account pursuant to Article 4.

ARTICLE 2

ELIGIBILITY

2.1 ELIGIBILITY. An Employee who is a Participant in the Basic Plan, whose Contribution Authorization under the Basic Plan is not suspended pursuant to Section 3.7 of the Basic Plan and whose opportunity to cause contributions to be made pursuant to Section 3.1 thereof could reasonably be expected to be limited in any Plan Year by the operation of the Compensation Limit or the Section 415 Limit may (a) defer Compensation during such Plan Year pursuant to Section 3.1 of this Plan and (b) have matching amounts

credited to his SISP Account pursuant to Section 4.3 of this Plan. The Plan Administrator in his sole discretion may establish specific terms and conditions for the participation of any Employee.

ARTICLE 3

EMPLOYEE DEFERRALS

3.1 DEFERRAL ELECTION. Subject to Section 3.3, an Employee who is eligible pursuant to Section 2.1 for a Plan Year may direct the Participating Company that employs him to reduce his Compensation for such Plan Year by an amount equal to any whole percentage thereof, provided that such percentage shall be not less than two percent (2%) and not more than twelve percent (12%), and to pay such amount to such Employee in the future as deferred compensation. Any direction pursuant to this Section 3.1 shall be given in writing, at such time and in such manner as the Plan Administrator shall prescribe, and shall apply only to Compensation that is remuneration for services rendered after the date such direction is given. No direction given pursuant to this Section 3.1 shall be changed with retroactive effect.

3.2 EFFECTIVE DATE. An Employee who elects a Compensation reduction pursuant to Section 3.1 may, at the time such election is made, direct that it shall be effective for any Plan Year on the earliest date in such Plan Year as of which the Employee's opportunity to cause Pre-Tax Contributions to be made under the Basic Plan is limited by the Deferral Limit. If the Employee does not give such a direction, then, except as may be otherwise permitted by the Plan Administrator, no Compensation reduction elected pursuant to Section 3.1 shall be effective in any Plan Year prior to the earliest date in such Plan Year as of which the Employee's opportunity to cause contributions to be made under the Basic Plan is limited by the Compensation Limit or the Section 415 Limit. Any Compensation reduction elected pursuant to Section 3.1 shall be effected by payroll deductions from each payment of Monthly Earnings that is made to the Employee subsequent both to the date he directs a Participating Company to make such reduction and to the effective date determined under this Section 3.2.

3.3 LIMITATIONS. (a) The sum for any Plan Year of an Employee's Compensation reduction pursuant to Section 3.1 of this Plan and his Pre-Tax and After-Tax Contributions pursuant to Section 3.1 of the Basic Plan shall not exceed an amount equal to twelve percent (12%) of the Compensation paid to such Employee during such Plan Year. The reduction in an Employee's Compensation under this Plan shall be adjusted to the extent necessary to comply with the limitation set forth in the preceding sentence.

(b) The sum for any Plan Year of the amount credited to an Employee's SISP Account pursuant to Section 4.3 of this Plan and the Participating Company Matching Contributions credited

to him pursuant to Section 4.1 of the Basic Plan shall not exceed an amount equal to four percent (4%) of the Compensation paid to such Employee during such Plan Year. The amount credited pursuant to Section 4.3 of this Plan shall be adjusted to the extent necessary to comply with the limitation set forth in the preceding sentence.

3.4 COMPENSATION. For purposes of this Article 3, an Employee's Compensation shall include any amount deferred pursuant to an election under this Plan.

ARTICLE 4

ACCOUNTS

4.1 SISP ACCOUNTS. The Company shall establish a SISP Account for each SISP Participant which shall be credited with Stock Units based upon such SISP Participant's Compensation reductions and the matching amounts attributable thereto, and upon reinvestment of dividends, and which shall be debited for SISP Benefits paid to or in respect of such SISP Participant. A SISP Account shall be terminated when no more Stock Units stand credited to it.

4.2 CREDITS FOR COMPENSATION REDUCTIONS. The reduction in a SISP Participant's Compensation for any month shall be converted to Stock Units as of the last day of such month by dividing the amount of such reduction by the Fair Market Value of a share of MMC Stock on such day. The number of Stock Units thus determined, including any fractional unit, shall be credited to such SISP Participant's SISP Account as of the last day of the month.

4.3 CREDITS FOR EMPLOYER MATCHING. Each SISP Account to which Stock Units are credited for any month pursuant to this Section 4.3 shall be credited as of the last day of such month with an additional number of Stock Units (including any fractional Unit) equal to the quotient of (a) two-thirds (2/3) of the first six percent (6%) of reduction in the SISP Participant's Monthly Earnings under this Plan for such month divided by (b) the Fair Market Value of a share of MMC Stock as of such last day.

4.4 CREDITS FOR DIVIDEND REINVESTMENT. Whenever a cash dividend is paid on MMC Stock, each SISP Account shall be credited as of the payment date with a number of Stock Units (including any fractional Unit) equal to the quotient of (a) an amount equal to the cash dividend payable on shares of MMC Stock equal in number to the number of Stock Units (excluding any fractional Unit) standing credited to such SISP Account at the record date divided by (b) the Fair Market Value of a share of MMC Stock on such payment date. In the event of a stock dividend or distribution, stock split, recapitalization or the like, each SISP Account shall be credited as of the payment date with a number of Stock Units (including any fractional Unit) equal to the number of shares (including any

fractional share) of MMC Stock payable in respect of shares of MMC Stock equal in number to the number of Stock Units (excluding any fractional Unit) standing credited to such SISP Account at the record date.

4.5 ACCOUNTS CONFER NO INTEREST IN ASSETS. The crediting of Stock Units to the SISP Account of a SISP Participant is merely a bookkeeping record and shall not confer on such SISP Participant any right, title or interest in or to any specific assets of Participating Companies.

4.6 ACCOUNT STATEMENTS. The Plan Administrator shall furnish written statements to each SISP Participant setting forth, at least as of the end of each calendar year, the number of Stock Units (including any fractional Unit) credited to his SISP Account.

ARTICLE 5

BENEFITS

5.1 SISP BENEFIT. A SISP Participant's SISP Benefit payable as of any Payment Date shall be a number of shares of MMC Stock equal to the number of Stock Units that stand credited to his SISP Account as of the end of the month preceding such Payment Date and to which such Payment Date applies pursuant to Section 5.3 or 5.4. Except as provided in Section 5.6 hereof, SISP Benefits shall be paid only in shares of MMC Stock. If actual payment of a SISP Benefit (or portion thereof) cannot commence on the applicable Payment Date, it shall commence as soon as practicable thereafter.

5.2 NONFORFEITABILITY. A SISP Participant's right to receive his SISP Benefit shall be fully vested and nonforfeitable at all times.

5.3 TIME AND METHOD OF PAYMENT. (a) Except to the extent that a SISP Participant shall have designated the time and/or form of payment of his SISP Benefit pursuant to Section 5.4, the Payment Date for a SISP Benefit shall be the date of the SISP Participant's Termination of Employment for any reason and such Benefit shall be paid in a single distribution. All payments of SISP Benefits shall be subject to the provisions of Section 5.8.

(b) In the event that a SISP Participant dies before payment of his SISP Benefit has commenced, his SISP Benefit shall be paid to his Beneficiary as soon as practicable in a single distribution.

(c) Notwithstanding any other provision of this Article 5, the Plan Administrator may delay the payment of a SISP Benefit to a date no more than one year following the Payment Date otherwise selected if the Plan Administrator determines that such delay is necessary or advisable to preserve in full the right of a

Participating Company to a tax deduction pursuant to section 162 of the Code in respect of such payment.

5.4 DESIGNATIONS BY PARTICIPANTS. (a) Subject to the provisions of paragraph (b) of this Section 5.4, the Plan Administrator may in his discretion permit SISP Participants, under uniformly applicable rules, to designate the time and/or form of payment of their SISP Benefits. Any such designation (i) shall apply only to such portion of a SISP Benefit as is based on Stock Units credited to a SISP Account in respect of Compensation reductions effected after the date of such designation and matching amounts attributable thereto, and (ii) shall remain in effect until such time as a new designation shall be made. No such designation shall be changed with retroactive effect.

(b) The Plan Administrator may permit a SISP Participant to designate as a Payment Date (i) the first day of any month that is at least 24 months after the date of such designation or (ii) the date of his Termination of Employment, whenever that shall occur. A SISP Participant who thus designates a Payment Date may at the same time elect to receive the portion of his SISP Benefit payable on such Payment Date in substantially equal installments paid at such intervals as the Plan Administrator shall determine over a period certain not to exceed the lesser of 15 years or his life expectancy at the Payment Date.

(c) In the event that a SISP Participant who is receiving payment in installments dies before his entire SISP Benefit has been paid, his Beneficiary shall receive the undistributed SISP Benefit in a single distribution which shall be made as soon as practicable following the date of death.

(d) The SISP Account in respect of which a SISP Benefit is paid in installments shall be debited for the number of Stock Units in each installment payment when made. The amount of each installment shall be appropriately increased to reflect Stock Units credited to such Account as a result of dividend reinvestment pursuant to Section 4.4.

5.5 SOURCE OF PAYMENT. The SISP Benefit of each SISP Participant shall be the obligation of the Participating Company or Companies by which such SISP Participant was employed at the time Compensation reductions in respect of him were made pursuant to Section 3.1, and shall be the general liability of such Participating Company or Companies. The claim of a SISP Participant or Beneficiary to a SISP Benefit shall at all times be merely the claim of an unsecured creditor of the Participating Company or Companies responsible therefor. No trust, security, escrow, or similar account need be established for the purpose of paying SISP Benefits. However, the Company may in its discretion establish a custodial account or "rabbi trust" (or other arrangement having equivalent taxation characteristics under the Code and applicable

regulations or rulings) to hold assets of the Participating Companies, subject to the claims of such Companies' creditors in the event of insolvency, for the purpose of paying SISP Benefits. If the Company establishes such an account or trust, amounts paid therefrom shall discharge the obligations hereunder to the extent of the payments so made.

5.6 CHANGE IN CONTROL. (a) For purposes of this Section 5.6, a "Change in Control" shall have occurred if:

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

(ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in clause (i), (iii) or (iv) of this Section 5.5) whose election by the Board of Directors or nomination for election by the Company 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;

(iii) the stockholders of the Company approve a merger or consolidation of the Company with any other Company, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) 50% or more of the combined voting power of voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as defined above) acquires 50% or more

of the combined voting power of the Company's then outstanding securities);

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

(b) Notwithstanding any contrary provision of the Plan, immediately upon the occurrence of a Change in Control, the Company shall pay to each SISP Participant his SISP Benefit (i) in a single distribution of shares of MMC Stock or (ii) to the extent all of the shares of MMC Stock have been changed, exchanged or converted into cash, property or other securities of the Company in connection with such Change in Control, in such cash, property or other securities to which such SISP Participant would have been entitled if his SISP Benefit had been paid to him in the manner as set forth in clause (i) hereof immediately prior to the Change in Control; PROVIDED, HOWEVER, that if it is determined that the payment provided for in clauses (i) or (ii) above, as applicable, would cause the SISP to fail to comply with the requirements set forth in Rule 16b-3(d) under the Exchange Act, the Company instead shall establish an irrevocable trust for the benefit of SISP Participants and shall contribute to such trust such cash, property or shares of MMC Stock or other securities of the Company which would have been paid to each SISP Participant pursuant to such clause (i) or (ii) with distribution to be made from such trust as soon as practicable in compliance with Rule 16b-3(d).

5.7 WITHHOLDING. All deferrals and payments under the Plan shall be subject to any applicable withholding requirements imposed by any tax or other law. The Participating Company or Companies responsible for payment of a SISP Benefit shall have the right to require as a condition of deferral and payment that the payee remit to such Company or Companies an amount sufficient in its or their opinion to satisfy all applicable withholding requirements. To the extent permitted by applicable law, the Plan Administrator may from time to time establish procedures to facilitate the discharge of payees' obligations under this Section 5.7, which procedures may include the withholding of shares of MMC Stock otherwise payable under the Plan.

5.8 RESTRICTIONS (a) If the Plan Administrator shall at any time determine that any Consent (as hereinafter defined) is necessary or desirable as a condition of, or in connection with, the crediting of stock units under the Plan, or the issuance of shares thereunder, or the taking of any other action thereunder (each such action being hereinafter referred to as a "Plan Action"), then such Plan Action shall not be taken, in whole or in part, unless and until such Consent shall have been effected or obtained to the full satisfaction of the Plan Administrator.

(b) The term "Consent" as used herein with respect to any Plan Action means (i) any and all listings, registrations or qualifications in respect thereof upon any securities exchange or under any federal, state or local law, rule or regulation, (ii) any and all written agreements and representations by the grantee with respect to the disposition of shares, or with respect to any other matter, which the Plan Administrator shall deem necessary or desirable to comply with the terms of any such listing, registration or qualification or to obtain an exemption from the requirement that any such listing, qualification or registration be made and (iii) any and all consents, clearances and approvals in respect of a Plan Action by any governmental or other regulatory bodies.

ARTICLE 6

BENEFICIARIES

6.1 BENEFICIARY DESIGNATION. (a) A SISP Participant shall be deemed to have designated the same Beneficiary or Beneficiaries for his SISP Benefit as those he has at the time of reference properly designated pursuant to Section 10.1 of the Basic Plan. Any proper change in designation under the Basic Plan shall be deemed a like change under this Plan.

(b) In the event that there is no properly designated Beneficiary or contingent Beneficiary living at the time of a SISP Participant's death, any unpaid amount of his SISP Benefit shall be paid in accordance with Section 10.2 of the Basic Plan. The person or persons to whom such amount is paid shall be deemed to be the deceased SISP Participant's Beneficiary for purposes of Article 5 of this Plan.

6.2 PAYMENT TO INCOMPETENT. If any person entitled to benefits under this Plan shall be a minor or shall be physically or mentally incompetent in the judgment of the Plan Administrator, such benefits may be paid to the person to whom the corresponding benefits under the Basic Plan are paid pursuant to Section 10.3 thereof.

ARTICLE 7

ADMINISTRATION

7.1 APPOINTMENT OF PLAN ADMINISTRATOR. The Plan shall be administered by the Committee except as to such duties as have been specifically delegated to the Plan Administrator in other provisions of this Plan. Without limiting the generality of the foregoing, the Committee shall have the power and discretion to:

- (a) make and enforce rules and regulations and prescribe the use of forms he deems appropriate for the administration of the Plan;

- (b) construe all terms, provisions, conditions and limitations of the Plan and resolve ambiguities, inconsistencies and omissions;
- (c) determine all questions arising out of or in connection with the provisions of the Plan or its administration in any and all cases in which it deems such a determination advisable, such determinations to be final and conclusive on all persons;
- (d) delegate authority to agents and other persons to act on its behalf in carrying out the provisions and administration of the Plan, and to take or direct any action required or advisable with respect to the administration of the Plan.

7.2 CLAIMS PROCEDURE. If the Plan Administrator denies any SISP Participant's or Beneficiary's claim for benefits under the Plan:

- (a) the Plan Administrator shall notify such SISP Participant or Beneficiary of such denial by written notice which shall set forth the specific reasons for such denial; and
- (b) the SISP Participant or Beneficiary shall be afforded a reasonable opportunity for a full and fair review by the Committee of the decision to deny his claim for Plan benefits.

Notwithstanding the foregoing provisions of this Section 7.2, in the event that the denied claim is for benefits that are deemed not provided under an "excess benefit plan" within the meaning of section 3(36) of ERISA, the claims procedure shall be the same as the one provided for under the Basic Plan.

7.3 SERVICE OF PROCESS. The Company or such other person as may from time to time be designated by the Company shall be the agent for service of process under the Plan.

7.4 NO BOND REQUIRED. No bond or other security shall be required of the Plan Administrator or any member of the Committee or any person to whom the Plan Administrator or the Committee delegates authority except as may be required by law.

7.5 LIMITATION OF LIABILITY; INDEMNITY. Except to the extent otherwise provided by law, if any duty or responsibility of the Plan Administrator or the Committee has been allocated or delegated to any other person in accordance with any provision of this Plan, then neither the Plan Administrator nor the Committee (as the case may be) shall be liable for any act or omission of

such person in carrying out such duty or responsibility. The Company shall indemnify and save the Plan Administrator and each person who is a member of the Committee, and each employee or director of a Participating Company harmless against any and all loss, liability, claim, damage, cost and expense which may arise by reason of, or be based upon, any matter connected with or related to the Plan or the administration of the Plan (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or in settlement of any such claim) to the fullest extent permitted under applicable law, except when the same is judicially determined to be due to the gross negligence or willful misconduct of the Plan Administrator or such Committee member, employee or director.

7.6 PAYMENT OF EXPENSES. The Plan Administrator and members of the Committee shall serve without special compensation. Their expenses, and all other expenses of Plan administration, shall be paid by the Company.

ARTICLE 8

AMENDMENT AND TERMINATION

8.1 RIGHT RESERVED. (a) Subject to Section 8.2, the Company may at any time amend the Plan, retroactively or otherwise, in any respect or terminate the Plan. However, no such amendment or termination shall reduce any SISP Participant's SISP Benefit determined as though the date of such amendment or termination were the date of his Termination of Employment. No amendment shall increase Plan benefits, or broaden Plan eligibility, without action by the Board of Directors of the Company.

(b) Notwithstanding a termination of the Plan, additional Stock Units shall continue to be credited to each SISP Account as dividend reinvestments pursuant to Section 4.4 until such time as such Account is terminated.

(c) In its discretion, the Company may upon Plan termination or at any time thereafter pay to every SISP Participant (or Beneficiary) in a single distribution a number of shares of MMC Stock equal to the number of Stock Units then standing credited to his SISP Account, whereupon all SISP Accounts shall be terminated.

8.2 ACTION TO BIND COMPANY. Upon the execution of the Plan by the Company, each Participating Company designates the Company as its agent to administer the Plan. Any amendment or termination of the Plan by the Company shall be binding upon each Participating Company.

ARTICLE 9

MISCELLANEOUS

9.1 DOUBT AS TO RIGHT TO PAYMENT. If any doubt exists as to the right of any person to any benefits under this Plan or the amount or time of payment of such benefits (including, without limitation, any case of doubt as to identity, or any case in which any notice has been received from any other person claiming any interest in amounts payable hereunder, or any case in which a claim from other persons may exist by reason of community property or similar laws), the Plan Administrator may, in his discretion, direct that payment of such benefits be deferred until such right or amount or time is determined, or until a court of competent jurisdiction orders that such benefits be paid into court in accordance with appropriate rules of law, or the Plan Administrator may direct that payment be made only upon receipt of a bond or similar indemnification (in such amount and in such form as is satisfactory to him).

9.2 SPENDTHRIFT CLAUSE. No benefit, distribution or payment under the Plan may be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process whether pursuant to a "qualified domestic relations order" as defined in section 414(p) of the Code or otherwise.

9.3 USAGE. Whenever applicable, the masculine gender, when used in the Plan, includes the feminine gender, and the singular includes the plural.

9.4 DATA. Any SISP Participant or Beneficiary claiming a SISP Benefit under the Plan shall furnish to the Plan Administrator such documents, evidence or information as the Plan Administrator shall consider necessary or desirable for the purpose of administering the Plan, or to protect the Plan Administrator. It is a condition of the Plan that each such SISP Participant or Beneficiary shall furnish promptly true and complete data, evidence or information and sign such documents as the Plan Administrator may require before any benefits become payable under the Plan.

9.5 SEPARABILITY. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included therein. Without limiting the application of the preceding sentence, a provision shall be considered invalid if its operation would cause the Basic Plan to fail to qualify under section 401(k) of the Code.

9.6 CAPTIONS. The captions in this document and in the table of contents prefixed hereto are inserted only as a matter of

convenience and for reference and in no way define, limit, enlarge or describe the scope or intent of the Plan and shall in no way affect the Plan or the construction of any provision thereof.

9.7 RIGHT OF DISCHARGE RESERVED. The establishment of the Plan shall not be construed to confer upon any Employee any legal right to be retained in the employ of a Participating Company or give any Employee or any other person any right to benefits, except to the extent expressly provided for hereunder. All employees shall remain subject to discharge to the same extent as if the Plan had never been adopted, and may be treated without regard to the effect such treatment may have upon them under the Plan.

9.8 LIMITATIONS ON LIABILITY. Notwithstanding any other provision of the Plan, no Participating Company nor any employee or agent of a Participating Company shall be liable to any SISP Participant, Beneficiary or other person for any claim, loss, liability or expense incurred in connection with the Plan.

9.9 GOVERNING LAW AND LIMITATIONS ON ACTIONS. The Plan is intended to constitute in part an arrangement that is an unfunded "excess benefit plan" and in part an arrangement that is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended. All rights under this Plan shall be governed by and construed in accordance with rules of Federal law applicable to such plans. No action (whether at law, in equity or otherwise) shall be brought by or on behalf of any Participant or Beneficiary for or with respect to benefits due under this Plan unless the person bringing such action has timely exhausted the Plan's claim review procedure. Any action (whether at law, in equity or otherwise) must be commenced within three years. This three year period shall be computed from the earlier of (a) the date a final determination denying such benefit, in whole or in part, is issued under the Plan's claim review procedure and (b) the date such individual's cause of action first accrued (as determined under the laws of the State of New York without regard to principles of choice of laws).

ARTICLE 10

EFFECTIVE DATE

10.1 EFFECTIVE DATE. This Plan shall be effective as of July 1, 1992, provided that it shall have been approved by a vote of the Company's shareholders prior to that date. No benefits shall be payable under the Plan in respect of employees who terminated employment for any reason prior to such date or to their beneficiaries.

IN WITNESS WHEREOF, MARSH & MCLENNAN COMPANIES, INC. has caused this instrument to be executed by its duly authorized officers, and its corporate seal to be hereunto affixed, this 17th day of February, 1995.

MARSH & MCLENNAN COMPANIES, INC.

By:/S/Francis N. Bonsignore

Title: Senior Vice President

PUTNAM INVESTMENTS, INC.

EXHIBIT 10

EXECUTIVE DEFERRED COMPENSATION PLAN

Effective as of January 1, 1994

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PUTNAM INVESTMENTS, INC.

EXECUTIVE DEFERRED COMPENSATION PLAN

ARTICLE I

PURPOSE

The Putnam Investments, Inc. Executive Deferred Compensation Plan has been established to provide certain executives with deferred compensation equal to the amounts of (a) employer contributions in excess of amounts permitted to be contributed to the Putnam Investments, Inc. Profit Sharing Retirement Plan, (the "Profit Sharing Plan") because of the limitations of section 415 of the Code, (b) employer contributions with respect to a Participant's Compensation in excess of the limitations imposed by sections 401(a)(17) of the Code, and (c) elective deferrals (as described in section 402(e)(3) of the Code) which exceed the amount that could otherwise be deferred under the Profit Sharing Plan.

The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of Sections 201(2) and 301(a)(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), and shall be interpreted and administered to the extent possible in a manner consistent with that intent.

ARTICLE II

DEFINITIONS

Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

1. "Accounts" means the Executive Salary Deferral Account and the Excess Contribution Account established for the Participant's benefit under Articles IV and V.
2. "Appendix A" is the appendix attached to the Plan which lists those individuals who have been designated as Eligible Executives for purposes of making Executive Salary Deferrals under Article IV.
3. "Appendix B" is the appendix attached to the Plan which lists those individuals for whom Excess Contributions will be made for a Plan Year under Article V.
4. "Beneficiary" means the person or persons designated by the Participant under the Profit Sharing Plan to receive benefits payable at the Participant's death.

5. "Board of Directors" means the board of directors of the Company.
6. "Change of Control" means the occurrence of any of the following events:
- (a) any "person" as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than MMC, the Employer, any trustee or other fiduciary holding securities under an employee benefit plan of MMC or the Employer or any company owned, directly or indirectly, by the stockholders of MMC or the Employer in substantially the same proportions as their ownership of stock of MMC or the Employer), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of MMC or the Employer representing 50% or more of the combined voting power of MMC's or the Employer's then outstanding securities;
 - (b) the stockholders of MMC or the Employer approve a merger or consolidation of MMC or the Employer with any other company, other than (i) a merger or consolidation which would result in the voting securities of MMC or the Employer, outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) 50% or more of the combined voting power of voting securities of MMC or the Employer or such surviving entity outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of MMC or the Employer (or similar transaction) in which no "person" (as defined above) acquires 50% or more of the combined voting power of MMC's or the Employer's then outstanding securities;
 - (c) the stockholders of MMC or the Employer approve a plan of complete liquidation of MMC or the Employer or an agreement for the sale or disposition by MMC or the Employer of all or substantially all of MMC's or the Employer's assets (or any transaction having a similar effect); or
 - (d) MMC ceases to hold securities of the Company representing 50% or more of the combined voting power of the Company's outstanding securities.

7. "Code" means the Internal Revenue Code of 1986, as amended from time to time. Reference to any section or subsection of the Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

8. "Committee" means the persons appointed by the Board with the written approval of the Chief Executive Officer of MMC, to review decisions of the Plan Administrator with respect to denied claims in accordance with the claims procedure described in Article XI.

9. "Company" means Putnam Investments, Inc., a Delaware corporation.

10. "Compensation" means base salary and the cost of employee benefits elected by the Eligible Executive in lieu of cash compensation, including elective deferrals under the Profit Sharing Plan.

11. "Compensation Limit" means the amount distributed in section 401(a)(17) of the Code for any Plan Year.

12. "Contribution Limit" means the applicable limitation on contributions described in section 415 of the Code for any Plan Year.

13. "Eligible Executive" means each employee of the Employer who is designated on either Appendix A or Appendix B as eligible to participate in the Plan.

14. "Employer" means the Company, and any corporation affiliated with the Company which the Board of Directors permits to adopt the Plan for its Eligible Executives.

15. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time. Reference to any section or subsection of ERISA includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.

16. "Excess Contribution" means an amount credited to a Participant's Excess Contribution Account by the Employer in accordance with Article V.

17. "Executive Salary Deferral" means the portion of a Participant's Compensation which is deferred under Article IV and credited to the Participant's Executive Salary Deferral Account.

18. "MMC" means Marsh & McLennan Companies, Inc., a Delaware corporation.

19. "MMC Stock" means the common stock of MMC.

20. "Participant" means any individual who participates in the Plan in accordance with Article III.

21. "Plan Administrator" means the individual or individuals currently serving as Plan Administrator under the Profit Sharing Plan.

22. "Plan" means the Putnam Investments, Inc. Executive Deferred Compensation Plan as set forth herein and all subsequent amendments hereto.

23. "Plan Year" means the calendar year.

24. "Profit Sharing Plan" means the Putnam Investments, Inc. Profit Sharing Retirement Plan, as amended from time to time.

25. "Unforeseen Emergency" means an immediate and heavy financial need resulting from

- (a) expenses which are not covered by insurance and which the Participant, the Beneficiary or the spouse or dependent of such Participant or Beneficiary has incurred as a result of, or is required to incur in order to receive, medical care; or
- (b) any other unanticipated emergency that is determined by the Plan Administrator to be caused by an event beyond the control of the Participant or Beneficiary and that would result in severe financial hardship to the individual if early withdrawal were not permitted.

26. "Valuation Date" means each business day.

