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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**FORM 10-Q**

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(Mark One)

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended June 30, 2019

OR

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from to

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**Marsh & McLennan Companies, Inc.**



**MARSH & MCLENNAN  
COMPANIES**

1166 Avenue of the Americas  
New York, New York 10036  
(212) 345-5000

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Commission file number 1-5998  
State of Incorporation: Delaware  
I.R.S. Employer Identification No. 36-2668272

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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 whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2019, there were outstanding 506,311,190 shares of common stock, par value \$1.00 per share, of the registrant.

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## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future events or results, use words like "anticipate," "assume," "believe," "continue," "estimate," "expect," "forecast," "intend," "plan," "project" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would."

Forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed or implied in our forward-looking statements. Factors that could materially affect our future results include, among other things:

- our ability to successfully integrate or achieve the intended benefits of the acquisition of JLT;
- our organization's ability to maintain adequate safeguards to protect the security of our information systems and confidential, personal or proprietary information, particularly given the large volume of our vendor network and the need to identify and patch software vulnerabilities, including those in the existing JLT information systems;
- our ability to repay our outstanding long-term debt in a timely manner and on favorable terms, including approximately \$6.8 billion issued in connection with the acquisition of JLT;
- the impact of any investigations, reviews, or other activity by regulatory or law enforcement authorities, including the ongoing investigation by the European Commission competition authority;
- the impact from lawsuits, other contingent liabilities and loss contingencies arising from errors and omissions, breach of fiduciary duty or other claims against us;
- our ability to compete effectively and adapt to changes in the competitive environment, including to respond to disintermediation, digital disruption and other types of innovation;
- the financial and operational impact of complying with laws and regulations where we operate and the risks of noncompliance with such laws, including cybersecurity and data privacy regulations such as the E.U.'s General Data Protection Regulation, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and trade sanctions regimes;
- the impact of macroeconomic, political, regulatory or market conditions on us, our clients and the industries in which we operate, including the impact and uncertainty around Brexit or the inability to collect on our receivables;
- the regulatory, contractual and reputational risks that arise based on insurance placement activities and various broker revenue streams;
- our ability to manage risks associated with our investment management and related services business, including potential conflicts of interest between investment consulting and fiduciary management services;
- our ability to successfully recover if we experience a business continuity problem due to cyberattack, natural disaster or otherwise; and
- the impact of changes in tax laws, guidance and interpretations, including certain provisions of the U.S. Tax Cuts and Jobs Act, or disagreements with tax authorities.

The factors identified above are not exhaustive. We caution readers not to place undue reliance on any forward-looking statements, which are based only on information currently available to us and speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made.

Further information concerning Marsh & McLennan Companies and its businesses, including information about factors that could materially affect our results of operations and financial condition, is contained in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section and in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our most recently filed Annual Report on Form 10-K.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In millions, except per share amounts)</i>	<b>2019</b>	2018	<b>2019</b>	2018
Revenue	\$ <b>4,349</b>	\$ 3,734	\$ <b>8,420</b>	\$ 7,734
Expense:				
Compensation and benefits	<b>2,537</b>	2,135	<b>4,819</b>	4,359
Other operating expenses	<b>1,132</b>	908	<b>1,983</b>	1,776
Operating expenses	<b>3,669</b>	3,043	<b>6,802</b>	6,135
Operating income	<b>680</b>	691	<b>1,618</b>	1,599
Other net benefit credits	<b>70</b>	65	<b>134</b>	131
Interest income	<b>2</b>	3	<b>30</b>	6
Interest expense	<b>(141)</b>	(68)	<b>(261)</b>	(129)
Cost of extinguishment of debt	<b>(32)</b>	—	<b>(32)</b>	—
Investment income	<b>8</b>	28	<b>13</b>	28
Acquisition related derivative contracts	<b>(37)</b>	—	<b>(8)</b>	—
Income before income taxes	<b>550</b>	719	<b>1,494</b>	1,635
Income tax expense	<b>206</b>	183	<b>423</b>	403
Net income before non-controlling interests	<b>344</b>	536	<b>1,071</b>	1,232
Less: Net income attributable to non-controlling interests	<b>12</b>	5	<b>23</b>	11
Net income attributable to the Company	\$ <b>332</b>	\$ 531	\$ <b>1,048</b>	\$ 1,221
Net income Per Share Attributable to the Company:				
Basic	\$ <b>0.66</b>	\$ 1.05	\$ <b>2.07</b>	\$ 2.41
Diluted	\$ <b>0.65</b>	\$ 1.04	\$ <b>2.05</b>	\$ 2.38
Average number of shares outstanding:				
Basic	<b>507</b>	507	<b>506</b>	507
Diluted	<b>512</b>	512	<b>511</b>	513
Shares outstanding at June 30,	<b>507</b>	505	<b>507</b>	505

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In millions)</i>	<b>2019</b>	2018	<b>2019</b>	2018
<b>Net income before non-controlling interests</b>	<b>\$ 344</b>	<b>\$ 536</b>	<b>\$ 1,071</b>	<b>\$ 1,232</b>
<b>Other comprehensive income (loss), before tax:</b>				
Foreign currency translation adjustments	<b>13</b>	(529)	<b>109</b>	(301)
Gain related to pension/post-retirement plans	<b>63</b>	192	<b>20</b>	108
Other comprehensive income (loss), before tax	<b>76</b>	(337)	<b>129</b>	(193)
Income tax on other comprehensive income	<b>13</b>	23	<b>9</b>	15
Other comprehensive income (loss), net of tax	<b>63</b>	(360)	<b>120</b>	(208)
Comprehensive income	<b>407</b>	176	<b>1,191</b>	1,024
Less: comprehensive income attributable to non-controlling interest	<b>12</b>	5	<b>23</b>	11
<b>Comprehensive income attributable to the Company</b>	<b>\$ 395</b>	<b>\$ 171</b>	<b>\$ 1,168</b>	<b>\$ 1,013</b>

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED BALANCE SHEETS**

	(Unaudited) June 30, 2019	December 31, 2018
<i>(In millions, except share amounts)</i>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,294	\$ 1,066
Receivables		
Commissions and fees	5,057	3,984
Advanced premiums and claims	91	79
Other	547	366
	5,695	4,429
Less-allowance for doubtful accounts and cancellations	(142)	(112)
Net receivables	5,553	4,317
Other current assets	679	551
<b>Total current assets</b>	<b>7,526</b>	<b>5,934</b>
Goodwill	14,479	9,599
Other intangible assets	3,083	1,437
Fixed assets		
(net of accumulated depreciation and amortization of \$2,018 at June 30, 2019 and \$1,842 at December 31, 2018)	799	701
Pension related assets	1,821	1,688
Right of use assets	2,016	—
Deferred tax assets	628	680
Other assets	1,764	1,539
	\$ 32,116	\$ 21,578

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED BALANCE SHEETS (Continued)**

	(Unaudited) June 30, 2019	December 31, 2018
<i>(In millions, except share amounts)</i>		
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 1,663	\$ 314
Accounts payable and accrued liabilities	2,600	2,234
Accrued compensation and employee benefits	1,375	1,778
Acquisition related derivatives	—	441
Current lease liabilities	347	—
Accrued income taxes	165	157
Dividends payable	232	—
<b>Total current liabilities</b>	<b>6,382</b>	<b>4,924</b>
Fiduciary liabilities	6,807	5,001
Less – cash and investments held in a fiduciary capacity	(6,807)	(5,001)
	—	—
Long-term debt	11,459	5,510
Pension, post-retirement and post-employment benefits	2,044	1,911
Long-term lease liabilities	1,981	—
Liabilities for errors and omissions	319	287
Other liabilities	1,594	1,362
Commitments and contingencies	—	—
<b>Equity:</b>		
Preferred stock, \$1 par value, authorized 6,000,000 shares, none issued	—	—
Common stock, \$1 par value, authorized 1,600,000,000 shares, issued 560,641,640 shares at June 30, 2019 and December 31, 2018	561	561
Additional paid-in capital	736	817
Retained earnings	14,741	14,347
Accumulated other comprehensive loss	(4,527)	(4,647)
Non-controlling interests	272	73
	11,783	11,151
Less – treasury shares, at cost, 54,073,164 shares at June 30, 2019 and 56,804,468 shares at December 31, 2018	(3,446)	(3,567)
<b>Total equity</b>	<b>8,337</b>	<b>7,584</b>
	\$ 32,116	\$ 21,578

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

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

For the Six Months Ended June 30,

(In millions)

	2019	2018
<b>Operating cash flows:</b>		
Net income before non-controlling interests	\$ 1,071	\$ 1,232
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization of fixed assets and capitalized software	159	159
Amortization of intangible assets	151	88
Non cash lease expense	151	—
Adjustments and payments related to contingent consideration liability	(9)	2
Charge for early extinguishment of debt	32	—
Provision for deferred income taxes	82	34
Gain on investments	(13)	(28)
Loss (gain) on disposition of assets	21	(1)
Share-based compensation expense	117	99
Change in fair value of acquisition-related derivative contracts	8	—
Changes in assets and liabilities:		
Net receivables	(437)	(388)
Other current assets	(4)	4
Other assets	(33)	(10)
Accounts payable and accrued liabilities	29	30
Accrued compensation and employee benefits	(670)	(614)
Accrued income taxes	6	18
Contributions to pension and other benefit plans in excess of current year expense/credit	(172)	(178)
Other liabilities	36	(10)
Operating lease liabilities	(155)	—
Effect of exchange rate changes	(129)	(24)
<b>Net cash provided by operations</b>	<b>241</b>	<b>413</b>
<b>Financing cash flows:</b>		
Purchase of treasury shares	(100)	(500)
Net increase in commercial paper	549	175
Net increase in short term borrowings	300	—
Proceeds from issuance of debt	6,459	592
Repayments of debt	(457)	(6)
Payments for early extinguishment of debt	(585)	—
Purchase of non-controlling interests	(50)	—
Acquisition-related derivative payments	(337)	—
Shares withheld for taxes on vested units – treasury shares	(87)	(62)
Issuance of common stock from treasury shares	108	48
Payments of deferred and contingent consideration for acquisitions	(39)	(85)
Distributions of non-controlling interests	(15)	(11)
Dividends paid	(422)	(383)
<b>Net cash provided by (used for) financing activities</b>	<b>5,324</b>	<b>(232)</b>
<b>Investing cash flows:</b>		
Capital expenditures	(161)	(135)
Sales (Purchases) of long-term investments	202	(3)
Purchase of equity investment	(91)	—
Proceeds from sales of fixed assets	2	1
Dispositions	165	4
Acquisitions	(5,500)	(144)
Other, net	(47)	(2)
<b>Net cash used for investing activities</b>	<b>(5,430)</b>	<b>(279)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>93</b>	<b>(71)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>228</b>	<b>(169)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,066</b>	<b>1,205</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,294</b>	<b>\$ 1,036</b>

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





MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In millions, except per share amounts)</i>	<b>2019</b>	2018	<b>2019</b>	2018
<b>COMMON STOCK</b>				
Balance, beginning and end of period	\$ 561	\$ 561	\$ 561	\$ 561
<b>ADDITIONAL PAID-IN CAPITAL</b>				
Balance, beginning of period	\$ 681	\$ 682	\$ 817	\$ 784
Change in accrued stock compensation costs	59	49	(42)	(26)
Issuance of shares under stock compensation plans and employee stock purchase plans	(4)	1	(39)	(26)
Balance, end of period	\$ 736	\$ 732	\$ 736	\$ 732
<b>RETAINED EARNINGS</b>				
Balance, beginning of period	\$ 14,642	\$ 13,812	\$ 14,347	\$ 13,140
Cumulative effect of adoption of the revenue recognition standard (See Note 19)	—	—	—	364
Net income attributable to the Company	332	531	1,048	1,221
Dividend equivalents declared	(2)	(2)	(4)	(3)
Dividends declared	(231)	(210)	(650)	(591)
Balance, end of period	\$ 14,741	\$ 14,131	\$ 14,741	\$ 14,131
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>				
Balance, beginning of period	\$ (4,590)	\$ (3,905)	\$ (4,647)	\$ (4,043)
Cumulative effect of adoption of the financial instruments standard (See Note 19)	—	—	—	(14)
Other comprehensive income (loss), net of tax	63	(360)	120	(208)
Balance, end of period	\$ (4,527)	\$ (4,265)	\$ (4,527)	\$ (4,265)
<b>TREASURY SHARES</b>				
Balance, beginning of period	\$ (3,385)	\$ (3,210)	\$ (3,567)	\$ (3,083)
Issuance of shares under stock compensation plans and employee stock purchase plans	39	17	221	140
Purchase of treasury shares	(100)	(250)	(100)	(500)
Balance, end of period	\$ (3,446)	\$ (3,443)	\$ (3,446)	\$ (3,443)
<b>NON-CONTROLLING INTERESTS</b>				
Balance, beginning of period	\$ 77	\$ 81	\$ 73	\$ 83
Net income attributable to non-controlling interests	12	5	23	11
Net non-controlling interests acquired	195	—	195	—
Distributions and other changes	(12)	(5)	(19)	(13)
Balance, end of period	\$ 272	\$ 81	\$ 272	\$ 81
<b>TOTAL EQUITY</b>	<b>\$ 8,337</b>	<b>\$ 7,797</b>	<b>\$ 8,337</b>	<b>\$ 7,797</b>
Dividends declared per share	\$ 0.455	\$ 0.415	\$ 1.285	\$ 1.165

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**1. Nature of Operations**

Marsh & McLennan Companies, Inc. and its consolidated subsidiaries (the "Company"), a global professional services firm, is organized based on the different services that it offers. Under this structure, the Company's two segments are Risk and Insurance Services and Consulting.

The Risk and Insurance Services ("RIS") segment provides risk management solutions, services, advice and insurance broking, reinsurance broking and insurance program management services for businesses, public entities, insurance companies, associations, professional services organizations, and private clients. The Company conducts business in this segment through Marsh and Guy Carpenter. The Company conducts business in its Consulting segment through Mercer and Oliver Wyman. Mercer provides consulting expertise, advice, services and solutions in the areas of health, wealth and career consulting services and products. Oliver Wyman provides specialized management and economic and brand consulting services.

On April 1, 2019, the Company completed its previously announced acquisition (the "Transaction") of all of the outstanding shares of Jardine Lloyd Thompson Group plc ("JLT"), a public company organized under the laws of England and Wales. JLT results of operations for the three months ended June 30, 2019 are included in the Company's results of operations for the second quarter of 2019. Prior periods in 2018 do not reflect JLT's results of operations and therefore may affect comparability. Prior to being acquired by the Company, JLT operated in three segments: Specialty, Reinsurance and Employee Benefits. JLT operated in 41 countries, with significant revenue in the United Kingdom, Pacific, Asia and the United States. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty was included by geography within Marsh, JLT Reinsurance was included in Guy Carpenter and the majority of JLT's Employee Benefits business was included in Mercer Health and Wealth.

**2. Principles of Consolidation and Other Matters**

The consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. While certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations for interim filings, the Company believes that the information and disclosures presented are adequate to make such information and disclosures not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K").

The financial information contained herein reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the Company's consolidated financial statements as of and for the three and six month periods ended June 30, 2019 and 2018.

*Cash and Cash Equivalents*

Cash and cash equivalents primarily consist of certificates of deposit and time deposits, with original maturities of three months or less, and money market funds. The estimated fair value of the Company's cash and cash equivalents approximates their carrying value. The Company is required to maintain operating funds primarily related to regulatory requirements outside of the United States or as collateral under captive insurance arrangements. At June 30, 2019, the Company maintained \$192 million compared to \$186 million at December 31, 2018 related to these regulatory requirements.

*Investments*

The caption "Investment income" in the consolidated statements of income comprises realized and unrealized gains and losses from investments recognized in earnings. It includes, when applicable, other than temporary declines in the value of securities, mark-to-market increases or decreases in equity investments with readily determinable fair values and equity method gains or losses on the Company's investments in private equity funds.

The Company holds investments in certain private equity funds that are accounted for under the equity method of accounting using a consistently applied three-month lag period adjusted for any known significant changes from the lag period to the reporting date of the Company. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. Investment gains or losses for the Company's proportionate share of the change in fair value of the funds are recorded in earnings.

accounted for using the equity method of accounting are included in "other assets" in the consolidated balance sheets.

The Company recorded net investment income of \$8 million and \$13 million for the three and six month periods ended June 30, 2019 compared to net investment income of \$28 million for both the three and six month periods ended June 30, 2018. The three and six month periods ending June 30, 2019 includes gains of \$3 million and \$6 million related to mark-to-market changes in equity securities and gains of \$5 million and \$7 million related to investments in private equity funds and other investments. The three and six month periods ending June 30, 2018 include gains of \$26 million and \$19 million related to mark-to-market changes in equity securities and \$2 million and \$9 million related to investments in private equity funds and other investments.

#### *Leases*

Effective January 1, 2019, the Company adopted the new accounting standard related to leases. Under the new standard, a lessee is required to recognize assets and liabilities for its leases with lease terms of more than 12 months. The Company adopted this new standard using the modified retrospective method, which applies the new guidance beginning with the year of adoption, with the cumulative effect of initially applying the standard recognized as an adjustment to retained earnings at January 1, 2019. There was no cumulative-effect adjustment required to be recorded to retained earnings upon transition. Prior period results have not been restated to reflect the adoption of this new standard.