ARTICLE III

PARTICIPATION

Section 1. The Plan Administrator shall determine prior to each Plan Year which employees shall be Eligible Executives for purposes of Section IV for such Plan Year, and shall list such Eligible Executives on Appendix A. At the end of the Plan Year, the Plan Administrator shall determine which employees will be Eligible Executives for purposes of Article V only for such Plan Year, and shall list such Eligible Executives on Appendix B.

Section 2. An Eligible Executive shall become eligible to make Executive Salary Deferrals under Article IV for the first

Plan Year after the December 31st on which his or her annual rate of Compensation exceeds the Compensation Limit. To become a participant for purposes of Article V for a Plan Year, an Eligible Employee must be eligible for an allocation of the Employer's profit sharing contributions under the Profit Sharing Plan for such Plan Year and (a) must receive Compensation for the Plan Year in excess of the Compensation Limit or (b) be entitled to an allocation amount calculated under Section 6.2(d) (without reference to Section 6.3) of the Profit Sharing Plan which exceeds the amount that may be contributed to the Profit Sharing Plan on his or her behalf because of the Contribution Limit.

Section 3. Any Eligible Executive who elects to make Executive Salary Deferrals or for whom Excess Contributions are made shall become a Participant in the Plan and shall continue to be a Participant as long as any amount remains credited to his or her Accounts.

Section 4. By participating in the Plan, each Participant acknowledges the Plan is not subject to certain provisions of ERISA, including the participation, vesting, funding, spousal benefits and fiduciary responsibility provisions.

ARTICLE IV

EXECUTIVE SALARY DEFERRAL ACCOUNT

Section 1. A Participant may for any Plan Year elect to defer a designated whole percentage of any Compensation payable to such Participant for services to be performed subsequent to the election, and have his or her Employer credit an equivalent amount to an Executive Salary Deferral Account under the Plan. Such election shall be made on a form delivered to the Plan Administrator prior to the beginning of the Plan Year. The Plan Administrator may limit the amount of Executive Salary Deferrals under the Plan by establishing a percentage limit for any Plan Year.

Section 2. Any amount to be credited to an Executive Salary Deferral Account under the Plan shall be deemed to be credited to such Account as of the same date that the Compensation would have been paid to the Participant but for the election made under Section 1 of this Article IV (or as soon as administratively practicable thereafter). The value of the Participant's Executive Salary Deferral Account shall be determined at any time in accordance with Article VI.

Section 3. A Participant may change his or her deferral election at any time, but such new deferral election shall become effective no earlier than the first day of the Plan Year following the making of such election. Any deferral election

made under this Article IV shall continue to be effective until revoked or changed pursuant to this Article.

Section 4. Except as provided herein, a Participant may revoke his or her deferral election as of the first day of any Plan Year which follows such revocation by giving written notice to the Plan Administrator before that day (or any such earlier date as the Plan Administrator may prescribe). If the Participant incurs an Unforeseen Emergency, the Plan Administrator may permit the Participant to revoke a deferral election effective immediately.

Section 5. A Participant shall have no right to receive any portion of his or her Executive Salary Deferral Account until it becomes distributable under Article VIII.

ARTICLE V

EXCESS CONTRIBUTION ACCOUNTS

Section 1. For any Plan Year in which the Participant's Compensation exceeds the Compensation Limit, the Employer shall credit his or her Excess Contribution Account with an amount equal to the amount of the Participant's Compensation in excess of the Compensation Limit multiplied by the rate of contributions the Employer makes to the Profit Sharing Plan for that Plan Year. For any Plan Year in which the amount called for by Section 6.2(d) (without reference to Section 6.3) of the Profit Sharing Plan together with contributions to any other qualified plan of the Employer with respect to any Participant exceeds the Contribution Limit, such excess amount shall be credited to the Participant's Excess Contribution Account under the Plan.

Section 2. Any amount to be credited to an Excess Contribution Account shall be deemed to be credited to such Account as of the same date that the Employer would have contributed such amount to the Profit Sharing Plan except for the Contribution Limit or the Compensation Limit. The value of the Participant's Excess Contribution Account shall be determined at any time in accordance with Article VI.

Section 3. A Participant shall have no right to receive any portion of the account balance of his or her Excess Contribution Account until it becomes distributable under Article VIII.

ARTICLE VI

INVESTMENT OF EXECUTIVE SALARY DEFERRALS AND EXCESS CONTRIBUTIONS

Section 1. ACCOUNTS. The Plan Administrator shall establish two Accounts for each Participant reflecting Executive

Salary Deferrals (if any) and Excess Contributions made for the Participant's benefit together with any adjustments hereunder. As of the end of each calendar quarter or such other interval as the Plan Administrator may from time to time determine, the Plan Administrator shall provide the Participant with a statement of his or her Accounts reflecting the income, gains and losses (realized and unrealized), amounts of deferrals, and distributions of such Accounts since the prior statement.

Section 2. INVESTMENTS. Each Participant's Accounts shall be credited with income, gain and loss as if it were invested in shares of one or more investment companies for which Putnam Investment Management, Inc. serves as investment advisor or for which Putnam Mutual Funds Corp. is the principal underwriter, or in MMC Stock. The Plan Administrator may determine from time to time whether MMC Stock will be an available investment option under the Plan, and may limit the choice of investment companies in which Accounts may be deemed to be invested and the percentage of each Account that may be allocated to any one fund or to MMC Stock. The Plan Administrator may provide Participants and Beneficiaries the opportunity to determine how their Accounts will be deemed to be invested from among the available investment options, and may permit changes in those investment directions at whatever frequency it deems appropriate and within whatever limitations are applicable to any investment option. If any Participant or Beneficiary makes an investment selection, the Employer (or in the event of the establishment of a trust hereunder, the trustee of such trust) may follow such investment selection but neither shall be legally bound to do so.

Section 3. PAYMENTS. Each Participant's Accounts shall be reduced by the amount of any payment made to or on behalf of the Participant under Article VIII as of the date such payment is made.

ARTICLE VII

VESTING

All Excess Contribution Accounts, Executive Salary Deferral Accounts, Excess Contributions and Executive Salary Deferrals shall at all times be fully vested.

ARTICLE VIII

PAYMENT OF BENEFITS

Section 1. RETIREMENT. When a Participant elects to have Executive Salary Deferrals made on his or her behalf for any Plan Year, the Participant shall also elect the time at which the Executive Salary Deferrals and any Excess Contributions for such

Plan Year (including earnings attributable thereto) will be paid to the Participant. Payment shall be made within 60 days following:

- (a) the Participant's retirement on or after age 50 from the Company or applicable Employer; or
- (b) the fifth anniversary of such retirement date,

whichever the Participant elects.

The Participant shall also at such time select the form of payment of his or her Accounts, under one of the following options:

- (i) a single sum cash payment; or
- (ii) annual installments over a period of 10 years, the amount of each installment to equal the balance of his or her Account immediately prior to the installment divided by the number of installments remaining to be paid.

The foregoing elections shall be made on such form and in such manner as approved or prescribed by the Plan Administrator. Each such election may be changed prior to the beginning of the Plan Year to which it applies, but not thereafter. If no new election is made hereunder with respect to any Executive Salary Deferrals, the existing election as to form and time of payment of such amounts shall remain effective for all amounts deferred thereafter until a new election is made hereunder with respect to future deferrals. Except as provided in Sections 2, 3, or 4 below, payment of a Participant's Accounts shall be made in accordance with the Participant's elections under this Section 1. If a Participant has elected no Executive Salary Deferrals under the Plan, his or her Excess Contribution Account shall be paid to him in a lump sum within 60 days following the date the Participant ceases to be an employee of the Employer.

Section 2. TERMINATION OF EMPLOYMENT BEFORE AGE 50. If a Participant dies or his or her employment terminates for any reason before attaining age 50, the Participant's Accounts shall be paid to the Participant (or in the case of death, to the Beneficiary) in a single sum cash payment within 60 days after such termination of employment or death.

Section 3. DEATH AFTER ATTAINING AGE 50. If a Participant dies while employed and after attaining age 50, the value of his or her Accounts shall be paid within 60 days after the Participant's death to the Participant's designated Beneficiary, in the form previously elected by the Participant under one of the following options:

- (a) a single sum cash payment; or
- (b) annual installments over a period of 10 years, the amount of each installment to equal the balance of his or her Accounts immediately prior to the installment divided by the number of installments remaining to be paid.

If a Participant dies after attaining age 50 and after his or her retirement date, but prior to the complete distribution of his or her Accounts, the balance of the Accounts shall be paid to the Participant's designated Beneficiary, in the same manner as it would have been paid to the Participant if the Participant had lived.

Section 4. ACCELERATION OF PAYMENTS DUE TO UNFORESEEN EMERGENCY. If a retired Participant or a Beneficiary incurs an Unforeseen Emergency, the Plan Administrator may, in its sole discretion, accelerate installment payments or any delayed distribution date to satisfy the individual's emergency need, including any amounts necessary to pay federal, state or local income taxes reasonably anticipated to result from the distribution. A Participant or Beneficiary requesting an emergency payment shall apply for the payment in writing in a form approved or prescribed by the Plan Administrator and shall provide such additional information as the Plan Administrator may require.

Section 5. All benefits payable under the Plan shall be subject to any applicable federal, state or local income tax or employment tax withholding requirements and any payment made hereunder shall be reduced to reflect such withheld taxes.

ARTICLE IX

ADMINISTRATION

Section 1. The Plan Administrator shall have the power

- (a) to make and enforce rules and regulations and to prescribe the use of forms necessary or advisable for efficient administration;
- (b) to interpret the Plan, to resolve ambiguities, inconsistencies and omissions and to decide questions concerning the eligibility of any person to become a Participant, such interpretations, resolutions and decisions to be final and conclusive on all persons;
- (c) to direct payment of amounts due Participants, Beneficiaries and other persons under the Plan; and

- (d) to delegate authority to agents and other persons to act on its behalf in carrying out the provisions and administration of the Plan.

Section 2. The Plan Administrator may employ such accountants, counsel, and other persons as he deems necessary or desirable in connection with the administration of the Plan and any trust created hereunder. In administering the Plan, the Plan Administrator may use the facilities of any corporation or unincorporated business affiliated with the Company. The Plan Administrator may delegate any of his responsibilities to such persons as the Plan Administrator deems appropriate. The Plan Administrator may adopt such rules and procedures with respect to the administration of the Plan in such manner and to such extent as he deems necessary and expedient to carry out the Plan. The rules and decisions of the Plan Administrator made in good faith within the scope of his authority shall be final and binding upon all parties.

Section 3. The Plan Administrator shall prepare or cause to be prepared and distributed to each Participant and Beneficiary periodic reports of the value of the individual's Account under the Plan.

ARTICLE X

FUNDING

Section 1. The Plan constitutes a mere promise by the Employer to make benefit payments to Participants and Beneficiaries in the future in accordance with the terms hereof, and such Participants and Beneficiaries shall have only the status of general unsecured creditors of the Employer. Any amounts payable under the Plan shall be paid out of the general assets of the Employer and the Participants shall be deemed to be general unsecured creditors of the Employer.

Section 2. Nothing in the Plan will be construed to create a trust or to obligate the Employer or any other person to segregate a fund, purchase an insurance contract, or in any other way currently to fund the future payment of any benefits hereunder, nor will anything herein be construed to give any employee or any other person rights to any specific assets of the Employer or of any other person.

Section 3. Except as provided in Section 4, the Employer may, in its sole discretion, create a grantor trust to pay its obligations hereunder, but shall have no obligation to do so. If the Employer decides to establish a separate account or trust fund for the payment of benefits hereunder, such account or trust shall be applicable only with respect to the Participants of such Employer and such account or trust shall be treated for all

purposes as the assets of such Employer. If such a trust is established by the Employer, the terms of any such trust will conform to the terms of the model trust described in Revenue Procedure 92-64. In all events, it is the intent of the Employer that the Plan be treated as unfunded for tax purposes and for purposes of Title I of ERISA.

Section 4. In the case of a Change in Control prior to the establishment of a trust under Section 3 above, the Employer shall pay to each Participant and Beneficiary the balance of his or her Account in cash in a lump sum.

ARTICLE XI

CLAIMS PROCEDURE

Section 1. A Participant or Beneficiary who asserts a right to any benefit under the Plan that he or she has not received must file a written claim with the Plan Administrator. If the Plan Administrator wholly or partially denies the claim, he shall within 90 days of his receipt of the claim provide a written notice of denial to the claimant, setting forth:

- (a) specific reasons for the denial of the claim;
- (b) specific reference to pertinent provisions of the Plan on which the denial is based;
- (c) a description of any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary; and
- (d) an explanation of the Plan's claims review procedure.

Section 2. A claimant whose application for benefits is denied by the Plan Administrator, or who has received neither an affirmative reply nor a notice of denial within 90 days after filing his or her claim with the Plan Administrator, may request a full and fair review of the decision denying the claim. The request must be made in writing to the Committee within 60 days after receipt of the notice of denial or, if no notice of denial is issued, within 60 days after the expiration of 90 days from the filing of the claim. In connection with the review, the claimant may:

- (a) request a hearing by the Committee upon written application to the Committee,
- (b) review pertinent documents in the possession of the Committee, or

- (c) submit issues and comments in writing to the Committee for review.

Section 3. A decision on review by the Committee shall be made promptly, and not later than 60 days after the receipt by the Committee of a request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time for processing, in which case the claimant will be so notified of the extension, and a decision shall be rendered as soon as possible, and not later than 120 days after the receipt of the request for review. The decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific reference to the pertinent provisions of the Plan on which the decision is based. The Committee shall have discretionary authority to interpret and apply the provisions of the Plan with respect to any benefit claim, and the decision of the Committee shall be final and binding upon all parties.

ARTICLE XII

MISCELLANEOUS

Section 1. The establishment of the Plan shall not be construed to confer upon any Participant any legal right to be continued as an Employee and the Company and the applicable Employer expressly reserve the right to discharge from employment any Participant or to increase or decrease his or her compensation whenever the interest of the Employer, in its sole judgment, may so require.

Section 2. Except as otherwise provided by applicable law, amounts payable under the Plan may not be assigned or hypothecated and no such amounts shall be subject to legal process or attachment for the payment of any claim of any person entitled to receive the same.

Section 3. Except as otherwise provided by applicable law, if any Participant or Beneficiary becomes a debtor under the bankruptcy code or attempts to assign, encumber or otherwise transfer any amounts payable under the Plan, or if any attempt is made to subject any amounts payable under the Plan to the debts, liabilities or obligations of the Participant or his or her Beneficiary entitled to such amounts, then the Plan Administrator may, in its discretion, terminate the obligation of the Employer to pay such amounts and cause such amounts or any part thereof to be held or applied for the benefit of such Participant or Beneficiary, in such manner and in such proportion as the Plan Administrator shall determine.

Section 4. To the extent not preempted by any laws of the United States now or hereafter enacted, including the Employee

Retirement Income Security Act of 1974, as may from time to time be amended, the Plan shall be construed and all provisions hereof shall be enforced and administered according to the laws of the Commonwealth of Massachusetts.

Section 5. Any provisions of the Plan deemed to be in violation of any law or regulation shall be void and of no effect, and shall not affect the continued validity of any other provision hereof which shall remain in full force and effect.

ARTICLE XIII

AMENDMENT, TERMINATION AND EFFECTIVE DATE

Section 1. The Company reserves the right at any time and from time to time to modify, amend or terminate the Plan or any of its provisions as to all Employers, by an officer executing an instrument in writing by authorization of the Board of Directors, with the written approval of the Chief Executive Officer of MMC. Notwithstanding the preceding sentence, in no event shall the modification, amendment or termination of the Plan reduce the value of any Participant's account balance in his or her Accounts.

Section 2. This document, which sets forth the terms and conditions of the Plan, shall be effective as of January 1, 1994.

IN WITNESS WHEREOF, Putnam Investments, Inc. has caused the Putnam Investments, Inc. Executive Deferred Compensation Plan to be executed by its duly authorized officer the 15th day of December, 1994.

PUTNAM INVESTMENTS, INC.

By:/s/Lawrence J. Lasser

Title: President

AMENDED AND RESTATED

EMPLOYMENT AGREEMENT

by and between

MARSH & McLENNAN RISK CAPITAL CORP.

and

ROBERT CLEMENTS

Effective as of December 31, 1993

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AMENDED AND RESTATED

EMPLOYMENT AGREEMENT

AGREEMENT, effective as of December 31, 1993, by and between Robert Clements (the "Executive") and Marsh & McLennan Risk Capital Corp., a Delaware corporation (the "Company").

WHEREAS, the Executive and Marsh & McLennan Risk Capital Corp., a New York corporation ("MMRCC"), entered into an Employment Agreement, effective as of December 31, 1993 (the "Prior Agreement"), setting forth the terms and conditions of the employment relationship of the Executive with MMRCC; and

WHEREAS, MMRCC has been merged into the Company, which is an indirect wholly-owned subsidiary of the Parent (as hereinafter defined), and the Company has succeeded to the rights and obligations of MMRCC under the Prior Agreement; and

WHEREAS, the parties wish to amend and restate the Prior Agreement in its entirety;

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth below, the parties hereby agree, intending to be legally bound hereby, as follows:

1. EMPLOYMENT. The Company hereby agrees to employ the Executive, and the Executive hereby accepts such employment, on the terms and conditions hereinafter set forth. The Executive hereby resigns from his positions as President and a member of the Executive Committee of the Board of Directors of Marsh & McLennan Companies, Inc. (the "Parent") effective as of December 31, 1993.

2. EMPLOYMENT PERIOD. The period of employment of the Executive by the Company hereunder (the "Employment Period") shall commence on January 1, 1994 (the "Effective Date") and shall end on September 30, 1997, unless sooner terminated by a termination of Executive's employment as set forth herein.

3. POSITION AND DUTIES. During the Employment Period, the Executive shall serve as Chief Executive Officer and Chairman of the Company. Subject to the supervisory powers of the Board of Directors of the Company (the "Board") (which is expected to have regular quarterly meetings), the Executive shall have those powers and duties consistent with his position as Chief Executive Officer as may be prescribed by the Board, and the Executive as Chief Executive Officer shall cause the

Company to comply with all general policies and procedures as shall be in effect from time to time applicable to the Parent's operating subsidiaries and that have been communicated to the Executive in writing, including the approval by the Parent of annual budgets and business plans including any material changes thereto. During the Employment Period, the Executive shall also provide, from time to time, consulting services to the Parent and its subsidiaries as requested by the Chief Executive Officer of the Parent with respect to their businesses, including services relating to the performance and activities of the Parent's insurance investments, assessing events in the insurance industry and their implications for the Parent's businesses, and such other projects as the Executive may be assigned by the Chief Executive Officer of the Parent. It is expected that the Executive and the Chief Executive Officer of the Parent will meet at least quarterly or as requested by the Chief Executive Officer of the Parent. The Executive agrees to devote substantially all his full working time, attention and energies during normal business hours to the performance of his duties for the Company and such consulting services, and shall comply with all general policies of the Parent and the Company relating to conduct by officers and employees that have been communicated to the Executive in writing. Anything herein to the contrary notwithstanding, subject to Section 10(c) hereof, nothing shall preclude the Executive from (i) serving on the boards of directors of a reasonable number of other corporations (subject to prior approval by the Chief Executive Officer of the Parent) or the boards of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal investments and affairs, provided that such activities do not interfere with the proper performance of his duties and responsibilities as the Company's Chairman and Chief Executive Officer.

4. PLACE OF PERFORMANCE. The principal place of employment of the Executive shall be at the Company's principal executive offices in New York State or such other location as may be agreed to by the Board and the Executive.

5. COMPENSATION AND RELATED MATTERS.

(a) BASE SALARY AND STIPEND. As compensation for the performance by the Executive of his obligations hereunder, during the Employment Period the Company shall pay the Executive a base salary at the rate of Eight Hundred Thousand Dollars (\$800,000) per year

("Base Salary"), payable pursuant to the Company's normal payroll practices. The Executive shall also receive a stipend at the rate of Four Hundred Fifty Thousand Dollars (\$450,000) per year, payable semi-monthly and subject to regular payroll withholding, in connection with the consulting services he provides pursuant to Section 3 hereof during the Employment Period (the "Stipend").

(b) BONUS. Subject to the provisions of Section 8 hereof, the Executive shall receive an annual cash bonus during the Employment Period, payable on or before March 1 following each such year, with a minimum bonus of Eight Hundred Thousand Dollars (\$800,000) to be paid with respect to each of 1994, 1995 and 1996, and Six Hundred Thousand Dollars (\$600,000) to be paid with respect to 1997. The Compensation Committee of the Board of Directors of the Parent shall, in its sole discretion, after considering the recommendation of the Chief Executive Officer of the Parent, who shall take into account pertinent aspects of the Executive's performance, determine the amount of such bonus. In arriving at such recommendation, the Chief Executive Officer of the Parent shall consider in particular the performance of the Company against business plans and budgets for the year, absolute and relative profit performance, the contribution to the Company of investments and initiatives undertaken by the Executive from January 1, 1994 forward, and the Executive's contributions to the business of other Marsh & McLennan Entities (as defined in Section 5(c)(2) hereof).

(c) PERFORMANCE PAYMENT.

(1) As used in this Section 5(c), the terms Advisor's Fees, Company's Capital Raising Fee, Litigation Liabilities, Marsh & McLennan Trident Compensation and Trident Annual Return shall have the respective meanings set forth in Exhibit A annexed hereto, which refers to the offering memorandum dated July 1993 relating to the private placement of interests in The Trident Partnership, L.P., a limited partnership registered under the laws of the Cayman Islands ("Trident").

(2) Subject to the provisions of Sections 5(i) and 8 hereof and clause (5) below, if Trident has accepted subscriptions from limited partners while the Executive is an employee of the Company pursuant hereto,

the Executive will be eligible to receive a cash payment (the "Performance Payment") within forty-five (45) days following the receipt by the Company of the final liquidating distribution from Trident, and in accordance with the provisions of clauses (3) and (6) below, may receive advance payments of the Performance Payment. As promptly as practicable following receipt of such final liquidating distribution and within 45 days of such receipt, the Company shall furnish the Executive with a statement setting forth in reasonable detail the calculation of the Performance Payment. The Performance Payment will be based upon the Trident Annual Return and certain payments received by the Parent and any corporation or partnership in which the Parent directly or indirectly maintains a majority equity interest (the "Marsh & McLennan Entities") from Trident as described below. In the event the Trident Annual Return is at least 15%, the Executive will be paid a Performance Payment (the "Base Performance Payment") equal to not less than 5% nor more than 25% of the Company's Capital Raising Fee, such percentage to depend upon the percentage of the Trident Annual Return, as follows:

Trident Annual Return		Capital Raising Fee Percentage
-----		-----
At least	Up to but not including	
-----	-----	
15%	16%	5%
16%	17%	10%
17%	18%	15%
18%	19%	20%
19%	--	25%

The Executive will also receive an additional amount as a Performance Payment (the "Enhanced Performance Payment"), based upon percentages of portions of the Marsh & McLennan Trident Compensation attributable to increments of the Trident Annual Return. Such additional payment shall be equal to the sum of: (A) 5% of the Marsh & McLennan Trident Compensation; (B) 2.5% of that portion, if any, of the Marsh & McLennan Trident Compensation attributable to the Trident Annual Return being more than 25%; (C) 2.5% of that portion, if any, of the Marsh & McLennan Trident Compensation attributable to the Trident Annual Return being more than 30%; (D) 2.5% of that portion, if any, of the Marsh & McLennan Trident Compensation attributable to the Trident Annual Return being more than 40%;

and (E) 2.5% of that portion, if any, of the Marsh & McLennan Trident Compensation attributable to the Trident Annual Return being more than 50%. For purposes of this Section 5(c), all amounts due under this clause (2) shall reflect any applicable reductions or exclusions under clause (5) below or otherwise under this Section 5(c). (Schedules annexed hereto set forth examples of the computation of the Executive's Performance Payment under various assumptions, such computation being illustrative only and not intended to be binding upon the parties hereto.)

(3) Subject to the provisions of clause (5) below, the Company shall, within 10 days after receipt of any payment constituting the Company's Capital Raising Fee, make an advance payment to the Executive of the Base Performance Payment equal to 25% of the amount received by the Company. Should it be determined, at the time payment of the Performance Payment would be due pursuant to clause (2) above, that, whether due to computation of the Trident Annual Return, the existence of Litigation Liabilities or otherwise, the Executive has received, by way of advance payments, an amount in excess of the Base Performance Payment to which he is entitled pursuant to clause (2) above, the Executive shall, within 10 days of receiving a demand of payment from the Company (which demand shall include a statement setting forth the basis of such demand in reasonable detail), pay the Company the amount of such excess, together with interest thereon at a rate per annum equal to the publicly announced prime commercial lending rate of Morgan Guaranty Trust Company of New York, or successor thereto, in effect from time to time (the "Agreed Rate"), on a compound basis, from the date or dates such excess was paid to the Executive until the date of payment to the Company. If the Executive fails to make such payment, the Company, in addition to other available remedies, may offset such amount due the Company against any other amounts due to the Executive pursuant to the terms hereof.

(4) As soon as practicable following the execution of this Agreement, the Company shall establish a grantor trust (the "Trust"), of which Morgan Guaranty Trust Company of New York or, subject to the consent of the Executive, another bank of nationally recognized standing with consolidated shareholders' equity of not less than \$500 million shall be trustee (the "Trustee") and the Executive shall be the beneficiary. The Company

shall be responsible for the fees of the Trustee and all other expenses related to the establishment and administration of the Trust and all tax liability in connection therewith other than taxes payable by the Executive on amounts received by him from the Trust. The trust agreement shall include, or the Trust shall otherwise be subject to, the terms set forth in Exhibit B annexed hereto, the relevant terms of this clause (4) and such other terms as the Company and the Executive shall, reasonably and in good faith, agree to. The corpus of the Trust shall be funded by the Company contributing \$100 upon the Trust's establishment and thereafter, during its existence, contributing, within 10 days of receipt by any Marsh & McLennan Entity of a payment constituting Marsh & McLennan Trident Compensation (subject to the provisions of clauses (5) and (6) below), 5% of such payment, and the Company shall promptly notify the Executive of the amount of such payment and of such contribution.

In addition:

- (A) Should the Company determine, prior to the time payment of the Enhanced Performance Payment would be due pursuant to clause (2) above, that the Marsh & McLennan Trident Compensation is of an amount less than previously determined, the Company shall give notice thereof to the Executive and the Trustee (which notice shall include a statement setting forth the basis of the determination in reasonable detail) and, unless the Executive, within 30 days of receipt of such notice, notifies the Trustee and the Company in writing of his disagreement with the Company's determination, the Trustee shall pay over to the Company from the corpus of the Trust an amount equal to 5% of such deficiency in the Marsh & McLennan Trident Compensation; if the Executive does so notify the Trustee and the Company of his disagreement, and the parties thereafter are unable to agree, the disagreement shall be submitted to arbitration pursuant to the provisions of Section 14 hereof.
- (B) If it shall be determined, at the time payment of the Performance Payment becomes due pursuant to clause (2) above, that the Trust assets are less

than the amount of the Enhanced Performance Payment due the Executive (after subtracting from such amounts due any payments made pursuant to clause (6) below), the Company shall also pay to the Executive the additional income that the Executive would have been paid from the Trust (based on the income actually paid from the Trust) had the Company (after giving effect to any payments made pursuant to clause (6) below) contributed to the corpus of the Trust, on the 10th day following the time the Company received each payment of Marsh & McLennan Trident Compensation, the actual portion of the Marsh & McLennan Trident Compensation ultimately determined to be due to the Executive, together with interest thereon at the Agreed Rate, on a compound basis, from the date or dates such additional income would have been payable to the Executive until the date of payment by the Company.

- (C) If it shall be determined, at the time payment of the Performance Payment would be due pursuant to clause (2) above, that, due to computation of the Trident Annual Return, a repayment by "clawback" or otherwise to Trident of all or a portion of the Marsh & McLennan Trident Compensation, the existence of Litigation Liabilities or otherwise, a greater amount has been contributed to the Trust by the Company than would have been the case had the payments purporting to be Marsh & McLennan Trident Compensation not been characterized as Marsh & McLennan Trident Compensation, the Executive shall, within 10 days of receiving a demand of payment from the Company, pay to the Company an amount equal to the income received by him from the Trust earned upon such excess amount, together with interest on such income at the Agreed Rate, on a compound basis, from the date or dates of such payments of income to the Executive until the date of payment to the Company; PROVIDED, HOWEVER, that if such subsequent determination results from, or is caused by facts or circumstances that also result in, the Marsh & McLennan Entities making a repayment to Trident that does not include the payment of interest, the Executive shall not be required to pay to the Company any amount (including interest thereon)

which so relates to such repayment to Trident. Notwithstanding the foregoing, if as a result of the resolution of Litigation Liabilities or otherwise it is subsequently determined that some or all of the payments characterized as not being Marsh & McLennan Trident Compensation (as described above) were in fact Marsh & McLennan Trident Compensation, then the Company shall promptly repay to the Executive the amount of income and interest paid by him to the Company pursuant to this subparagraph (C) that would not have been paid if such subsequent determination had been made at the time of the payment of such income and interest by the Executive, together with interest on such amount at the Agreed Rate, on a compound basis, from the date of payment by the Executive until the date of repayment by the Company.

Upon the payment to the Executive of all payments due him pursuant to the provisions of clause (2) above and this clause (4), the Trust shall terminate and all assets of the Trust shall be paid over to the Company. Without limiting the foregoing, at the time payment of the Performance Payment becomes due pursuant to clause (2) above, the Executive shall be entitled to receive from the corpus of the Trust the lesser of (i) the amount then due pursuant to clause (2) above (reduced by (A) any amounts previously paid to the Executive pursuant to clause (6) below and (B) the application of the provisions of clause (5) below if relevant) or (ii) the amount in the Trust, PROVIDED, HOWEVER, that the Company may choose to make payments from its own funds rather than from the Trust, in which case all assets in the Trust shall be distributed to the Company promptly following such payment. Any such amount paid from the Trust (but not income paid from the Trust) shall reduce the amount otherwise then payable by the Company.

(5) If, at the time of the final liquidating distribution from Trident or at the time that an advance payment is due pursuant to the provisions of clause (3) above or at the time that a payment of 5% of the Marsh & McLennan Trident Compensation is made to the Trust as provided in clause (4) above, there are any pending or threatened claims, penalties, damages or liabilities involving the Marsh & McLennan Entities that

are potentially Litigation Liabilities, an amount equal to the maximum potential exposure of the Company relating thereto that may reasonably be anticipated in the opinion of the Company's outside counsel, shall be excluded from the Company's Capital Raising Fee or from the Marsh & McLennan Trident Compensation, as the case may be. Upon the resolution of such claims, penalties, damages or liabilities, the Company's Capital Raising Fee or the Marsh & McLennan Trident Compensation, as applicable, shall be recomputed and any further payment thereby due the Executive pursuant to clauses (2) or (3) above or payable to the Trust pursuant to clause (4) above as a result of such recomputation shall be promptly paid, PROVIDED, HOWEVER, that in the event such recomputation results in a further exclusion from the Company's Capital Raising Fee or the Marsh & McLennan Trident Compensation, the Executive shall promptly pay to the Company any amount thereby due to the Company.

(6) Prior to the receipt by the Company of the final liquidating distribution from Trident, the Company and the Executive may agree, each in his or its complete discretion, to the payment to the Executive of a portion of the Enhanced Performance Payment. In the event it shall ultimately be determined that, for whatever reason, the Executive is not entitled to at least the amount of the Enhanced Performance Payment he has received, then, upon receipt of written notice from the Company setting forth in reasonable detail the basis of its claim and the appropriate calculation, the Executive shall promptly pay to the Company an amount equal to the excess payment made to the Executive.

(d) EXPENSES. During the Employment Period, the Company shall reimburse the Executive for all reasonable business expenses upon the presentation of itemized statements of such expenses, subject to the Company's policies and procedures then in force and upon approval of the Chief Executive Officer of the Parent.

(e) VACATION. The Executive shall be entitled to vacation during the Employment Period in accordance with the policies of the Parent applicable generally to senior executives.

(f) SERVICES FURNISHED. During the Employment Period, the Company shall furnish the Executive,

at the Company's principal executive offices, with appropriate office space and such other facilities and services as shall be suitable to the Executive's position and adequate for the performance of his duties as set forth in Section 3 hereof.

(g) OTHER BENEFITS. During the Employment Period, the Executive shall be eligible to participate in all tax-qualified defined contribution and defined benefit retirement plans, and supplemental plans relating thereto, and welfare plans and programs (including group life insurance, medical and dental insurance, and accident and disability insurance) in which employees of the Parent and its United States subsidiaries are generally eligible to participate; PROVIDED, HOWEVER, that, without limitation, such plans and programs shall not include annual bonuses (other than as contemplated in this Agreement and other than a bonus with respect to 1993) or stock option, restricted stock or other Parent stock-related awards or grants after December 31, 1993, and the Executive's covered compensation for the purposes of any such plans during the Employment Period shall include only the Base Salary under Section 5(a) hereof and not the Stipend or any other amounts payable under this Agreement. Notwithstanding anything to the contrary contained in the Marsh & McLennan Supplemental Employee Retirement Plan (the "SERP"), in the event of the Executive's death while in the employ of the Company under this Agreement, the Executive's spouse shall be entitled to a survivor benefit hereunder equal to the excess of (i) the benefit to which she would have been entitled under the SERP assuming the Executive had retired on the date immediately preceding the date of death and had been receiving retirement payments pursuant to the SERP in the form of a 100% joint and survivor annuity at the time of his death, over (ii) the benefit to which she is entitled under the SERP. The stock option, restricted stock and other Parent stock-related awards and grants held by the Executive on the date of this Agreement shall continue to be governed by the terms of their respective plans and award agreements. The Company will provide the Executive during the Employment Period with an automobile similar to that currently provided by the Parent. It is also expected that the Company will maintain a car and driver for use in connection with the Company's business, including business related local travel by the Executive. The Company will continue to reimburse the Executive for

dues and expenses for The Links Club, Stamford Yacht Club and Toronto Lawn and Tennis Club on the same basis as he is presently reimbursed by the Parent. Additional or substitute clubs will be subject to approval by the Chief Executive Officer of the Parent in the normal manner.

(h) CONSULTING ARRANGEMENT. If the Employment Period has not been terminated prior to September 30, 1997, the Company shall retain the Executive, and the Executive agrees to serve, as a consultant with respect to the Company's business to render advice and services in connection with the Company's business activities and to work on such special projects utilizing the Executive's professional skills as may be assigned to the Executive, subject to the Executive's reasonable convenience, with such services not to require more than 25% of the Executive's time during normal working hours, and with such other responsibilities as the Company and the Executive may hereafter agree. The period during which the Executive shall be retained by the Company as a consultant pursuant to this Section 5(h) (the "Consulting Period") shall commence on October 1, 1997 and end on September 30, 1999. By mutual agreement between the Company and the Executive, the Consulting Period may be extended annually for successive one-year terms as of each October 1 thereafter. In all events, the Consulting Period (including if so extended) may be sooner terminated by a termination of the Executive's consultancy as set forth herein. During the Consulting Period, the Executive shall receive a consulting fee at the rate of \$300,000 per year (the "Consulting Fee"), payable semi-monthly, and the Company will reimburse the Executive for any reasonable travel and entertainment expenses incurred in connection with such consulting services. While serving as a consultant, the Executive shall be an independent contractor, not an employee, and all benefits and emoluments he may have received as an employee shall cease, and the Company will not exercise any control or direction of the Executive's performance of such consulting services but will require that the result to be accomplished has been acceptably achieved. In addition, notwithstanding anything to the contrary in this Section 5(h) or in Section 5(i) hereof, the Executive may at any time prior to the commencement of the Consulting Period elect to have the advice and services described in this Section 5(h) provided to the Company by a corporation all of the stock of which is owned by the Executive, members

of his immediate family or trusts for the benefit of the Executive and members of his immediate family, provided that such corporation shall make the Executive available to render such advice and services. If the Executive so elects, such corporation shall be retained as the consultant under this Section 5(h) and the Consulting Fee and expense reimbursements shall be paid to such corporation. In such event, Sections 7 and 8 hereof shall be deemed modified to provide for the termination of such corporation's consultancy upon the occurrence of the various events specified in such sections with respect to the Executive, and both the Executive and such corporation shall be subject to all of the obligations of the Executive hereunder as pertain to his consultancy hereunder, including but not limited to Section 10 hereof.

(i) PHYSICIAN CERTIFICATION NOTICE. Notwithstanding anything to the contrary in Section 5(h) hereof, if subsequent to December 31, 1995 and prior to September 30, 1997, a physician mutually agreed to by the Executive and the Company certifies that the Executive's continuing to serve as Chief Executive Officer and Chairman of the Company carries a significant risk of having a material adverse impact on the Executive's health, the Executive may, upon 30 days prior written notice to the Company (a "Physician Certification Notice"), terminate his employment hereunder and commence his service as a consultant as provided in Section 5(h) hereof with such consultancy to continue until September 30, 1999, unless sooner terminated by a termination of the Executive's consultancy as set forth herein. In the event that the Executive's consultancy commences prior to October 1, 1997 as provided in the immediately preceding sentence, the Executive shall receive a bonus under Section 5(b) hereof for the year in which the Date of Termination (as defined in Section 7(e) hereof) occurs on the basis of \$1,000,000 (or \$750,000 in the event the Date of Termination occurs during the nine-month period ending on September 30, 1997) prorated based upon the number of days during such year or period the Executive was employed by the Company.

If the Executive provides a Physician Certification Notice to the Company prior to January 1, 1996, the Executive may, upon 30 days prior written notice to the Company, terminate his employment. In the case of such termination of employment:

(i) the Company shall pay the Executive (or the Executive's estate or designated beneficiary in the event of his death) any amounts due to the Executive for services prior to the Date of Termination (as defined in Section 7(e) hereof) pursuant to Sections 5(a) or 8(a) hereof but unpaid, any bonus due under Section 5(b) hereof with respect to the year prior to the year in which the Date of Termination occurs but unpaid, and a bonus under Section 5(b) hereof for the year in which the Date of Termination occurs on the basis of \$1,000,000 prorated based upon the number of days during such year the Executive was employed by the Company;

(ii) the Executive (or the Executive's estate or designated beneficiary in the event of his death) shall be paid, as and when payable pursuant to Section 5(c) hereof, a percentage (up to a maximum of 100%) of the Performance Payment equal to the greater of (A) 20% or (B) the percentage of the total capital commitments to Trident that have been invested prior to the Date of Termination plus 10%;

(iii) the Executive (and, to the extent provided in any such plan, his spouse) may participate in the retiree medical plan then in operation for retirees of the Parent under the terms of such plan as if he had been an eligible retiree of the Parent; and

(iv) the Company shall have no additional obligations to the Executive under this Agreement except to the extent otherwise provided in the applicable plans and programs of the Company.

Executive represents that to his knowledge he does not currently have a medical condition that could lead to a Physician Certification Notice.

(j) INVESTMENT ADVISOR RELATIONSHIP. Notwithstanding anything to the contrary in this Agreement, at any time during the 120 days preceding October 1, 1995, the Company or the Parent may request, upon at least 30 days written notice to the Executive, that the Executive retire as an employee of the Company, effective October

1, 1995 and become an investment advisor to the Company ("Investment Advisor").
In such event:

- (i) the Executive shall retire from the Company and resign as Chief Executive Officer of the Company (remaining as non-executive Chairman) and from any officerships and directorships of the Parent and any other Marsh & McLennan Entities, all effective as of October 1, 1995;
- (ii) in lieu of the duties as Chief Executive Officer set forth in Section 3 hereof, the Executive shall provide "Investment Advisory Services" (as defined below) for the Company as an independent contractor and in lieu of the receipt of Base Salary under Section 3 hereof shall be paid a fee (the "Investment Advisor Fee") at the rate of Eight Hundred Thousand Dollars (\$800,000) per year, payable semi-monthly (and the term Investment Advisor Fee shall be substituted for the term Base Salary for purposes of Sections 7 and 8 hereof);
- (iii) notwithstanding anything else in this Agreement, except as otherwise provided in this Section 5(j), the Executive shall for purposes of this Agreement be treated in all respects while serving as Investment Advisor as if he were still an employee hereunder and the Employment Period continued until September 30, 1997 (subject to earlier termination pursuant to the terms of this Agreement);
- (iv) while acting as Investment Advisor, the provisions of Section 5(g) hereof with respect to participation in benefit plans and programs shall no longer apply to the Executive, PROVIDED, HOWEVER, that:

(A) the Executive (and, to the extent provided in any such plan, his spouse) may participate in the retiree medical plan then in operation for retirees of the Parent under the terms of such plan as if he had been an eligible retiree of the Parent;

(B) if the Executive converts all or a portion of his group life insurance coverage that was provided during employment under the Parent's Basic and Optional Life Insurance Plans to individual coverage at or upon October 1, 1995, the Company agrees to pay to the Executive, during the remainder of the Employment Period (as in effect without regard to the termination of employment pursuant to this Section 5(j)), the excess of (1) the cost to the Executive of such converted coverage, over (2) the amount the group life insurance would have cost the Executive under such plans had he continued as an active employee with the same level of coverage during such period of time; and

(C) while an Investment Advisor, the Executive shall have the option to pay quarterly amounts to the Parent equal to the premiums he would be paying if he were an employee participating in the Parent's then-in-effect disability program for employees. In the event such premiums are paid, if the Executive, while an Investment Advisor, becomes disabled (as defined and administered under such program), and his Investment Advisor status is terminated for such disability under paragraph 7(b) of this Agreement, then the Company will make monthly payments to the Executive equal to: (1) the amount the Executive (had he remained a Company employee) would have received under the Parent's then-in-effect disability program, less (2) the

amount the Executive is receiving from the Parent's retirement program.

At the end of the Employment Period, if the Employment Period has not been terminated prior to September 30, 1997, the consulting arrangement pursuant to Section 5(h) shall commence.

"Investment Advisory Services" shall mean (i) providing services to be provided to Trident under the contemplated Investment Advisory Agreement between the Company and Trident, including identifying potential investee companies and providing information and analyses regarding potential investee companies, making investment recommendations, and assisting in structuring and negotiating the terms of such investments and monitoring their performance, (ii) providing services similar to the foregoing with respect to non-Trident related activities of the Company, and (iii) providing from time to time, consulting services to the Parent and its subsidiaries as requested by the Chief Executive Officer of the Parent with respect to their businesses, including services relating to the performance and activities of the Parent's insurance investments, assessing events in the insurance industry and other implications for the Parent's businesses, and such other projects as may be assigned by the Chief Executive Officer of the Parent.

Upon becoming Investment Advisor pursuant to this Section 5(j), the Executive shall have the same rights and obligations, and be subject to the same limitations and termination provisions as are applicable during and following the Employment Period (except to the extent inconsistent with his no longer being the Chief Executive Officer), including but not limited to Section 10 hereof, PROVIDED, HOWEVER, that Section 7(d)(iv) hereof shall be modified to read as follows: "during the Employment Period, assignment of duties (including reduction of duties) which are materially inconsistent with the Executive's status as Investment Advisor to the Company." For purposes of Section 5(i) hereof, the Executive's continuing service as Investment Advisor shall be substituted for his continuing service as Chief Executive Officer for the purpose of the Physician Certification Notice.

In lieu of the Executive becoming the Investment Advisor, the Executive may elect for a corporation, all of the stock of which is owned by the Executive, members of his immediate family or trusts for the benefit of the Executive and members of his immediate family, to become the Investment Advisor. Such corporation shall make the Executive available to render the Investment Advisory Services, and all payments that would have been owed to the Executive pursuant to the terms of this Agreement had the Employment Period continued until September 30, 1997 (subject to earlier termination pursuant to the terms of this Agreement) shall be paid to such corporation. In the event such corporation is the Investment Advisor, Sections 7 and 8 hereof shall be deemed modified to provide for the termination of such corporation's Investment Advisor relationship upon the occurrence of the various events specified in such sections with respect to the Executive, and the immediately preceding paragraph of this Section 5(j) shall apply to both the Executive and such corporation.

(k) OTHER COMPANY ACTIVITIES. If during the Employment Period the Company organizes a successor or supplemental insurance venture capital investment fund to Trident with objectives and purposes substantially similar to those of Trident, the Executive and the Company will discuss in good faith the Executive's entitlement to receive a performance payment with respect to such fund(s) based on concepts similar to those applicable to Trident and reflecting the business conditions at the time of such discussions.

6. PERSONAL INVESTMENTS. During the Employment Period, the Parent, in its sole discretion, may make available to the Executive and other similarly situated senior executives of the Parent and its operating subsidiaries the opportunity for personal investments in insurance risk assumption entities being organized involving the solicitation of capital.

During the Employment Period, the Executive will refrain from any personal investments in the insurance industry, other than (i) any investment in Trident, (ii) investments made available to the Executive in accordance with the preceding paragraph or (iii) investments in stocks, bonds, or other securities listed on any national or regional securities exchange or that have

been registered under Section 12(g) of the Securities Exchange Act of 1934 if the Executive's investment does not exceed, in the case of any class of the capital stock of any one issuer, one percent (1%) of the issued and outstanding shares, or, in the case of other securities, one percent (1%) of the aggregate principal amount thereof issued and outstanding.

The Executive shall not, during the Employment Period and during the Consulting Period, make any personal investments which would prevent or hinder, directly or indirectly, the transaction of business by or the relationship of any Marsh & McLennan Entity with any governmental or quasi-governmental or public entity (including pension plans covering governmental or quasi-governmental employees), including any state, district, territory, or possession of the United States or any governmental subdivision, agency, or instrumentality thereof or any insurance market, including Lloyd's, by virtue of any statute, law, regulation, or administrative practice.

7. TERMINATION. The Executive's employment or consultancy hereunder, as the case may be, may be terminated under the following circumstances set forth in Sections 7(a) through 7(e) hereof without breach of this Agreement:

(a) DEATH. The Executive's employment or consultancy hereunder, as the case may be, shall terminate upon his death, and the date of his death shall be the Date of Termination.

(b) DISABILITY. If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties hereunder on a full-time basis (or as required pursuant to Section 5(h) hereof) for the entire period of six consecutive months and, within thirty (30) days after written Notice of Termination (as defined in Section 7(f) hereof) is given, shall not have returned to the performance of his duties hereunder on a full-time basis (or as required pursuant to Section 5(h) hereof), the Company may terminate the Executive's employment or consultancy hereunder ("Disability"). In this event, the Date of Termination shall be thirty (30) days after Notice of Termination is given (provided that the Executive shall not have returned to the performance of his duties on a

full-time basis (or as required by Section 5(h) hereof) during such thirty (30) day period).

(c) CAUSE. The Company may terminate the Executive's employment or consultancy hereunder for Cause. For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment or consultancy hereunder upon the Executive's:

(i) conviction for the commission of a felony involving moral turpitude, fraud or a violation of the United States antitrust laws; or

(ii) willful and continuing substantial failure to perform his duties hereunder (other than such failure resulting from the Executive's incapacity due to physical or mental illness or subsequent to the issuance of a Notice of Termination by the Executive for Good Reason) after demand for cure of such failure is delivered by the Company in writing that specifically identifies the manner in which the Company believes the Executive has substantially failed to perform his duties; or

(iii) willful gross misconduct or willful gross neglect (including, but not limited to, a material breach of the provisions of Sections 6 or 10 hereof) that, in either case, is demonstrably and materially injurious to the Company or its subsidiaries, whether monetarily or otherwise.

Cause shall not exist unless and until the Company has delivered to the Executive a copy of a resolution of the Board, adopted (after reasonable notice to the Executive and an opportunity for the Executive to be heard before the Board) at a meeting of the Board called and held for such purpose within 60 days after the Board has knowledge of the occurrence of an event described in this Section 7(c), finding that in the good faith opinion of the Board the Executive was guilty of the conduct set forth in this Section 7(c) and specifying the particulars thereof in detail. In this event, the Date of Termination shall be the date specified in the Notice of Termination.

(d) GOOD REASON. The Executive may terminate his employment or consultancy hereunder within sixty (60) days after the occurrence of one or more of

the following events, without the written consent of the Executive, that has not been cured within fifteen (15) business days after written notice thereof has been given by the Executive to the Company ("Good Reason"):

(i) a reduction in the Executive's then current Base Salary, Stipend, or Consulting Fee or the termination or material reduction of any employee benefit set forth in Section 5(g) hereof (other than a reduction in benefits as part of an across-the-board reduction applicable to all executive officers of the Company or as otherwise provided in this Agreement);

(ii) the failure to pay the Executive a Performance Payment that is due and owed to the Executive;

(iii) during the Employment Period, the failure to elect or reelect the Executive to either of the positions described in Section 3 hereof (unless the Company has notified the Executive in writing of the existence of a basis for Cause or as otherwise provided in this Agreement) or removal of him from any such position;

(iv) during the Employment Period, assignment of duties (including reduction of duties) which are materially inconsistent with the Executive's status as the Chairman and Chief Executive Officer of the Company;

(v) during the Employment Period, the relocation of the Executive's office location as assigned to him by the Company to a location more than 50 miles from Manhattan;

(vi) the failure of the Company to obtain the assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of the Company within 45 days after a merger, consolidation, sale or similar transaction;

(vii) a "Change in Control of the Parent" (as defined below); or

(viii) a "Change in Control of the Company" (as defined below).

The Executive's continued employment or consultancy shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. In the event of a termination for Good Reason, the Date of Termination shall be the date specified in the Notice of Termination which shall be no more than thirty (30) days after the Notice of Termination.

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

(2) during any period of not more than two consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Parent, and any new director (other than a director designated by a person who has entered into an agreement with the Parent to effect a transaction described in clause (1), (3), or (4) of this Section 7(d)) whose election by the Board of Directors of the Parent or nomination for election by the Parent'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 the Parent approve a merger or consolidation of the Parent with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Parent 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 the Parent 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 the Parent (or similar transaction) in which no "person" (as hereinabove defined) acquired 50% or more of the combined voting power of the Parent's then outstanding securities; or

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

For purposes of this Agreement, a "Change in Control of the Company" shall have occurred if the Parent no longer owns at least 50% of the value and voting power of the Company.

(e) OTHER TERMINATIONS. If the Executive's employment or consultancy is terminated hereunder for any other reason other than as set forth in Sections 7(a) through 7(d) hereof, the date on which a Notice of Termination is given or any later date (within 30 days) set forth in such Notice of Termination shall be the Date of Termination, PROVIDED, HOWEVER, that upon a termination of consultancy as a result of a failure to extend the Consulting Period under Section 5(h) hereof, the Date of Termination shall be the last day of such Consulting Period and, PROVIDED, FURTHER, that upon a termination of employment pursuant to a Physician Certification Notice, the Date of Termination shall be 30 days following the provision of such notice.

(f) NOTICE OF TERMINATION. Any termination of the Executive's employment or consultancy hereunder by the Company or by the Executive (other than

termination pursuant to Section 7(a) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 12 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment or consultancy under the provision so indicated. A Physician Certification Notice shall serve as a Notice of Termination for purposes of this Section 7(f).

8. COMPENSATION UPON TERMINATION OR DURING DISABILITY.

(a) DISABILITY PERIOD. During any period that the Executive fails to perform his duties hereunder as a result of incapacity due to physical or mental illness ("Disability Period"), the Executive shall continue to (i) receive his full Base Salary and Stipend (or Consulting Fee), (ii) remain eligible (during the Employment Period) for an annual cash bonus under Section 5(b) hereof until his employment or consultancy is terminated pursuant to Section 7(b) hereof or, if earlier, until the end of the Employment Period or Consulting Period, as the case may be and (iii) participate in the programs described in Section 5(g) hereof (except to the extent such participation is not permitted under the terms of such programs). Such payments made to the Executive during the Disability Period shall be reduced by the sum of the amounts, if any, payable to the Executive at or prior to the time of any such payment under disability benefit plans of the Company or under the Social Security disability insurance program, and which amounts were not previously applied to reduce any such payment.

(b) DEATH OR DISABILITY. If the Executive's employment or consultancy hereunder is terminated as a result of death or Disability then:

(i) the Company shall pay the Executive (or the Executive's estate or designated beneficiary in the event of his death) any amounts due to the Executive for services prior to the Date of Termination pursuant to Sections 5(a), 5(h) or 8(a)

hereof but unpaid, any bonus due under Section 5(b) hereof with respect to the year prior to the year in which the Date of Termination occurs but unpaid, and, if such termination occurs during the Employment Period, a bonus under Section 5(b) hereof for the year in which the Date of Termination occurs on the basis of \$1,000,000 (or \$750,000 in the event the Date of Termination occurs during the nine-month period ending on September 30, 1997) prorated based upon the number of days during such year or period the Executive was employed by the Company;

(ii) the Executive (or the Executive's estate or designated beneficiary in the event of his death) shall be paid, as and when payable pursuant to Section 5(c) hereof, a percentage (up to a maximum of 100%) of the Performance Payment equal to the greater of (A) 20% or (B) the percentage of the total capital commitments to Trident that have been invested prior to the Date of Termination plus 10%, PROVIDED, HOWEVER, that such percentage (i) shall be not less than 80% as of a Date of Termination on or after October 1, 1997, (ii) shall not be less than 90% as of a Date of Termination on or after October 1, 1998, and (iii) shall be 100% in the event of a Date of Termination on or after October 1, 1999;

(iii) the Executive (and, to the extent provided in any such plan, his spouse) may participate in the retiree medical plan then in operation for retirees of the Parent under the terms of such plan as if he had been an eligible retiree of the Parent; and

(iv) the Company shall have no additional obligations to the Executive under this Agreement except to the extent otherwise provided in the applicable plans and programs of the Company.

(c) CAUSE OR BY EXECUTIVE (OTHER THAN FOR GOOD REASON OR PURSUANT TO A PHYSICIAN CERTIFICATION NOTICE). If the Executive's employment or consultancy hereunder is terminated by the Company for Cause or by the Executive (other than for Good Reason or pursuant to a Physician Certification Notice) then:

(i) the Company shall pay the Executive any amounts due to the Executive for services prior to the Date of Termination pursuant to Sections 5(a), 5(h) or 8(a) hereof but unpaid, and any bonus due under Section 5(b) hereof with respect to the year prior to the year in which the Date of Termination occurs but unpaid; and

(ii) the Executive shall receive no further Base Salary, Stipend, bonus or Consulting Fee and shall have no right to the Performance Payment, and the Company shall have no additional obligations to the Executive under this Agreement except to the extent otherwise provided in the applicable plans and programs of the Company.