On January 1, 2019, the Company recognized a lease liability of \$1.9 billion and a corresponding right-of-use asset ("ROU asset") of \$1.7 billion, including the reclassification of approximately \$200 million of unamortized lease incentives and restructuring liabilities, upon the adoption of this standard, with minimal impact on the consolidated statement of income.

See Note 12 for further information related to Leases.

#### *Income Taxes*

The Company's effective tax rate in the second quarter of 2019 was 37.4% compared with 25.6% in the second quarter of 2018. The effective tax rates for the first six months of 2019 and 2018 were 28.2% and 24.7%, respectively. The rate in the second quarter of 2019 reflects discrete adjustments related to the JLT acquisition, including tax on the disposition of JLT's aerospace business and nondeductible expenses incurred in connection with the Transaction. Both periods reflect the impact of other discrete tax matters such as excess tax benefits related to share-based compensation, tax legislation, changes in uncertain tax positions, deferred tax adjustments and nontaxable adjustments to contingent acquisition consideration.

The Company is routinely examined by tax authorities in the jurisdictions in which it has significant operations. The Company regularly considers the likelihood of assessments in each of the taxing jurisdictions resulting from examinations. When evaluating the potential imposition of penalties, the Company considers a number of relevant factors under penalty statutes, including appropriate disclosure of the tax return position, the existence of legal authority supporting the Company's position, and reliance on the opinion of professional tax advisors.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in tax returns. The Company's gross unrecognized tax benefits decreased from \$78 million at December 31, 2018 to \$74 million at June 30, 2019 due to settlements of audits and expirations of statutes of limitation partially offset by current accruals. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between zero and approximately \$10 million within the next twelve months due to settlements of audits and expirations of statutes of limitation.

#### *Integration and Restructuring Charges*

Severance and related costs are recognized based on amounts due under established severance plans or estimates of one-time benefits that will be provided. Typically, severance benefits are recognized when the impacted colleagues are notified of their expected termination and such termination is expected to occur within the legally required notification period. These costs are included in compensation and benefits in the consolidated statements of income.

Costs for real estate consolidation are recognized based on the type of cost, and the expected future use of the facility. For locations where the Company does not expect to sub-lease the property, the amortization of any right of use asset is accelerated from the decision date to the cease use date. For locations where the Company expects to sub-lease the properties subsequent to its vacating the property, the right-of-use asset is reviewed for potential impairment at the earlier of the cease use date or the date a sublease is signed. To determine the amount of impairment, the fair value of the right of use asset is determined based on the present value of the estimated net cash flows related to the property. Contractual costs outside of the right of use asset are recognized based on their

net present value of expected future cash outflows for which the Company will not receive any benefit. Such amounts are reliant on estimates of future sub-lease income to be received and future contractual costs to be incurred. These costs are included in other operating expenses in the consolidated statements of income.

Other costs related to integration and restructuring, such as moving, legal or consulting costs are recognized as incurred. These costs are included in other operating expenses in the consolidated statements of income.

### **3. Revenue**

The core principle of the revenue recognition guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, the entity applies the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation.

Other revenue included in the consolidated statements of income that is not from contracts with customers is approximately 1% of total revenue, and therefore is not presented as a separate line item.

#### *Risk and Insurance Services*

Risk and Insurance Services revenue reflects compensation for brokerage and consulting services through commissions and fees. Commission rates and fees vary in amount and can depend upon a number of factors, including the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer selected, and the capacity in which the broker acts and negotiates with clients. For the majority of the insurance and reinsurance brokerage arrangements, advice and services provided which culminate in the placement of an effective policy are considered a single performance obligation. Arrangements with clients may include the placement of a single policy, multiple policies or a combination of policy placements and other services. Consideration related to such "bundled arrangements" is allocated to the individual performance obligations based on their relative fair value. Revenue for policy placement is generally recognized on the policy effective date, at which point control over the services provided by the Company has transferred to the client and the client has accepted the services. The contractual terms for certain fee based brokerage arrangements meet the criteria for revenue recognition over time. For such arrangements, revenue is recognized using output measures, which correspond to the progress toward completing the performance obligation. Fees for non-risk transfer services provided to clients are recognized over time in the period the services are provided, using a proportional performance model, primarily based on input measures. These measures of progress provide a faithful depiction of the progress towards completion of the performance obligation.

Revenue related to reinsurance brokerage for excess of loss ("XOL") treaties is estimated based on contractually specified minimum or deposit premiums, and adjusted as additional evidence of the ultimate amount of brokerage is received. Revenue for quota share treaties is estimated based on indications of estimated premium income provided by the ceding insurer. The estimated brokerage revenue recognized for quota share treaties is constrained to an amount that is probable to not have a significant negative adjustment. The estimated revenue and the constraint are evaluated as additional evidence of the ultimate amount of underlying risks to be covered is received over the 12 to 18 months following the effective date of the placement.

In addition to commissions and fees from its clients, the Company also receives other compensation from insurance companies. This other insurer compensation includes, among other things, payments for consulting and analytics services provided to insurers, fees for administrative and other services provided to or on behalf of insurers (including services relating to the administration and management of quota shares, panels and other facilities in which insurers participate). The Company is also eligible for certain contingent commissions from insurers based on the attainment of specified metrics (i.e., volume and loss ratio measures) relating to Marsh's placements, particularly in Marsh & McLennan Agency ("MMA") and in parts of Marsh's international operations. Revenue for contingent commissions from insurers is estimated based on historical evidence of the achievement of the respective contingent metrics and recorded as the underlying policies that contribute to the achievement of the metric are placed. Due to the uncertainty of the amount of contingent consideration that will be received, the estimated revenue is constrained to an amount that is probable to not have a significant negative adjustment. Contingent consideration is generally received in the first quarter of the subsequent year.

A significant majority of the Company's Risk and Insurance Services revenue is for performance obligations recognized at a point in time. Marsh and Guy Carpenter also receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others.

Insurance brokerage commissions are generally invoiced on the policy effective date. Fee based arrangements generally include a percentage of the total fee due upon signing the arrangement, with additional fixed installments payable over the remainder of the year. Payment terms range from receipt of invoice up to 30 days from invoice date.

Reinsurance brokerage revenue is recognized on the effective date of the treaty. Payment terms depend on the type of reinsurance. For XOL treaties, brokerage revenue is typically collected in four installments during an annual treaty period based on a contractually specified minimum or deposit premium. For proportional or quota share treaties, brokerage is billed as underlying insured risks attach to the reinsurance treaty, generally over 12 to 18 months.

#### Consulting.

The major component of revenue in the Consulting business is fees paid by clients for advice and services. Mercer, principally through its health line of business, also receives revenue in the form of commissions received from insurance companies for the placement of group (and occasionally individual) insurance contracts, primarily health, life and accident coverages. Revenue for Mercer's investment management business and certain of Mercer's defined benefit administration services consists principally of fees based on assets under delegated management or administration.

Consulting projects in Mercer's wealth and career businesses, as well as consulting projects in Oliver Wyman typically consist of a single performance obligation, which is recognized over time as control is transferred continuously to customers. Typically, revenue is recognized over time using an input measure of time expended to date relative to total estimated time incurred at project completion. Incurred hours represent services rendered and thereby faithfully depicts the transfer of control to the customer.

On a limited number of engagements, performance fees may also be earned for achieving certain prescribed performance criteria. Revenue for achievement is estimated and constrained to an amount that is probable to not have a significant negative adjustment.

A significant majority of fee revenues in the Consulting segment is recognized over time.

For consulting projects, Mercer generally invoices monthly in arrears with payment due within 30 days of the invoice date. Fees for delegated management services are either deducted from the net asset value of the fund or invoiced to the client on a monthly or quarterly basis in arrears. Oliver Wyman typically bills its clients 30-60 days in arrears with payment due upon receipt of the invoice.

Health brokerage and consulting services are components of both Marsh, which includes MMA, and Mercer, with approximately 62% of such revenues reported in Mercer. Health contracts typically involve a series of distinct services that are treated as a single performance obligation. Revenue for these services is recognized over time based on the amount of remuneration the Company expects to be entitled in exchange for these services. Payments for health brokerage and consulting services are typically paid monthly in arrears from carriers based on insured lives under the contract.

The following schedule disaggregates components of the Company's revenue:

(In millions)		Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
<b>Marsh:</b>			
EMEA	\$	652	\$ 1,285
Asia Pacific		291	456
Latin America		116	194
Total International		1,059	1,935
U.S./Canada		1,097	1,958
Total Marsh		2,156	3,893
Guy Carpenter		392	1,055
Subtotal		2,548	4,948
Fiduciary interest income		26	49
Total Risk and Insurance Services	\$	2,574	\$ 4,997
<b>Mercer:</b>			
Wealth	\$	613	\$ 1,156
Health		458	900
Career		189	359
Total Mercer		1,260	2,415
Oliver Wyman		540	1,058
Total Consulting	\$	1,800	\$ 3,473

The following schedule provides contract assets and contract liabilities information from contracts with customers.

(In millions)	June 30, 2019	January 1, 2019
Contract Assets	\$ 275	\$ 112
Contract Liabilities	\$ 641	\$ 545

The Company records accounts receivable when the right to consideration is unconditional, subject only to the passage of time. Contract assets primarily relate to quota share reinsurance brokerage and contingent insurer revenue. The Company does not have the right to bill and collect revenue for quota share brokerage until the underlying policies written by the ceding insurer attach to the treaty. Estimated revenue related to achievement of volume or loss ratio metrics cannot be billed or collected until all related policy placements are completed and the contingency is resolved. The change in contract assets from January 1, 2019 to June 30, 2019 is primarily due to the addition of \$62 million from JLT, \$282 million of additions during the period, partly offset by \$176 million transferred to accounts receivables, as the rights to bill and collect became unconditional. Contract assets are included in other current assets in the Company's consolidated balance sheet. Contract liabilities primarily relate to the advance consideration received from customers. Contract liabilities are included in current liabilities in the Company's consolidated balance sheet. The change in contract liabilities includes cash received for performance obligations not yet fulfilled of \$362 million, \$47 million related to JLT's opening balance offset by revenue recognized in the first six months of 2019 that was included in the contract liability balance at the beginning of the year of \$307 million. The amount of revenue recognized in the first six months of 2019 from performance obligations satisfied in previous periods, mainly due to variable consideration from contracts with insurers, quota share business and consulting contracts previously considered constrained was \$36 million.

The Company applies the practical expedient and therefore does not disclose the value of unsatisfied performance obligations for (1) contracts with original contract terms of one year or less and (2) contracts where the Company has the right to invoice for services performed. The revenue expected to be recognized in future periods during the non-cancellable term of existing contracts greater than one year that is related to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period is approximately \$22 million for Marsh, \$323 million for Mercer and \$3 million for Oliver Wyman. The Company expects revenue in 2020, 2021, 2022, 2023 and 2024 and beyond of \$186 million, \$100 million, \$43 million, \$14 million and \$5 million, respectively, related to these performance obligations.

#### 4. 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 proceeds are held by the Company in a fiduciary capacity. Risk and Insurance Services revenue includes interest on fiduciary funds of \$26 million and \$49 million for the three and six month periods ended June 30, 2019, respectively, and \$15 million and \$28 million for the three and six month periods ending June 30, 2018, respectively. The Consulting segment recorded fiduciary interest income of \$1 million and \$2 million in the three and six month periods ended June 30, 2019, respectively, and \$1 million and \$2 million in the three and six month periods ending June 30, 2018, respectively. Since fiduciary assets are not available for corporate use, they are shown in the consolidated balance sheets as an offset to fiduciary liabilities.

Net uncollected premiums and claims and the related payables amounted to \$11.0 billion at June 30, 2019 and \$7.3 billion at December 31, 2018. The Company is not a principal to the contracts under which the right to receive premiums or the right to receive reimbursement of insured losses arises. Accordingly, net uncollected premiums and claims and the related payables are not assets and liabilities of the Company and 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.

#### 5. Per Share Data

Basic net income per share attributable to the Company is calculated by dividing the after-tax income attributable to the Company by the weighted average number of outstanding shares of the Company's common stock.

Diluted net income per share attributable to the Company is calculated by dividing the after-tax income attributable to the Company by the weighted average number of outstanding shares of the Company's common stock, which have been adjusted for the dilutive effect of potentially issuable common shares.

Basic and Diluted EPS Calculation (In millions, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income before non-controlling interests	\$ 344	\$ 536	\$ 1,071	\$ 1,232
Less: Net income attributable to non-controlling interests	12	5	23	11
Net income attributable to the Company	\$ 332	\$ 531	\$ 1,048	\$ 1,221
Basic weighted average common shares outstanding	507	507	506	507
Dilutive effect of potentially issuable common shares	5	5	5	6
Diluted weighted average common shares outstanding	512	512	511	513
Average stock price used to calculate common stock equivalents	\$ 95.74	\$ 81.64	\$ 92.14	\$ 82.24

#### 6. Supplemental Disclosures to the Consolidated Statements of Cash Flows

The following schedule provides additional information concerning acquisitions, interest and income taxes paid for the six-month periods ended June 30, 2019 and 2018.

(In millions)	2019	2018
Assets acquired, excluding cash	\$ 8,593	\$ 204
Liabilities assumed	(2,718)	(28)
Non-controlling interests assumed	(309)	—
Contingent/deferred purchase consideration	(66)	(32)
Net cash outflow for current year acquisitions	\$ 5,500	\$ 144
(In millions)	2019	2018
Interest paid	\$ 141	\$ 107
Income taxes paid, net of refunds	\$ 327	\$ 349



The classification of contingent consideration in the statement of cash flows is determined by whether the payment was part of the initial liability established on the acquisition date (financing) or an adjustment to the acquisition date liability (operating).

The following amounts are included in the consolidated statements of cash flows as a financing activity. The Company paid deferred and contingent consideration of \$39 million for the six months ended June 30, 2019. This consisted of deferred purchase consideration related to prior years' acquisitions of \$23 million and contingent consideration of \$16 million. For the six months ended June 30, 2018, the Company paid deferred and contingent consideration of \$85 million, consisting of deferred purchase consideration related to prior years' acquisitions of \$53 million and contingent consideration of \$32 million.

The following amounts are included in the operating section of the consolidated statements of cash flows. For the six months ended June 30, 2019, the Company recorded an expense for adjustments to contingent consideration liabilities of \$20 million and made contingent consideration payments of \$29 million. For the six months ended June 30, 2018, the Company recorded an expense for adjustments to contingent consideration liabilities of \$11 million and made contingent consideration payments of \$9 million.

The Company had non-cash issuances of common stock under its share-based payment plan of \$162 million and \$128 million for the six months ended June 30, 2019 and 2018, respectively. The Company recorded stock-based compensation expense for equity awards related to restricted stock units, performance stock units and stock options of \$117 million and \$99 million for the six-month periods ended June 30, 2019 and 2018, respectively.

Effective January 1, 2019, the Company adopted the new accounting guidance related to leases, which requires a lessee to recognize assets and liabilities for its leases. Upon adoption of this accounting standard, the Company recorded a non cash Right-of-Use Asset ("ROU asset") of \$1.7 billion and lease liability of \$1.9 billion during the first quarter of 2019.

## 7. Other Comprehensive Income (Loss)

The changes, net of tax, in the balances of each component of Accumulated Other Comprehensive Income ("AOCI") for the three and six-month periods ended June 30, 2019 and 2018, including amounts reclassified out of AOCI, are as follows:

<i>(In millions)</i>	Unrealized Investment Gains (Losses)	Pension/Post- Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of April 1, 2019	\$ —	\$ (2,990)	\$ (1,600)	\$ (4,590)
Other comprehensive income before reclassifications	—	29	15	44
Amounts reclassified from accumulated other comprehensive income	—	19	—	19
Net current period other comprehensive income	—	48	15	63
Balance as of June 30, 2019	\$ —	\$ (2,942)	\$ (1,585)	\$ (4,527)

<i>(In millions)</i>	Unrealized Investment Gains (Losses)	Pension/Post- Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of April 1, 2018	\$ —	\$ (2,963)	\$ (942)	\$ (3,905)
Other comprehensive income (loss) before reclassifications	—	129	(516)	(387)
Amounts reclassified from accumulated other comprehensive income	—	27	—	27
Net current period other comprehensive income (loss)	—	156	(516)	(360)
Balance as of June 30, 2018	\$ —	\$ (2,807)	\$ (1,458)	\$ (4,265)

<i>(In millions)</i>	Unrealized Investment Gains (Losses)	Pension/Post- Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of December 31, 2018	\$ —	\$ (2,953)	\$ (1,694)	\$ (4,647)
Other comprehensive (loss) income before reclassifications	—	(30)	109	79
Amounts reclassified from accumulated other comprehensive income	—	41	—	41
Net current period other comprehensive income	—	11	109	120
Balance as of June 30, 2019	\$ —	\$ (2,942)	\$ (1,585)	\$ (4,527)

<i>(In millions)</i>	Unrealized Investment Gains (Losses)	Pension/Post- Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of December 31, 2017	\$ 14	\$ (2,892)	\$ (1,165)	\$ (4,043)
Cumulative effect of amended accounting standard	(14)	—	—	(14)
Other comprehensive income (loss) before reclassifications	—	29	(293)	(264)
Amounts reclassified from accumulated other comprehensive income	—	56	—	56
Net current period other comprehensive income (loss)	—	85	(293)	(208)
Balance as of June 30, 2018	\$ —	\$ (2,807)	\$ (1,458)	\$ (4,265)

The components of other comprehensive income (loss) for the three and six-month period ended June 30, 2019 and 2018 are as follows:

Three Months Ended June 30,	2019			2018		
(In millions)	Pre-Tax	Tax (Credit)	Net of Tax	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	\$ 13	\$ (2)	\$ 15	\$ (529)	\$ (13)	\$ (516)
Pension/post-retirement plans:						
Amortization of (gains) losses included in net periodic pension cost:						
Prior service credits (a)	—	—	—	(1)	—	(1)
Net actuarial losses (a)	26	6	20	37	9	28
Effect of remeasurement (a)	(1)	—	(1)	—	—	—
Subtotal	25	6	19	36	9	27
Foreign currency translation adjustments	38	9	29	156	27	129
Pension/post-retirement plans gains	63	15	48	192	36	156
Other comprehensive income (loss)	\$ 76	\$ 13	\$ 63	\$ (337)	\$ 23	\$ (360)

(a) Components of net periodic pension cost are included in other net benefit credits in the consolidated statements of income. Income tax expense on net actuarial losses are included in income tax expense.

Six Months Ended June 30,	2019			2018		
(In millions)	Pre-Tax	Tax (Credit)	Net of Tax	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	\$ 109	\$ —	\$ 109	\$ (301)	\$ (8)	\$ (293)
Pension/post-retirement plans:						
Amortization of (gains) losses included in net periodic pension cost:						
Prior service credits (a)	(1)	—	(1)	(2)	—	(2)
Net actuarial losses (a)	52	12	40	74	16	58
Effect of remeasurement (a)	(1)	—	(1)	—	—	—
Effect of settlement (a)	4	1	3	—	—	—
Subtotal	54	13	41	72	16	56
Foreign currency translation adjustments	(34)	(4)	(30)	36	7	29
Pension/post-retirement plans gains	20	9	11	108	23	85
Other comprehensive income (loss)	\$ 129	\$ 9	\$ 120	\$ (193)	\$ 15	\$ (208)

(a) Components of net periodic pension cost are included in other net benefit credits in the consolidated statements of income. Income tax expense on net actuarial losses are included in income tax expense.

## 8. Acquisitions and Dispositions

The Company's acquisitions have been accounted for as business combinations. Net assets and results of operations are included in the Company's consolidated financial statements commencing at the respective purchase closing dates. In connection with acquisitions, the Company records the estimated values of the net tangible assets and the identifiable intangible assets purchased, which typically consist of customer relationships, developed technology, trademarks and non-compete agreements. The valuation of purchased intangible assets involves significant estimates and assumptions. Refinement and completion of final valuation of net assets acquired could affect the carrying value of tangible assets, goodwill and identifiable intangible assets.

On April 1, 2019, the Company completed the JLT Transaction to purchase all of the outstanding shares of JLT. Under the terms of the Transaction, JLT shareholders received £19.15 in cash for each JLT share, which valued JLT's existing issued and to be issued share capital at approximately £4.3 billion (or approximately \$5.6 billion based on an exchange rate of U.S. \$1.31 :£1), and the Company assumed existing JLT long-term indebtedness of approximately \$1 billion. The Company implemented the Transaction by way of a scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006, as amended.

The Company believes the Transaction strengthens MMC's leadership position in insurance and reinsurance broking, health and retirement. The addition of over 10,000 colleagues provides deeper industry expertise in almost every part of the Company. The Transaction also builds on MMC's efforts to expand in faster-growing geographies and market segments, and facilitates investment in data and analytics.

The Risk and Insurance Services segment completed four acquisitions during the first six months of 2019.

- February – MMA acquired Bouchard Insurance, Inc., a Florida-based full service agency and Employee Benefits Group, Inc., a Maryland-based independent insurance agency.
- April – MMA acquired Lovitt & Touche, Inc., an Arizona-based insurance agency and The Centurion Group, LLC, a Pennsylvania-based retirement consulting, asset management and benefit plan advisory firm.

Total purchase consideration for acquisitions made during the six months ended June 30, 2019 was \$5,925 million, which consisted of cash paid of \$5,859 million and deferred purchase consideration and estimated contingent consideration of \$66 million. Contingent consideration arrangements are based primarily on earnings before interest, tax, depreciation and amortization ("EBITDA") or revenue targets over a period of two to four years. The fair value of the contingent consideration was based on projected revenue or EBITDA of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. The Company also paid \$23 million of deferred purchase consideration and \$45 million of contingent consideration related to acquisitions made in prior years.

The following table presents the preliminary allocation of purchase consideration to the assets acquired and liabilities assumed during 2019 based on the estimated fair values for JLT and other acquisitions as of their respective acquisition dates:

Acquisitions through June 30, 2019					
(In millions)	JLT		Other		Total Acquisitions
Cash	\$	5,568	\$	291	\$ 5,859
Estimated fair value of deferred/contingent consideration		—		66	66
Total consideration	\$	5,568	\$	357	\$ 5,925
Allocation of purchase price:					
Cash and cash equivalents	\$	353	\$	6	\$ 359
Accounts receivable, net		714		6	720
Other current assets		143		—	143
Fixed assets, net		81		2	83
Other intangible assets		1,662		143	1,805
Goodwill		4,695		200	4,895
Right of use assets		379		—	379
Deferred tax assets		57		—	57
Other assets		503		8	511
Total assets acquired		8,587		365	8,952
Current liabilities		699		5	704
Fiduciary liabilities		1,275		—	1,275
Less- fiduciary assets		(1,275)		—	(1,275)
Long-term debt		1,044		—	1,044
Long-term lease liability		386		—	386
Pension, post-retirement and post-employment liabilities		234		—	234
Liabilities for errors and omissions		31		—	31
Other liabilities		316		3	319
Total liabilities assumed		2,710		8	2,718
Non controlling interests		309		—	309
Net assets acquired	\$	5,568	\$	357	\$ 5,925

The purchase price allocation above is based on estimates that are preliminary in nature and subject to adjustments, which could be material. Any necessary adjustments must be finalized within one year of the acquisition date. Items subject to change include the following:

- Amounts of intangible assets, fixed assets, capitalized software assets and right-of use-assets, subject to finalization of valuation efforts;
- Amounts for contingencies, pending the finalization of the Company's assessment of the portfolio of contingencies;
- Amounts for income tax assets, receivables and liabilities, pending the filing of the acquired companies' pre-acquisition income tax returns and receipt of information from taxing authorities which may change certain estimates and assumptions used; and
- Amounts for deferred tax assets and liabilities pending the finalization of valuations of the assets acquired, liabilities assumed and associated goodwill.

The estimation of fair value requires numerous judgments, assumptions and estimates about future events and uncertainties, which could materially impact these values, and the related amortization, where applicable, in the Company's results of operations.

The following chart provides information about intangible assets acquired during 2019:

Intangible assets through June 30, 2019						JLT Weighted Average	Other Weighted Average
(In millions)	JLT		Other		Total	Amortization Period	Amortization Period
Client relationships	\$	1,566	\$	136	\$ 1,702	13 years	12 years
Other		96		7	103	5 years	3 years
	\$	1,662	\$	143	\$ 1,805		

During the second quarter of 2019, the Company purchased the outstanding minority interests of several former JLT subsidiaries.

In January 2019, Marsh increased its equity ownership in Marsh India from 26% to 49%. Marsh India is accounted for under the equity method.

#### *Dispositions*

On June 1, 2019, the Company completed the disposition of JLT's global aerospace business for cash proceeds of \$165 million and contingent consideration receivable of approximately \$65 million, based on the aerospace business achieving certain revenue milestones in 2020. The aerospace business was divested as part of the European Commission's approval of the JLT Transaction.

#### *Prior-Year Acquisitions*

The Risk and Insurance Services segment completed twelve acquisitions during 2018.

- February – MMA acquired Highsmith Insurance Agency, a North Carolina-based independent insurance brokerage firm.
- March – Marsh acquired Hoken Soken, Inc., a Japan-based insurance agency.
- May – Marsh acquired Mountlodge Limited, a Scotland-based independent insurance broker and Lorant Martínez Salas y Compañía Agente de Seguros y de Fianzas, S.A. de C.V., a Mexico-based multi-line insurance broker.
- June – MMA acquired Bleakley Insurance Services, a California-based provider of employee benefits solutions; Klein Agency, Inc., a Minnesota-based surety and property/casualty agency; and Insurance Associates, Inc., a Maryland-based independent insurance agency.
- August – Marsh acquired John L. Wortham & Son, L.P., a Houston-based independent insurance broker.
- October – MMA acquired Eustis Insurance, Inc., a Louisiana-based insurance agency.
- November – MMA acquired James P. Murphy & Associates, Inc., a Connecticut-based insurance agency.
- December – MMA acquired Otis-Magie Insurance Agency, Inc., a Minnesota-based insurance agency, and Marsh acquired Hector Insurance PCC Ltd, a U.K.-based captive management company.

The Consulting segment completed eight acquisitions during 2018.

- January – Oliver Wyman acquired Draw Ltd., a U.K.-based digital transformation agency.
- March – Oliver Wyman acquired 8Works Limited, a U.K.-based design thinking consultancy.
- May – Mercer acquired EverBe SAS, a France-based Workday implementer and advisory firm; and Evolve Intelligence Pty Ltd., an Australia-based talent strategy firm.
- June – Mercer acquired India Life Capital Private Ltd., an India-based investment advisor.
- November – Mercer acquired Induslynk Training Services Private Ltd., an India-based talent assessment company, Pavilion Financial Corp., a Canada-based investment services firm and Summit Strategies Inc., a Missouri-based investment consulting firm.

Total purchase consideration for acquisitions made during the first six months of 2018 was \$192 million, which consisted of cash paid of \$160 million and deferred purchase consideration and estimated contingent consideration of \$32 million. Contingent consideration arrangements are primarily based on EBITDA or revenue targets over a period of two to four years. The fair value of the contingent consideration was based on projected revenue or EBITDA of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. For the first six months of 2018, the Company also paid \$53 million of deferred purchase consideration and \$41 million of contingent consideration related to acquisitions made in prior years.

#### *Pro-Forma Information*

The following unaudited pro-forma financial data gives effect to the acquisitions made by the Company during 2019 and 2018. In accordance with accounting guidance related to pro-forma disclosures, the information presented for current year acquisitions is as if they occurred on January 1, 2018 and reflects acquisitions made in 2018 as if they occurred on January 1, 2017. The unaudited pro-forma information adjusts for the effects of amortization of acquired intangibles and additional interest expense related to the issuance of debt related to the JLT Transaction. The unaudited pro-forma financial data is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have been achieved if such acquisitions had occurred on the dates indicated, nor is it necessarily indicative of future consolidated results.

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>(In millions, except per share figures)</i>	<b>2019</b>	2018	<b>2019</b>	2018
Revenue	\$ <b>4,346</b>	\$ 4,339	\$ <b>8,863</b>	\$ 8,902
Net income attributable to the Company	\$ <b>463</b>	\$ 513	\$ <b>1,134</b>	\$ 626
Basic net income per share attributable to the Company	\$ <b>0.91</b>	\$ 1.01	\$ <b>2.24</b>	\$ 1.23
Diluted net income per share attributable to the Company	\$ <b>0.90</b>	\$ 1.00	\$ <b>2.22</b>	\$ 1.22

The unaudited pro-forma information presented in the table above includes adjustments for acquisition related costs, the change in fair value of JLT acquisition related derivatives, bridge financing costs and the early extinguishment of debt:

- A reduction of costs of \$151 million for the three months ended June 30, 2019
- An increase in costs of \$658 million for the six month period ended June 30, 2018. Of this amount, \$169 million represented a reduction of costs for the six months ended June 30, 2019, and the remainder was incurred in the third and fourth quarter of 2018.

The consolidated statements of income include the results of operations of acquired companies since their respective acquisition dates. The consolidated statements of income for the three and six month periods ended June 30, 2019 include approximately \$486 million and \$496 million of revenue, respectively, and operating income of \$16 million and \$18 million, respectively, for acquisitions made in 2019. The consolidated statements of income for the three and six month periods ended June 30, 2018 included \$11 million and \$14 million, respectively, of revenue and operating losses of \$1 million and \$2 million, respectively, related to acquisitions made in 2018.

The Company incurred acquisition related costs, primarily related to legal, investment banking and U.K. stamp duty tax of \$84 million and \$95 million for the three and six month periods ended June 30, 2019, primarily related to the acquisition of JLT. These costs are included in other operating expenses in the Company's consolidated statement of income.

## 9. Goodwill and Other Intangibles

The Company is required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs the annual impairment assessment for each of its reporting units during the third quarter of each year. In accordance with applicable accounting guidance, the Company assesses qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. As part of its assessment, the Company considers numerous factors, including that the fair value of each reporting unit exceeds its carrying value by a substantial margin based on its most recent estimates, whether significant acquisitions or dispositions occurred which might alter the fair value of its reporting units, macroeconomic conditions and their potential impact on reporting unit fair values, actual performance compared with budget and prior projections used in its estimation of reporting unit fair values, industry and market conditions, and the year-over-year change in the Company's share price. The Company completed its qualitative assessment in the third quarter of 2018 and concluded that a two-step goodwill impairment test was not required in 2018 and that goodwill was not impaired. There were no events or circumstances since our last qualitative assessment in the third quarter of 2018 that would indicate a goodwill impairment.

Other intangible assets that are not deemed to have an indefinite life are amortized over their estimated lives and reviewed for impairment upon the occurrence of certain triggering events in accordance with applicable accounting literature.

Changes in the carrying amount of goodwill are as follows:

June 30, (In millions)	2019		2018	
Balance as of January 1,	\$	9,599	\$	9,089
Goodwill acquired <sup>(a)</sup>		4,895		116
Other adjustments <sup>(b)</sup>		(15)		(28)
Balance at June 30,	\$	14,479	\$	9,177

<sup>(a)</sup> Primarily reflects the acquisition of JLT in 2019 of \$4.7 billion.

<sup>(b)</sup> Primarily reflects the impact of foreign exchange.

Of total goodwill acquired of \$4.9 billion in 2019, \$200 million related to the Risk and Insurance Services segment is deductible for tax purposes. All of the goodwill arising from the acquisitions consist largely of the synergies and economies of scale expected from combining the operations of the Company and the acquired entities. The goodwill acquired was primarily assigned to the Risk and Insurance Services segment.

Goodwill allocable to the Company's reportable segments at June 30, 2019 is as follows: Risk and Insurance Services, \$11.6 billion and Consulting, \$2.9 billion.

The gross cost and accumulated amortization of identified intangible assets at June 30, 2019 and December 31, 2018 are as follows:

(In millions)	June 30, 2019			December 31, 2018		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Client Relationships	\$ 3,664	\$ 765	\$ 2,899	\$ 1,970	\$ 639	\$ 1,331
Other <sup>(a)</sup>	365	181	184	259	153	106
Amortized intangibles	\$ 4,029	\$ 946	\$ 3,083	\$ 2,229	\$ 792	\$ 1,437

<sup>(a)</sup> Primarily non-compete agreements, trade names and developed technology.

Aggregate amortization expense for the six months ended June 30, 2019 and 2018 was \$151 million and \$88 million, respectively. The estimated future aggregate amortization expense is as follows:

For the Years Ending December 31, (In millions)		Estimated Expense
2019 (excludes amortization through June 30, 2019)	\$	194
2020		371
2021		359
2022		345
2023		336
Subsequent years		1,478
	\$	3,083

## 10. Fair Value Measurements

### Fair Value Hierarchy

The Company has categorized its assets and liabilities that are valued at fair value on a recurring basis into a three-level fair value hierarchy as defined by the FASB. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy, for disclosure purposes, is determined based on the lowest level input that is significant to the fair value measurement. Assets and liabilities recorded in the consolidated balance sheets at fair value are categorized based on the inputs in the valuation techniques as follows:

**Level 1.** Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities and exchange-traded money market mutual funds).

Assets and liabilities measured using Level 1 inputs include exchange-traded equity securities, exchange-traded mutual funds and money market funds.

**Level 2.** Assets and liabilities whose values are based on the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and
- Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full asset or liability (for example, certain mortgage loans).

Assets and liabilities using Level 2 inputs include treasury locks and an equity security.

**Level 3.** Assets and liabilities whose values are based on prices, or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Assets and liabilities measured using Level 3 inputs include assets and liabilities for contingent purchase consideration and the deal contingent foreign exchange contract (the "FX Contract").

### Valuation Techniques

#### Equity Securities, Money Market Funds and Mutual Funds – Level 1

Investments for which market quotations are readily available are valued at the sale price on their principal exchange or, for certain markets, official closing bid price. Money market funds are valued using a valuation technique that results in price per share at \$1.00.



## Treasury Locks - Level 2

In connection with the JLT Transaction, to hedge the risk of increases in future interest rates prior to its issuance of fixed rate debt, in the fourth quarter of 2018 the Company entered into treasury locks related to \$2 billion of expected issuances of senior notes in January 2019. The fair value at December 31, 2018 was based on the published treasury rate plus forward premium as of December 31, 2018, compared to the all in rate at the inception of the contract. These treasury locks were settled during the first quarter of 2019.