(d) TERMINATION BY COMPANY (WITHOUT CAUSE OR DISABILITY) OR BY EXECUTIVE FOR GOOD REASON. If the Executive's employment or consultancy hereunder is terminated by the Company (without Cause or Disability) or by the Executive for Good Reason, then:

(i) the Company shall pay to the Executive any amounts due to the Executive for services prior to the Date of Termination pursuant to Sections 5(a), 5(b), 5(h) or 8(a) hereof but unpaid, and the Company shall pay to the Executive (A) for the remainder of the Employment Period (as in effect without regard to the termination of employment), the Base Salary and Stipend (at the rate in effect at the time Notice of Termination is given) and the bonus pursuant to Section 5(b) hereof (at the rate of \$1,000,000 per year (or \$750,000 for the nine-month period ending September 30, 1997)), (B) for the remainder of the Consulting Period (as in effect without regard to the termination of the consulting arrangement), the Consulting Fee (at the rate in effect at the time Notice of Termination is given, or at a rate of \$300,000 per year if Notice of Termination is given during the Employment Period), and (C) the Performance Payment as and when payable pursuant to Section 5(c) hereof;

(ii) the Executive (and, to the extent provided in any such plan, his spouse) may participate in the retiree medical plan then in operation for retirees of the Parent under the terms

of such plan as if he had been an eligible retiree of the Parent;

(iii) if the Executive converts all or a portion of his group life insurance coverage that was provided during employment under the Parent's Basic and Optional Life Insurance Plans to individual coverage at or upon his Date of Termination, the Company agrees to pay to the Executive, during the remainder of the Employment Period (as in effect without regard to the termination of employment), the excess of (A) the cost to the Executive of such converted coverage, over (B) the amount the group life insurance would have cost the Executive under such plans had he continued as an active employee with the same level of coverage during such period of time; and

(iv) the Company shall have no additional obligations to the Executive under this Agreement except to the extent otherwise provided in the applicable plans and programs of the Company.

(e) FAILURE TO EXTEND CONSULTING PERIOD. If the Consulting Period is not extended pursuant to Section 5(h) hereof, then:

(i) the Company shall pay the Executive any amounts due to the Executive pursuant to Sections 5(h) or 8(a) hereof, but unpaid;

(ii) the Executive shall be paid, as and when payable pursuant to Section 5(c) hereof, a percentage (not to exceed 100%) of the Performance Payment equal to the product of (A) 20% and (B) the number of full or partial years from January 1, 1994 through the Date of Termination;

(iii) the Executive (and, to the extent provided in any such plan, his spouse) may participate in the retiree medical plan then in operation for retirees of the Parent under the terms of such plan as if he had been an eligible retiree of the Parent; and

(iv) the Company shall have no additional obligations to the Executive under this Agreement except to the extent otherwise provided in the applicable plans and programs of the Company.

9. MITIGATION. The Executive shall not be required to mitigate amounts payable pursuant to Section 8 hereof by seeking other employment or otherwise. However, to the extent that the Executive shall receive from a subsequent employer benefits substantially similar to those to be provided under Sections 5(i)(iii), 5(j)(iv)(A), (B) and (C), 8(b)(iii), 8(d)(ii) and (iii), and 8(e)(iii) hereof, the benefits to be provided under such Sections shall be correspondingly reduced.

10. CONFIDENTIAL INFORMATION, REMOVAL OF DOCUMENTS, NON-COMPETITION.

(a) CONFIDENTIAL INFORMATION. The Executive shall hold in a fiduciary capacity for the benefit of the Marsh & McLennan Entities all trade secrets, confidential information, and knowledge or data relating to the Marsh & McLennan Entities and the businesses and investments of the Marsh & McLennan Entities, which shall have been obtained by the Executive during the Executive's employment or consultancy by the Company or previously as an employee, officer or director of any Marsh & McLennan Entity and which shall not have been or now or hereafter have become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). Except as may be required or appropriate in connection with his carrying out his duties under this Agreement, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company and those designated by the Company or the Parent.

(b) REMOVAL OF DOCUMENTS. All records, files, drawings, documents, models, equipment, and the like relating to the business of the Marsh & McLennan Entities, which the Executive prepares, uses or comes into contact with shall not be removed by the Executive from the Company's premises without its written consent during or after the Employment Period or the Consulting Period unless such removal shall be required or appropri-

ate in connection with his carrying out his duties under this Agreement, and, if so removed by the Executive, shall be returned to the Company immediately upon termination of the Executive's employment or consultancy, as the case may be, hereunder.

(c) NON-COMPETITION. During the Executive's employment and consultancy with the Company and until two (2) years after the Executive's Date of Termination (other than a termination as a result of which the Executive receives payments under Section 8(d) hereof or a termination by the Company under Section 7(e) hereof, in which case until one (1) year after the Executive's Date of Termination), the Executive will not (A) engage, anywhere within the geographical areas in which any of the Company or Marsh & McLennan, Incorporated and their respective directly or indirectly owned subsidiaries (the "Designated Entities") have conducted their business operations or provided services as of the date hereof or at any time prior to the Date of Termination, directly or indirectly, alone, in association with or as a shareholder, principal, agent, partner, officer, director, employee or consultant of any other organization, in any business which is similar to or in competition with any of the businesses conducted by the Designated Entities during the Executive's employment and consultancy and at the time the Executive engages in such business, (B) divert to any competitor of any of the Designated Entities any customer of any of the Designated Entities, (C) solicit or encourage any officer, employee or consultant of any of the Designated Entities to leave the employ of any of the Designated Entities for employment by or with any competitor of any of the Designated Entities or (D) enter into any relationship pursuant to Section 3 hereof which would prevent or hinder, directly or indirectly, the transaction of business by any of the Designated Entities or the relationship of any of the Designated Entities with any governmental or quasi-governmental or public entity (including pension plans covering governmental or quasi-governmental employees), including any state, district, territory, or possession of the United States or any governmental subdivision, agency, or instrumentality thereof or any insurance market, including Lloyd's, by virtue of any statute, law, regulation, or administrative practice; PROVIDED, HOWEVER, that the Executive may (A) other than during the Employment Period, become an officer or director of one or

more insurance companies organized or controlled by the Company, Trident or an entity in which the Company has an interest similar to its interest in Trident and (B) invest in stock, bonds, or other securities of any competitor of any of the Designated Entities if (1) such stock, bonds, or other securities are listed on any national or regional securities exchange or have been registered under Section 12(g) of the Securities Exchange Act of 1934; (2) his investment does not exceed, in the case of any class of the capital stock of any one issuer, one percent (1%) of the issued and outstanding shares, or, in the case of other securities, one percent (1%) of the aggregate principal amount thereof issued and outstanding; and (3) such investment would not prevent or hinder, directly or indirectly, the transaction of business by any of the Designated Entities or the relationship of any of the Designated Entities with any governmental or quasi-governmental or public entity (including pension plans covering governmental or quasi-governmental employees), including any state, district, territory, or possession of the United States or any governmental subdivision, agency, or instrumentality thereof or any insurance market, including Lloyd's, by virtue of any statute, law, regulation, or administrative practice. If, at any time, the provisions of this Section 10(c) shall be determined to be invalid or unenforceable, by reason of being vague or unreasonable as to area, duration or scope of activity, this Section 10(c) shall be considered divisible and shall become and be immediately amended to only such area, duration and scope of activity as shall be determined to be reasonable and enforceable by the court or other body having jurisdiction over the matter; and the Executive agrees that this Section 10(c) as so amended shall be valid and binding as though any invalid or unenforceable provision had not been included herein.

(d) INJUNCTIVE RELIEF. In the event of a breach or threatened breach of this Section 10, the Executive agrees that the Company and the Parent shall be entitled to injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, the Executive acknowledging that damages would be inadequate and insufficient.

(e) CONTINUING OPERATION. Any termination of the Executive's employment or consultancy or of this Agreement shall have no effect on the continuing operation of this Section 10.

11. SUCCESSORS; BINDING AGREEMENT.

(a) COMPANY'S SUCCESSORS. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that such rights or obligations may be assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the business and/or assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the business and/or assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. The Company will require any such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 11 or which otherwise becomes bound by all the terms and provisions of this Agreement or by operation of law.

(b) EXECUTIVE'S SUCCESSORS. This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees, and all obligations shall be binding on any of his assigns including the corporation(s) referred to in Sections 5(h) and (j) hereof. If the Executive should die while any amounts would still be payable to him hereunder if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

12. NOTICE. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Mr. Robert Clements
Greycliff
104 Wallacks Point Drive
Stamford, CT 06902

with a copy to:

William A. Kass, Esq.
Kantor, Davidoff, Wolfe, Rabbino,
Mandelker & Kass, P.C.
51 E. 42nd Street
New York, New York 10017

If to the Company:

Marsh & McLennan Risk Capital Corp.
1166 Avenue of the Americas
New York, New York 10036
Attn: Treasurer

with a copy to:

Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, New York 10036
Attn: General Counsel

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

13. MISCELLANEOUS. No provisions of this Agreement may be modified unless such modification is agreed to in writing signed by the Executive and such officer of the Company as may be specifically designated

for the Company by the Board. Any waiver or discharge must be in writing and signed by the Executive or such an authorized officer of the Company, as the case may be. No waiver by either party hereto at any time of any breach by any of the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of law principles.

14. ARBITRATION. Except as otherwise provided herein, all controversies, claims or disputes arising out of or related to this Agreement shall be settled under the rules of the American Arbitration Association then in effect in the State of New York, as the sole and exclusive remedy of either party, and judgment upon such award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. In the event the arbitrator(s) find that the Company's position in an arbitration is frivolous, costs of such arbitration, including without limitation reasonable attorneys' fees of the Executive, shall be borne by the Company.

15. VALIDITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

17. ENTIRE AGREEMENT. This Agreement between the Company and the Executive sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written,

by the parties hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

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

MARSH & McLENNAN RISK CAPITAL
CORP.

By:/s/A.J.C. Smith

Name: A.J.C. Smith
Title: Director

/s/Robert Clements

Robert Clements

EXHIBIT A

DEFINITION OF CERTAIN TERMS USED
IN SECTION 5(C) AND IN THIS EXHIBIT A

The following terms shall have the respective meanings set forth below, the references to the Offering Memorandum being to The Trident Partnership, L.P. Offering Memorandum dated July 1993 relating to the private placement of \$1.0 billion of limited partnership interests in Trident and referring therein to Marsh & McLennan Risk Capital Corp., J.P. Morgan & Co. Incorporated, Mid Ocean Limited and BYRNE & sons, l.p. as the "Organizers":

"Advisor's Fee" shall have the meaning set forth on pages 16 and 17 of the Offering Memorandum under the heading "Investment Advisory Agreements".

"Company's Capital Raising Fee" shall mean Investment Fees paid to the Company by Trident less Litigation Liabilities to the extent not subtracted in determining the Marsh & McLennan Trident Compensation.

"Investment Fees" shall mean the fees, related to the aggregate amount of each capital call, which are described on pages 18 and 19 of the Offering Memorandum under the heading "Investment Fees".

"Litigation Liabilities" shall mean the amount of any unreimbursed claims, penalties, damages or liabilities to which the Marsh & McLennan Entities become subject in connection with or arising out of or related to the organization, financing, business or affairs of Trident.

"Marsh & McLennan Trident Compensation" shall mean the sum of:

(A) Non-Capital Distributions to Partners paid by Trident to any Marsh & McLennan Entity as a partner of Trident,

(B) any Advisor's Fee paid to any Marsh & McLennan Entity (after giving effect to any repayment to Trident resulting from a "clawback" or otherwise), and

(C) dividends and other distributions paid to a Marsh & McLennan Entity by the general partner of Trident in excess of the capital invested in such general partner by all Marsh & McLennan Entities,

less the sum of:

(D) payments made by Trident to the Marsh & McLennan Entities constituting their share of the 20% Return, and

(E) Litigation Liabilities to the extent not subtracted in determining the Company's Capital Raising Fee.

"Non-Capital Distributions to Partners" shall mean the aggregate distribution to all Partners of Trident described on pages 19 and 20 of the Offering Memorandum under the heading "Distributions", other than distributions constituting return of capital referred to in clause (i) of said description.

"Trident Annual Return" (which shall be reported on by Deloitte & Touche or such other accounting firm of comparable national standing as may be agreed upon by the parties hereto) shall mean the return calculated by dividing (A) the sum of (i) all of Trident's Non-Capital Distributions to Partners and (ii) each Advisor's Fee by (B) Trident's aggregate weighted average capital outstanding, computed on the basis of a 365-day year. Weighted average capital outstanding shall be determined from the date each capital contribution is received by Trident to the date Trident makes distributions thereof to the Partners. An example of the calculation of Trident Annual Return is set forth in this Exhibit A on page A-5 below.

"20% Return" shall mean that portion of the Non-Capital Distributions to Partners constituting the cumulative preferential return referred to in clause (ii) of the description under the heading "Distribution" in the Offering Memorandum referred above in the definition of Non-Capital Distributions to Partners.

EXHIBIT B
TERMS OF TRUST REFERRED TO IN SECTION 5(C)(4)

GRANTOR -- The Company
BENEFICIARY -- The Executive
TRUSTEE -- Morgan Guaranty Trust Company of New York
(or as otherwise agreed pursuant to Section 5(c)(4))

INVESTMENTS -- To be determined by the Parent, with the Trustee to accept instructions only from the Parent's Treasurer or his designee, to be denominated in U.S. dollars, to be due and payable on demand or with a final maturity not to exceed three years, and to be limited to the following, except as set forth in a writing signed by the Executive, the Company and the Parent:

- (i) Securities of, or unconditionally and fully guaranteed as to principal and return by the full faith and credit of, the United States government.
- (ii) Commercial paper or medium term notes (including that issued by bank holding companies), provided the notes are rated at least "A-1" or "P-1" and, if applicable, the obligor has a long-term debt rating of at least "A" or its equivalent.
- (iii) Obligations of, or instruments or securities issued or guaranteed by, banks rated "B/C" or better by a credit rating agency of recognized standing.
- (iv) Debt instruments issued by states of the United States and their agencies, municipalities or instrumentalities rated at least "A" and/or "A-1" or "P-1".

INCOME: All interest and other income (exclusive of capital items) to be distributed monthly to the Executive.

EXPENSES/TAXATION: The fees and expenses of the Trustee, as well as other trust expenses and tax liability with respect to amounts in trust (other than taxes payable by the Executive on amounts received by him from the Trust), shall be paid by the Company.

ACCOUNTING: Annual accounting, and at the termination of the Trust, to the Company and the Executive. In addition, the Trustee shall advise the Company and the Executive quarterly of the investments held in the Trust.

Distribution
of Corpus/
REVERSION:

(1) Except as provided in clause (2) below and in Section 5(c)(4)(A) hereof, the Trustee shall make distributions of the corpus of the Trust to the Executive or to the Company only upon the written instructions of the Executive and of the Company (endorsed by the Parent), in the case of the Company and the Parent signed by an officer of each, which instructions shall include the amount to be so distributed and, if other than cash, a description of the securities to be distributed.

(2) Upon written request of the Company accompanied by a certificate signed by an officer of the Company and an officer of the Parent, to the effect that the final liquidating distribution has been paid by or on behalf of Trident and the Executive is not entitled to any further payment pursuant to the provisions of Section 5(c) hereof, to which certificate shall be attached a consent signed by the Executive or a further certificate by such officers that the Executive has received not less than 30 days notice of the Company's request, and provided that if the Executive's consent is not attached to said certificate and the Executive does not notify the Trustee, within five business days of the

Trustee's receipt of said certificate, of any objection to the facts or conclusions set forth in said certificate, the Trust shall terminate and all of its assets shall be paid over to the Company.

(3) In the event that the Executive and the Company shall fail to agree on the instructions given or to be given to the Trustee pursuant to clause (1) above or the Executive notifies the Trustee in writing of his objections pursuant to clause (2) above, the Trustee shall make no distribution or payment until the dispute is resolved, and the Executive and the Company shall forthwith submit the dispute to arbitration pursuant to the provisions of Section 14 hereof.

SCHEDULES

EXAMPLES OF EXECUTIVE'S PERFORMANCE PAYMENT UNDER VARIOUS ASSUMPTIONS

Examples consist of five pairs of schedules illustrating "Trident Partnership Potential Annual Return" and "Marsh & McLennan Risk Capital Corp. Compensation Structure" at assumed levels of Trident Annual Return of 20%, 25%, 30%, 40% and 50%.

December 20, 1994

Mr. Robert Clements
Greycliff
104 Wallacks Point Drive
Stamford, CT 06902

Dear Mr. Clements:

Marsh & McLennan Companies, Inc., a Delaware corporation (the "Parent"), hereby agrees to perform any and all obligations and duties owed to you by the Parent pursuant to the terms and conditions of the Amended and Restated Employment Agreement between Marsh & McLennan Risk Capital Corp. (the "Company") and you, effective as of December 31, 1993 (the "Restated Employment Agreement"), and you to agree to perform any and all obligations owed to the Parent by you pursuant to the terms and conditions of the Restated Employment Agreement. The Parent further agrees to guarantee to you the performance of any and all of the Company's obligations and duties under the Restated Employment Agreement.

Agreed to: MARSH & McLENNAN COMPANIES, INC.

/s/Robert Clements	By:/s/A.J.C. Smith
-----	-----
Robert Clements	Name: A.J.C. Smith
	Title: Chairman

MARSH & MCLENNAN COMPANIES, INC.
SENIOR MANAGEMENT INCENTIVE COMPENSATION PLAN

1. PURPOSES.

The purposes of the Marsh & McLennan Companies, Inc. Senior Management Incentive Compensation Plan are to foster a partnership orientation among selected members of senior management; to align the interests of these employees with those of MMC's shareholders by offering significant variable compensation opportunities payable in the form of cash or equity awards; to promote and reinforce achievement of corporate, organizational, financial and business development goals; and to qualify the compensation paid under this Plan as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code.

2. DEFINITIONS.

The following terms, as used herein, shall have the following meanings:

- (a) "Award" shall mean an annual incentive compensation award granted pursuant to this Plan with respect to a Performance Period.
- (b) "Award Pool" shall mean the aggregate amount available for Awards under this Plan in respect of a Performance Period, the size of which shall be based upon the percentage of Pre-Tax NOI determined pursuant to Section 5(a) hereof.
- (c) "Board" shall mean the Board of Directors of MMC.
- (d) "Code" shall mean the Internal Revenue Code of 1986, as amended, including the regulations and other guidance issued thereunder.
- (e) "Committee" shall mean those members of the Compensation Committee of the Board who satisfy the requirements of "outside directors" within the meaning of Section 162(m) of the Code, and who shall not be fewer than two in number.
- (f) "Common Stock" shall mean the common stock, par value \$1.00 per share, of MMC.
- (g) "Company" shall mean, collectively, MMC and its subsidiaries.
- (h) "Covered Employee" shall have the meaning set forth in Section 162(m)(3) of the Code.

- (i) "Deferral Plan" shall mean the Marsh & McLennan Companies, Inc. Cash Bonus Award Voluntary Deferral Plan, as amended from time to time, or any successor plan thereto, or other deferred compensation plans or arrangements of the Company.
- (j) "Extraordinary Adjustments" shall mean unusual or nonrecurring events affecting MMC or any subsidiary, or any business division or unit or the financial statements of MMC or any subsidiary, such as major restructurings, reorganizations, special dividends, consolidations, spin-offs, combinations or other corporate transactions or events or in response to changes in applicable laws and regulations (including interpretations thereof), accounting principles, tax rates and regulations or business conditions. The foregoing adjustments are intended to be objectively determinable and nondiscretionary and, as such, consistent with the qualification of Awards as "qualified performance-based compensation" under Section 162(m) of the Code, and shall be construed accordingly. To the extent it shall be determined that any such adjustment would likely cause compensation relating to an Award to a Covered Employee to fail to be deductible under Section 162(m) of the Code, such adjustment shall not be authorized or made, unless otherwise determined by the Committee.
- (k) "Fair Market Value" on any given date shall mean the arithmetic mean of the high and low prices of the Common Stock on the New York Stock Exchange on the last trading day preceding such date.
- (l) "MMC" shall mean Marsh & McLennan Companies, Inc., a Delaware corporation.
- (m) "1992 Plan" shall mean the Marsh & McLennan Companies, Inc. 1992 Incentive and Stock Award Plan, as amended from time to time, or any successor plan thereto.
- (n) "Participant" shall mean a senior management employee of the Company who is, pursuant to Section 4 of this Plan, selected to participate herein.
- (o) "Performance Period" shall mean each fiscal year of the Company, or such other period as may be established by the Committee in a manner consistent with the requirements of Section 162(m) of the Code.
- (p) "Plan" shall mean this Marsh & McLennan Companies, Inc. Senior Management Incentive Compensation Plan, as amended from time to time.

- (q) "Pre-Tax-Income" for a Performance Period shall mean, except as otherwise provided herein, the consolidated pre-tax net operating income of the Company, as determined in accordance with generally accepted accounting principles and reported in the Company's audited financial statements for such Performance Period, before any provision for amounts paid or accrued in respect of annual incentive awards under this Plan and other bonus plans of the Company and before provision for any Extraordinary Adjustments.

3. ADMINISTRATION.

This Plan shall be administered by the Committee. The Committee shall have the authority in its sole discretion, subject to and not inconsistent with the express provisions of this Plan, to administer this Plan and to exercise all the powers and authorities either specifically granted to it under this Plan or necessary or advisable in the administration of this Plan, including, without limitation, the authority to grant Awards; to determine the persons to whom and the time or times at which Awards shall be granted; to determine the terms, conditions and restrictions relating to any Award; to determine whether, to what extent, and under what circumstances an Award may be settled, cancelled, forfeited, or surrendered; to determine the form and timing of payment in settlement of an Award; to construe and interpret this Plan and any Award; to prescribe, amend and rescind rules and regulations relating to this Plan; and to make all other determinations deemed necessary or advisable for the administration of this Plan. All decisions, determinations and interpretations of the Committee shall be final and binding on all persons, including the Company, the Participant (or any person claiming any rights under this Plan from or through any Participant) and any shareholder of MMC.

No member of the Board or the Committee shall be liable for any action taken or determinations made in good faith with respect to this Plan or any Award granted hereunder.

4. ELIGIBILITY.

Awards may be granted to senior management employees of the Company in the sole discretion of the Committee, including for this purpose senior management employees whose employment with the Company commences or terminates during the Performance Period. In determining the persons to whom Awards shall be granted, the Committee shall take into account such factors as the Committee shall deem appropriate in connection with accomplishing the purposes of this Plan.

5. AWARD POOL; PAYMENT OF AWARDS.

(a) The size of the Award Pool in respect of a Performance Period shall be an amount equal to the sum of (a) five percent (5%) of Pre-Tax Income for such Performance Period plus (b) an additional two-tenths of one percent (.2%) of Pre-Tax Income for each full percentage increase in Pre-Tax Income over the preceding Performance Period; PROVIDED, HOWEVER, that in no event shall the Award Pool in respect of any Performance Period exceed ten percent (10%) of Pre-Tax Income for such Performance Period. To the extent permitted by Section 162(m) of the Code, if the Committee establishes a Performance Period other than a fiscal year of the Company, then (1) the Award Pool for such Performance Period shall be based upon annualized Pre-Tax Income and the annualized increase in Pre-Tax Income for such Performance Period, and (2) annualized Pre-Tax Income for such Performance Period shall be utilized for purposes of applying clause (b) above for the next succeeding Performance Period. Annualized Pre-Tax Income and the annualized increase in Pre-Tax Income shall be determined in accordance with the books and records of the Company and in a manner consistent with the terms of this Plan.

(b) Awards granted to Participants in respect of a Performance Period shall consist of such portion of the Award Pool as the Committee may determine; PROVIDED, HOWEVER, that no Participant who is a Covered Employee for the calendar year with which or in which the Performance Period ends may be allocated an amount in excess of twenty percent (20%) of such Award Pool. Unless otherwise determined by the Committee, no payment shall be made to any such Covered Employee unless the Committee shall have previously certified that the performance goals necessary to the establishment and size of the Award Pool had been attained. The Committee shall not be obligated to grant Awards representing the entire Award Pool.

(c) Except as hereinafter provided, all payments in respect of Awards granted under this Plan shall be made within a reasonable period after the end of the Performance Period. Such payment shall be made, in the sole discretion of the Committee, in the form of (1) cash, (2) an award of shares of restricted stock, restricted stock units or a similar stock-based award, pursuant to and subject to the terms and conditions of the 1992 Plan, or (3) a combination of the foregoing. For purposes of the preceding sentence, the value of shares of Common Stock represented by the restricted stock, restricted stock units or other stock-based form of payment shall be determined based on the Fair Market Value per share of Common Stock on the date of payment. Amounts otherwise payable in cash under this Plan may be deferred in accordance with the terms and conditions of the Deferral Plan.

6. GENERAL PROVISIONS.

(a) COMPLIANCE WITH LEGAL REQUIREMENTS. This Plan and the granting and payment of Awards and the other obligations of the Company under the Plan shall be subject to all applicable federal and state laws, rules and regulations, and to such approvals by any regulatory or governmental agency as may be required.

(b) NONTRANSFERABILITY. Awards shall not be transferable by a Participant.

(c) NO RIGHT TO CONTINUED EMPLOYMENT. Nothing in this Plan or in any Award granted under this Plan shall confer upon any Participant the right to continue in the employ of the Company or to be entitled to any remuneration or benefits not set forth in this Plan or to interfere with or limit in any way the right of the Company to terminate such Participant's employment.

(d) WITHHOLDING TAXES. In the event a Participant or other person is entitled to receive an Award under this Plan, the Company shall withhold from payment of such Award the amount of any taxes that the Company is required to withhold with respect to such payment.

(e) AMENDMENT, TERMINATION AND DURATION OF THIS PLAN. The Committee may at any time and from time to time alter, amend, suspend, or terminate this Plan in whole or in part; PROVIDED THAT, no amendment that requires shareholder approval in order for this Plan to continue to comply with Code Section 162(m) shall be effective unless the same shall be approved by the requisite vote of the shareholders of MMC. Notwithstanding the foregoing, no amendment shall affect adversely any of the rights of any Participant, without such Participant's consent, under any Award theretofore granted under this Plan.

(f) PARTICIPANT RIGHTS. No Participant shall have any claim to be granted any Award under this Plan, and there is no obligation for uniformity of treatment among Participants.

(g) UNFUNDED STATUS OF AWARDS. This Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in this Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company.

(h) GOVERNING LAW. This Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware without giving effect to the conflict of laws principles thereof.

(i) EFFECTIVE DATE. This Plan shall become effective as of January 1, 1994, subject to the requisite approval of the shareholders of MMC in order to comply with Section 162(m) of the Code. In the absence of such approval, this Plan (and any Awards theretofore made pursuant to this Plan) shall be null and void.

(j) INTERPRETATION. This Plan is designed and intended to comply, to the extent applicable, with Section 162(m) of the Code, and all provisions hereof shall be construed in a manner to so comply. If any provision of this Plan shall be determined by the Internal Revenue Service or a court of competent jurisdiction to be contrary to said Section 162(m), said provision shall be limited to the extent necessary so that such provision complies with said Section 162(m) and such determination shall not affect any other provisions of this Plan, which provisions shall remain in full force and effect.

FINANCIAL HIGHLIGHTS

 For the Three Years Ended December 31, 1994
 (IN MILLIONS, EXCEPT PER SHARE FIGURES)

	1994	1993	1992
REVENUE	\$3,435.0	\$3,163.4	\$2,937.0
OPERATING INCOME	\$ 670.3	\$ 592.8	\$ 541.0
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$ 631.5	\$ 558.6	\$ 519.3
NET INCOME	\$ 371.5	\$ 332.4	\$ 263.7
STOCKHOLDERS' EQUITY	\$1,460.6	\$1,365.3	\$1,102.9
INCOME PER SHARE BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$5.19	\$4.52	\$4.21
NET INCOME PER SHARE	\$5.05	\$4.52	\$3.65
DIVIDENDS PAID PER SHARE	\$2.80	\$2.70	\$2.65
RETURN ON AVERAGE STOCKHOLDERS' EQUITY	26%	27%	25%
YEAR-END STOCK PRICE	\$79 1/4	\$81 1/4	\$91 3/8

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 (the "Company") is a professional services firm with insurance services, consulting and investment management businesses. More than 25,000 employees provide analysis, advice and transactional capabilities to clients worldwide. The consolidated results of operations follow:

(IN MILLIONS, EXCEPT PER SHARE FIGURES)	1994	1993	1992
REVENUE:			
Insurance Services	\$1,886.5	\$1,790.5	\$1,632.8
Consulting	933.1	854.8	908.2
Investment Management	615.4	518.1	396.0
	-----	-----	-----
	3,435.0	3,163.4	2,937.0
	-----	-----	-----
EXPENSE:			
Compensation and Benefits	1,740.2	1,635.7	1,557.8
Other Operating Expenses	1,024.5	934.9	838.2
	-----	-----	-----
	2,764.7	2,570.6	2,396.0
	-----	-----	-----
OPERATING INCOME	\$ 670.3	\$ 592.8	\$ 541.0
	-----	-----	-----
	-----	-----	-----
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$382.0	\$332.4	\$303.8
	-----	-----	-----
	-----	-----	-----
NET INCOME	\$371.5	\$332.4	\$263.7
	-----	-----	-----
	-----	-----	-----
PER SHARE DATA:			
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$5.19	\$4.52	\$4.21
	-----	-----	-----
	-----	-----	-----
NET INCOME	\$5.05	\$4.52	\$3.65
	-----	-----	-----
	-----	-----	-----
AVERAGE NUMBER OF SHARES OUTSTANDING	73.6	73.5	72.2
	----	----	----
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Revenue, which is derived mainly from commissions and fees, increased 9% in 1994 reflecting growth in each of the Company's business segments. Insurance services revenue rose 5% in 1994 as compared with 1993. Marsh & McLennan Risk Capital ("MMRC") contributed approximately \$27 million to the increase in insurance services resulting from the realization of a portion of its holdings in insurance entities that the Company was instrumental in originating. The investment management segment achieved revenue growth of 19% over 1993 due to a higher volume of business. Revenue for the consulting segment increased 9% reflecting increased demand for its services worldwide.

In 1993, total revenue increased 8% over 1992 primarily reflecting a significantly higher volume of business in the Company's investment management segment and the impact of acquisitions.

Operating expenses increased 8% in 1994 largely due to ongoing systems automation initiatives in the insurance services and consulting operations and additional costs in the investment management and consulting segments commensurate with the higher volume of business. Operating expenses increased 7% in 1993 compared with 1992 largely due to additional client service costs in the investment management segment and the effect of acquisitions.

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

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits." A noncash charge reflecting the cumulative effect of this accounting change, net of income taxes, totaled \$10.5 million or \$.14 per share.

Effective January 1, 1992, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 109, "Accounting for Income Taxes." The cumulative effect of adopting these standards reduced 1992 net income by \$40.1 million or \$.56 per share.

INSURANCE SERVICES

Revenue attributable to the insurance services segment consists primarily of commissions and fees paid by insurance and reinsurance underwriters; fees paid directly by clients; and interest income on premiums and claims collected and not yet remitted to insurers, reinsurers or insureds, such funds being held in a fiduciary capacity. The insurance services segment is affected by premium rate levels in the property and casualty insurance industry and available insurance capacity, as compensation is frequently related to the premiums paid by insureds. Revenue is also affected by fluctuations in retained limits, insured values and interest rates, the development of new products, markets and services, and the volume of business from new and existing clients.

The Company has been instrumental in the formation of several substantial insurance and reinsurance entities, including ACE Insurance Company Ltd., XL Insurance Company Ltd., Centre Reinsurance Holdings Ltd. and Mid Ocean Reinsurance Company Ltd., to alleviate, in part, capacity shortages in critical segments of the insurance and reinsurance business. Through MMRC, the Company has recognized compensation in various forms including fees, royalties and dividends, as well as realized appreciation in the value of the Company's capital deployed in insurance entities it assisted in organizing. These amounts are reflected within the insurance services segment in the applicable line of business to which they apply.

The results of operations for the Company's insurance services segment are presented below:

(IN MILLIONS OF DOLLARS)	1994	1993	1992
REVENUE:			
Insurance Broking	\$1,209.3	\$1,147.0	\$1,133.3
Reinsurance Broking	298.5	283.6	267.1
Insurance Program Management	300.0	280.3	138.0
Interest Income on Fiduciary Funds	78.7	79.6	94.4
	-----	-----	-----
	1,886.5	1,790.5	1,632.8
EXPENSE	1,480.4	1,413.8	1,297.4
	-----	-----	-----
OPERATING INCOME	\$ 406.1	\$ 376.7	\$ 335.4
	-----	-----	-----
OPERATING INCOME MARGIN	21.5%	21.0%	20.5%
	-----	-----	-----

Insurance Broking Revenue

Insurance broking services are provided primarily in connection with risk management and the insurance placement process and involve analyzing various types of property and liability loss exposures and developing alternatives to deal effectively with these exposures. Services include traditional insurance broking activities and professional counseling services on risk management issues including risk analysis, coverage requirements, self insurance, alternative insurance and funding methods, claims collection, injury management and loss prevention.

Insurance broking revenue, which is received from a predominantly corporate clientele, increased 5% in 1994. MMRC contributed approximately \$18 million to the increase resulting from the realization of a portion of its holdings in insurers. Client revenue grew in Continental Europe reflecting stable premium rates and new business, and revenue in the United Kingdom rose as a result of growth in certain specialty lines, particularly marine, energy and aviation. In the United States, property premium rates were generally stable, except for catastrophic coverage such as for earthquakes in California and windstorm exposures on the East Coast, where rates have increased. The casualty market in North America continues to experience renewal rates that are flat to down on a year-over-year basis. The Company does not expect market conditions to change significantly in the first part of 1995.

In 1993, insurance broking revenue increased 1% over 1992 levels. Excluding the impact of a generally stronger U.S. dollar that lowered the translated value of revenue, 1993 insurance broking revenue exceeded 1992 by approximately 5%. Premium rates for casualty insurance were stable to slightly down in North America. Property rates for complex risks and catastrophic coverage increased worldwide, and commercial premium rates continued to rise in the United Kingdom, Continental Europe and in various specialty lines.

Reinsurance Broking Revenue

Reinsurance broking services involve acting as an intermediary for insurance and reinsurance organizations on all classes of reinsurance. The intermediary assists the insurance underwriter by providing advice, placing reinsurance coverage with reinsurance organizations worldwide and furnishing related services.

Reinsurance broking revenue increased 5% in 1994. MMRC contributed approximately \$9 million to the increase resulting from the realization of a portion of its holdings in reinsurers. Excluding these transactions, revenue increased 2% in 1994 reflecting the impact of higher volume due to increased capacity for property catastrophe reinsurance and new business offset, in part, by lower demand in the London market. Premium rates began to react to the increased capacity and declined somewhat in the second half of the year.

In 1993, reinsurance broking revenue increased 6% over 1992, or approximately 10% excluding the effect of currency exchange rate fluctuations primarily due to the impact of continued higher rates for property catastrophe reinsurance and new business.

Insurance Program Management Revenue

Insurance program management primarily designs, places and administers life, health, accident, disability, automobile, homeowners and professional liability insurance programs for individuals, businesses and their employees, and organizations and their members in North America and the United Kingdom. In addition, it provides underwriting management services to insurers. In the United Kingdom, it also provides personal financial planning and consumer finance services to members of affinity groups.

Insurance program management revenue increased 7% in 1994. Revenue within North America increased 8% from 1993 reflecting increased services provided to corporations and institutions and increased insurance placed on behalf of small businesses, as well as growth in professional liability programs. In the United Kingdom, revenue grew 6% primarily due to an increase in demand for consumer finance services. The market for motor and household insurance services in the United Kingdom has become increasingly competitive.

In 1993, insurance program management revenue doubled compared with 1992 primarily due to the acquisition of The Frizzell Group Limited ("Frizzell"), a U.K. firm, in December 1992. Within North America, revenue rose 2% in 1993 reflecting increased insurance placed on behalf of associations and their members and small businesses, and from services provided to corporations and institutions.

Interest Income on Fiduciary Funds

Interest income on fiduciary funds decreased 1% in 1994 due to lower average short-term interest rates, particularly in the first half of the year, on funds held outside North America. The decline outside North America was offset, in large part, as U.S. and Canadian yields rose steadily during the year, the first increase experienced since 1990.

In 1993, interest income on fiduciary funds decreased 16% compared with 1992 primarily due to lower average short-term interest rates. In the United States, short-term interest rates continued to decline, while international rates fell significantly.

Expense

Insurance services expenses increased 5% in 1994 primarily reflecting the impact of ongoing spending on technology and systems automation initiatives and provisions for excess office space on certain leases. The Company is in the process of developing several major systems aimed at providing advanced information and service to our clients. The Company expects to continue its commitment to enhance and develop further its information systems.

Expenses for insurance services rose 9% in 1993 due to the impact of acquisitions partially offset by the effect of the stronger U.S. dollar, which reduced the translated value of expenses from international operations. Excluding these items, expenses rose approximately 3% in 1993.

The results of operations for the Company's insurance services segment by geographic area are presented below:

(IN MILLIONS OF DOLLARS)	1994	1993	1992
REVENUE:			
United States	\$1,028.1	\$ 971.4	\$ 944.3
Europe	709.9	685.3	556.5
Canada	86.7	83.6	84.0
Pacific Rim and Other	61.8	50.2	48.0
	\$1,886.5	\$1,790.5	\$1,632.8
OPERATING INCOME:			
United States	\$216.0	\$208.3	\$205.0
Europe	150.3	137.4	104.1
Canada	23.6	19.2	15.9
Pacific Rim and Other	16.2	11.8	10.4
	\$406.1	\$376.7	\$335.4

CONSULTING

The Company provides advice and services to the management of organizations throughout the world in the areas of human resources, including retirement, health care and compensation consulting, and general management, which comprises strategy, operations, marketing and manufacturing. It also provides microeconomic research and analysis. One of a few large global consulting firms, Mercer maintains a network of offices that serves clients in every major business center of the world.

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

(IN MILLIONS OF DOLLARS)	1994	1993	1992
REVENUE	\$933.1	\$854.8	\$908.2
EXPENSE	836.7	768.6	792.1
OPERATING INCOME	\$ 96.4	\$ 86.2	\$116.1
OPERATING INCOME MARGIN	10.3%	10.1%	12.8%

Revenue

Consulting services revenue increased 9% in 1994. After adjusting for the net impact of several modestly sized acquisitions in Europe, Latin America and Australia, revenue grew 8% as demand for services in all practices increased throughout the year. Revenue increased 22% in general management consulting in 1994 and 13% in the global compensation practice. Retirement consulting revenue, which represented 46% of the consulting segment, grew 2% in 1994 as higher demand in the United States, Continental Europe, Latin America and Australia was partially offset by slight declines in the United Kingdom and Canada. Health care consulting, representing 17% of the segment, grew 5% in 1994.

Revenue for consulting services decreased 6% in 1993 compared with 1992. This decrease partially was due to the effect of the stronger U.S. dollar and the disposition of Clayton Environmental Consultants, a U.S.-based company, during the second quarter of 1993 offset, in part, by several acquisitions. Excluding these items, consulting revenue was essentially unchanged from 1992. Benefits, compensation and related consulting revenue decreased 6% in 1993, or approximately 1% excluding the effect of currency exchange rate fluctuations. In North America, revenue for retirement consulting declined as a highly competitive marketplace combined with reduced discretionary spending by clients created a difficult operating environment. This decrease was partially offset by increased demand for consulting in health care, flexible benefits and compensation-related areas. Revenue for general management consulting, which is largely project oriented, increased approximately 8% in 1993 over 1992. Demand for management consulting, especially for re-engineering business processes, remained strong. Microeconomic consulting was essentially the same in 1993 compared with 1992.

Expense

Consulting services expenses increased 9% in 1994 partly due to the impact of acquisitions. Excluding the effect of acquisitions, expenses grew approximately 7% reflecting higher staff levels consistent with increased demand in general management and United States retirement consulting as well as higher systems-related expenses associated with initiatives to expand and increase the efficiency of services provided in the United States.

Expenses for the consulting segment decreased 3% in 1993. Excluding the effects of the stronger U.S. dollar and the net impact of acquisitions and dispositions, 1993 expenses increased approximately 3%. Reflecting demand, staff levels increased in general management consulting and declined slightly in the North American retirement practice.

The results of operations for the Company's consulting segment by geographic area are presented below:

(IN MILLIONS OF DOLLARS)	1994	1993	1992

REVENUE:			
United States	\$586.4	\$554.1	\$582.3
Europe	197.3	173.7	190.8
Canada	78.4	83.3	94.5
Pacific Rim and Other	71.0	43.7	40.6
	-----	-----	-----
	\$933.1	\$854.8	\$908.2
	-----	-----	-----
	-----	-----	-----
OPERATING INCOME:			
United States	\$50.2	\$48.5	\$70.9
Europe	30.1	24.1	27.1
Canada	11.7	11.8	15.5
Pacific Rim and Other	4.4	1.8	2.6
	-----	-----	-----
	\$96.4	\$86.2	\$116.1
	-----	-----	-----
	-----	-----	-----

The net impact of currency exchange rate fluctuations on the consulting segment's results of operations was not material in 1994; however, these fluctuations can affect the results of operations in individual geographic areas. In Europe and Australia, the translated value of revenue and operating income in 1994 was higher than 1993 due to a weaker U.S. dollar compared with the respective currencies in those locations. These increases were essentially offset by the reduced translated value of revenue and operating income in Canada resulting from a stronger U.S. dollar compared with the Canadian dollar.

INVESTMENT MANAGEMENT

The Company's investment management services, which are performed principally in the United States, are provided primarily under the "Putnam" name. The services include investment research along with management, accounting and related services for a group of publicly held registered investment companies (the "Putnam Funds"). Investment management services are also provided to profit sharing and pension funds, state retirement systems, university endowment funds, charitable foundations and other domestic and foreign institutional accounts. Putnam serves as transfer agent, dividend disbursing agent, registrar and custodian for the Putnam Funds and provides one or more of such services to several external clients. Putnam also acts as principal underwriter of the shares of open-end Putnam Funds, selling primarily through independent broker/dealers and financial institutions, and directly to certain large 401(k) plans and other institutional accounts.

Revenue is derived primarily from investment management fees. These fees are approved annually by the trustees or shareholders of the Putnam Funds and are charged at various rates depending on the individual mutual fund and the level of assets under management. Putnam also receives compensation for providing certain shareholder services.

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

(IN MILLIONS OF DOLLARS)	1994	1993	1992

REVENUE	\$615.4	\$518.1	\$396.0
EXPENSE	407.2	348.8	271.6
	-----	-----	-----
OPERATING INCOME	\$208.2	\$169.3	\$124.4
	-----	-----	-----
OPERATING INCOME MARGIN	33.8%	32.7%	31.4%
	-----	-----	-----

Assets under management are affected by fluctuations in bond and stock market prices, by investments and withdrawals for current and new fund shareholders and clients, by the development of new investment products, and by investment performance and service to clients. 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. As shown in the following table, assets held in fixed income products declined by 7% in 1994 partially due to a decline in market values. This decrease was more than offset by a 30% increase in assets held in equity securities. During 1994, investors were attracted to the potential for higher returns generated in the equity market and less toward fixed income instruments. In 1993, both fixed income and equity assets increased reflecting net additions to assets under management and market appreciation.

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

(IN BILLIONS OF DOLLARS)	1994	1993	1992

MUTUAL FUNDS:			
Domestic Equity	\$26.2	\$20.8	\$12.8
Taxable Bond	22.8	25.0	20.0
Tax-Free Income	15.2	16.9	12.0
International Equity	3.0	1.6	.8
	-----	-----	-----
	67.2	64.3	45.6
	-----	-----	-----
INSTITUTIONAL ACCOUNTS:			
Fixed Income	18.8	19.3	14.8
Domestic Equity	6.7	5.9	3.8
International Equity	2.6	1.4	.5
	-----	-----	-----
	28.1	26.6	19.1
	-----	-----	-----
YEAR-END ASSETS	\$95.3	\$90.9	\$64.7
	-----	-----	-----
	-----	-----	-----
AVERAGE ASSETS	\$93.5	\$77.5	\$57.5
	-----	-----	-----
	-----	-----	-----

Revenue

Putnam's revenue increased 19% in 1994 reflecting continued growth in the level of assets under management on which management fees are earned. The higher asset level reflects the impact of institutional and mutual fund sales partially offset by a decline in securities market valuations.

Revenue for Putnam increased 31% in 1993 reflecting strong growth in the level of assets under management on which management fees are earned. The higher asset level reflected increased institutional and mutual fund sales along with higher securities market valuations.

Putnam had historically marketed front-end load funds through broker/dealers and, more recently, through financial institutions including banks. In 1992, Putnam commenced a marketing program that made certain mutual funds available with a deferred sales charge. The related commissions, initially paid by Putnam to broker/dealers for distributing the funds, are recovered through charges and fees received over a number of years. This program gained wide acceptance and has been expanded to essentially all of Putnam's mutual funds.

Expense

Putnam's expenses rose 17% in 1994 reflecting increased compensation and benefits expense due to staff level growth consistent with new business, higher incentive compensation levels commensurate with strong operating performance and normal salary progressions. The increase in other operating expenses primarily is due to a higher volume of business and higher client service-related systems costs.

Expenses for Putnam increased 28% in 1993. Compensation and benefits expense increased due to normal salary progressions, growth in staff necessary to meet the demands of new business and incentive compensation levels commensurate with strong operating performance. Other operating expenses rose in 1993 due to the increased volume of business and higher client service-related expenses, such as communications and information system costs.

INTEREST

Interest income earned on corporate funds was \$11.8 million in 1994 compared with \$11.9 million in 1993. Yields in North America rose steadily during the year offset by lower interest rates in Europe. Interest expense increased to \$50.6 million in 1994 from \$46.1 million in 1993 due to an increase in commercial paper borrowings and higher average interest rates on those borrowings. The higher level of commercial paper borrowings reflected the funding of Putnam's prepaid dealer commissions and the Company's share repurchase program.

Interest income earned on corporate funds decreased to \$11.9 million in 1993 from \$16.6 million in 1992 due to significantly lower short-term interest rates throughout the world. Interest expense increased to \$46.1 million in 1993 from \$38.3 million in 1992 due to an increase in commercial paper borrowings, partially offset by lower interest rates on those borrowings. The higher level of commercial paper borrowings related to the funding of acquisitions in 1992 and the funding of Putnam's prepaid dealer commissions.

INCOME TAXES

The Company's consolidated domestic and foreign tax rates were 39.5% of income before income taxes in 1994, 40.5% in 1993 and 41.5% in 1992. The reduction in the 1994 tax rate reflects worldwide savings attributable to tax planning strategies. The reduction in the tax rate in 1993 reflected the resolution of various tax issues throughout the world. The overall tax rates are higher than the U.S. statutory rates primarily because of the impact of state and local income taxes.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents aggregated \$294.9 million at the end of 1994, a decrease of \$37.1 million from the end of 1993.

Operating Cash Flows

The Company generated \$368.5 million of cash from operations in 1994 compared with \$238.1 million in 1993. These amounts reflect the net income earned by the Company in those years adjusted for non-cash charges and working capital changes. Included in the cash flow from operations are the net cash requirements of Putnam's prepaid dealer commissions, which amounted to \$111.9 million in 1994 compared with \$254.3 million in 1993. The current portion of these prepaid dealer commissions is included in other current assets and the long-term portion is included in other assets in the Consolidated Balance Sheets. The tax benefit associated with these prepaid dealer commissions is recorded in deferred taxes, the long-term portion of which is included in other liabilities in the Consolidated Balance Sheets. The Company anticipates that internally generated funds will be sufficient to meet the Company's foreseeable recurring cash requirements, including dividends, capital expenditures and scheduled repayments of long-term debt.

Financing Cash Flows

Financing activities for the Company reduced cash by \$189.8 million in 1994 and by \$109.1 million in 1993. Dividends paid by the Company amounted to \$206.4 million in 1994 (\$2.80 per share) and \$198.5 million in 1993 (\$2.70 per share). The Company regularly purchases shares of its common stock to meet the requirements of the various stock compensation and benefit programs. During 1994, the Company purchased 1.7 million shares, while 535,000 shares of common stock were purchased in 1993.

The Company maintains credit facilities with several banks primarily to support its commercial paper borrowings. These facilities, which expire at various dates through May 1996, provide that the Company may borrow up to \$330 million at varying market rates of interest. The Company also maintains other credit facilities, related to operations located outside of the United States, aggregating \$70.9 million as of December 31, 1994.

The Company has a fixed rate non-recourse mortgage note agreement due in 2009 amounting to \$200 million, bearing an interest rate of 9.8%, in connection with its 56% interest in its worldwide headquarters building. Also related to the purchase and renovation of the building, the Company has an interest rate swap that fixes the interest rate on \$100 million of commercial paper borrowings at approximately 9.5% until February 1999.

Frizzell, the U. K.-based insurance program management firm, has a consumer finance operation that provides affinity group members with a variety of services including insurance premium financing programs, personal and secured loans, mortgage loans and credit cards. These loans are financed by the acceptance of deposits from the affinity group members and through bank borrowings. The borrowings are under credit facilities maintained with various banks aggregating \$206 million. Customer deposits have one- to three-year terms. The current portion of these deposits is included in accounts payable and accrued liabilities, and the long-term portion is included in other liabilities in the Consolidated Balance Sheets. The profitability of this operation is sensitive to interest rate fluctuations as changes in interest rates can affect the margin between interest earned on assets and interest paid on liabilities. Risk management instruments such as interest rate swaps and forward rate agreements are utilized to protect operating margins from the effect of interest rate fluctuations.

Investing Cash Flows

The Company's capital expenditures, which amounted to \$149.1 million in 1994 and \$98.8 million in 1993, have primarily related to computer equipment purchases and the refurbishing and modernizing of office facilities.

The Company has been instrumental in developing new sources of insurance capacity when market capacity has been limited. The Company, through MMRC, maintains a minority ownership interest in the various entities it assisted in organizing. These investments have been classified as securities available for sale and, as discussed more fully in Note 11 to the consolidated financial statements, the aggregate fair value of these holdings is included in long-term securities in the Consolidated Balance Sheets. The Company, through Marsh & McLennan Risk Capital Holdings, expects to continue to make strategic investments in response to insurance and reinsurance capacity limitations and related client needs, as appropriate.

Other

The insurance coverage for potential liability resulting from alleged errors and omissions in the professional services provided by the Company includes elements of both risk retention and risk transfer. The Company believes it has adequately reserved for the self-insurance 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.

The Company'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 described more fully in Note 5 to the financial statements, the plan is currently well funded; consequently, the Company has not been able to make a tax deductible contribution since 1986. Because this situation is expected to continue, a 1995 cash contribution is currently not anticipated. The related long-term pension liability is included in other liabilities in the Consolidated Balance Sheets.

The Company contributes to certain health care and life insurance benefits provided to its retired employees. As described more fully in Note 5 to the financial statements, 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 the Company as incurred. This postretirement liability is included in other liabilities in the Consolidated Balance Sheets.

Cumulative translation adjustments, a component of stockholders' equity in the Consolidated Balance Sheets, represent the cumulative effect of translating the financial statements of the Company's international operations from functional currencies to U.S. dollars.