## Contingent Purchase Consideration Assets and Liability – Level 3

Purchase consideration for some acquisitions and dispositions made by the Company include contingent consideration arrangements. These arrangements typically provide for the payment of additional consideration if earnings or revenue targets are met over periods from two to four years. The fair value of the contingent purchase consideration asset and liability is estimated as the present value of future cash flows to be paid, based on projections of revenue and earnings and related targets of the acquired and disposed entities.

## Foreign Exchange Forward Contract Liabilities - Level 3

In connection with the JLT Transaction, the Company entered into the FX Contract, to hedge the risk of appreciation of the GBP-denominated purchase price. The Company settled the FX Contract on April 1, 2019, upon completion of the JLT Transaction.

The fair value at December 31, 2018 was determined using the probability distribution approach, comparing the all in forward rate to the foreign exchange rate for possible dates the JLT Transaction could close, discounted to the valuation date and adjusted for the fair value of the deal contingency feature. Determining the fair value of the FX Contract required significant management judgments or estimates about the potential closing dates of the transaction and remaining value of the deal contingency feature.

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018.

	Identical Assets (Level 1)		Observable Inputs (Level 2)		Unobservable Inputs (Level 3)		Total	
(In millions)	06/30/19	12/31/18	06/30/19	12/31/18	06/30/19	12/31/18	06/30/19	12/31/18
<b>Assets:</b>								
Financial instruments owned:								
Exchange traded equity securities <sup>(a)</sup>	\$ 4	\$ 133	\$ —	\$ —	\$ —	\$ —	\$ 4	\$ 133
Mutual funds <sup>(a)</sup>	153	151	—	—	—	—	153	151
Money market funds <sup>(b)</sup>	71	118	—	—	—	—	71	118
Other equity investment <sup>(a)</sup>	—	—	8	8	—	—	8	8
Contingent purchase consideration asset <sup>(a)</sup>	—	—	—	—	65	—	65	—
Total assets measured at fair value	\$ 228	\$ 402	\$ 8	\$ 8	\$ 65	\$ —	\$ 301	\$ 410
<b>Fiduciary Assets:</b>								
U.S. Treasury Bills	\$ —	\$ 20	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20
Money market funds	347	80	—	—	—	—	347	80
Total fiduciary assets measured at fair value	\$ 347	\$ 100	\$ —	\$ —	\$ —	\$ —	\$ 347	\$ 100
<b>Liabilities:</b>								
Contingent purchase consideration liability <sup>(c)</sup>	\$ —	\$ —	\$ —	\$ —	\$ 196	\$ 183	\$ 196	\$ 183
Acquisition related derivative contracts	—	—	—	116	—	325	—	441
Total liabilities measured at fair value	\$ —	\$ —	\$ —	\$ 116	\$ 196	\$ 508	\$ 196	\$ 624

<sup>(a)</sup> Included in other assets in the consolidated balance sheets.

<sup>(b)</sup> Included in cash and cash equivalents in the consolidated balance sheets.

<sup>(c)</sup> Included in accounts payable and accrued liabilities and other liabilities in the consolidated balance sheets.

The contingent purchase consideration of \$65 million related to the JLT Transaction is classified as a Level 3 asset.

During the six-month period ended June 30, 2019, there were no assets or liabilities that were transferred between any of the levels.

The table below sets forth a summary of the changes in fair value of the Company's Level 3 liabilities for the three and six month periods ended June 30, 2019 and 2018:

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018		2019	2018	
Balance at beginning of period,	\$ 454	\$ 161	\$	\$ 508	\$ 189	
Additions	29	20		40	26	
Payments	(10)	(1)		(45)	(41)	
Revaluation Impact	9	6		20	11	
Change in fair value of the FX contract	(283)	—		(325)	—	
Other <sup>(a)</sup>	(3)	(1)		(2)	—	
Balance at June 30,	\$ 196	\$ 185	\$	\$ 196	\$ 185	

<sup>(a)</sup> Primarily reflects the impact of foreign exchange.

As set forth in the table above, based on the Company's ongoing assessment of the fair value of contingent consideration, the Company recorded a net increase in the estimated fair value of such liabilities for prior-period acquisitions of \$20 million in the six-month period ended June 30, 2019. A 5% increase in the projections used to estimate the contingent consideration would increase the liability by approximately \$45 million. A 5% decrease would decrease the liability by approximately \$36 million.

### Long-Term Investments

The Company holds investments in certain private equity investments, public companies and private companies that are accounted for using the equity method of accounting. The carrying value of these investments was \$439 million and \$287 million at June 30, 2019 and December 31, 2018, respectively.

#### Investments Accounted For Using the Equity Method of Accounting

##### Investments in Public and Private Companies

**Alexander Forbes:** The Company owns approximately 33% of the common stock of Alexander Forbes ("AF"), a South African company listed on the Johannesburg Stock Exchange, which it purchased in 2014 for 7.50 South African Rand per share. In the third quarter of 2018, the Company concluded the decline in value of the investment was other than temporary and recorded an impairment charge of \$83 million. As of June 30, 2019, the carrying value of the Company's investment in AF was approximately \$140 million. As of June 30, 2019, the market value of the approximately 443 million shares of AF owned by the Company, based on the June 30, 2019 closing share price of 5.79 South African Rand per share, was \$179 million.

The Company has other investments in private insurance and consulting companies with a carrying value of \$219 million and \$61 million at June 30, 2019 and December 31, 2018, respectively.

The Company's investment in Alexander Forbes and its other equity investments in insurance and consulting companies are accounted for using the equity method of accounting, the results of which are included in revenue in the consolidated statements of income and the carrying value of which is included in other assets in the consolidated balance sheets. The Company records its share of income or loss on its equity method investments, some of which on a one quarter lag basis.

##### Private Equity Investments

The Company's investments in private equity funds were \$79 million and \$82 million at June 30, 2019 and December 31, 2018, respectively. The carrying values of these private equity investments approximate fair value. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. The Company records in earnings its proportionate share of the change in fair value of the funds on the investment income line in the consolidated statements of income. These investments are included in other assets in the consolidated balance sheets. The Company recorded net investment income of \$5 million and \$7 million from these investments for the three and six month periods ended June 30, 2019, respectively, compared to net investment gains of \$2 million and \$9 million for the same periods in 2018.

## **Other Investments**

At June 30, 2019 and December 31, 2018, the Company held certain equity investments with readily determinable market values of \$18 million and \$146 million, respectively. The Company recorded investment gains on these investments of \$3 million and \$6 million in the three and six month periods ended June 30, 2019, respectively, and investment gains of \$26 million and \$19 million for the same periods in 2018. The Company also held investments without readily determinable market values of \$43 million and \$75 million at June 30, 2019 and December 31, 2018, respectively. In March 2019, the Company disposed of its investment in BenefitFocus for total proceeds of approximately \$132 million. The Company received \$115 million in the first quarter of 2019 and \$17 million in April 2019 as final settlement on the sale. During the second quarter of 2019, the Company disposed of its investment in Payscale and received proceeds of approximately \$47 million.

## **11. Derivatives**

On September 20, 2018, the Company entered into the FX Contract to purchase £5.2 billion at a contracted exchange rate, to hedge the risk of appreciation of the GBP-denominated purchase price of JLT, which was settled on April 1, 2019, upon the closing of the JLT Transaction. The FX Contract did not qualify for hedge accounting treatment under applicable accounting guidance, which required the Company to record the change in the fair value of the FX Contract on each reporting date to the statement of income. A loss of \$11 million was recorded in the second quarter of 2019 related to the settlement of the FX contract. The Company recorded a gain of \$31 million related to the FX Contract for the six month period ended June 30, 2019.

In connection with the JLT Transaction, to hedge the economic risk of changes in future interest rates prior to its issuance of fixed rate debt, in the fourth quarter of 2018 the Company entered into treasury lock contracts related to \$2 billion of senior notes issued in January 2019. The fair value at December 31, 2018 was based on the published treasury rate plus forward premium as of December 31, 2018 compared to the all in rate at the inception of the contract. The contracts were not designated as an accounting hedge. The Company recorded an unrealized loss of \$116 million related to the change in the fair value of this derivative in the consolidated statement of income for the full year ended December 31, 2018. In January 2019, upon issuance of the \$5 billion of senior notes, the Company settled the treasury lock derivatives and made a payment to its counter party for \$122 million. An additional charge of \$6 million was recorded in the first quarter of 2019 related to the settlement of the Treasury lock contracts.

In March 2019, the Company issued €1.1 billion of senior notes related to the JLT Transaction. See Note 14 for additional information related to the Euro senior note issuances. In connection with the senior note issuances, the Company entered into a forward exchange contract to hedge the economic risk of changes in foreign exchange rates from the issuance date to settlement date of the Euro senior notes. The Company recorded a charge of \$7.3 million in the first quarter of 2019, reflecting the settlement of this contract.

### **JLT Derivatives and Hedging Activity**

A significant portion of JLT's outstanding senior notes at the time of completion of the Transaction were denominated in U.S. dollars. In order to hedge its exposure against the risk of fluctuations between the GBP and the U.S. dollar, JLT entered into foreign exchange contracts and interest rate swaps, which were designated as fair value hedges. In June, 2019, the Company redeemed these U.S. dollar denominated senior notes and settled the related derivative contracts. The offsetting changes in fair value of the debt and the change in fair value of the derivative contracts were recorded in the consolidated statement of income for the three months ended June 30, 2019.

JLT also had a number of foreign exchange contracts to hedge the risk of foreign exchange movements between the U.S. dollar and the British pound, related to JLT's U.S. dollar denominated revenue in the U.K. Prior to the acquisition, these derivative contracts were designated as cash flow hedges. Upon completion of the JLT Transaction, these derivative contracts were not re-designated as cash flow hedges by the Company. The contracts were settled in June 2019. The change in fair value between the acquisition date and the settlement date resulted in a charge of \$26 million in the second quarter of 2019. The charge is recorded as a change in fair value of acquisition related derivative contracts in the consolidated statement of income.

### **Net Investment Hedge**

The Company has investments in various subsidiaries with Euro functional currencies. As a result, the Company is exposed to the risk of fluctuations between the Euro and U.S. dollar exchange rates. The Company designated its €1.1 billion senior note debt instruments ("euro notes") as a net investment hedge of its Euro denominated subsidiaries. The hedge will be re-assessed each quarter to confirm that the designated equity balance at the beginning of each period continues to equal or exceed 80% of the outstanding balance of the Euro debt instrument and that all the critical terms of the hedging instrument and the hedged net investment continue to match. If the C

company concludes that the hedge is highly effective, the change in the debt balance related to foreign exchange fluctuations will be recorded in accumulated other comprehensive income (loss) in the consolidated balance sheet. The U.S. dollar value of the euro notes decreased \$9 million at June 30, 2019 compared to March 31, 2019 due to the impact of foreign exchange rates. Since the Company concluded that the hedge was highly effective for the quarter ended June 30, 2019, the Company recorded an increase of \$9 million to cumulative translation adjustments for the six months ended June 30, 2019.

## 12. Leases

A lease is defined as a party obtaining the right to use an asset legally owned by another party. The Company determines if an arrangement is a lease at inception. For operating leases entered into prior to January 1, 2019, the ROU assets and operating lease liabilities are recognized in the balance sheet based on the present value of the remaining future minimum payments over the lease term from the implementation date of the standard, January 1, 2019. The ROU asset was adjusted for unamortized lease incentives and restructuring liabilities that were reported, prior to January 1, 2019, as other liabilities in the consolidated balance sheet. For leases entered into subsequent to January 1, 2019, the operating lease ROU asset and operating lease liabilities are based on the present value of minimum payments over the lease term at commencement date of the lease.

The Company uses discount rates to determine the present value of future lease payments. The Company primarily uses its incremental borrowing rate adjusted to reflect a secured rate, based on the information available for leases, including the lease term and interest rate environment in the country in which the lease exists. The lease terms used to calculate the ROU asset and lease liability may include options to extend or terminate when it is reasonably certain that the Company will exercise that option.

The Company leases office facilities under non-cancelable operating leases with terms generally ranging between 10 and 25 years. The Company utilizes these leased office facilities for use by its employees in countries in which the Company conducts its business. Leases are negotiated with third-parties and, in some instances contain renewal, expansion and termination options. The Company also subleases certain office facilities to third-parties when the Company no longer intends to utilize the space. None of the Company's leases restrict the payment of dividends or the incurrence of debt or additional lease obligations, or contain significant purchase options. In addition to the base rental costs, our lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. A portion of our real estate lease portfolio contains base rents subject to annual changes in the Consumer Price Index ("CPI") as well as charges for operating expenses which are reimbursable to the landlord based on actual usage. Changes to the CPI and payments for such reimbursable operating expenses are considered variable and are recognized as variable lease costs in the period in which the obligation for those payments was incurred.

As a practical expedient, the Company has elected an accounting policy not to separate non-lease components from lease components and instead, accounts for these components as a single lease component. The Company has made an accounting policy election not to recognize ROU assets and lease liabilities for leases that, at the commencement date, are for 12 months or less. Approximately 98% of the Company's lease obligations are for the use of office space. All of the Company's material leases are operating leases.

The following chart provides additional information about the Company's property leases:

For the Three and Six Months Ended June 30, 2019 (In millions)	Three Months Ended June 30,	Six Months Ended June 30,
Lease Cost:		
Operating lease cost	\$ 100	\$ 182
Short-term lease cost	2	3
Variable lease cost	39	76
Sublease income	(4)	(8)
Net lease cost	\$ 137	\$ 253
Other information:		
Operating cash outflows from operating leases	\$	187
Right of use assets obtained in exchange for new operating lease liabilities		67
Weighted-average remaining lease term – real estate		8.99 years
Weighted-average discount rate – real estate leases		3.08%

Future minimum lease payments for the Company's operating leases as of June 30, 2019 are as follows:

Payment Dates <i>(In millions)</i>	Real Estate Leases
Remainder of 2019	\$ 203
2020	387
2021	330
2022	308
2023	267
2024	222
Subsequent years	974
Total future lease payments	2,691
Less: Imputed interest	(363)
Total	\$ 2,328
Current lease liabilities	\$ 347
Long-term lease liabilities	1,981
Total lease liabilities	\$ 2,328

Note: Table excludes obligations for leases with original terms of 12 months or less which have not been recognized as a right to use asset or liability in the consolidated balance sheets.

As of June 30, 2019, the Company had additional operating real estate leases that had not yet commenced of \$38 million. These operating leases will commence over the next 12 months.

At December 31, 2018, the aggregate future minimum rental commitments under all non-cancelable operating lease agreements are as follows:

For the Year Ended December 31, <i>(In millions of dollars)</i>	Gross Rental Commitments	Rentals from Subleases	Net Rental Commitments
2019	\$ 361	\$ 32	\$ 329
2020	\$ 340	\$ 31	\$ 309
2021	\$ 277	\$ 12	\$ 265
2022	\$ 252	\$ 10	\$ 242
2023	\$ 214	\$ 9	\$ 205
Subsequent years	\$ 753	\$ 32	\$ 721

### 13. Retirement Benefits

The Company maintains qualified and non-qualified defined benefit pension plans for some of its U.S. and non-U.S. eligible employees. The Company's policy for funding its tax-qualified defined benefit pension plans is to contribute amounts at least sufficient to meet the funding requirements set forth in accordance with applicable law.

The target asset allocation for the Company's U.S. Plan was 64% equities and equity alternatives and 36% fixed income and at June 30, 2019 the actual allocation for the Company's U.S. Plan was 62% equities and equity alternatives and 38% fixed income. The target allocation for the U.K. Plans at June 30, 2019 was 34% equities and equity alternatives and 66% fixed income. At June 30, 2019, the actual allocation for the U.K. Plans was 36% equities and equity alternatives and 64% fixed income. The Company's U.K. Plans comprised approximately 81% of non-U.S. plan assets at December 31, 2018. The assets of the Company's defined benefit plans are diversified and are managed in accordance with applicable laws and with the goal of maximizing the plans' real return within acceptable risk parameters. The Company generally uses threshold-based portfolio re-balancing to ensure the actual portfolio remains consistent with target asset allocation ranges.

#### *JLT Defined Pension Plans*

As part of the JLT Transaction, the Company has assumed responsibility for a number of pension plans throughout the world, with \$234 million of net pension liabilities (approximately \$700 million of plan assets), the most significant of which is the Jardine Lloyd Thompson U.K. Pension Scheme ("JLT U.K. plan"). The JLT U.K. plan has a defined benefit section which was frozen to future accrual in 2006 and a defined contribution section. The assets of the scheme are held in a trustee administered fund separate from the Company.

The components of the net periodic benefit cost for defined benefit and other post-retirement plans are as follows:

<b>Combined U.S. and significant non-U.S. Plans</b>		Pension Benefits		Post-retirement Benefits	
For the Three Months Ended June 30,					
<i>(In millions)</i>		<b>2019</b>	2018	<b>2019</b>	2018
Service cost	\$	<b>10</b>	\$ 7	\$ —	\$ —
Interest cost		<b>121</b>	117	—	1
Expected return on plan assets		<b>(217)</b>	(218)	—	—
Amortization of prior service (credit) cost		—	(1)	—	(1)
Recognized actuarial loss		<b>26</b>	37	—	—
Net periodic benefit credit	\$	<b>(60)</b>	\$ (58)	\$ —	\$ —

<b>Combined U.S. and significant non-U.S. Plans</b>		Pension Benefits		Post-retirement Benefits	
For the Six Months Ended June 30,					
<i>(In millions)</i>		<b>2019</b>	2018	<b>2019</b>	2018
Service cost	\$	<b>18</b>	\$ 17	\$ —	\$ —
Interest cost		<b>240</b>	235	<b>1</b>	2
Expected return on plan assets		<b>(430)</b>	(439)	—	—
Amortization of prior service credit		—	(1)	<b>(1)</b>	(2)
Recognized actuarial loss		<b>52</b>	74	—	—
Net periodic benefit credit	\$	<b>(120)</b>	\$ (114)	\$ —	\$ —
Settlement loss		<b>4</b>	—	—	—
Total credit	\$	<b>(116)</b>	\$ (114)	\$ —	\$ —

#### Amounts Recorded in the Consolidated Statement of Income

<b>Combined U.S. and significant non-U.S. Plans</b>		Pension Benefits		Post-retirement Benefits	
For the Three Months Ended June 30,					
<i>(In millions)</i>		<b>2019</b>	2018	<b>2019</b>	2018
Compensation and benefits expense (Operating income)	\$	<b>10</b>	\$ 7	\$ —	\$ —
Other net benefit credits		<b>(70)</b>	(65)	—	—
Total credit	\$	<b>(60)</b>	\$ (58)	\$ —	\$ —

#### Amounts Recorded in the Consolidated Statement of Income

<b>Combined U.S. and significant non-U.S. Plans</b>		Pension Benefits		Post-retirement Benefits	
For the Six Months Ended June 30,					
<i>(In millions)</i>		<b>2019</b>	2018	<b>2019</b>	2018
Compensation and benefits expense (Operating income)	\$	<b>18</b>	\$ 17	\$ —	\$ —
Other net benefit credits		<b>(134)</b>	(131)	—	—
Total credit	\$	<b>(116)</b>	\$ (114)	\$ —	\$ —

<b>U.S. Plans only</b>		Pension Benefits		Post-retirement Benefits	
For the Three Months Ended June 30,					
<i>(In millions)</i>		<b>2019</b>	2018	<b>2019</b>	2018
Interest cost		<b>60</b>	59	—	1
Expected return on plan assets		<b>(85)</b>	(90)	—	—
Amortization of prior service credit		—	—	—	(1)
Recognized actuarial loss		<b>11</b>	14	—	—
Net periodic benefit credit	\$	<b>(14)</b>	\$ (17)	\$ —	\$ —

<b>U.S. Plans only</b>		Pension Benefits		Post-retirement Benefits	
For the Six Months Ended June 30,					
(In millions)		2019	2018	2019	2018
Interest cost		120	118	—	1
Expected return on plan assets		(171)	(179)	—	—
Amortization of prior service credit		—	—	—	(1)
Recognized actuarial loss		22	27	—	—
Net periodic benefit (credit) cost	\$	(29)	\$ (34)	\$ —	\$ —

<b>Significant non-U.S. Plans only</b>		Pension Benefits		Post-retirement Benefits	
For the Three Months Ended June 30,					
(In millions)		2019	2018	2019	2018
Service cost	\$	10	\$ 7	\$ —	\$ —
Interest cost		61	58	—	—
Expected return on plan assets		(132)	(128)	—	—
Amortization of prior service credit		—	(1)	—	—
Recognized actuarial loss		15	23	—	—
Net periodic benefit credit	\$	(46)	\$ (41)	\$ —	\$ —

<b>Significant non-U.S. Plans only</b>		Pension Benefits		Post-retirement Benefits	
For the Six Months Ended June 30,					
(In millions)		2019	2018	2019	2018
Service cost	\$	18	\$ 17	\$ —	\$ —
Interest cost		120	117	1	1
Expected return on plan assets		(259)	(260)	—	—
Amortization of prior service credit		—	(1)	(1)	(1)
Recognized actuarial loss		30	47	—	—
Net periodic benefit credit	\$	(91)	\$ (80)	\$ —	\$ —
Settlement loss		4	—	—	—
Total credit	\$	(87)	\$ (80)	\$ —	\$ —

The weighted average actuarial assumptions utilized to calculate the net periodic benefit costs for the U.S. and significant non-U.S. defined benefit plans are as follows:

<b>Combined U.S. and significant non-U.S. Plans</b>		Pension Benefits		Post-retirement Benefits	
June 30,		2019	2018	2019	2018
Weighted average assumptions:					
Expected return on plan assets		5.74%	5.83%	—	—
Discount Rate		3.48%	3.07%	3.65%	3.21%
Rate of compensation increase		1.74%	1.73%	—	—

The Company made approximately \$49 million of contributions to its U.S. and non-U.S. defined benefit pension plans for the six months ended June 30, 2019. The Company expects to contribute approximately \$62 million to its U.S. and non-U.S. defined benefit pension plans during the remainder of 2019.

#### Defined Contribution Plans

The Company maintains certain defined contribution plans ("DC Plans") for its employees, the most significant being in the U.S. and the U.K. The cost of the U.S. DC Plans was \$70 million and \$67 million for the six months ended June 30, 2019 and 2018, respectively. The cost of the U.K. DC Plans was \$46 million and \$42 million for the six months ended June 30, 2019 and 2018, respectively.

## 14. Debt

The Company's outstanding debt is as follows:

<i>(In millions)</i>	June 30, 2019	December 31, 2018
<b>Short-term:</b>		
Commercial paper	\$ 549	\$ —
Term loan facility	300	—
Current portion of long-term debt	814	314
	<b>1,663</b>	<b>314</b>
<b>Long-term:</b>		
Senior notes – 2.35% due 2019	300	300
Senior notes – 2.35% due 2020	499	499
Senior notes – 3.50% due 2020	697	—
Senior notes – 4.80% due 2021	499	499
Senior notes - Floating rate due 2021	298	—
Senior notes – 2.75% due 2022	498	497
Senior notes – 3.30% due 2023	348	348
Senior notes – 4.05% due 2023	249	249
Senior notes – 3.50% due 2024	597	597
Senior notes – 3.875% due 2024	993	—
Senior notes – 3.50% due 2025	497	496
Senior notes – 1.349% due 2026	618	—
Senior notes – 3.75% due 2026	597	596
Senior notes – 4.375% due 2029	1,499	—
Senior notes – 1.979% due 2030	617	—
Senior notes – 5.875% due 2033	298	297
Senior notes – 4.75% due 2039	494	—
Senior notes – 4.35% due 2047	492	492
Senior notes – 4.20% due 2048	592	592
Senior notes – 4.90% due 2049	1,236	—
Mortgage – 5.70% due 2035	351	358
Other	4	4
	<b>12,273</b>	<b>5,824</b>
Less current portion	<b>814</b>	<b>314</b>
	<b>\$ 11,459</b>	<b>\$ 5,510</b>

The senior notes in the table above are registered by the Company with the Securities and Exchange Commission and are not guaranteed.

The Company has established a short-term debt financing program of up to \$1.5 billion through the issuance of commercial paper. The proceeds from the issuance of commercial paper are used for general corporate purposes. The Company had \$549 million of commercial paper outstanding at June 30, 2019 at an effective interest rate of 2.67%.

On September 18, 2018, the Company entered into a bridge loan agreement to finance the JLT Transaction. The bridge loan agreement provided for commitments in the aggregate principal amount of £5.2 billion. In 2018, the Company paid approximately \$35 million of customary upfront fees related to the bridge loan at the inception of the loan commitment, of which \$30 million was amortized in 2018 and \$5 million in the first quarter of 2019 as interest expense based on the period of time the facility was expected to be in effect (including any loans outstanding). The Company terminated its bridge loan agreement on April 1, 2019.

In January 2019, the Company issued \$700 million of 3.50% Senior Notes due 2020, \$1 billion of 3.875% Senior Notes due 2024, \$1.25 billion of 4.375% Senior Notes due 2029, \$500 million of 4.75% Senior Notes due 2039, \$1.25 billion of 4.90% Senior Notes due 2049 and \$300 million of Floating Rate Senior Notes due 2021.



In March 2019, the Company issued €550 million of 1.349% Senior Notes due 2026 and €550 million of 1.979% Senior Notes due 2030. In addition, the Company issued an additional \$250 million of 4.375% Senior Notes due 2029, in March 2019. These notes constitute a further issuance of the 4.375% Senior Notes due 2029, of which \$1.25 billion aggregate principal amount was issued in January 2019 (see above). After giving effect to the issuance of the notes, the Company has \$1.5 billion aggregate principal amount of 4.375% Senior Notes due 2029. The Company used part of the net proceeds from these offerings, along with the \$5 billion of Senior Notes issued in January 2019 (discussed above) primarily to fund the acquisition of JLT, including the payment of related fees and expenses, and to repay certain JLT indebtedness, as well as for general corporate purposes.

In March 2019, the Company closed on \$300 million one-year and \$300 million three-year term loan facilities. The interest rate on these facilities is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. The facilities require the Company to maintain coverage ratios and leverage ratios consistent with the revolving credit facility discussed below. The Company had \$300 million of borrowings outstanding under the one -year term facility at June 30, 2019 at an average borrowing rate of 3.05%.

In connection with the closing of the JLT Transaction, the Company assumed approximately \$1 billion of historical JLT indebtedness. In April and June of 2019, the Company repaid approximately \$450 million and \$553 million, respectively, representing all of JLT's debt it acquired upon the closing of the Transaction. The Company incurred debt extinguishment costs of \$32 million due to the debt repayments.

In March 2018, the Company issued \$600 million of 4.20% senior notes due 2048. The Company used the net proceeds for general corporate purposes.

In October 2018, the Company and certain of its foreign subsidiaries increased its multi-currency five-year unsecured revolving credit facility from \$1.5 billion to \$1.8 billion. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility expires in October 2023 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at June 30, 2019.

#### *Fair Value of Short-term and Long-term Debt*

The estimated fair value of the Company's short-term and long-term debt 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 need to dispose of the financial instrument.

	June 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>(In millions)</i>				
Short-term debt	\$ 1,633	\$ 1,665	\$ 314	\$ 313
Long-term debt	\$ 11,459	\$ 12,231	\$ 5,510	\$ 5,437

The fair value of the Company's short-term debt consists primarily of commercial paper, borrowings from the term loan facility and term debt maturing within the next year and its fair value approximates its carrying value. The estimated fair value of a primary portion of the Company's long-term debt is based on discounted future cash flows using current interest rates available for debt with similar terms and remaining maturities. Short- and long-term debt would be classified as Level 2 in the fair value hierarchy.

## **15. Restructuring Costs**

During the second quarter of 2018, Marsh initiated a program to simplify the organization through reduced management layers and more common structures across regions and businesses to more closely align with its more formalized segmentation strategy across large risk management, middle market corporate, and small commercial & personal segments. These efforts are expected to create increased efficiencies and additional capacity for reinvestment in people and technology. The Company incurred severance and consulting costs of \$2 million and \$7 million for the three and six month periods ended June 30, 2019, respectively, related to this initiative.

During the fourth quarter of 2018, Mercer initiated a program to restructure its business to further optimize the way Mercer operates, setting up the Company for a more fluid and nimble structure and operating model for the future. The Company incurred restructuring severance and consulting costs of \$22 million and \$32 million for the three and six month periods, ended June 30, 2019, respectively, related to this initiative.

In addition to the changes discussed above, the Company incurred \$5 million of restructuring costs related to severance and future rent under non-cancelable leases, primarily in Corporate.

Details of the restructuring activity from January 1, 2018 through June 30, 2019, which includes liabilities from actions prior to 2019, are as follows:

(In millions)	Liability at 1/1/18	Amounts Accrued	Cash Paid	Other	Liability at 12/31/18	Amounts Accrued	Cash Paid	Other	Liability at 6/30/19
Severance	\$ 15	\$ 137	\$ (77)	\$ (2)	\$ 73	\$ 38	\$ (73)	\$ (1)	\$ 37
Future rent under non-cancelable leases and other costs	50	24	(37)	2	39	6	(9)	(1)	35
<b>Total</b>	<b>\$ 65</b>	<b>\$ 161</b>	<b>\$ (114)</b>	<b>\$ —</b>	<b>\$ 112</b>	<b>\$ 44</b>	<b>\$ (82)</b>	<b>\$ (2)</b>	<b>\$ 72</b>

The expenses associated with the above initiatives are included in compensation and benefits and other operating expenses in the consolidated statements of income. The liabilities associated with these initiatives are classified on the consolidated balance sheets as accounts payable and accrued liabilities, other liabilities or accrued compensation and employee benefits, depending on the nature of the items. These programs are substantially completed as of June 30, 2019.

#### *JLT Related Integration and Restructuring*

The Company has begun its integration and restructuring activities related to JLT. The process will involve combining the business practices and colocating colleagues in most geographies, rationalization of real estate leases around the world, realization of synergies and migration of legacy JLT systems onto MMC's information technology environment and security protocols. Costs will be recognized based on applicable accounting guidance which includes accounting for disposal or exit activities, guidance related to impairment of long lived assets (for right of use assets related to real estate leases), as well as other costs resulting from accelerated depreciation or amortization of leasehold improvements and other property and equipment. Based on its current estimates, the Company expects to incur costs of approximately \$375 million in connection with the integration and restructuring of the combined businesses, primarily related to severance, real estate rationalization and technology. The Company expects to incur approximately half of these costs in 2019, with the remaining costs incurred evenly over the next two years. These integration and restructuring plans are still developing, and these estimates may change as the Company completes its detailed plans for each business and location.

In connection with the JLT integration and restructuring, the Company incurred costs of \$98 million (RIS - \$75 million, Consulting - \$5 million, and Corporate - \$18 million) in the second quarter of 2019 and \$134 million (RIS - \$95 million, Consulting - \$5 million, and Corporate - \$34 million) during the six months ended June 30, 2019. The severance and related costs were included in compensation and benefits and the other costs were included in other operating expenses in the consolidated statement of income.

Details of the JLT integration and restructuring activity from January 1, 2019 through June 30, 2019, is as follows:

(In millions)	Liability at 1/1/19	Amounts Accrued	Cash Paid	Other	Liability at 6/30/19
Severance	\$ —	\$ 73	\$ (27)	\$ —	\$ 46
Real estate related costs	—	—	—	—	—
Consulting and other outside services	—	61	(33)	—	28
<b>Total</b>	<b>\$ —</b>	<b>\$ 134</b>	<b>\$ (60)</b>	<b>\$ —</b>	<b>\$ 74</b>

## **16. Common Stock**

During the first six months of 2019, the Company repurchased approximately 1.0 million shares of its common stock for consideration of \$100 million. In November 2016, the Board of Directors of the Company authorized the Company to repurchase up to \$2.5 billion in shares of the Company's common stock, which superseded any prior authorizations. As of June 30, 2019, the Company remained authorized to repurchase up to approximately \$766 million in shares of its common stock. There is no time limit on the authorization. During the first six months of 2018, the Company repurchased approximately 6.1 million shares of its common stock for consideration of \$500 million.

The Company issued approximately 3.8 million and 2.5 million shares related to stock compensation and employee stock purchase plans during the first six months of 2019 and 2018, respectively.

## **17. Claims, Lawsuits and Other Contingencies**

### ***Acquisition of Jardine Lloyd Thompson Group plc***

On April 1, 2019, the Company completed its previously announced acquisition of all of the outstanding shares of JLT. See Note 8 to the consolidated financial statements for additional information. By virtue of the acquisition of JLT, the Company assumed the legal liabilities and became responsible for JLT's litigation and regulatory exposures as of April 1, 2019.

### ***Litigation Matters***

The Company and its subsidiaries are subject to a significant number of claims, lawsuits and proceedings in the ordinary course of business. Such claims and lawsuits consist principally of alleged errors and omissions in connection with the performance of professional services, including the placement of insurance, the provision of actuarial services for corporate and public sector clients, the provision of investment advice and investment management services to pension plans, the provision of advice relating to pension buy-out transactions and the provision of consulting services relating to the drafting and interpretation of trust deeds and other documentation governing pension plans. These claims may seek damages, including punitive and treble damages, in amounts that could be significant. In establishing liabilities for errors and omissions claims in accordance with FASB guidance on Contingencies - Loss Contingencies, the Company uses case level reviews by inside and outside counsel, and internal actuarial analysis by Oliver Wyman Group, a subsidiary of the Company, and other methods to estimate potential losses. A liability is established when a loss is both probable and reasonably estimable. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable. To the extent that expected losses exceed our deductible in any policy year, the Company also records an asset for the amount that we expect to recover under any available third-party insurance programs. The Company has varying levels of third-party insurance coverage, with policy limits and coverage terms varying significantly by policy year.

### ***Governmental Inquiries and Enforcement Matters***

Our activities are regulated under the laws of the United States and its various states, the European Union and its member states, and the other jurisdictions in which the Company operates.