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Income

For the Three Years Ended December 31, 1994			
(IN MILLIONS, EXCEPT PER SHARE FIGURES)	1994	1993	1992

REVENUE	\$3,435.0	\$3,163.4	\$2,937.0
EXPENSE	2,764.7	2,570.6	2,396.0
	-----	-----	-----
OPERATING INCOME	670.3	592.8	541.0
INTEREST INCOME	11.8	11.9	16.6
INTEREST EXPENSE	(50.6)	(46.1)	(38.3)
	-----	-----	-----
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	631.5	558.6	519.3
INCOME TAXES	249.5	226.2	215.5
	-----	-----	-----
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	382.0	332.4	303.8
CUMULATIVE EFFECT OF ACCOUNTING CHANGES (NET OF INCOME TAX BENEFIT OF \$7.2 IN 1994 AND \$32.1 IN 1992)	(10.5)	--	(40.1)
	-----	-----	-----
NET INCOME	\$ 371.5	\$ 332.4	\$ 263.7
	-----	-----	-----
PER SHARE DATA:			
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$5.19	\$4.52	\$4.21
CUMULATIVE EFFECT OF ACCOUNTING CHANGES	(.14)	--	(.56)
	----	-----	-----
NET INCOME	\$5.05	\$4.52	\$3.65
	-----	-----	-----
AVERAGE NUMBER OF SHARES OUTSTANDING	73.6	73.5	72.2
	----	----	----

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

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (including interest-bearing amounts of \$265.6 in 1994 and \$315.7 in 1993)	\$ 294.9	\$ 332.0
	-----	-----
Receivables --		
Commissions and fees	692.3	617.0
Advanced premiums and claims	78.0	80.7
Consumer finance and other	229.6	198.2
	-----	-----
	999.9	895.9
Less - allowance for doubtful accounts	(44.9)	(42.9)
	-----	-----
Net receivables	955.0	853.0
	-----	-----
Other current assets	196.1	127.4
	-----	-----
TOTAL CURRENT ASSETS	1,446.0	1,312.4
CONSUMER FINANCE RECEIVABLES, NET	150.4	130.8
LONG-TERM SECURITIES	282.8	363.6
FIXED ASSETS, NET	740.3	688.1
INTANGIBLE ASSETS	701.0	660.1
OTHER ASSETS	510.1	391.6
	-----	-----
	\$3,830.6	\$3,546.6
	-----	-----

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

	1994	1993
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term debt	\$ 403.0	\$ 273.8
Accrued compensation and employee benefits	220.8	173.5
Accounts payable and accrued liabilities	496.7	444.4
Accrued income taxes	218.7	237.1
Dividends payable	53.1	49.9
TOTAL CURRENT LIABILITIES	1,392.3	1,178.7
FIDUCIARY LIABILITIES	1,652.1	1,623.6
LESS--CASH AND INVESTMENTS HELD IN A FIDUCIARY CAPACITY	(1,652.1)	(1,623.6)
	--	--
LONG-TERM DEBT	409.4	409.8
OTHER LIABILITIES	568.3	592.8
COMMITMENTS AND CONTINGENCIES	--	--
STOCKHOLDERS' EQUITY:		
Preferred stock, \$1 par value, authorized 6,000,000 shares, none issued	--	--
Common stock, \$1 par value, authorized 200,000,000 shares, issued 76,794,531 shares in 1994 and 1993	76.8	76.8
Additional paid-in capital	166.1	173.5
Retained earnings	1,507.7	1,345.7
Unrealized securities holding gains, net of income taxes	91.6	138.6
Cumulative translation adjustments	(105.4)	(157.5)
	1,736.8	1,577.1
Less - treasury shares, at cost, 3,594,342 shares in 1994 and 2,862,926 shares in 1993	(276.2)	(211.8)
TOTAL STOCKHOLDERS' EQUITY	1,460.6	1,365.3
	\$3,830.6	\$3,546.6

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

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows

For the Three Years Ended December 31, 1994
(IN MILLIONS OF DOLLARS)

	1994	1993	1992
OPERATING CASH FLOWS:			
Net income	\$371.5	\$332.4	\$263.7
Depreciation and amortization	120.6	119.9	112.0
Deferred income taxes	48.0	94.2	(11.1)
Other liabilities	(31.4)	3.0	27.9
Cumulative effect of accounting changes	10.5	--	40.1
Prepaid dealer commissions	(111.9)	(254.3)	(77.5)
Other, net	(14.2)	(11.5)	(6.8)
Net changes in operating working capital other than cash and cash equivalents -			
Receivables	(77.7)	(38.4)	9.8
Other current assets	(39.2)	(8.4)	(5.9)
Accrued compensation and employee benefits	46.9	17.9	(14.8)
Accounts payable and accrued liabilities	53.9	(16.2)	4.4
Accrued income taxes	(17.5)	4.3	33.7
Effect of exchange rate changes	9.0	(4.8)	(30.4)
NET CASH GENERATED FROM OPERATIONS	368.5	238.1	345.1
FINANCING CASH FLOWS:			
Net change in debt	121.0	63.8	207.0
Purchase of treasury shares	(142.8)	(49.5)	(28.2)
Issuance of common stock	68.6	75.6	96.1
Dividends paid	(206.4)	(198.5)	(191.1)
Other, net	(30.2)	(.5)	--
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(189.8)	(109.1)	83.8
INVESTING CASH FLOWS:			
Additions to fixed assets	(149.1)	(98.8)	(82.8)
Acquisitions	(18.4)	(7.8)	(260.4)
Other, net	(55.9)	(51.7)	(48.0)
NET CASH USED FOR INVESTING ACTIVITIES	(223.4)	(158.3)	(391.2)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	7.6	(9.8)	(15.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37.1)	(39.1)	22.1
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	332.0	371.1	349.0
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$294.9	\$332.0	\$371.1

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

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity

For the Three Years Ended December 31, 1994 (IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)	1994	1993	1992
COMMON STOCK			
Balance, beginning and end of year	\$ 76.8	\$ 76.8	\$ 76.8
ADDITIONAL PAID-IN CAPITAL			
Balance, beginning of year	\$ 173.5	\$ 170.9	\$ 175.8
Issuance of shares for acquisitions	--	1.3	--
Exercise of stock options and related tax benefits	(1.9)	(1.8)	(6.3)
Issuance of shares under compensation plans and related tax benefits	.8	2.6	1.7
Issuance of shares under employee stock purchase plans and related tax benefits	(6.3)	.5	(.3)
Balance, end of year	\$ 166.1	\$ 173.5	\$ 170.9
RETAINED EARNINGS			
Balance, beginning of year	\$1,345.7	\$1,212.3	\$1,142.4
Net income	371.5	332.4	263.7
Cash dividends declared-(per share amounts: \$2.85 in 1994, \$2.70 in 1993 and \$2.675 in 1992)	(209.5)	(199.0)	(193.8)
Balance, end of year	\$1,507.7	\$1,345.7	\$1,212.3
UNREALIZED SECURITIES HOLDING GAINS, NET OF INCOME TAXES			
Balance, beginning of year	\$ 138.6	\$ --	\$ --
Realized gains, net of income taxes	(27.6)	--	--
Unrealized securities holding gains (losses), net of income taxes	(19.4)	138.6	--
Balance, end of year	\$ 91.6	\$ 138.6	\$ --
CUMULATIVE TRANSLATION ADJUSTMENTS			
Balance, beginning of year	\$ (157.5)	\$ (106.7)	\$ (18.0)
Translation adjustments	52.1	(50.8)	(88.7)
Balance, end of year	\$ (105.4)	\$ (157.5)	\$ (106.7)
TREASURY SHARES			
Balance, beginning of year	\$ (211.8)	\$ (250.4)	\$ (342.0)
Purchase of treasury shares	(142.8)	(49.5)	(28.2)
Issuance of shares for acquisitions	--	7.7	--
Exercise of stock options	11.6	30.7	68.9
Issuance of shares under compensation plans	15.8	6.4	6.9
Issuance of shares under employee stock purchase plans	51.0	43.3	44.0
Balance, end of year	\$ (276.2)	\$ (211.8)	\$ (250.4)
Total Stockholders' Equity	\$1,460.6	\$1,365.3	\$1,102.9

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

PRINCIPLES OF CONSOLIDATION: The accompanying consolidated financial statements include the accounts of Marsh & McLennan Companies, Inc. and all its subsidiaries (the "Company"). Various subsidiaries and affiliates have transactions with each other in the ordinary course of business. All significant intercompany accounts and transactions have been eliminated.

FIDUCIARY ASSETS AND LIABILITIES: In its capacity as an insurance broker or agent, the Company collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters; the Company 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 \$78.7 million in 1994, \$79.6 million in 1993 and \$94.4 million in 1992.

Net uncollected premiums and claims and the related payables, amounting to \$2.8 billion at December 31, 1994 and \$2.7 billion at December 31, 1993, are not included in the accompanying Consolidated Balance Sheets.

In certain instances, the Company 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, compensation for services provided in connection with the formation and capitalization of various insurers and reinsurers, 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 the Company'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. The Company maintains a policy providing for the diversification of cash and cash equivalents to limit the concentration of credit risk exposure.

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 the resulting gain or loss, if any, 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 at December 31, 1994 and 1993 are as follows:

December 31, 1994 and 1993 (IN MILLIONS OF DOLLARS)		
	1994	1993
Land and buildings	\$ 388.7	\$ 389.2
Furniture and equipment	640.6	604.1
Leasehold and building improvements	285.5	233.6
	-----	-----
	1,314.8	1,226.9
Less - accumulated depreciation and amortization	(574.5)	(538.8)
	-----	-----
	\$ 740.3	\$ 688.1
	-----	-----

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.

PREPAID DEALER COMMISSIONS: Certain mutual funds marketed by the Company's investment management segment are made available with a deferred sales charge. The related commissions, initially paid by the Company to broker/dealers for distributing the funds, are recovered through charges and fees received over a number of years. The current portion of these prepaid dealer commissions, amounting to \$99.8 million and \$67.4 million at December 31, 1994 and 1993, respectively, is included in other current assets in the Consolidated Balance Sheets. The long-term portion amounting to \$356.6 million and \$277.1 million at December 31, 1994 and 1993, respectively, is included in other assets in the Consolidated Balance Sheets.

INCOME TAXES: Income taxes are provided in the year transactions affect net income, regardless of when those transactions are reported for tax purposes. U.S. Federal income taxes are provided on unremitted foreign earnings except those that are considered permanently reinvested, which at December 31, 1994 amounted to approximately \$285 million. However, if these earnings were not considered permanently reinvested, under current law, foreign tax credits would effectively offset any incremental tax liability which otherwise might be due upon distribution.

RISK MANAGEMENT INSTRUMENTS: Net amounts received or paid under interest rate swaps and forward rate agreements are included in the Consolidated Statements of Income as incurred.

PER SHARE DATA: Per share data is computed using the average number of shares of the Company's common stock outstanding. The dilutive effect of common stock equivalents is not material.

CUMULATIVE EFFECT OF ACCOUNTING CHANGES: As discussed in Note 5, effective January 1, 1994 the Company changed its method of accounting for postemployment benefits and, as discussed in Notes 4 and 5, effective January 1, 1992 the Company changed its method of accounting for income taxes and postretirement benefits.

RECLASSIFICATIONS: Certain reclassifications have been made to the prior years' financial statements to conform with the current year presentation.

2. SUPPLEMENTAL DISCLOSURE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The following schedule provides additional information concerning acquisitions:

For the Three Years Ended December 31, 1994			
(IN MILLIONS OF DOLLARS)	1994	1993	1992

Purchase acquisitions:			
Assets acquired, excluding cash	\$26.5	\$35.7	\$578.3
Liabilities assumed	(3.8)	(10.6)	(317.9)
Issuance of debt and other obligations	(4.3)	(8.3)	--
Shares issued	--	(9.0)	--
	-----	-----	-----
Net cash outflow for acquisitions	\$18.4	\$ 7.8	\$260.4
	-----	-----	-----
	-----	-----	-----

The following schedule provides details of changes in the Company's short-term and long-term debt. Although a portion of the Company's commercial paper borrowings is classified as long-term debt in the Consolidated Balance Sheets, borrowings and repayments of commercial paper are shown below based on original maturities.

For the Three Years Ended December 31, 1994			
(IN MILLIONS OF DOLLARS)	1994	1993	1992

Net change in debt with maturities of three months or less	\$380.4	\$(16.0)	\$ 89.7
Borrowings with maturities over three months	51.3	535.9	326.1
Repayments of debt with maturities over three months	(310.7)	(456.1)	(208.8)
	-----	-----	-----
Net change in debt	\$121.0	\$ 63.8	\$207.0
	-----	-----	-----
	-----	-----	-----

Interest paid during 1994, 1993 and 1992 was \$48.1 million, \$42.1 million and \$41.3 million, respectively.

Income taxes paid during 1994, 1993 and 1992 were \$222.5 million, \$122.4 million and \$179.7 million, respectively.

3. ACQUISITIONS

During 1994, the Company acquired or increased its interest in several insurance services and consulting businesses for a total cost of \$22.7 million consisting of cash and future obligations in transactions accounted for as purchases. The cost of these acquisitions exceeded the fair value of net assets acquired by \$21.1 million.

During 1993, the Company acquired several insurance broking and consulting businesses for a total cost of \$26.7 million in transactions accounted for as purchases. The purchase price of these acquisitions consisted of \$17.7 million in cash and future obligations and 104,556 shares of the Company's common stock having a fair market value of \$9.0 million. The total cost of these acquisitions exceeded the fair value of net assets acquired by \$24.6 million.

During 1992, the Company acquired or increased its interest in several insurance services and consulting businesses for a total cost of \$305.0 million in transactions accounted for as purchases. The cost of these acquisitions exceeded the fair value of net assets acquired by \$299.3 million.

The effect of these acquisitions was not material to the Company's results of operations.

4. INCOME TAXES

Income before income taxes 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, 1994
(IN MILLIONS OF DOLLARS)

1994 1993 1992

Income before income taxes and
cumulative effect of accounting changes:

U.S.	\$377.5	\$340.6	\$314.9
Other	254.0	218.0	204.4
	-----	-----	-----
	\$631.5	\$558.6	\$519.3
	-----	-----	-----
	-----	-----	-----

Income taxes:

Current-			
U.S. Federal	\$ 99.9	\$ 29.9	\$ 77.7
Other national governments	71.8	74.7	70.0
U.S. state and local	29.8	27.4	40.6
	-----	-----	-----
	201.5	132.0	188.3
	-----	-----	-----

Deferred-			
U.S. Federal	15.5	74.1	21.7
Other national governments	18.9	6.3	7.6
U.S. state and local	13.6	13.8	(2.1)
	-----	-----	-----
	48.0	94.2	27.2
	-----	-----	-----

Total income taxes	\$249.5	\$226.2	\$215.5
	-----	-----	-----
	-----	-----	-----

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

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

DEFERRED TAX ASSETS:		
Accrued expenses not currently deductible	\$171.5	\$142.1
Accrued retirement benefits	75.9	76.8
Differences related to non-U.S. operations	52.8	62.6
Other	15.7	18.8
	-----	-----
	315.9	300.3
Valuation allowance	(24.7)	(23.6)
	-----	-----
	\$291.2	\$276.7
	-----	-----
	-----	-----
DEFERRED TAX LIABILITIES:		
Depreciation and amortization	\$ 33.3	\$ 31.3
Prepaid dealer commissions	207.5	157.8
Safe harbor leasing	28.4	33.5
Unbilled revenue	23.0	21.6
Unrealized securities holding gains	49.1	75.2
Differences related to non-U.S. operations	65.7	57.6
Other	20.1	20.9
	-----	-----
	\$427.1	\$397.9
	-----	-----
	-----	-----
BALANCE SHEET CLASSIFICATIONS:		
Other current assets	\$ 5.3	\$ 8.4
Accrued income taxes	27.4	26.6
Other liabilities	113.8	103.0

The valuation allowance relates to certain foreign deferred income tax assets.

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

For the Three Years Ended			
December 31, 1994	1994	1993	1992

U.S. Federal statutory rate	35.0%	35.0%	34.0%
U.S. state and local income taxes-net of U.S.			
Federal income tax benefit	4.5	4.8	4.9
Differences related to non-U.S. operations	(.3)	.9	1.8
Other	.3	(.2)	.8
	-----	-----	-----
Effective tax rate	39.5%	40.5%	41.5%
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The impact of the increase in the U.S. Federal statutory rate in 1993 on the Company's deferred tax balances was not material.

Effective January 1, 1992, the Company adopted SFAS No. 109, "Accounting for Income Taxes," which requires deferred income tax balances to be determined using current tax rates; therefore, the impact of a change in tax rates on deferred tax balances is recognized in income in the period that the change is enacted. The cumulative effect of adopting this standard increased net income in the first quarter of 1992 by \$5.0 million (\$.07 per share).

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

5. RETIREMENT BENEFITS

The Company maintains pension or profit sharing plans for substantially all employees.

DEFINED BENEFIT PLANS - U.S.: The Marsh & McLennan Retirement Plan provides benefits to eligible U.S. employees. The benefits under this plan are based on the participants' length of service and compensation, subject to the Employee Retirement Income Security Act of 1974 and Internal Revenue Service (IRS) limitations. The funding policy for this plan is to contribute amounts at least sufficient to meet the requirements set forth in U.S. employee benefit and tax laws. The plan assets are invested primarily in listed stocks, corporate bonds and U.S. Government Securities.

The Marsh & McLennan Benefit Equalization Plan provides those retirement benefits to which U.S. employees would otherwise be entitled under the Marsh & McLennan Retirement Plan if not for IRS limitations.

The Marsh & McLennan Supplemental Retirement Plan provides a minimum level of retirement benefits to employees based on the participants' length of service and compensation. The plan provides benefits to participants to the extent that the minimum benefit exceeds the aggregate retirement benefit provided by the Marsh & McLennan Retirement Plan, the Marsh & McLennan Benefit Equalization Plan and Social Security.

The Company has a program of funding the vested benefits under the Benefit Equalization and Supplemental Retirement Plans by purchasing annuity contracts periodically.

The components of pension cost for the U.S. defined benefit plans are as follows:

For the Three Years Ended December 31, 1994			
(IN MILLIONS OF DOLLARS)	1994	1993	1992

Service cost	\$25.7	\$23.3	\$21.8
Interest cost on projected			
benefit obligations	50.7	46.9	43.2
Expected return on plan assets	(70.1)	(59.2)	(53.6)
Net amortization	(2.0)	(4.6)	(5.3)
	-----	-----	-----
	\$ 4.3	\$ 6.4	\$ 6.1
	-----	-----	-----
	-----	-----	-----

The actual returns on plan assets were \$4.3 million, \$95.1 million and \$40.6 million for 1994, 1993 and 1992, respectively. These returns reflect the general securities market conditions experienced in the respective years.

The funded status of the U.S. defined benefit plans and the actuarial assumptions used to measure the projected benefit obligation are as follows:

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

Actuarial present value of accumulated benefit obligation:		
Vested	\$530.8	\$558.9
Nonvested	18.2	22.9
	-----	-----
	\$549.0	\$581.8
	-----	-----
	-----	-----
Projected benefit obligation	\$655.9	\$671.3
Fair value of plan assets	695.2	712.6
	-----	-----
	39.3	41.3
Unrecognized net gain from past experience different from that assumed	(90.0)	(93.3)
Unrecognized prior service cost	34.1	38.1
Unrecognized SFAS No. 87 transition amount	(46.1)	(50.6)
	-----	-----
Accrued pension liability	\$(62.7)	\$(64.5)
	-----	-----
	-----	-----
Actuarial assumptions:		
Discount rate	8.75%	7.75%
Weighted average rate of compensation increase	6%	5%
Expected long-term rate of return on plan assets	10%	10%

In 1994, the discount rate used to value the liabilities of the U.S. defined benefit plans was increased to reflect current interest rates of high quality fixed income debt securities. Assumptions, including projected compensation increases and cost of living adjustments for retirees, were also revised to reflect current levels of inflation. The decrease in the accumulated benefit obligation and the projected benefit obligation reflects, in part, the net impact of the change in these assumptions.

DEFINED BENEFIT PLANS - NON-U.S.: The Company maintains various plans that provide benefits to eligible non-U.S. employees. The benefits under these plans are based on the participants' length of service and compensation. The funding policy for these plans is to contribute amounts at least sufficient to meet the requirements under foreign government regulations. The plans' assets are primarily invested in listed stocks, bonds and time deposits.

The components of pension expense (credits) for the significant non-U.S. defined benefit plans are as follows:

For the Three Years Ended December 31, 1994			
(IN MILLIONS OF DOLLARS)	1994	1993	1992

Service cost	\$32.3	\$29.8	\$27.9
Interest cost on projected benefit obligations	45.1	46.7	40.4
Expected return on plan assets	(68.4)	(67.1)	(62.0)
Net amortization	(6.9)	(6.7)	(8.9)
	-----	-----	-----
	\$ 2.1	\$ 2.7	\$(2.6)
	-----	-----	-----
	-----	-----	-----

The actual returns on plan assets were (\$31.7) million, \$160.4 million and \$89.5 million for 1994, 1993 and 1992, respectively. These returns reflect the general securities market conditions experienced in the respective years and the impact of currency exchange rate fluctuations.

The funded status of the significant non-U.S. defined benefit plans and the weighted average actuarial assumptions used to measure the projected benefit obligation are as follows:

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

Actuarial present value of accumulated benefit obligation:		
Vested	\$542.4	\$424.5
Nonvested	6.3	4.0
	-----	-----
	\$548.7	\$428.5
	-----	-----
	-----	-----
Projected benefit obligation	\$643.5	\$565.6
Fair value of plan assets	763.0	757.8
	-----	-----
	119.5	192.2
Unrecognized net (gain) loss from past experience different from that assumed	9.7	(74.1)
Unrecognized prior service benefit	(4.4)	(4.8)
Unrecognized SFAS No. 87 transition amount	(34.8)	(40.0)
	-----	-----
Prepaid pension cost	\$ 90.0	\$ 73.3
	-----	-----
	-----	-----
Actuarial assumptions:		
Discount rate	8.9%	8.0%
Weighted average rate of compensation increase	6.9%	6.1%
Expected long-term rate of return on plan assets	10.3%	9.7%

In 1994, the discount rates used to value the liabilities of the non-U.S. plans were increased to reflect current worldwide interest rates. Assumptions, including projected compensation increases and cost of living adjustments for retirees, were also revised to reflect current levels of inflation. The increase in the accumulated benefit obligation and the projected benefit obligation reflect, in part, the impact of the change in these assumptions and the impact of foreign exchange rate fluctuations.

POSTRETIREMENT BENEFITS: The Company contributes to the cost of certain health care and life insurance benefits provided to its retired employees. The cost to the Company of these postretirement benefits is principally associated with employees in the United States, as retired employees outside the United States receive these benefits, in large part, from governmental health care programs. United States employees become eligible for these benefits if they attain retirement age while working for the Company, subject in certain instances to minimum service requirements. The amount of the Company's contribution for active employees who were not eligible to retire at January 1, 1991 is based, in part, on their length of service with the Company. The cost of these postretirement benefits is accrued during the period up to the date employees are eligible to retire, but is funded by the Company as incurred.

The components of the United States postretirement benefits costs are as follows:

For the Three Years Ended December 31, 1994			
(IN MILLIONS OF DOLLARS)	1994	1993	1992

Service cost	\$1.6	\$1.7	\$1.4
Interest cost on accumulated postretirement benefits	6.2	7.0	6.7
	----	----	----
	\$7.8	\$8.7	\$8.1
	----	----	----

The accumulated postretirement benefit obligation at December 31, 1994 and 1993 is as follows:

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

Retirees	\$51.4	\$49.9
Fully eligible active plan participants	12.9	20.8
Other active plan participants	14.4	17.9
	-----	-----
	78.7	88.6
Unrecognized net gain from past experience different from that assumed	14.9	--
	-----	-----
Accrued postretirement liability	\$93.6	\$88.6
	-----	-----

The discount rates used in determining the accumulated postretirement benefit obligations were 8 3/4% and 7 3/4% for 1994 and 1993, respectively. The assumed health care cost trend rate was approximately 12% in 1994, gradually declining to 4% in the year 2040. A 1% increase in the assumed health care cost trend rates for each year would increase the accumulated postretirement benefit obligation as of December 31, 1994 by \$8.9 million and the postretirement benefit expense for the year then ended by \$1.3 million.

In 1994, the discount rate used to value the accumulated postretirement benefit obligation was increased to reflect current interest rates of high quality fixed income debt securities. The decrease in the accumulated postretirement benefit obligation reflects the impact of the change in the discount rate.

Effective January 1, 1992, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The cumulative effect of the change in accounting recorded in 1992 amounted to \$45.1 million (\$.63 per share). This noncash charge represents the accumulated postretirement benefit obligation at January 1, 1992 (\$77.2 million), partially reduced by a deferred income tax benefit (\$32.1 million).

DEFINED CONTRIBUTION PLANS: The Company maintains certain defined contribution plans for its employees, including the Marsh & McLennan Companies Stock Investment Plan ("SIP") and the Putnam Investments, Inc. Profit Sharing Retirement Plan (the "Putnam Plan"). Under these plans, eligible employees may contribute a percentage of their base salary, subject to certain limitations. For the SIP, the Company matches a portion of the employees' contributions, while under the Putnam Plan the contributions are at the discretion of the Company subject to IRS limitations. The cost of these defined contribution plans was \$32.6 million, \$31.3 million and \$30.9 million for 1994, 1993 and 1992, respectively.

POSTEMPLOYMENT BENEFITS: Effective January 1, 1994, the Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The cumulative effect of the change in accounting recorded in 1994 amounted to \$10.5 million (\$.14 per share). This noncash charge represents the accumulated postemployment benefit obligation at January 1, 1994 (\$17.7 million), partially reduced by a deferred income tax benefit (\$7.2 million).

6. STOCK BENEFIT PLANS

INCENTIVE AND STOCK AWARD PLAN: In 1992, the Company's stockholders approved the Marsh & McLennan Companies, Inc. 1992 Incentive and Stock Award Plan (the "1992 Plan") under which awards may be granted to employees of the Company. The types of awards permitted include stock options, restricted stock, restricted stock units payable in Company common stock or cash, and other stock-based awards. The Compensation Committee of the Board of Directors (the "Compensation Committee") determines, in its discretion, which eligible employees will receive awards, the types of awards to be received and the terms and conditions thereof. The plan contains provisions which, in the event of a change in control of the Company, may accelerate the vesting of the awards. Awards relating to not more than 8,000,000 shares of common stock, plus such number of shares remaining unused under the 1988 Incentive and Stock Award Plan (the "1988 Plan"), which was terminated as to future awards and superseded by the 1992 Plan, may be made over the five-year life of the 1992 Plan. There were 4,472,855 and 5,076,033 shares available for awards at December 31, 1994 and 1993, respectively.

STOCK OPTIONS: Options granted under the 1992 Plan may be designated as incentive stock options or as non-qualified 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 1992 Plan and prior plans are as follows:

	Shares	Exercise Price Per Share
Balance at January 1, 1992 (3,552,821 exercisable)	5,877,471	\$22 25/32 - 79 5/16
Granted	556,200	\$73 7/8 - 92 1/16
Exercised	(1,219,136)	\$22 25/32 - 79 5/16
Forfeited	(189,250)	\$55 9/16 - 79 5/16

Balance at December 31, 1992 (3,508,485 exercisable)	5,025,285	\$22 25/32 - 92 1/16
Granted	3,550,970	\$81 3/4 - 93 5/8
Exercised	(494,337)	\$22 25/32 - 79 5/16
Forfeited	(159,670)	\$55 9/16 - 93 5/8

Balance at December 31, 1993 (4,206,018 exercisable)	7,922,248	\$22 25/32 - 93 5/8
Granted	609,600	\$74 15/16 - 88
Exercised	(186,297)	\$22 25/32 - 79 5/16
Forfeited	(224,410)	\$49 3/8 - 93 5/8

Balance at December 31, 1994 (5,093,481 exercisable)	8,121,141	\$33 3/16 - 93 5/8

RESTRICTED STOCK: Under the 1992 Plan, restricted shares of the Company'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 59,900 and 68,500 restricted shares granted in 1994 and 1993, respectively, under the 1992 Plan and 76,300 restricted shares granted in 1992 under the 1988 Plan. The fair market value of these shares at the date of grant, \$4.9 million in 1994, \$6.4 million in 1993 and \$5.6 million in 1992, was charged to expense. Shares that have been granted become unrestricted at the earlier of January 1 of the eleventh year following the grant or the recipient's normal retirement date or, for shares granted after 1987, the recipient's actual retirement date if later than the normal retirement date.

RESTRICTED STOCK UNITS: Restricted stock units, payable in stock or cash, may be awarded under the 1992 Plan. The Compensation Committee shall determine the restrictions on such units, when the restrictions shall lapse, when the shares of stock shall vest and be paid, and upon what terms the units shall be forfeited.

There were 33,818 and 8,300 restricted stock units awarded during 1994 and 1993, respectively, under the 1992 Plan and 39,330 incentive units, which have the same characteristics as restricted stock units under the 1992 Plan, awarded under the 1988 Plan during 1992.

STOCK PURCHASE PLAN: In May 1994, the Company's stockholders approved an employee stock purchase plan (the "1994 Plan") to replace the 1990 Employee Stock Purchase Plan which terminated on September 30, 1994 following its fourth annual offering. Under these plans, eligible employees may purchase shares of the Company'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 1994 Plan, no more than 4,000,000 shares of the Company's common stock plus the remaining unissued shares in the 1990 Plan may be sold. Employees purchased 649,000, 574,000 and 625,000 shares in 1994, 1993 and 1992, respectively. At December 31, 1994, 4,431,000 shares are available for issuance under the 1994 Plan.