### ***Risk and Insurance Services Segment***

In April 2017, the Financial Conduct Authority in the United Kingdom (the "FCA") commenced a civil competition investigation into the aviation insurance and reinsurance sector. In connection with that investigation, the FCA carried out an on-site inspection at the London offices of Marsh Limited, our Marsh and Guy Carpenter operating subsidiary in the United Kingdom, and JLT Specialty Ltd., JLT's U.K. operating subsidiary. The FCA indicated that it had reasonable grounds for suspecting that Marsh Limited, JLT Specialty Ltd. and other participants in the market have been sharing competitively sensitive information within the aviation insurance and reinsurance broking sector.

In October 2017, the Company received a notice that the Directorate-General for Competition of the European Commission had commenced a civil investigation of a number of insurance brokers, including both Marsh and JLT, regarding "the exchange of commercially sensitive information between competitors in relation to aviation and aerospace insurance and reinsurance broking products and services in the European Economic Area ("EEA"), as well as possible coordination between competitors." In light of the action taken by the European Commission, the FCA informed Marsh Limited and JLT Specialty Ltd. that it had discontinued its investigation under U.K. competition law. In May 2018, the FCA advised that it would not be taking any further action with Marsh Limited or JLT Specialty Ltd. in connection with this matter.

In January 2019, the Company received a notice that the Administrative Council for Economic Defense anti-trust agency in Brazil had commenced an administrative proceeding against a number of insurance brokers, including both Marsh and JLT, and insurers "to investigate an alleged sharing of sensitive commercial and competitive confidential information" in the aviation insurance and reinsurance sector.

We are cooperating with these investigations and are conducting our own reviews. At this time, we are unable to predict their likely timing, outcome or ultimate impact. There can be no assurance that the ultimate resolution of these or any related matters will not have a material adverse effect on our consolidated results of operations, financial condition or cash flows.

In July 2017, the Directorate-General for Competition of the European Commission together with the Irish Competition and Consumer Protection Commission conducted on-site inspections at the offices of Marsh and other industry participants in Dublin in connection with an investigation regarding the "possible participation in

anticompetitive agreements and/or concerted practices contrary to [E.U. competition law] in the market for commercial motor insurance in the Republic of Ireland." In May 2019, the European Commission advised that it would not be taking any further action with respect to Marsh in connection with this matter.

#### *Consulting Segment*

In 2014, the FCA conducted a thematic review of the suitability of financial advice provided to individuals by a number of firms, including JLT's employee benefits business, relating to enhanced transfer value ("ETV") pension transfers. In January 2015, the FCA notified JLT it was commissioning a Skilled Person review of JLT's ETV advice. In February 2019, prior to the completion of the acquisition, JLT disclosed that it had booked a net charge of £38.4 million (or approximately \$49.2 million) arising from the Skilled Person report and ETV review, reflecting estimated net costs offset by potential insurance and indemnification recoveries. Pending the outcome of the FCA's review, and based on our review as of June 30, 2019, the Company has a gross liability of \$82.7 million recorded on its consolidated balance sheet for the estimated liabilities and costs arising from this matter. We expect this gross liability to be partially offset by insurance and indemnification claims under existing arrangements.

#### **Other Contingencies-Guarantees**

In connection with its acquisition of U.K.-based Sedgwick Group in 1998, the Company acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited ("River Thames"), which the Company sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters (the "ILU") by River Thames. The policies covered by this guarantee were reinsured up to £40 million by a related party of River Thames. Payment of claims under the reinsurance agreement is collateralized by segregated assets held in a trust. As of June 30, 2019, the reinsurance coverage exceeded the best estimate of the projected liability of the policies covered by the guarantee. To the extent River Thames or the reinsurer is unable to meet its obligations under those policies, a claimant may seek to recover from the Company under the guarantee.

From 1980 to 1983, the Company owned indirectly the English & American Insurance Company ("E&A"), which was a member of the ILU. The ILU required the Company to guarantee a portion of E&A's obligations. After E&A became insolvent in 1993, the ILU agreed to discharge the guarantee in exchange for the Company's agreement to post an evergreen letter of credit that is available to pay claims by policyholders on certain E&A policies issued through the ILU and incepting between July 3, 1980 and October 6, 1983. Certain claims have been paid under the letter of credit and the Company anticipates that additional claimants may seek to recover against the letter of credit.

\* \* \* \*

The pending proceedings described above and other matters not explicitly described in this Note 17 on Claims, Lawsuits and Other Contingencies may expose the Company or its subsidiaries to liability for significant monetary damages, fines, penalties or other forms of relief. Where a loss is both probable and reasonably estimable, the Company establishes liabilities in accordance with FASB guidance on Contingencies - Loss Contingencies. Except as described above, the Company is not able at this time to provide a reasonable estimate of the range of possible loss attributable to these matters or the impact they may have on the Company's consolidated results of operations, financial position or cash flows. This is primarily because these matters are still developing and involve complex issues subject to inherent uncertainty. Adverse determinations in one or more of these matters could have a material impact on the Company's consolidated results of operations, financial condition or cash flows in a future period.

## 18. Segment Information

The Company is organized based on the types of services provided. Under this structure, the Company's segments are:

- **Risk and Insurance Services**, comprising insurance services (Marsh) and reinsurance services (Guy Carpenter); and
- **Consulting**, comprising Mercer and Oliver Wyman Group.

The accounting policies of the segments are the same as those used for the consolidated financial statements described in Note 1 to the Company's 2018 Form 10-K. Segment performance is evaluated based on segment operating income, which includes directly related expenses, and charges or credits related to integration and restructuring but not the Company's corporate-level expenses. Revenues are attributed to geographic areas on the basis of where the services are performed.

Prior to being acquired by the Company, JLT operated in three segments: Specialty, Reinsurance and Employee Benefits. JLT operated in 41 countries, with significant revenue in the United Kingdom, Pacific, Asia and the United States. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty was included by geography within Marsh, JLT Reinsurance was included in Guy Carpenter and the majority of JLT's Employee Benefits business was included in Mercer Health and Wealth.

Selected information about the Company's operating segments for the three and six-month periods ended June 30, 2019 and 2018 are as follows:

(In millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	Revenue	Operating Income (Loss)		Revenue	Operating Income (Loss)	
<b>2019—</b>						
<b>Risk and Insurance Services</b>	\$ 2,574 <sup>(a)</sup>	\$ 517	\$ 4,997 <sup>(c)</sup>	\$ 1,250		
<b>Consulting</b>	1,800 <sup>(b)</sup>	278	3,473 <sup>(d)</sup>	557		
<b>Total Operating Segments</b>	<b>4,374</b>	<b>795</b>	<b>8,470</b>	<b>1,807</b>		
<b>Corporate/Eliminations</b>	<b>(25)</b>	<b>(115)</b>	<b>(50)</b>	<b>(189)</b>		
<b>Total Consolidated</b>	<b>\$ 4,349</b>	<b>\$ 680</b>	<b>\$ 8,420</b>	<b>\$ 1,618</b>		
<b>2018—</b>						
<b>Risk and Insurance Services</b>	\$ 2,096 <sup>(a)</sup>	\$ 472	\$ 4,440 <sup>(c)</sup>	\$ 1,188		
<b>Consulting</b>	1,650 <sup>(b)</sup>	267	3,318 <sup>(d)</sup>	514		
<b>Total Operating Segments</b>	<b>3,746</b>	<b>739</b>	<b>7,758</b>	<b>1,702</b>		
<b>Corporate/Eliminations</b>	<b>(12)</b>	<b>(48)</b>	<b>(24)</b>	<b>(103)</b>		
<b>Total Consolidated</b>	<b>\$ 3,734</b>	<b>\$ 691</b>	<b>\$ 7,734</b>	<b>\$ 1,599</b>		

<sup>(a)</sup> Includes inter-segment revenue of \$3 million in 2019, respectively, interest income on fiduciary funds of \$26 million and \$15 million in 2019 and 2018, respectively, and equity method income of \$4 million and \$7 million in 2019 and 2018, respectively.

<sup>(b)</sup> Includes inter-segment revenue of \$22 million and \$12 million in 2019 and 2018, respectively, interest income on fiduciary funds of \$1 million in 2019 and 2018, respectively, and equity method income of \$5 million in both 2019 and in 2018.

<sup>(c)</sup> Includes inter-segment revenue of \$4 million and \$1 million in 2019 and 2018, respectively, interest income on fiduciary funds of \$49 million and \$28 million in 2019 and 2018, respectively, and equity method income of \$6 million in both 2019 and 2018.

<sup>(d)</sup> Includes inter-segment revenue of \$46 million and \$23 million in 2019 and 2018, respectively, interest income on fiduciary funds of \$2 million in both 2019 and 2018, and equity method income of \$10 million and \$8 million in 2019 and in 2018, respectively.

Details of operating segment revenue for the three and six-month periods ended June 30, 2019 and 2018 are as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
(In millions)	2019	2018		2019	2018	
<b>Risk and Insurance Services</b>						
Marsh	\$ 2,174	\$ 1,760	\$	\$ 3,927	\$	3,463
Guy Carpenter	400	336		1,070		977
Total Risk and Insurance Services	2,574	2,096		4,997		4,440
<b>Consulting</b>						
Mercer	1,260	1,158		2,415		2,329
Oliver Wyman Group	540	492		1,058		989
Total Consulting	1,800	1,650		3,473		3,318
<b>Total Operating Segments</b>	<b>4,374</b>	<b>3,746</b>		<b>8,470</b>		<b>7,758</b>
<b>Corporate/Eliminations</b>	<b>(25)</b>	<b>(12)</b>		<b>(50)</b>		<b>(24)</b>
<b>Total</b>	<b>\$ 4,349</b>	<b>\$ 3,734</b>	<b>\$</b>	<b>\$ 8,420</b>	<b>\$</b>	<b>7,734</b>

## 19. New Accounting Guidance

### New Accounting Pronouncements Effective January 1, 2019:

**The following new accounting standard was adopted using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of January 1, 2019:**

#### Leases

In February 2016, the FASB issued new guidance intended to improve financial reporting for leases. Under the new guidance, a lessee is required to recognize assets and liabilities for leases. Consistent with legacy GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will depend on the classification of the lease as financing or operating. However, unlike legacy GAAP, which requires that only capital leases are recognized on the balance sheet, the new guidance requires that both operating and financing leases be recognized on the balance sheet. The Company adopted this new standard effective January 1, 2019, using a modified retrospective method, applying the new guidance as of the beginning of the year of adoption, with a cumulative effect of initially applying the guidance recognized as an adjustment to retained earnings at January 1, 2019. Therefore, prior period information has not been restated. The Company has elected the package of practical expedients, which among other things, allows us to carry forward our historical lease classifications. The Company did not elect the hindsight practical expedient in determining lease term and impairment of an entity's ROU assets. On January 1, 2019, the Company recognized a lease liability of \$1.9 billion and ROU asset of \$1.7 billion, related to real estate operating leases. The ROU asset also reflected reclassification adjustments primarily from other liabilities related to existing deferred rent, unamortized lease incentives and restructuring liabilities of \$0.2 billion upon adoption. There was no cumulative-effect adjustment required to be booked to retained earnings upon transition. The adoption of this standard did not have a material impact on our income statement as compared to prior periods.

**The following new accounting standards were adopted prospectively as of January 1, 2019:**

#### Derivatives and Hedging

In August 2017, the FASB issued new guidance intended to refine and expand hedge accounting for both financial and commodity risks. The guidance creates more transparency around how economic results are presenting in both the financial statements and the footnotes, as well as making targeted improvements to simplify the application of hedge accounting guidance. The Company adopted this guidance effective January 1, 2019. The adoption of this standard did not have an impact on the Company's financial position or results of operations.

#### Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued new guidance that allowed an entity to reclassify the stranded tax effects resulting from TCJA from accumulated other comprehensive income ("AOCI") to retained earnings. The guidance is effective for the period beginning January 1, 2019. The Company elected not to reclassify the stranded income tax

effects of the TCJA from AOCI to retained earnings. The adoption of this standard had no impact on the Company's financial position or results of operations. The Company's accounting policy related to releasing income tax effects from AOCI follows the portfolio approach.

#### **New Accounting Pronouncements Effective January 1, 2018:**

***The following new accounting standards were adopted using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of January 1, 2018:***

##### *Revenue Recognition*

In May 2014, the FASB issued new accounting guidance related to revenue from contracts with customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company adopted the new guidance effective January 1, 2018, using the modified retrospective method, which applies the new guidance beginning with the year of adoption, with the cumulative effect of initially applying the guidance recognized as an adjustment to retained earnings at January 1, 2018. The cumulative effect of adopting the standard, net of tax, on January 1, 2018 resulted in an increase to the opening balance of retained earnings of \$364 million, with offsetting increases/decreases to other balance sheet accounts, e.g. accounts receivable, other assets and deferred income taxes.

##### *Recognition and Measurement of Financial Instruments*

In January 2016, the FASB issued new guidance intended to improve the recognition and measurement of financial instruments. The new guidance requires investments in equity securities (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; and requires a reporting organization to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (also referred to as "own credit") when the organization has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The Company adopted the new accounting guidance effective January 1, 2018, recording a cumulative-effect adjustment increase to retained earnings as of the beginning of the period of adoption of \$14 million, reflecting the reclassification of cumulative unrealized gains, net of tax as of December 31, 2017 from accumulated other comprehensive income to retained earnings.

##### *Income Tax Consequences of Intra-Entity Transfers*

In October 2016, the FASB also issued new guidance which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new guidance eliminates the exception for an intra-entity transfer of an asset other than inventory. The new guidance is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The new guidance must be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company adopted the new guidance effective January 1, 2018, recording a cumulative-effect adjustment decrease to retained earnings of approximately \$14 million as of the beginning of the period of adoption.

#### **New Accounting Pronouncements Not Yet Adopted**

In August 2018, the FASB issued new guidance that amends required fair value measurement disclosures. The guidance adds new requirements, eliminates some current disclosures and modifies other required disclosures. The new disclosure requirements, along with modifications made to disclosures as a result of the change in requirements for narrative descriptions of measurement uncertainty, must be applied on a prospective basis. The effects of all other amendments included in the guidance must be applied retrospectively for all periods presented. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods therein. Early adoption is permitted. Adoption of this guidance will impact disclosures only and will not have an impact on the Company's financial position or results of operations.

In August 2018, the FASB issued new guidance that amends disclosures related to Defined Benefit Plans. The guidance removes disclosures that no longer are considered cost-beneficial, clarifies the specific requirements of certain disclosures, and adds disclosure requirements identified as relevant. The guidance must be applied on a

retrospective basis. The guidance is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. Adoption of this guidance will impact disclosures only and will not have an impact on the Company's financial position or results of operations.

In January 2017, the FASB issued new guidance to simplify the test for goodwill impairment. The new guidance eliminates the second step in the current two-step goodwill impairment process, under which a goodwill impairment loss is measured by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill for that reporting unit. The new guidance requires a one-step impairment test, in which the goodwill impairment charge is based on the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The guidance should be applied on a prospective basis with the nature of and reason for the change in accounting principle disclosed upon transition. The guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its financial position or results of operations.

In June 2016, the FASB issued new guidance on the impairment of financial instruments. The new guidance adds an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of lifetime expected credit losses, which the FASB believes will result in more timely recognition of such losses. The new standard is also intended to reduce the complexity of U.S. GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments. Further, the new standard makes targeted changes to the impairment model for available-for-sale debt securities. The new standard is effective for public companies for annual reporting periods beginning after December 15, 2019, and interim periods therein. The Company is currently evaluating the impact of this standard, but does not expect the adoption of this standard will have a material impact on its financial position or results of operations.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### General

Marsh & McLennan Companies, Inc. and its consolidated subsidiaries (the "Company") is a global professional services firm offering clients advice and solutions in risk, strategy and people. Its businesses include: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and Investment related financial advice and services; and Oliver Wyman, the management, economic and brand consultancy.

The Company operates through two segments:

- **Risk and Insurance Services** includes risk management activities (risk advice, risk transfer and risk control and mitigation solutions) as well as insurance and reinsurance broking and services. The Company conducts business in this segment through Marsh and Guy Carpenter.
- **Consulting** includes wealth, health and career consulting services and products, and specialized management, economic and brand consulting services. The Company conducts business in this segment through Mercer and Oliver Wyman.

A reconciliation of segment operating income to total operating income is included in Note 18 to the consolidated financial statements included in Part I Item 1 in this report. The accounting policies used for each segment are the same as those used for the consolidated financial statements.

### Acquisition of JLT

On April 1, 2019, the Company completed its previously announced acquisition (the "Transaction") of all of the outstanding shares of Jardine Lloyd Thompson Group plc ("JLT"), a public company organized under the laws of England and Wales. Under the terms of the Transaction, JLT shareholders received £19.15 in cash for each JLT share, which values JLT's existing issued and to be issued share capital at approximately £4.3 billion (or approximately \$5.6 billion based on an exchange rate of U.S. \$1.31:£1).

JLT's results of operations for the three months ended June 30, 2019 are included in the Company's results of operation for the second quarter. Prior periods in 2018 do not reflect JLT's results of operations and therefore may affect comparability. Prior to being acquired by the Company, JLT operated in three segments: Specialty, Reinsurance and Employee Benefits. JLT operated in 41 countries, with significant revenue in the United Kingdom, Pacific, Asia and the United States. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty was included by geography within Marsh, JLT Reinsurance was included in Guy Carpenter and the majority of JLT's Employee Benefits business was included in Mercer Health and Wealth.

By virtue of the acquisition of JLT, the Company assumed the legal liabilities and became responsible for JLT's litigation and regulatory exposures as of April 1, 2019. Please see the "Risk Factors" section of our most recently filed Annual Report on Form 10-K for risks associated with the acquisition.

The Company's results for the three months and six months ended June 30, 2019 were impacted by JLT related acquisition, restructuring and integration costs as well as legacy MMC restructuring programs as discussed in Note 15 to the consolidated financial statements.

.Acquisitions and dispositions impacting the Risk and Insurance Services and Consulting segments are discussed in Note 8 to the consolidated financial statements.

This Management's Discussion & Analysis ("MD&A") contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See "Information Concerning Forward-Looking Statements" at the outset of this report.

## Consolidated Results of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share figures)	2019	2018	2019	2018
<b>Revenue</b>	<b>\$ 4,349</b>	<b>\$ 3,734</b>	<b>\$ 8,420</b>	<b>\$ 7,734</b>
<b>Expense:</b>				
Compensation and Benefits	2,537	2,135	4,819	4,359
Other Operating Expenses	1,132	908	1,983	1,776
Operating Expenses	3,669	3,043	6,802	6,135
<b>Operating Income</b>	<b>680</b>	<b>691</b>	<b>1,618</b>	<b>1,599</b>
<b>Net Income Before Non-Controlling Interests</b>	<b>344</b>	<b>536</b>	<b>1,071</b>	<b>1,232</b>
<b>Income Before Income Taxes</b>	<b>550</b>	<b>719</b>	<b>1,494</b>	<b>1,635</b>
<b>Net Income Attributable to the Company</b>	<b>\$ 332</b>	<b>\$ 531</b>	<b>\$ 1,048</b>	<b>\$ 1,221</b>
<b>Net Income Per Share Attributable to the Company:</b>				
Basic	\$ 0.66	\$ 1.05	\$ 2.07	\$ 2.41
Diluted	\$ 0.65	\$ 1.04	\$ 2.05	\$ 2.38
<b>Average Number of Shares Outstanding:</b>				
Basic	507	507	506	507
Diluted	512	512	511	513
<b>Shares Outstanding at June 30,</b>	<b>507</b>	<b>505</b>	<b>507</b>	<b>505</b>

The Company's results of operations and earning per share for the three- and six- month periods include costs associated with the JLT acquisition including costs to complete the transaction, integration and restructuring activities and MMC restructuring activities. These costs are reflected as part of net operating income. In addition, other costs related to the JLT Transaction include costs related to derivative contracts, used to hedge the economic exposures related both to the JLT purchase price and debt issuances, unwinding of certain pre-existing JLT hedge transactions, as well as debt extinguishment costs related to refinancing pre-existing JLT private placement debt. These costs are summarized below:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2019	2018	2019	2018
Restructuring costs (non-JLT)	\$ 26	\$ 58	\$ 44	\$ 64
JLT integration and restructuring costs	98	—	134	—
JLT acquisition related costs	82	—	93	—
Impact on operating income	206	58	271	64
JLT related derivatives	37	—	8	—
Early extinguishment of debt	32	—	32	—
Impact on income before taxes	\$ 275	\$ 58	\$ 311	\$ 64

Operating income in the second quarter of 2019 decreased 2% to \$680 million. Improvement in the Company's ongoing operating results, both legacy and from the inclusion of JLT's results in the second quarter, was more than offset by the year-over-year increase in integration and restructuring costs, as well as JLT acquisition related costs including professional advisory services and U.K. stamp duty.

Income before income taxes decreased to \$550 million in the second quarter of 2019, compared with \$719 million in the second quarter of 2018. The decrease results from the decline in operating income discussed above, debt extinguishment costs and derivative contract costs shown in the chart above. In addition, year-over-year interest expense increased \$73 million, primarily related to new debt issued to finance the JLT transaction.

Diluted earnings per share decreased from \$1.04 in the second quarter of 2018 to \$.65 in 2019, due to lower income before taxes, discussed above, as well as a higher effective tax rate in 2019. A number of the costs related

to the JLT acquisition are not deductible for tax purposes, which had the effect of increasing the Company's 26% effective tax rate on its ongoing operations.

Operating income for the six months ended June 30, 2019 increased 1%, to \$1.6 billion. Increases in underlying operating income of the Company's businesses were mostly offset by the integration, restructuring and acquisition related costs discussed above. Income before income taxes for the six months ended June 30, 2019 decreased to \$1.5 billion compared with \$1.6 billion in the prior year. The increase in operating income noted above was more than offset by a \$132 million increase in interest expense, resulting from new debt issued to finance the JLT Transaction. The increase in interest expense was partly offset by a \$25 million increase in interest income from the investment of the proceeds of the debt issuances prior to closing the JLT Transaction in April 2019.

Diluted earnings per share decreased to \$2.05 for the six month period ended June 30, 2019, from \$2.38 in the prior year, as a result of the factors discussed above, and a slightly higher effective tax rate in 2019 due to the non-deductible costs related to the JLT Transaction.

#### *JLT Integration and Restructuring Costs*

The Company has begun its integration and restructuring activities related to JLT. The process will involve combining the business practices and collocating colleagues in most geographies, rationalization of real estate leases around the world, realization of synergies and migration of legacy JLT systems onto MMC's information technology environment and implementing security protocols. Costs will be recognized based on applicable accounting guidance which includes accounting for disposal or exit activities, guidance related to impairment of long lived assets (for right of use assets related to real estate leases), as well as other costs resulting from accelerated depreciation or amortization of leasehold improvements and other property and equipment. Based on its current estimates the Company expects to incur costs of approximately \$375 million in connection with the integration and restructuring of the combined companies businesses, primarily related to severance, real estate rationalization and technology. The Company expects to incur approximately half of these costs in 2019, with the remaining costs incurred evenly over the next two years. These integration and restructuring plans are still developing, and these estimates may change as the Company completes its detailed plans for each business and location. Based on assumptions at June 30, 2019, the Company expects annualized cost savings of approximately \$250 million. We expect to realize \$75 million in 2019, \$175 million in 2020 and the full \$250 million in 2021 of these expected costs savings. Costs of approximately \$98 million and \$134 million were incurred in the three and six month periods ended June 30, 2019, related to the JLT integration and restructuring.

#### **Consolidated Revenue and Expense**

##### *Revenue - Components of Change*

The Company conducts business in more than 130 countries. As a result, foreign exchange rate movements may impact period-to period comparisons of revenue. Similarly, certain other items such as the revenue impact of acquisitions and dispositions, including transfers among businesses may impact period-to-period comparisons of revenue. Underlying revenue measures the change in revenue from one period to the next by isolating these impacts.

The calculation of underlying revenue growth for the three and six months ended June 30, 2019 includes the results of JLT. Combined prior year revenue information for MMC and JLT for the three and six months ended June 30, 2018 are presented below. The unaudited 2018 JLT revenue amounts reflect historical JLT revenue information following IFRS, adjusted to conform with U.S. GAAP and MMC's specific accounting policies, primarily related to development of constraints and subsequent release of those constraints related to the reinsurance business. The decrease in revenue due to the disposal of the Aerospace business is reflected in the acquisitions/dispositions column beginning in June 2019. See the reconciliation of non-GAAP measures on page 52. All other acquisitions/dispositions activity is included in the acquisitions/dispositions column. The impact of foreign currency exchange fluctuations, acquisitions and dispositions, including transfers among businesses, on the Company's operating revenues by segment was as follows:

	Three Months Ended June 30,		% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*		
(In millions)	2019	2018				Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Risk and Insurance Services								
Marsh	\$ 2,156	\$ 1,749	23%	\$ 2,102	3 %	(3)%	2%	4 %
Guy Carpenter	392	332	18%	406	(4)%	(1)%	—	(3)%
Subtotal	2,548	2,081	22%	2,508	2 %	(2)%	2%	2 %
Fiduciary Interest Income	26	15		18				
Total Risk and Insurance Services	2,574	2,096	23%	2,526	2 %	(3)%	2%	3 %
Consulting								
Mercer	1,260	1,158	9%	1,245	1 %	(3)%	2%	2 %
Oliver Wyman	540	492	10%	492	10 %	(3)%	—	13 %
Total Consulting	1,800	1,650	9%	1,737	4 %	(3)%	1%	5 %
Corporate/Eliminations	(25)	(12)		(12)				
Total Revenue	\$ 4,349	\$ 3,734	16%	\$ 4,251	2 %	(3)%	2%	4 %

	Three Months Ended June 30,		% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*		
(In millions)	2019	2018				Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Marsh:								
EMEA	\$ 652	\$ 526	24%	\$ 678	(4)%	(4)%	—	—
Asia Pacific	291	183	59%	293	(1)%	(5)%	(3)%	7%
Latin America	116	99	17%	135	(14)%	(10)%	(8)%	4%
Total International	1,059	808	31%	1,106	(4)%	(5)%	(1)%	2%
U.S./Canada	1,097	941	16%	996	10 %	—	5 %	5%
Total Marsh	\$ 2,156	\$ 1,749	23%	\$ 2,102	3 %	(3)%	2 %	4%
Mercer:								
Wealth	613	552	11%	619	(1)%	(4)%	3 %	—
Health	458	429	6%	448	2 %	(1)%	—	4%
Career	189	177	7%	178	7 %	(3)%	4 %	6%
Total Mercer	\$ 1,260	\$ 1,158	9%	\$ 1,245	1 %	(3)%	2 %	2%

\* Components of revenue change may not add due to rounding.

	Six Months Ended June 30,		% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*		
(In millions)	2019	2018				Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Risk and Insurance Services								
Marsh	\$ 3,893	\$ 3,443	13%	\$ 3,795	3 %	(3)%	2%	4%
Guy Carpenter	1,055	969	9%	1,044	1 %	(1)%	—	2%
Subtotal	4,948	4,412	12%	4,839	2 %	(3)%	1%	4%
Fiduciary Interest Income	49	28		31				
Total Risk and Insurance Services	4,997	4,440	13%	4,870	3 %	(3)%	1%	4%
Consulting								
Mercer	2,415	2,329	4%	2,416	—	(3)%	2%	1%
Oliver Wyman	1,058	989	7%	989	7 %	(3)%	—	10%
Total Consulting	3,473	3,318	5%	3,405	2 %	(3)%	2%	4%
Corporate/Eliminations	(50)	(24)		(24)				
Total Revenue	\$ 8,420	\$ 7,734	9%	\$ 8,251	2 %	(3)%	1%	4%

	Six Months Ended June 30,		% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*		
(In millions)	2019	2018				Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Marsh:								
EMEA	\$ 1,285	\$ 1,169	10%	\$ 1,321	(3)%	(5)%	1 %	2 %
Asia Pacific	456	347	31%	457	—	(4)%	(3)%	7 %
Latin America	194	183	6%	218	(11)%	(11)%	(6)%	6 %
Total International	1,935	1,699	14%	1,996	(3)%	(6)%	(1)%	3 %
U.S./Canada	1,958	1,744	12%	1,799	9 %	—	4 %	5 %
Total Marsh	\$ 3,893	\$ 3,443	13%	\$ 3,795	3 %	(3)%	2 %	4 %
Mercer:								
Wealth	1,156	1,117	4%	1,184	(2)%	(5)%	3 %	(1)%
Health	900	871	3%	890	1 %	(2)%	—	3 %
Career	359	341	5%	342	5 %	(3)%	4 %	4 %
Total Mercer	\$ 2,415	\$ 2,329	4%	\$ 2,416	—	(3)%	2 %	1 %

\* Components of revenue change may not add due to rounding.

#### Revenue

Consolidated revenue for the second quarter of 2019 was \$4.3 billion, an increase of 16% on a reported basis. This reflects increases of 4% on an underlying basis and 2% from acquisitions partly offset by a 3% decrease from the impact of foreign currency translation, when compared with 2018 including JLT.

Revenue in the Risk and Insurance Services segment for the second quarter of 2019 was \$2.6 billion, an increase of 23% from the same quarter of the prior year. This reflects increases of 3% on an underlying basis and 2% from acquisitions partly offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018 including JLT. Consulting revenue of \$1.8 billion in the second quarter of 2019 increased 9%. Revenue increased 5% on an underlying basis and 1% from the impact of acquisitions. This was partly offset by a decrease of 3% from the impact of foreign currency translation.

For the first six months of 2019, consolidated revenue increased 9%. This reflects increases of 4% on an underlying basis and 1% from other acquisitions, partly offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018 including JLT. Risk and Insurance Services revenue increased 13% from the same period in 2018. This reflects increases of 4% on an underlying basis and 1% from acquisitions partly offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018 including JLT.

Consulting revenue increased 5% compared with the six-month period last year. Revenue increased 4% on an underlying basis, 2% from acquisitions, offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018 including JLT.

#### Operating Expense

The Company has incurred approximately \$180 million and \$227 million of operating expenses for the three and six month periods ended June 30, 2019, respectively, related to the JLT acquisition, integration and restructuring as discussed in more detail in Notes 8 and 15 of the consolidated financial statements.

Consolidated operating expense in the second quarter increased 21% compared with the same period last year. Expenses increased 6% on an underlying basis and 3% from the impact of other acquisitions partly offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018 including JLT. The increase in underlying expenses is primarily due to higher acquisition, integration and restructuring charges related to the JLT Transaction and higher acquired intangible amortization expense and incentive compensation.

Expenses for the first six months of 2019 increased 11% compared to the same period in 2018, reflecting increases of 4% on an underlying basis and 3% from other acquisitions partly offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018 including JLT. The increase in underlying expenses is due primarily to the items discussed in the previous paragraph.

#### Risk and Insurance Services

The results of operations for the Risk and Insurance Services segment are presented below:

For the Three and Six Months Ended June 30,	Three Months			Six Months	
(In millions)	2019	2018		2019	2018
<b>Revenue</b>	<b>\$ 2,574</b>	<b>\$ 2,096</b>	<b>\$</b>	<b>4,997</b>	<b>\$ 4,440</b>
Compensation and Benefits	1,418	1,145		2,639	2,313
Other Operating Expenses	639	479		1,108	939
<b>Expense</b>	<b>2,057</b>	<b>1,624</b>		<b>3,747</b>	<b>3,252</b>
<b>Operating Income</b>	<b>\$ 517</b>	<b>\$ 472</b>	<b>\$</b>	<b>1,250</b>	<b>\$ 1,188</b>
<b>Operating Income Margin</b>	<b>20.1%</b>	<b>22.5%</b>		<b>25.0%</b>	<b>26.8%</b>

#### Revenue

Revenue in the Risk and Insurance Services segment in the second quarter of 2019 was \$2.6 billion, an increase of 23% as compared to the same period last year. This reflects a 3% increase in underlying revenue and a 2% increase from acquisitions partly offset by a 3% decrease related to the impact of foreign currency translation when compared with 2018 including JLT.

In Marsh, revenue in the second quarter of 2019 was \$2.2 billion, an increase of 23% as compared to the same period last year. This reflects an increase in underlying revenue of 4% and a 2% increase from acquisitions, partly offset by a 3% decrease related to the impact of foreign currency translation when compared with 2018 including JLT. In U.S./Canada, underlying revenue increased 5% compared to prior year. Revenue in International operations grew 2% on an underlying basis, with growth of 4% in Latin America and 7% in Asia Pacific, while EMEA was flat. Guy Carpenter's second quarter revenue increased 18% as compared to the same period last year. When compared to 2018 revenue including JLT, Guy Carpenter decreased 4% reflecting decreases of 3% on an underlying basis and 1% related to the impact of foreign currency translation.

Revenue in the Risk and Insurance Services segment increased 13% for the first six months of 2019 compared with 2018, or 3% compared to 2018 results including JLT. This reflects increases of 4% on an underlying basis and 1% from acquisitions, partly offset by a 3% decrease from the impact of foreign currency when compared with 2018 including JLT. In Marsh, underlying revenue increased 5% in U.S./Canada. The international division increased 3% on an underlying basis, reflecting increases of 7% in Asia Pacific, 6% in Latin America and 2% in EMEA. Guy Carpenter's revenue in the first six months of 2019 increased 9%, reflecting a 2% increase on an underlying basis

partly offset by a 1% decrease related to the impact of foreign currency translation when compared with 2018 including JLT.

#### Expense

Expenses in the Risk and Insurance Services segment increased 27%, in the second quarter of 2019 compared with the same period last year. This reflects increases of 4% in underlying expenses and 4% from acquisitions, partly offset by a decrease of 4% from the impact of foreign currency translation when compared with 2018 including JLT.

During the second quarter of 2019, the increase in underlying expense reflects the impact of acquisition, restructuring and integration related costs of \$116 million, primarily due to severance, U.K. stamp duty and legal fees related to the JLT Transaction and higher acquired intangible amortization expense, base salaries and incentive compensation.

Expenses for the first six month period of 2019 increased 15% compared to the prior year. This reflects increases of 4% in both underlying expenses and acquisitions, partly offset by a decrease of 4% from the impact of foreign currency translation when compared with 2018 including JLT. The underlying expense increase is primarily due to the items discussed in the previous paragraph, including JLT related acquisition, integration and restructuring costs of \$141 million.