7. LONG-TERM OBLIGATIONS

The Company 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 95% of the Company's lease obligations are for the use of office space.

The accompanying Consolidated Statements of Income include net rental costs of \$206.7 million, \$198.2 million and \$192.7 million for 1994, 1993 and 1992, respectively, after deducting rentals from subleases (\$8.8 million in 1994, \$7.9 million in 1993 and \$8.5 million in 1992).

At December 31, 1994, 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
1995	\$ 167.3	\$ 8.4	\$ 158.9
1996	150.5	7.8	142.7
1997	128.7	5.3	123.4
1998	104.1	3.6	100.5
1999	89.5	3.1	86.4
Subsequent years	517.4	15.1	502.3
	-----	-----	-----
	\$1,157.5	\$43.3	\$1,114.2
	-----	-----	-----
	-----	-----	-----

During 1994, the Company entered into agreements with various service companies to outsource certain information systems activities and responsibilities which previously were performed by the Company. Under these agreements, the Company 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, 1994, 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
1995	\$ 32.0
1996	28.6
1997	25.8
1998	24.7
1999	13.5
Subsequent years	38.5

	\$163.1

8. CONSUMER FINANCE OPERATION

The Company's insurance program management operation in the United Kingdom includes Frizzell Bank Limited ("FBL"), an authorized institution under the United Kingdom Banking Act 1987. FBL provides affinity group members with a variety of financial services including insurance premium financing programs, unsecured and secured loans and credit cards. These loans are financed by the acceptance of deposits from the affinity group members and through bank borrowings.

Consumer finance receivables, which include both fixed and variable rate loans, bear interest at prevailing market rates. A summary of consumer finance receivables at December 31, 1994 and 1993 is as follows:

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

Receivable within one year	\$145.5	\$125.4
Receivable after one year	157.6	138.8
	-----	-----
	303.1	264.2
Less - allowance for doubtful accounts	(12.0)	(12.2)
	-----	-----
	\$291.1	\$252.0
	-----	-----
	-----	-----

Customer deposits, which have one to three year terms at fixed interest rates, amounted to \$94.1 million and \$124.2 million at December 31, 1994 and 1993, respectively. The long-term portion of these customer deposits amounted to \$28.6 million and \$55.4 million at December 31, 1994 and 1993, respectively, and are included in other liabilities in the Consolidated Balance Sheets. The current portion of customer deposits is included in accounts payable and accrued liabilities.

FBL's results of operations can be affected by interest rate fluctuations as changes in interest rates could impact the margin between interest earned on assets (consumer finance receivables) and interest paid on liabilities (borrowings and customer deposits). Risk management instruments such as interest rate swaps and forward rate agreements are utilized to protect margins from the effects of these fluctuations. These risk management instruments help maintain the balanced relationship between fixed rate assets and fixed rate liabilities within limits set by Company policy. If fixed rate liabilities are greater than fixed rate assets, a risk management instrument generally is utilized to transform the excess fixed rate liability into a variable rate liability ("variable rate liabilities"). This strategy protects the margin between interest earned on variable rate assets and interest paid on fixed rate liabilities. Conversely, when fixed rate assets are greater than fixed rate liabilities, a risk management instrument generally is utilized to convert excess variable rate liabilities into fixed rate liabilities ("fixed rate liabilities"). This strategy protects the margin between interest earned on fixed rate assets and interest paid on variable rate liabilities. FBL only enters into risk management instruments to hedge against the effects of changes in interest rates, and does not hold or issue such instruments for trading purposes.

FBL and the Company have developed detailed operating policies to provide control over risk management instruments. Approval of each transaction is required by an appointed treasury committee and procedures are in place for the proper execution of each risk management instrument. In addition, periodic reviews are performed by the Company's auditors to ensure FBL's compliance with the Company's policies.

All such risk management instruments have a credit risk from the potential non-performance by the counterparties to these transactions. The Company attempts to limit its credit risk exposure by dealing with counterparties that satisfy certain financial standards and by limiting the net notional amount of all transactions with a particular counterparty. Regular credit reviews of the

counterparties are performed to ensure compliance with the Company's policies. The amount of credit risk is restricted to the amount of any hedge gain and is immaterial to the Company's consolidated financial statements.

The following table illustrates the gross notional amount of off-balance sheet interest rate swaps and forward rate agreements outstanding and their weighted average interest rates. Variable rates are based upon the London Interbank Offered Rate ("LIBOR") on the latest reset date included in the underlying contracts and are subject to fluctuations. Outstanding contracts at December 31, 1994 expire from 1995 to 1998.

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

Variable rate liabilities - notional amount	\$ 8.6	\$24.4
Average fixed rate received	5.6%	8.4%
Average variable rate paid	6.1%	5.9%
Fixed rate liabilities - notional amount	\$75.7	\$48.5
Average fixed rate paid	7.5%	8.3%
Average variable rate received	6.2%	5.5%

FBL has also entered into forward start swaps and forward start forward rate agreements having a gross notional amount of \$28.1 million at December 31, 1994. Under the forward start swap agreements, FBL will pay average fixed rates of 6.8%. Under the forward start forward rate agreements FBL will receive average fixed interest rates of 6.4%. The weighted average variable rates for these agreements will be based upon LIBOR on the effective date of the contract. At December 31, 1993, FBL was a party to interest rate floor agreements having a gross notional amount of \$12.6 million. Under these agreements FBL received fixed interest payments at a rate of 7.7% and made variable interest payments at a rate of 5.8%. There were no interest rate floors outstanding at December 31, 1994.

The difference between amounts paid to and amounts received from the counterparties is included in revenue in the Consolidated Statements of Income.

9. SHORT-TERM DEBT

The Company's outstanding short-term debt is as follows:

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

Commercial paper	\$298.3	\$170.6
Consumer finance borrowings	99.6	96.9
Current portion of long-term debt	5.1	6.3
	-----	-----
	\$403.0	\$273.8
	-----	-----
	-----	-----

The weighted average interest rate on outstanding borrowings of commercial paper at December 31, 1994 and 1993 was 6.1% and 3.3%, respectively. The weighted average interest rate on outstanding consumer finance borrowings at December 31, 1994 and 1993 was 6.4% and 6.0%, respectively.

The Company maintains credit facilities with several banks primarily to support its commercial paper borrowings. These facilities, which expire at varying dates through May 1996, provide that the Company may borrow up to \$330 million at varying market rates of interest. Commitment fees ranging between 1/8% and 1/4% per annum are payable on any unused portion. The facilities require the Company to maintain consolidated tangible net worth of at least \$50 million and contain other restrictions relating to consolidations, mergers and the sale or pledging of assets.

The Company's consumer finance operation maintains credit facilities with various banks aggregating \$206 million. The Company also maintains other credit facilities, primarily related to operations located outside of the United States, aggregating \$70.9 million.

10. LONG-TERM DEBT

The Company's outstanding long-term debt is as follows:

December 31, 1994 and 1993		
(IN MILLIONS OF DOLLARS)	1994	1993

Commercial paper	\$200.0	\$200.0
Mortgage - 9.8% due 2009	200.0	200.0
Mortgage - 7.25% due 1999	3.9	3.8
Other	10.6	12.3
	-----	-----
	414.5	416.1
Less current portion	5.1	6.3
	-----	-----
	\$409.4	\$409.8
	-----	-----
	-----	-----

The Company has a 20-year fixed rate non-recourse mortgage note agreement amounting to \$200 million, bearing an interest rate of 9.8%, in connection with its 56% interest in its worldwide headquarters building. In the event the mortgage is foreclosed following a default, the Company would be entitled to remain in the space and would be obligated to pay rent sufficient to cover interest on the notes or, starting in 1999, at fair market value if greater. At December 31, 1994 and 1993, commercial paper borrowings amounting to \$200 million have been classified in the Consolidated Balance Sheets as long-term debt based on the Company's intent and ability to maintain or refinance these obligations on a long-term basis. The Company has an interest rate swap which was entered into as part of the acquisition and renovation of the Company's worldwide headquarters which fixes the interest rate at approximately 9.5% on \$100 million of commercial paper borrowings until February 1999. The weighted average interest rate on this swap at December 31, 1994, 1993 and 1992 was 4.6%, 3.2% and 3.9%, respectively. The difference between the fixed rate and the weighted average rate is included in interest expense in the Consolidated Statements of Income.

Other long-term debt primarily includes loans related to the purchase of equipment.

Scheduled repayments of long-term debt, excluding the commercial paper described above, in 1995 and in the four succeeding years are \$5.1 million, \$2.9 million, \$2.1 million, \$.4 million and \$4.0 million, respectively.

11. FINANCIAL INSTRUMENTS

The estimated fair value of the Company'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 the Company would realize upon disposition nor do they indicate the Company's intent or ability to dispose of the financial instrument.

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

LONG-TERM INVESTMENTS: The Company has certain long-term investments, amounting to \$27.8 million and \$31.1 million at December 31, 1994 and 1993, respectively, which are carried on a cost basis. The Company has estimated, using various accredited valuation techniques, that the fair value of these investments amounted to approximately \$28 million and \$48 million at December 31, 1994 and 1993, respectively.

CONSUMER FINANCE RECEIVABLES AND CUSTOMER DEPOSITS: The fair value of consumer finance receivables and customer deposits approximates their carrying value.

SHORT-TERM AND LONG-TERM DEBT: The fair value of the Company's short-term debt, which consists primarily of commercial paper borrowings and consumer finance borrowings, approximates its carrying value. The estimated fair value of the \$200 million mortgage on the Company's worldwide headquarters building is approximately \$213 million and \$270 million at December 31, 1994 and 1993, respectively, based on discounted future cash flows using interest rates available for debt with similar terms and remaining maturities.

OFF-BALANCE SHEET INSTRUMENTS: The fair value of the Company's \$100 million interest rate swap has been estimated as a liability of approximately \$7 million and \$22 million at December 31, 1994 and 1993, respectively. The fair value of FBL's interest rate swaps and forward rate agreements was estimated as a receivable of approximately \$1 million and a liability of \$2 million at December 31, 1994 and 1993, respectively. These calculations are based on discounted future cash flows taking into account the current interest rate environment.

UNREALIZED SECURITIES HOLDING GAINS: Effective December 31, 1993, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

The Company has classified as available for sale primarily equity securities having an aggregate fair value of \$255.0 million and \$332.5 million at December 31, 1994 and 1993, respectively. Gross unrealized gains, amounting to \$140.7 million and \$213.8 million at December 31, 1994 and 1993, respectively, have been excluded from earnings and reported as a separate component of stockholders' equity, net of deferred income taxes.

Proceeds from the sale of available for sale securities for the year ended December 31, 1994 was \$54.7 million. Gross realized gains on available for sale securities sold during 1994 amounted to \$38.0 million. The cost of securities sold is determined using the average cost method for equity securities.

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

12. SHAREHOLDER RIGHTS PLAN

Under the Company's Shareholder Rights Plan each common share has one Right attached to it. Under the plan, the Rights generally become exercisable after a person or group (i) acquires 15% or more of the Company's outstanding common stock or (ii) commences a tender offer that would result in such person or group owning 30% or more of the Company's common stock. When the Rights first become exercisable, a holder will be entitled to buy from the Company one one-hundredth of a share of a new series of Series A Junior Participating Preferred Stock of the Company at a purchase price of \$210. Alternatively, if any person acquires 15% or more of the Company's common stock except pursuant to an offer for all shares at a fair price or if a 15% holder acquires the Company by means of a reverse merger in which the Company and its stock survive, each Right not owned by a 15% or more shareholder would become exercisable for common stock of the Company (or, in certain circumstances, other consideration) having a market value equal to twice the exercise price of the Right. If the Company is involved in a merger or other business combination when there is a 15% or more stockholder of the Company, the Rights will entitle a holder to buy shares of common stock of the acquiring company having a market value of twice the exercise price of each Right. The Rights expire on September 28, 1997, unless redeemed earlier.

13. CLAIMS, LAWSUITS AND OTHER CONTINGENCIES

The Company and its subsidiaries are subject to claims and lawsuits that arise in the ordinary course of business, consisting principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering consulting and investment services. Some of these claims and lawsuits seek damages, including punitive damages, in amounts which could, if assessed, be significant.

Among these is a group of claims relating to reinsurance contracts placed by reinsurance broking subsidiaries of the Company that were called into question by certain reinsurers. In general, these contracts concern so-called run-off exposures under which reinsurers assumed some or all remaining liability for claims against Lloyd's syndicates or other London insurers on policies, typically written in the past over a period of many years and sometimes without aggregate limits. The initial disputes, primarily between reinsurers and cedants, concerned these contracts, and have largely been resolved by negotiation, arbitration or litigation. More recently, related disputes have arisen, including litigation, between the members of syndicates, their underwriting and members' names agencies and, in some cases, subsidiaries of the Company. The syndicate members have experienced significant and continuing losses on policies, some of which were the subject of run-off reinsurance contracts that have been voided or compromised. The Company believes that its subsidiaries performed their reinsurance broking services in conformity with accepted and customary practices in the London market.

Subsidiaries of the Company in the course of their consulting and insurance activities advised certain clients in connection with their purchase of guaranteed investment contracts and annuities issued by Executive Life Insurance Company, which is currently being rehabilitated under the supervision of the California Insurance Department. Some of those clients as well as the Company's subsidiaries have been or may be subject to claims or lawsuits relating to losses in connection with those investments. In some instances, the subsidiaries have entered into agreements extending the time in which possible claims may be asserted against them, or have engaged in negotiating the deferral or resolution of claims and litigation. The Company believes that its subsidiaries acted in a proper and professional manner in connection with these matters.

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

14. SEGMENTATION OF ACTIVITY BY TYPE OF SERVICE
AND GEOGRAPHIC AREA OF OPERATION

The Company, a professional services firm, operates in three principal business segments: insurance services, consulting and investment management. Operating income for each type of service is after deductions for all directly related expenses and allocations of common expenses. General corporate expenses primarily are comprised of employee compensation and benefits and related occupancy costs for administrative personnel. General corporate assets primarily consist of cash and cash equivalents, deferred income tax assets and a portion of the Company's headquarters building.

The following table presents information about the Company's operations by type of service and geographic area:

For the Three Years Ended December 31, 1994
(IN MILLIONS OF DOLLARS)

	REVENUE	OPERATING INCOME	IDENTIFIABLE ASSETS	DEPRECIATION & AMORTIZATION OF FIXED ASSETS	CAPITAL EXPENDITURES
	-----	-----	-----	-----	-----
TYPE OF SERVICE:					
1994-					
INSURANCE SERVICES	\$1,886.5	\$406.1	\$2,021.9	\$62.0	\$ 70.9
CONSULTING	933.1	96.4	568.4	17.9	32.3
INVESTMENT MANAGEMENT	615.4	208.2	763.5	16.0	44.3
GENERAL CORPORATE	--	(40.4)	476.8	3.7	1.6
	-----	-----	-----	-----	-----
	\$3,435.0	\$670.3	\$3,830.6	\$99.6	\$149.1
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
1993-					
Insurance Services	\$1,790.5	\$376.7	\$1,976.3	\$ 63.7	\$58.0
Consulting	854.8	86.2	499.1	20.2	15.3
Investment Management	518.1	169.3	586.5	12.5	25.0
General Corporate	--	(39.4)	484.7	3.9	.5
	-----	-----	-----	-----	-----
	\$3,163.4	\$592.8	\$3,546.6	\$100.3	\$98.8
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
1992-					
Insurance Services	\$1,632.8	\$335.4	\$1,796.9	\$61.1	\$50.1
Consulting	908.2	116.1	475.4	21.6	13.8
Investment Management	396.0	124.4	257.7	10.6	18.4
General Corporate	--	(34.9)	558.4	3.9	.5
	-----	-----	-----	-----	-----
	\$2,937.0	\$541.0	\$3,088.4	\$97.2	\$82.8
	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----
GEOGRAPHIC AREA:					
1994-					
UNITED STATES	\$2,227.3	\$478.6	\$1,824.4		
EUROPE	909.6	180.6	1,326.4		
CANADA	165.1	35.3	97.3		
PACIFIC RIM AND OTHER	133.0	16.2	105.7		
GENERAL CORPORATE	--	(40.4)	476.8		
	-----	-----	-----		
	\$3,435.0	\$670.3	\$3,830.6		
	-----	-----	-----		
	-----	-----	-----		
1993-					
United States	\$2,040.7	\$429.9	\$1,763.0		
Europe	861.6	161.6	1,131.1		
Canada	167.0	31.1	100.0		
Pacific Rim and Other	94.1	9.6	67.8		
General Corporate	--	(39.4)	484.7		
	-----	-----	-----		
	\$3,163.4	\$592.8	\$3,546.6		
	-----	-----	-----		
	-----	-----	-----		
1992-					
United States	\$1,920.5	\$402.7	\$1,230.0		
Europe	749.2	131.6	1,145.7		
Canada	178.5	31.4	99.2		
Pacific Rim and Other	88.8	10.2	55.1		
General Corporate	--	(34.9)	558.4		
	-----	-----	-----		
	\$2,937.0	\$541.0	\$3,088.4		
	-----	-----	-----		
	-----	-----	-----		

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. The Company'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.

The Company 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 the Company'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 the Company's objectives.

The Audit Committee of the Board of Directors is composed entirely of outside directors and is responsible for recommending to the Board the independent auditors to be engaged to audit the Company'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 the Company'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.

/s/ Frank J. Borelli

Frank J. Borelli
Senior Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT
AUDITORS

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, 1994 and 1993, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1994. 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 generally accepted auditing standards. 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 at December 31, 1994 and 1993, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Note 5 to the consolidated financial statements, during 1994 the Company changed its method of accounting for postemployment benefits to conform with Statement of Financial Accounting Standards ("SFAS") No. 112. As discussed in Note 11 to the consolidated financial statements, at December 31, 1993 the Company changed its method of accounting for certain investments in securities to conform with SFAS No. 115. During 1992, as discussed in Notes 4 and 5 to the consolidated financial statements, the Company changed its method of accounting for income taxes and postretirement benefits other than pensions to conform with SFAS No. 109 and 106.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
New York, New York
February 28, 1995

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
 SELECTED QUARTERLY FINANCIAL DATA AND
 SUPPLEMENTAL INFORMATION (UNAUDITED)

(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)

			Income Before Cumulative Effect of Accounting Changes		Net Income		Dividends Paid Per Share	Stock Price Range High-Low
	Revenue	Operating Income	Amount	Per Share	Amount	Per Share		
1994:								
First quarter	\$ 910.2	\$228.4	\$130.7	\$1.77	\$120.2	\$1.63	\$.675	\$86 3/4 - 80 1/4
Second quarter	840.5	163.8	95.7	1.30	95.7	1.30	.675	\$88 3/4 - 81 1/4
Third quarter	826.9	148.6	83.4	1.14	83.4	1.14	.725	\$88 3/8 - 76
Fourth quarter	857.4	129.5	72.2	.98	72.2	.98	.725	\$80 3/8 - 71 1/4
	-----	-----	-----	-----	-----	-----	-----	
	\$3,435.0	\$670.3	\$382.0	\$5.19	\$371.5	\$5.05	\$2.80	\$88 3/4 - 71 1/4
	-----	-----	-----	-----	-----	-----	-----	
	-----	-----	-----	-----	-----	-----	-----	
1993:								
First quarter	\$ 833.9	\$187.2	\$107.4	\$1.46	\$107.4	\$1.46	\$.675	\$97 5/8 - 88 1/8
Second quarter	783.3	152.5	86.3	1.18	86.3	1.18	.675	\$96 - 84 1/2
Third quarter	766.4	139.7	76.1	1.04	76.1	1.04	.675	\$91 7/8 - 84 7/8
Fourth quarter	779.8	113.4	62.6	.84	62.6	.84	.675	\$88 7/8 - 77
	-----	-----	-----	-----	-----	-----	-----	
	\$3,163.4	\$592.8	\$332.4	\$4.52	\$332.4	\$4.52	\$2.70	\$97 5/8 - 77
	-----	-----	-----	-----	-----	-----	-----	
	-----	-----	-----	-----	-----	-----	-----	
1992:								
First quarter	\$ 768.8	\$179.5	\$101.0	\$1.40	\$ 60.9	\$.84	\$.65	\$83 3/4 - 73 1/2
Second quarter	733.0	143.1	79.5	1.11	79.5	1.11	.65	\$79 3/4 - 71 1/4
Third quarter	730.0	123.8	69.0	.96	69.0	.96	.675	\$90 7/8 - 76 7/8
Fourth quarter	705.2	94.6	54.3	.74	54.3	.74	.675	\$94 1/2 - 88 1/4
	-----	-----	-----	-----	-----	-----	-----	
	\$2,937.0	\$541.0	\$303.8	\$4.21	\$263.7	\$3.65	\$2.65	\$94 1/2 - 71 1/4
	-----	-----	-----	-----	-----	-----	-----	
	-----	-----	-----	-----	-----	-----	-----	

The Company's common stock (ticker symbol:MMC) is traded on the New York, Chicago, Pacific and London stock exchanges. As of February 28, 1995, there were 10,439 stockholders of record.

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
TEN-YEAR STATISTICAL SUMMARY OF OPERATIONS

For the Ten Years Ended December 31, 1994
(In millions of dollars, except per share figures)

	1994	1993	1992	1991
REVENUE:				
Insurance services	\$1,886.5	\$1,790.5	\$1,632.8	\$1,571.0
Consulting	933.1	854.8	908.2	894.0
Investment management	615.4	518.1	396.0	314.2
TOTAL REVENUE	3,435.0	3,163.4	2,937.0	2,779.2
EXPENSES:				
Compensation and benefits	1,740.2	1,635.7	1,557.8	1,461.1
Other operating expenses	1,024.5	934.9	838.2	820.0
TOTAL EXPENSES	2,764.7	2,570.6	2,396.0	2,281.1
OPERATING INCOME	670.3	592.8	541.0	498.1
INTEREST INCOME	11.8	11.9	16.6	24.8
INTEREST EXPENSE	(50.6)	(46.1)	(38.3)	(39.1)
OTHER INCOME (EXPENSE)	--	--	--	43.0
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	631.5	558.6	519.3	526.8
INCOME TAXES	249.5	226.2	215.5	221.3
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$ 382.0	\$ 332.4	\$ 303.8	\$ 305.5
NET INCOME	\$ 371.5 (b)	\$ 332.4	\$ 263.7 (a)	\$ 305.5
EARNINGS PER SHARE INFORMATION:				
Income Before Cumulative Effect Of Accounting Changes	\$5.19	\$4.52	\$4.21	\$4.18
NET INCOME PER SHARE	\$5.05 (b)	\$4.52	\$3.65 (a)	\$4.18
AVERAGE NUMBER OF SHARES OUTSTANDING	73.6	73.5	72.2	73.1
DIVIDENDS PAID PER SHARE	\$2.80	\$2.70	\$2.65	\$2.60
RETURN ON AVERAGE STOCKHOLDERS' EQUITY	26%	27%	25%	29%
YEAR-END FINANCIAL POSITION:				
Working capital	\$ 53.7	\$ 133.7	\$ 198.3	\$ 336.2
Total assets	\$3,830.6	\$3,546.6	\$3,088.4	\$2,382.2
Long-term debt	\$ 409.4	\$ 409.8	\$ 411.2	\$ 318.0
Stockholders' equity	\$1,460.6	\$1,365.3	\$1,102.9	\$1,035.0
Total shares outstanding (excluding treasury shares)	73.2	73.9	73.3	71.8
OTHER INFORMATION:				
Number of employees	26,100	25,600	25,800	23,400
Stock price ranges-				
U.S. exchanges - High	\$88 3/4	\$97 5/8	\$94 1/2	\$87 1/4
- Low	\$71 1/4	\$77	\$71 1/4	\$69 1/8
London Stock Exchange - High	L58 15/16	L67 7/16	L61 7/8	L49 5/8
- Low	L45 5/16	L52 9/16	L39 5/16	L35 9/16
Price/earnings multiple	15.7	18.0	25.0	19.5

For the Ten Years Ended December 31, 1994
(In millions of dollars, except per share figures)

	1990	1989	1988	1987
REVENUE:				
Insurance services	\$1,536.8	\$1,400.3	\$1,375.7	\$1,380.2
Consulting	910.0	754.3	635.7	482.0
Investment management	276.2	273.1	261.0	284.9
TOTAL REVENUE	2,723.0	2,427.7	2,272.4	2,147.1
EXPENSES:				

Compensation and benefits	1,400.0	1,223.4	1,108.9	982.6
Other operating expenses	795.7	694.8	648.1	614.3
	-----	-----	-----	-----
TOTAL EXPENSES	2,195.7	1,918.2	1,757.0	1,596.9
	-----	-----	-----	-----
OPERATING INCOME	527.3	509.5	515.4	550.2
INTEREST INCOME	33.5	27.7	22.7	31.0
INTEREST EXPENSE	(31.0)	(18.9)	(23.1)	(13.0)
OTHER INCOME (EXPENSE)	(1.0)	(1.0)	1.4	(.9)
	-----	-----	-----	-----
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	528.8	517.3	516.4	567.3
INCOME TAXES	224.7	222.4	220.1	265.2
	-----	-----	-----	-----
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$ 304.1	\$ 294.9	\$ 296.3	\$ 302.1
	-----	-----	-----	-----
NET INCOME	\$ 304.1	\$ 294.9	\$ 296.3	\$ 302.1
	-----	-----	-----	-----
EARNINGS PER SHARE INFORMATION:				
Income Before Cumulative Effect Of Accounting Changes	\$4.15	\$4.10	\$4.09	\$4.06
	-----	-----	-----	-----
NET INCOME PER SHARE	\$4.15	\$4.10	\$4.09	\$4.06
	-----	-----	-----	-----
AVERAGE NUMBER OF SHARES OUTSTANDING	73.3	71.9	72.4	74.4
DIVIDENDS PAID PER SHARE	\$2.55	\$2.50	\$2.42 1/2	\$2.15
RETURN ON AVERAGE STOCKHOLDERS' EQUITY	31%	36%	38%	42%
YEAR-END FINANCIAL POSITION:				
Working capital	\$ 352.5	\$ 312.7	\$ 195.7	\$ 243.2
Total assets	\$2,411.2	\$2,035.2	\$1,830.0	\$1,634.4
Long-term debt	\$ 319.9	\$ 319.4	\$ 266.2	\$ 16.4
Stockholders' equity	\$1,085.3	\$ 873.0	\$ 755.1	\$ 791.7
Total shares outstanding (excluding treasury shares)	73.5	72.4	71.5	73.9
OTHER INFORMATION:				
Number of employees	24,400	23,600	22,800	22,700
Stock price ranges-				
U.S. exchanges - High	\$81	\$89 3/4	\$59 3/4	\$72
- Low	\$59 3/4	\$55 1/8	\$45 1/4	\$43 3/4
London Stock Exchange - High	L49	L55 15/16	L35	L46 1/2
- Low	L31 1/2	L30 13/16	L25	L24
Price/earnings multiple	18.8	19.0	13.8	12.2

For the Ten Years Ended December 31, 1994 (In millions of dollars, except per share figures)	1986	1985	Compound Growth Rate 1984-1994 (c)
---	------	------	--

REVENUE:			
Insurance services	\$1,273.1	\$1,001.6	9%
Consulting	333.3	267.8	16%
Investment management	197.7	98.2	24%
	-----	-----	
TOTAL REVENUE	1,804.1	1,367.6	12%
	-----	-----	
EXPENSES:			
Compensation and benefits	812.5	646.6	12%
Other operating expenses	511.1	407.6	12%
	-----	-----	
TOTAL EXPENSES	1,323.6	1,054.2	12%
	-----	-----	
OPERATING INCOME	480.5	313.4	12%
INTEREST INCOME	25.9	25.1	
INTEREST EXPENSE	(5.3)	(14.1)	
OTHER INCOME (EXPENSE)	.3	5.3	
	-----	-----	
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES	501.4	329.7	10%
INCOME TAXES	258.2	166.8	7%
	-----	-----	
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES	\$ 243.2	\$ 162.9	12%
	-----	-----	
NET INCOME	\$ 243.2	\$ 162.9	12%
	-----	-----	

EARNINGS PER SHARE INFORMATION:

Income Before Cumulative Effect Of Accounting Changes	\$3.30 ----- -----	\$2.23 ----- -----	12%
NET INCOME PER SHARE	\$3.30 ----- -----	\$2.23 ----- -----	12%
AVERAGE NUMBER OF SHARES OUTSTANDING	73.8	73.0	
DIVIDENDS PAID PER SHARE	\$1.56 1/4	\$1.23 3/4	10%
RETURN ON AVERAGE STOCKHOLDERS' EQUITY	42%	37%	

YEAR-END FINANCIAL POSITION:

Working capital	\$ 187.7	\$ 229.6
Total assets	\$1,476.6	\$1,029.9
Long-term debt	\$ 14.5	\$ 9.8
Stockholders' equity	\$ 638.7	\$ 515.2
Total shares outstanding (excluding treasury shares)	73.9	73.4

OTHER INFORMATION:

Number of employees	19,900	17,700
Stock price ranges-		
U.S. exchanges - High	\$76 3/4	\$41 3/4
- Low	\$40 5/8	\$28 1/4
London Stock Exchange - High	L50 1/8	L32 1/8
- Low	L28 1/4	L23 3/8
Price/earnings multiple	18.4	18.3

- (a) Reflects the adoption, effective January 1, 1992, of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," and SFAS No. 109, "Accounting For Income Taxes."
- (b) Reflects the adoption, effective January 1, 1994, of SFAS No. 112, "Employers' Accounting for Postemployment Benefits."
- (c) Excludes the impact of unusual charge in 1984 related to the investment loss of \$110.0 million pre-tax, \$61.0 million after tax.

SUBSIDIARIES OF
MARSH & MCLENNAN COMPANIES, INC.

Name -----	Jurisdiction of Incorporation -----
Marsh & McLennan Real Estate Advisors, Inc.	Delaware
Marsh & McLennan Risk Capital Holdings, Ltd	Delaware
Marsh & McLennan Risk Capital Corp.	Delaware
Marsh & McLennan Risk Capital Holdings (Bermuda) Ltd.	Bermuda
Omega Indemnity (Bermuda) Limited	Bermuda
Epsilon Insurance Company, Ltd.	Cayman Islands
Marsh et McLennan France SA	France
Mercer-Faugere & Jutheau SA	France
Faugere & Jutheau, S.A.	France
Faugere & Jutheau Bermuda	Bermuda
Assureurs Conseils Tchadiens (S.A.R.L.)	Chad
Assureur Conseil de Djibouti-	
Faugere & Jutheau et Cie SARL	Djibouti
Ancien Cabinet Pierre de Kerpezdron (S.A.)	France
Boistel S.A.	France
Eyssautier Flepp Malatier & Pages S.A.	France
Boistel Eyssautier S.A.	France
Omnium d'Assurances Maritimes	France
Astramar S.A.	France
Cires SARL	France
Sogescor SARL	France
Gatier S.A.	Switzerland
Assurances Maritimes Eyssautier Malatier	
Inter SARL	France
Socodel-Paris S.A.	France
Union Francaise de Reassurances (S.A.)	France
Agencia General de Reaseguros (S.A.)	Spain
William M. Mercer-Faugere & Jutheau (S.A.R.L.)	France
Marsh & McLennan, Incorporated	Delaware
Marsh & McLennan of Arkansas, Inc.	Arkansas
M & M Insurance Management Services, Inc.	Delaware
Triad Services, Inc.	Delaware
Marsh & McLennan Agency, Incorporated	District of Columbia
Marsh & McLennan, Incorporated	Illinois
Marsh & McLennan, Incorporated	Indiana
Marsh & McLennan, Incorporated	Kentucky
Marsh & McLennan of Louisiana, Inc.	Louisiana
Marmac Agency, Inc.	Louisiana
Marsh & McLennan, Inc.	Massachusetts
Marsh & McLennan	Michigan
Marsh & McLennan, Inc. of Nevada	Nevada

Bowring North America, Inc.	New York
Bowring (Bermuda) Ltd.	Bermuda
Bowring North America, Inc.	Connecticut
Bowring North America, Inc.	Illinois
Bowring North America, Inc.	Missouri
Bowring North America, Inc.	New Jersey
Marsh & McLennan Intermediaries, Inc.	New York
Bowring North America, Inc.	Texas
Marsh & McLennan, Incorporated	Ohio
Marsh & McLennan, Inc.	Oklahoma
Marsh & McLennan of Puerto Rico, Inc.	Puerto Rico
Marsh & McLennan, Incorporated	Rhode Island
Marsh & McLennan, Inc.	Texas
Marsh & McLennan of Texas, Inc.	Texas
Marsh & McLennan, Incorporated	Virginia
Marsh & McLennan Holdings, Inc.	Delaware
Marsh & McLennan (Korea) Ltd.	Korea
Marsh & McLennan (Malaysia) SDN BHD	Malaysia
Marsh & McLennan Argentina SA Asesores de Seguros	Argentina
Marsh & McLennan Argentina SA Corredores de Reaseguros	Argentina
Marsh & McLennan Argentina SA Risk Management	
Consultants	Argentina
Marsh & McLennan Pty. Ltd.	Australia
Marsh & McLennan (PNG) Pty. Ltd.	Papua New Guinea
Kila Bowring Insurances Pty. Ltd.	Papua New Guinea
Fenchurch Insurance Brokers Pty. Limited	Australia
Marsh & McLennan (WA) Pty. Ltd.	Australia
Marsh & McLennan (WA Division) Pty. Ltd.	Australia
Marsh & McLennan (South Australia) Pty. Ltd.	Australia
Marsh & McLennan (SA Division)	Australia
Marsh & McLennan Captive Management Services	
Pty. Ltd.	Australia
Asia Pacific Insurance Wholesalers Pty. Ltd.	Australia
Marsh & McLennan Versicherungs-Service GmbH	Austria
Marsh & McLennan Management Services (Barbados), Ltd.	Barbados
Henrijean, S.A.	Belgium
Marsh & McLennan Management Services (Bermuda) Limited	Bermuda
Transglobe Management (Bermuda) Ltd.	Bermuda
Marsh & McLennan (Cayman Islands) Ltd.	Cayman Islands
Marsh & McLennan Management Services (L) Ltd.	Labuan
Marclen-Corretagem de Seguros Ltda.	Brazil
Tudor, Marsh & McLennan Corretores de Seguros S.A.	Brazil
Marsh & McLennan, Limited/Limitee'	Canada
D.G. Watt & Associates Ltd.	Canada
Charbonneau, Dulude & Associates (1985) Limitee/	
Charbonneau, Dulude & Associates (1985) Limited	Canada
M&M Insurance Management Canada Ltd.	British Columbia
Marshcan Insurance Brokers Limited	Canada
Irish & Maulson Limited	Ontario
Pratte-Morrisette, Inc.	Quebec
Schatz Insurance Agencies, Inc.	Saskatchewan
Marsh & McLennan (SASK) Ltd.	Saskatchewan

Claro Marsh & McLennan S.A. Corredores De Seguros	Chile
Claro Marsh & McLennan Consultores	
en Recursos Humanos, Ltda.	Chile
Marsh & McLennan Czechoslovakia S.r.o.	Czechoslovakia
Marsh & McLennan Denmark A/S	Denmark
Marsh & McLennan Sweden AB	Sweden
Marsh & McLennan Companies GmbH	Germany
Marsh & McLennan Companies	
Beteiligungsgesellschaft II GmbH	Germany
Gradmann & Holler, K.G.	Germany
Erwin Warnecke GmbH	Germany
Gradmann & Holler GmbH	Germany
RMB-Risk Management Beratungs-GmbH	Germany
Wolf & Hasselmann GmbH	Germany
Gradmann & Holler-William M. Mercer GmbH	Germany
Airport Asserkuranz Vermittlungs GmbH	Germany
Gradmann & Holler International GmbH	Germany
Gradmann & Holler Kiefhaber GmbH	Germany
Gradmann & Holler-Guy Carpenter GmbH	Germany
Gradmann & Holler AG	Switzerland
Marsh & McLennan-Hellas-L.L.C.	Greece
Marsh & McLennan Management Services (Guernsey) Limited	Guernsey
Marsh & McLennan Limited	Hong Kong
Marsh & McLennan Budapest Insurance Brokers &	
Consultants Ltd.	Hungary
Bowring (Dublin) Limited	Ireland
Marsh & McLennan Management Services (Dublin) Limited	Ireland
Marsh & McLennan Italia & Co., S.P.A.	Italy
Marsh & McLennan Japan Ltd.	Japan
Marsh & McLennan Co. Inc.	Liberia
Marsh & McLennan Europe S.A.	Luxembourg
Marsh & McLennan Luxembourg, S.A.	Luxembourg
Marsh & McLennan Insurance Management Services, S.A.	Luxembourg
Marsh & McLennan S.A. de C.V.	Mexico
Marsh & McLennan Nederland B.V.	Netherlands
Marsh & McLennan Polska Sp.zO.O	Poland
Newstead & Porter, Lda.	Portugal
Marsh & McLennan Management Services (S) Pte. Ltd.	Singapore
Marsh & McLennan Bowring Pte. Ltd.	Singapore
Marsh & McLennan Espana, S.A., Correduria de Seguros	Spain
Marsh Privat AIE	Spain
Marsh & McLennan EWI S.A.	Switzerland
Marsh & McLennan Sigorta ve Reasurans Araciligi AS	Turkey
C.T. Bowring International Broking Holdings, Ltd.	United Kingdom
Marsh & McLennan Bowring Marine & Energy Group Ltd.	United Kingdom
Marsh & McLennan Limited	United Kingdom
Marsh & McLennan, Incorporated	Virgin Islands
Muir Beddall (Zimbabwe) Limited	Zimbabwe

Guy Carpenter & Company, Inc.	Delaware
The Carpenter Management Corporation	Delaware
Paul Napolitan, Inc.	Delaware
Sellon Associates, Inc.	New York
Balis & Co., Inc.	Pennsylvania
EQECAT, Inc.	Delaware
Guy Carpenter & Company, S.A.	Belgium
American Overseas Management Corporation (Canada)	Canada
Guy Carpenter & Company (Canada) Limited	Canada
Guy Carpenter & Company, A/S	Denmark
Gradmann & Holler/Guy Carpenter GmbH	Germany
Guy Carpenter & Company (Asia) Limited	Hong Kong
Guy Carpenter Italia, S.R.L.	Italy
Guy Carpenter y Cia (Mexico) S.A. de C.V.	Mexico
Guy Carpenter & Cia, S.A. Correduria de Reaseguros	Spain
Guy Carpenter & Company (Stockholm) AB	Sweden
Bennich Reinsurance Management AB	Sweden
Guy Carpenter & Co. Limited	United Kingdom
Mercer Consulting Group, Inc.	Delaware
National Economic Research Associates, Inc.	California
National Economic Research Associates, Inc.	Delaware
Hudson Strategy Group, Inc.	Delaware
Mercer Management Consulting, Inc.	Delaware
Decision Research Corporation	Massachusetts
LAR/Decision Research Corporation	New York
Lippincott & Margulies, Inc.	New York
Mercer Management Consulting GmbH	Germany
UBM Unternehmensberatung Munchen GmbH	Germany
UBM Marktforschung GmbH International	
Industrial Research	Germany
UBM Industrial Market Research Iberica S.L.	Germany
UBM Consulting France International	
Management Consultants	France
UBM Consulting Group, Inc.	Illinois
Mercer Management Consulting Limited	Switzerland
UBM Iberica Consulting, Sociedad Limitada	Spain
Mercer Management Consulting SNC	France
Marketing/Innovation/Developpement	
Pour l'Industrie-MID S.A.	France
MID, Inc.	Delaware
INPLAN Pte. Ltd.	Singapore
Mercer Consulting Services S.A.	Switzerland
Strategic Planning Associates, Straplan S.A.	Switzerland
Temple, Barker & Sloane, Ltd.	United Kingdom
Mercer Service Company, Inc.	Delaware
William M. Mercer Companies, Inc.	Delaware
William M. Mercer, Incorporated	Delaware
National Medical Audit	California
Hansen International Limited	Delaware
William M. Mercer Plan Participant Services, Inc	Delaware
William M. Mercer of Indiana, Incorporated	Indiana
Mercer Investment Consulting, Inc.	Kentucky
William M. Mercer of Kentucky, Inc.	Kentucky
William M. Mercer, Incorporated	Louisiana

William M. Mercer, Incorporated	Massachusetts
William M. Mercer of Michigan, Incorporated	Michigan
William M. Mercer, Incorporated	Nevada
William M. Mercer, Incorporated	Ohio
William M. Mercer, Incorporated	Oklahoma
William M. Mercer, Incorporated	Puerto Rico
William M. Mercer of Texas, Inc.	Texas
William M. Mercer of Virginia, Incorporated	Virginia
William M. Mercer Pty. Ltd.	Australia
Mercer Roach Financial Planning Pty. Ltd.	Australia
MPA Superannuation Services Limited	Australia
MPA Superfund Nominees Pty. Limited	Australia
Mercer R.H. SARL	France
William M. Mercer International S.A.	Belgium
William M. Mercer Limited/Limitee'	Canada
Mercer Management Consulting Limited	Canada
Metcalfe Agencies Limited	Quebec
Societe Conseil Mercer Limitee	Quebec
William M. Mercer GmbH	Germany
William M. Mercer-MPA Limited	Hong Kong
William M. Mercer Limited	Hong Kong
Pension & Investment Consultants Limited	Ireland
William M. Mercer Fraser Limited	Ireland
William M. Mercer Fraser (Irish Trustees) Limited	Ireland
William M. Mercer Limited	Japan
William M. Mercer (Malaysia) Sdn. Bhd.	Malaysia
William M. Mercer Zainal Fraser Sdn. Bhd.	Malaysia
William M. Mercer Ten Pas B.V.	Netherlands
William M. Mercer Services B.V.	Netherlands
William M. Mercer Limited	New Zealand
William M. Mercer Philippines, Incorporated	Philippines
William M. Mercer Pte. Ltd.	Singapore
William M. Mercer A.G.	Switzerland
William M. Mercer-MPA Limited	United Kingdom
William M. Mercer Limited	United Kingdom
William M. Mercer Fraser (Irish	
Pensioneer Trustees) Limited	Ireland
William M. Mercer Srl	Italy
DCF Consultants PTE Limited	Singapore
Bowring (Trustees) Limited	United Kingdom
Duncan C. Fraser & Co.	United Kingdom
Fraser Financial Planning Limited	United Kingdom
William M. Mercer Fraser Computer	
Services Limited	United Kingdom
Mercer Management Consulting, Limited	United Kingdom
Metropolitan Actuarial Services Limited	United Kingdom
Metropolitan Computer Services Limited	United Kingdom
Metropolitan Pensions Association	
(Trustees) Limited	United Kingdom
Metropolitan Statistical Services Limited	United Kingdom
MPA (Chichester) Limited	United Kingdom
MPA Employee Benefit & Compensation	
Consultants Limited	United Kingdom

MPA (Holdings) Limited	United Kingdom
MPA (International) Limited	United Kingdom
Pension Trustees Limited	United Kingdom
Pensioneer Trustees Limited	United Kingdom
Pensioneer Trustees (London) Limited	United Kingdom
Southampton Place Trustee Co. Ltd.	United Kingdom
William M. Mercer-Grant Simmons Limited	United Kingdom
William M. Mercer S.A.	Argentina
William M. Mercer S.A. Aserores de Seguros	Argentina
William M. Mercer Comercio e Servicos Ltda.	Brazil
de Montigny Woerner Ltda.	Brazil
MW Pesquisas Ltda.	Brazil
MW Servicos Ltda.	Brazil
MW Saude Ltda.	Brazil
Vida Network Ltda.	Brazil
William M. Mercer, S.A.	Belgium
William M. Mercer Schmidt Worzinger A/S	Denmark
William M. Mercer (Korea) Co., Ltd.	Korea
Mercer C & B Servicios, S.A. de C.V.	Mexico
Mercer C & B S.A. de C.V.	Mexico
William M. Mercer Broking (Taiwan) Ltd.	Taiwan
William M. Mercer Consulting (Taiwan) Ltd.	Taiwan
Seabury & Smith, Inc.	Delaware
Seabury & Smith of Arkansas, Inc.	Arkansas
Trust Consultants, Inc.	California
Appleby & Sterling Agency, Inc.	Delaware
Marsh & McLennan National Marketing Corporation	Delaware
Marsh & McLennan Securities Corporation	Delaware
Smith-Sternau Organization, Inc.	Delaware
The Schinnerer Group, Inc.	Delaware
Victor O. Schinnerer & Company, Inc.	Delaware
Victor O. Schinnerer & Co. (Bermuda), Ltd.	Bermuda
Potomac Insurance Managers, Inc.	Delaware
Victor O. Schinnerer of Illinois, Inc.	Illinois
Victor O. Schinnerer & Company, Inc.	Ohio
Encon Holdings, Inc.	Texas
Panhandle Insurance Agency, Inc.	Texas
Encon Underwriting Agency, Inc.	Texas
Encon Holdings, Inc.	Ontario
Encon Insurance Managers Inc.	Canada
National Program Administrator	
Investments, Inc.	Canada
Encon Management Services, Inc.	Canada
Encon Reinsurance Managers Inc.	Canada
Encon Title Insurance Managers Inc.	Canada
Rockcliffe Investors, Ltd.	Canada

Victor O. Schinnerer & Company Ltd.	United Kingdom
Encon Underwriting Limited	United Kingdom
Admiral Holdings Limited	United Kingdom
Admiral Underwriting Agencies Limited	United Kingdom
Admiral Ireland Limited	Ireland
Admiral Underwriting Agencies (Ireland) Ltd.	Ireland
Seabury & Smith of Georgia, Inc.	Georgia
M. A. Gesner of Illinois, Inc.	Illinois
Seabury & Smith of Illinois, Inc.	Illinois
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 Agency, Inc.	Ohio
Seabury & Smith, Inc.	Oklahoma
Seabury & Smith, Inc.	Texas
Seabury & Smith, Inc.	Virginia
Seabury & Smith Limited	Ontario
G. E. Freeman Insurance Agency Limited	Ontario
Seabury & Smith Limited	United Kingdom
Putnam Investments, Inc.	Massachusetts
Putnam Investment Management, Inc.	Massachusetts
Putnam Future Advisors, Inc.	Massachusetts
Putnam Fiduciary Trust Company	Massachusetts
Putnam Investor Services, Inc.	Massachusetts
Putnam Mutual Funds Corp.	Massachusetts
Putnam Insurance Agency, Inc.	Massachusetts
The Putnam Advisory Company, Inc.	Massachusetts
Putnam Europe Ltd.	United Kingdom
The Putnam Corporation	Massachusetts
Putnam Rhumblin Corporation	Massachusetts
Primary Funds Service Corp.	Delaware
Putnam Overseas Institutional Management Company Limited	Bahamas
Putnam International Distributors Ltd.	Cayman Islands
Putnam Advisory Deutschland GmbH	Germany
Putnam International Advisory Company, S.A.	Luxembourg
NKK-Putnam Management, S.A.	Luxembourg
Putnam International Growth Management S.A.	Luxembourg
Putnam Luxembourg S.A.	Luxembourg
C.T. Bowring & Co. Limited	United Kingdom
Importbest Ltd.	England
Marsh & McLennan Services Ltd.	England
Marsh & McLennan Holdings Ltd.	England
The Frizzell Group Ltd.	England
Frizzell Financial Services Ltd.	England
Frizzell Life & Financial Planning Ltd.	England
C.R. Hills Insurance Ltd.	England
Frizzell Banking Services Ltd.	England
Frizzell Credit Services Ltd.	England
Shawlands Leasing Ltd.	England
Shawlands Securities Ltd.	England
Frizzell Property Loans	England
Frizzell Westbourne Developments Ltd.	England
Teachers Motoring Associations Ltd.	England
Tower Brokers	Guernsey

Frizzell B.V.	Holland
Frizzell Foundation	England
Marsh & McLennan Nederland B.V.	Netherlands
Marsh & McLennan Lda	Portugal
Carpenter Bowring (UK) Ltd.	England
Carpenter Bowring Ltd.	England
Marsh Re Correduria de Reaseguros S.A.	Spain
Bowring Reinsurance Brokers Ltd.	England
C.T. Bowring & Co. (Insurance) Ltd.	England
Bowring Worldwide Services Ltd.	England
Marsh & McLennan Global Broking Ltd.	England
Bowring Aviation Ltd.	England
Bowring Financial & Professional Insurance Brokers Ltd.	England
Aviation Risk Management Services Ltd.	England
C.T. Bowring Space Projects Ltd.	England
Aviation Insurance Advisory Services Ltd.	England
Bowring Aviation Advisory Services Ltd.	England
Bowring Marine Ltd.	England
Bowring Marsh & McLennan Ltd.	England
Bowring Professional Indemnity Scotland Ltd.	Scotland
Marsh & McLennan Management Services (Guernsey) Ltd.	Guernsey
Ulster Insurance Services Ltd.	N. Ireland
RIAS Insurance Services Ltd.	N. Ireland
Bowring Financial Services Ltd.	England
Bowring Marsh & McLennan (IOM) Ltd.	I.O.M.
Marsh & McLennan Management Services (Isle of Man) Ltd.	I.O.M.
RIC Management Services Ltd.	Eire
Insurance Management Services Ltd.	Eire
R.I.C.S. Insurance Services Ltd.	England
Bowring Services Ltd.	England
C.T. Bowring (Underwriting Agencies) Ltd.	England
C.T. Bowring Trading (Holdings) Ltd.	England
Baffin Trading Company Ltd.	Canada
Bowring In The Community Ltd.	England
C.T. Bowring (Insurance) Holdings Ltd.	England
Insurance Brokers West Indies Ltd.	Trinidad
C.T. Bowring Japan Ltd.	Japan
Marsh & McLennan Ireland Ltd.	Eire
C.T. Bowring (Ireland) Ltd.	Eire
Mathews Mulcahy & Sutherland Ltd.	Eire
Carpenter Bowring Australia Pty. Ltd.	Australia
Carpenter Bowring New Zealand Ltd.	N. Zealand
Australian World Underwriters Pty. Ltd.	Australia
Marsh & McLennan Holdings Ltd.	N. Zealand
Marsh & McLennan Ltd.	N. Zealand
Reinsurances New Zealand Ltd.	N. Zealand
Risk Management Ltd.	N. Zealand
Marsh & McLennan Ltd.	FIJI
Reinsurances (Pacific) Ltd.	FIJI

Marsh & McLennan Companies, Inc.:

We consent to the incorporation by reference in the previously filed Form S-8 Registration Statements (Registration File Nos. 2-58660, 2-65096, 2-82938, 33-32880, 33-48803, 33-48804, 33-48807 and 33-54349) and in the previously filed Form S-4 Registration Statement (Registration File No. 33-24124) of our reports 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, 1994.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

New York, New York
March 28, 1995

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint any one of A. J. C. Smith, Frank J. Borelli and Gregory F. Van Gundy 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 of the Company, and file with the Securities and Exchange Commission on behalf of the Company an Annual Report on Form 10-K for the year ended December 31, 1994, any registration statements for the registration of the Company's common stock and related interests to be issued pursuant to the Company's duly adopted employee benefit, compensation and stock plans, any registration statements for the registration of the Company'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 16th day of March, 1995.

/s/Richard H. Blum

Richard H. Blum

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint any one of A. J. C. Smith, Frank J. Borelli and Gregory F. Van Gundy 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:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Robert Clements

Robert Clements

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/R. J. Groves

R. J. Groves

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Richard S. Hickok

Richard S. Hickok

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/David D. Holbrook

David D. Holbrook

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Robert M. G. Husson

Robert M. G. Husson

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Lawrence J. Lasser

Lawrence J. Lasser

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint any one of A. J. C. Smith, Frank J. Borelli and Gregory F. Van Gundy 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:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/George Putnam

George Putnam

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint any one of A. J. C. Smith, Frank J. Borelli and Gregory F. Van Gundy 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:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Adele Smith Simmons

Adele Smith Simmons

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint any one of A. J. C. Smith, Frank J. Borelli and Gregory F. Van Gundy 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:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/John T. Sinnott

John T. Sinnott

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation (the "Company"), does hereby constitute and appoint any one of A. J. C. Smith, Frank J. Borelli and Gregory F. Van Gundy 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 of the Company, and file with the Securities and Exchange Commission on behalf of the Company an Annual Report on Form 10-K for the year ended December 31, 1994, any registration statements for the registration of the Company's common stock and related interests to be issued pursuant to the Company's duly adopted employee benefit, compensation and stock plans, any registration statements for the registration of the Company'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 16th day of March, 1995.

/s/A. J. C. Smith

A. J. C. Smith

POWER OF ATTORNEY

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/s/Frank J. Tasco

Frank J. Tasco

POWER OF ATTORNEY

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/s/Romeo J. Ventres

Romeo J. Ventres

POWER OF ATTORNEY

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/s/Frank J. Borelli

Frank J. Borelli

POWER OF ATTORNEY

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/s/Peter Coster

Peter Coster

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Philip L. Wroughton

Philip L. Wroughton

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Richard E. Heckert

Richard E. Heckert

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Richard M. Morrow

Richard M. Morrow

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 16th day of March, 1995.

/s/Lewis W. Bernard

Lewis W. Bernard

This schedule contains summary financial information extracted from the consolidated Marsh & McLennan Companies, Inc. and subsidiaries December 31, 1994 financial statements and is qualified in its entirety by reference to such financial statements.

12-MOS		
	DEC-31-1994	
	DEC-31-1994	
	294,900,000	
	0	
	999,900,000	
	44,900,000	
	0	
	1,446,000,000	
	1,314,800,000	
	574,500,000	
	3,830,600,000	
1,392,300,000		
	409,400,000	
	76,800,000	
	0	
	0	
	1,383,800,000	
3,830,600,000		0
	3,435,000,000	
		0
	2,764,700,000	
	0	
	0	
	50,600,000	
	631,500,000	
	249,500,000	
382,000,000		
	0	
	0	
	(10,500,000)	
	371,500,000	
	5.05	
	5.05	