#### Consulting

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

For the Three and Six Months Ended June 30,	Three Months			Six Months		
(In millions)	2019		2018	2019		2018
<b>Revenue</b>	<b>\$ 1,800</b>	<b>\$</b>	<b>1,650</b>	<b>\$ 3,473</b>	<b>\$</b>	<b>3,318</b>
Compensation and Benefits	1,009		902	1,965		1,858
Other Operating Expenses	513		481	951		946
<b>Expense</b>	<b>1,522</b>		<b>1,383</b>	<b>2,916</b>		<b>2,804</b>
<b>Operating Income</b>	<b>\$ 278</b>	<b>\$</b>	<b>267</b>	<b>\$ 557</b>	<b>\$</b>	<b>514</b>
<b>Operating Income Margin</b>	<b>15.5%</b>		<b>16.2%</b>	<b>16.1%</b>		<b>15.5%</b>

#### Revenue

Revenue in the Consulting segment in the second quarter of 2019 was \$1.8 billion, an increase of 9% compared to the same period last year. This reflects a 5% increase in underlying revenue and a 1% increase from other acquisitions, partly offset by a 3% decrease from the impact of foreign currency translation when compared with 2018 including JLT.

Mercer's revenue of approximately \$1.3 billion increased 9% compared to the same period last year. This reflects increases of 2% on both an underlying basis and acquisitions, partly offset by a 3% decrease from the impact of foreign currency translation when compared with 2018 including JLT. On an underlying basis, revenue in Health increased 4%, Career increased 6%, and Wealth was flat. Oliver Wyman's revenue increased 10% to \$540 million, reflecting an increase of 13% on an underlying basis partly offset by a 3% decrease from the impact of foreign currency translation.

Consulting revenue in the first six months of 2019 increased 5%. Underlying revenue increased 4% with underlying growth of 1% at Mercer and 10% at Oliver Wyman when compared with 2018 including JLT.

#### Expense

Consulting expenses in the second quarter of 2019 increased 10% as compared to the second quarter of 2018. This reflects an underlying expense increase of 5% and a 2% increase from other acquisitions, partly offset by a 3% decrease from the impact of foreign currency translation when compared with 2018 including JLT. The increase in underlying expenses is primarily due to higher incentive compensation and higher restructuring related costs.

Consulting expenses in the first six months of 2019 increased 4% as compared to the same period of 2018. Underlying expenses for the first six months of 2019 increased 3% as compared to 2018, primarily due to the items discussed in the previous paragraph when compared with 2018 including JLT.

#### Corporate and Other

Corporate expenses were \$115 million and \$48 million for the second quarter of 2019 and 2018, respectively, and \$189 million and \$103 million for the six months periods ended June 30, 2019 and 2018, respectively. The

increases are primarily due to the JLT acquisition, integration and restructuring costs of \$59 million and \$81 million for the three and six month periods ended June 30, 2019, respectively, related to advisory, legal and consulting costs.

## **Interest**

Interest income earned on corporate funds was \$2 million in the second quarter of 2019 as compared to \$3 million in the same period last year. Interest income for the six months ended June 30, 2019 was \$30 million compared to interest income of \$6 million in the same period of 2018. During the first quarter of 2019, the Company issued approximately \$6.5 billion of senior notes related to the JLT acquisition. The funds were held in escrow and released for payment in April when the acquisition was completed. The increase in interest income from the prior year is due to interest earned on these funds.

Interest expense increased \$73 million in the second quarter of 2019 compared with the second quarter of 2018, and increased \$132 million for the six months of 2019 compared with the same period last year, primarily due to new debt issuances related to the JLT acquisition.

## **Investment Income**

The caption "Investment income" in the consolidated statements of income comprises realized and unrealized gains and losses from investments. It includes, when applicable, other-than-temporary declines in the value of securities, mark-to-market increases/decreases in equity investments with readily determinable fair values and equity method gains or losses on its investments in private equity funds. The Company's investments may include direct investments in insurance, consulting or other strategically linked companies and investments in private equity funds.

The Company recorded net investment income of \$8 million and \$13 million for the three and six month periods ended June 30, 2019, compared to net investment gains of \$28 million for both periods in 2018. The three and six month periods ending June 30, 2019 includes gains of \$3 million and \$6 million related to mark-to-market changes in equity securities and gains of \$5 million and \$7 million related to investments in private equity funds and other investments. The three and six month periods ending June 30, 2018 include gains of \$26 million and \$19 million related to mark-to-market changes in equity securities and \$2 million and \$9 million related to investments in private equity funds and other investments.

## **Income Taxes**

The Company's effective tax rate in the second quarter of 2019 was 37.4% compared with 25.6% in the second quarter of 2018. The effective tax rates for the first six months of 2019 and 2018 were 28.2% and 24.7%. The rate in the second quarter of 2019 reflects discrete adjustments related to the JLT acquisition, including tax on the disposition of JLT's aerospace business and nondeductible expenses incurred in connection with the Transaction. Both periods reflect the impact of other discrete tax matters such as excess tax benefits related to share-based compensation, tax legislation, changes in uncertain tax positions, deferred tax adjustments and nontaxable adjustments to contingent acquisition consideration.

The Company's tax rate reflects its income, statutory tax rates and tax planning in the various jurisdictions in which it operates. Significant judgment is required in determining the annual effective tax rate and in evaluating uncertain tax positions.

Losses in one jurisdiction, generally, cannot offset earnings in another, and within certain jurisdictions profits and losses may not offset between entities. Consequently, losses in certain jurisdictions may require valuation allowances affecting the effective tax rate, depending on estimates of the realizability of associated deferred tax assets. The tax rate is also sensitive to changes in unrecognized tax benefits, including the impact of settled tax audits and expired statutes of limitation.

Changes in tax laws or tax rulings may have a significant impact on our effective tax rate. The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in tax returns. The Company's gross unrecognized tax benefits decreased from \$78 million at December 31, 2018 to \$74 million at June 30, 2019 due to settlements of audits and expirations of statutes of limitation partially offset by current accruals. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between zero and approximately \$10 million within the next twelve months due to settlements of audits and expirations of statutes of limitation.

The Company's accounting policy related to releasing income tax effects from Accumulated Other Comprehensive Income ("AOCI") follows the portfolio approach.



## **Liquidity and Capital Resources**

The Company is organized as a legal entity separate and distinct from its operating subsidiaries. As the Company does not have significant operations of its own, the Company is dependent upon dividends and other payments from its operating subsidiaries to pay principal and interest on its outstanding debt obligations, pay dividends to stockholders, repurchase its shares and pay corporate expenses. The Company can also provide financial support to its operating subsidiaries for acquisitions, investments and certain parts of their business that require liquidity, such as the capital markets business of Guy Carpenter. Other sources of liquidity include borrowing facilities discussed below in financing cash flows.

The Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside of the United States. Funds from those operating subsidiaries are regularly repatriated to the United States out of annual earnings. At June 30, 2019, the Company had approximately \$1.1 billion of cash and cash equivalents in its foreign operations, which includes \$173 million of operating funds required to be maintained for regulatory requirements or as collateral under certain captive insurance arrangements. The Company expects to continue its practice of repatriating available funds from its non-U.S. operating subsidiaries out of current annual earnings. Where appropriate, a portion of the current year earnings will continue to be permanently reinvested. With respect to repatriating 2018 and prior earnings, the Company has evaluated such factors as its short- and long-term capital needs, acquisition and borrowing strategies, and the availability of cash for repatriation for each of its subsidiaries. The Company has determined that, in general, its permanent reinvestment assertions, in light of the enactment of the Tax Cuts and Jobs Act, should allow the Company to repatriate previously taxed earnings from the deemed repatriations as cash becomes available.

During the first six months of 2019, the Company recorded foreign currency translation adjustments which increased net equity by \$109 million. Strengthening of the U.S. dollar against foreign currencies would reduce the translated U.S. dollar value of the Company's net investments in its non-U.S. subsidiaries, as well as the translated U.S. dollar value of cash repatriations from those subsidiaries.

Cash on our consolidated balance sheets includes funds available for general corporate purposes. Funds held on behalf of clients in a fiduciary capacity are segregated and shown separately in the consolidated balance sheets as an offset to fiduciary liabilities. Fiduciary funds cannot be used for general corporate purposes, and should not be considered as a source of liquidity for the Company.

### **Operating Cash Flows**

The Company generated \$241 million of cash from operations for the six month period ended June 30, 2019, compared to \$413 million generated by operations in the first six months of 2018. These amounts reflect the net income of the Company during those periods, excluding gains or losses from investments, adjusted for non-cash charges and changes in working capital which relate primarily to the timing of payments of accrued liabilities and pension plan contributions or receipts of assets.

### **Pension Related Items**

#### *Contributions*

The Company's policy for funding its tax-qualified defined benefit plans is to contribute amounts at least sufficient to meet the funding requirements set forth in accordance with applicable law. During the first six months of 2019, the Company contributed \$33 million to its non-U.S. defined benefit pension plans and \$16 million to its U.S. defined benefit pension plans. In the first six months of 2018, the Company contributed \$41 million to its non-U.S. defined benefit pension plans and \$14 million to its U.S. defined benefit pension plans.

In the United States, contributions to the tax-qualified defined benefit plans are based on ERISA guidelines and the Company generally expects to maintain a funded status of 80% or more of the liability determined under the ERISA guidelines.

Outside the United States, the Company has a large number of non-U.S. defined benefit pension plans, the largest of which are in the U.K., which comprise approximately 81% of non-U.S. plan assets at December 31, 2018. Contribution rates for non-U.S. plans are generally based on local funding practices and statutory requirements, which may differ significantly from measurements under U.S. GAAP. In the U.K., the assumptions used to determine pension contributions are the result of legally-prescribed negotiations between the Company and the plans' Trustee that typically occur every three years in conjunction with the actuarial valuation of the plans. Currently, this results in a lower funded status than under U.S. GAAP and may result in contributions irrespective of the U.S. GAAP funded status. In November 2016, the Company and the Trustee of the U.K. Defined Benefits Plans agreed to a funding deficit recovery plan for the U.K. defined benefit pension plans. The current agreement with the Trustee sets out the annual deficit contributions which would be due based on the deficit at December 31, 2015. The funding level is subject to re-assessment, in most cases on November 1 of each year. If the funding level on

November 1 is sufficient, no deficit funding contributions will be required in the following year, and the contribution amount will be deferred. The funding level was re-assessed on November 1, 2018 and no deficit funding contributions are required in 2019. The funding level will be re-assessed on November 1, 2019. As part of a long-term strategy, which depends on having greater influence over asset allocation and overall investment decisions, in November 2016 the Company renewed its agreement to support annual deficit contributions by the U.K. operating companies under certain circumstances, up to GBP 450 million over a seven-year period.

The Company expects to fund an additional \$49 million to its non-U.S. defined benefit plans over the remainder of 2019, comprising approximately \$31 million to plans outside of the U.K. and \$18 million to the U.K. plans. The Company also expects to fund an additional \$13 million to its U.S. defined benefit plans during the remainder of 2019.

Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the funded status of the plan.

#### *Changes in Pension Plans*

As part of the JLT Transaction, the Company has assumed responsibility for a number of pension plans throughout the world, with \$234 million of net pension liabilities (approximately \$700 million of plan assets), the most significant of which is the Jardine Lloyd Thompson U.K. Pension Scheme ("JLT U.K. plan"). The JLT U.K. plan has a defined benefit section which was frozen to future accrual in 2006 and a defined contribution section. The assets of the scheme are held in a trustee administered fund separate from the Company.

In March 2017, the Company modified its defined benefit pension plans in Canada to discontinue further benefit accruals for participants after December 31, 2017 and replaced them with a defined contribution arrangement. The Company also amended its post-retirement benefits plan in Canada so that individuals who retire after April 1, 2019 will generally not be eligible to participate. The Company re-measured the assets and liabilities of the plans, based on assumptions and market conditions on the amendment date.

#### **Financing Cash Flows**

Net cash provided by financing activities was \$5.3 billion for the six-month period ended June 30, 2019, compared with \$232 million of net cash used by such activities for the same period in 2018.

#### *Debt*

The Company has established a short-term debt financing program of up to \$1.5 billion through the issuance of commercial paper. The proceeds from the issuance of commercial paper are used for general corporate purposes. The Company had \$549 million of commercial paper outstanding at June 30, 2019 at an effective interest rate of 2.67%.

In January 2019, the Company issued \$5 billion aggregate amount of Senior Notes consisting of \$700 million of 3.50% Senior Notes due 2020, \$1 billion of 3.875% Senior Notes due 2024, \$1.25 billion of 4.375% Senior Notes due 2029, \$500 million of 4.75% Senior Notes due 2039, \$1.25 billion of 4.90% Senior Notes due 2049 and \$300 million of Floating Rate Senior Notes due 2021.

In March 2019, the Company issued €550 million of 1.349% Senior Notes due 2026 and €550 million of 1.979% Senior Notes due 2030. In addition, the Company issued an additional \$250 million of 4.375% Senior Notes due 2029, in March 2019. These notes constitute a further issuance of the 4.375% Senior Notes due 2029, of which \$1.25 billion aggregate principal amount was issued in January 2019 (see above). After giving effect to the issuance of the notes, the Company has \$1.5 billion aggregate principal amount of 4.375% Senior Notes due 2029. The Company used part of the net proceeds from these offerings, along with the \$5 billion of Senior Notes issued in January 2019 (discussed above) to primarily fund the acquisition of JLT, including the payment of related fees and expenses, and to repay certain JLT indebtedness, as well as for general corporate purposes.

In connection with the closing of the JLT Transaction, the Company assumed approximately \$1 billion of historical JLT indebtedness. In April and June of 2019, the Company repaid approximately \$450 million and \$553 million, respectively, representing all of JLT's debt it acquired upon the acquisition of JLT. The Company incurred debt extinguishment costs of \$32 million in regard to the repayment of this debt.

Following completion of the financing activities described above, the Company had \$12.3 billion of senior notes and other long term debt, as well as \$549 million of commercial paper outstanding at June 30, 2019, compared with \$5.8 billion of senior notes and other long term debt, and no commercial paper outstanding at December 31, 2018.

In October 2018, the Company repaid \$250 million of senior notes.

In March 2018, the Company issued \$600 million of 4.20% senior notes due 2048. The Company used the net proceeds for general corporate purposes.

### *Credit Facilities*

In March 2019, the Company closed on \$300 million one-year and \$300 million three-year term loan facilities. The interest rate on these facilities is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. The facilities require the Company to maintain coverage ratios and leverage ratios consistent with the revolving credit facility discussed below. The Company had \$300 million of borrowings outstanding under the one-year term facility at June 30, 2019 at an average borrowing rate of 3.05%.

On September 18, 2018, the Company entered into a bridge loan agreement to finance the proposed JLT transaction. The Company paid approximately \$35 million of customary upfront fees related to the bridge loan at the inception of the loan commitment. The bridge loan agreement was terminated on April 1, 2019.

In October 2018, the Company and certain of its foreign subsidiaries increased its multi-currency five-year unsecured revolving credit facility from \$1.5 billion to \$1.8 billion. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility expires in October 2023 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at June 30, 2019.

The Company's senior debt is currently rated A- by Standard & Poor's and Baa1 by Moody's. The Company's short-term debt is currently rated P-2 by Moody's and A-2 by Standard & Poor's. The Company carries a negative outlook from Moody's and Standard & Poor's.

### *Share Repurchases*

The Company repurchased 1.0 million shares of its common stock during the first six months of 2019 for consideration of approximately \$100 million. In November 2016, the Board of Directors authorized an increase in the Company's share repurchase program, which supersedes any prior authorization, allowing management to buy back up to \$2.5 billion of the Company's common stock going forward. As of June 30, 2019, the Company remained authorized to purchase shares of its common stock up to a value of approximately \$766 million. There is no time limit on this authorization.

During the first six months of 2018, the Company repurchased approximately 6.1 million shares of its common stock for consideration of \$500 million.

### *Contingent Payments Related to Acquisitions*

During the first six months of 2019, the Company paid \$45 million of contingent payments related to acquisitions made in prior periods. These payments are split between financing and operating cash flows in the consolidated statements of cash flows. Payments of \$16 million related to the contingent consideration liability that was recorded on the date of acquisition are reflected as financing cash flows. Payments related to increases in the contingent consideration liability subsequent to the date of acquisition of \$29 million are reflected as operating cash flows. Remaining estimated future contingent consideration payments of \$196 million for acquisitions completed in the first six months of 2019 and in prior years are recorded in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at June 30, 2019.

The Company paid deferred purchase consideration related to prior years' acquisitions of \$23 million in the first six months of 2019. Remaining deferred cash payments of approximately \$197 million for acquisitions completed in the first six months of 2019 and in prior years are recorded in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at June 30, 2019.

In the first six months of 2018, the Company paid \$41 million of contingent payments related to acquisitions made in prior periods. Of this amount, \$32 million was reported as financing cash flows and \$9 million as operating cash flows.

### *Dividends*

The Company paid dividends on its common shares of \$422 million (\$0.83 per share) during the first six months of 2019, as compared with \$383 million (\$0.75 per share) during the first six months of 2018.

### *Derivatives*

A significant portion of JLT's senior notes were denominated in U.S. dollars. In order to hedge its exposure against the risk of fluctuations between the pound and the U.S. dollar, JLT entered into foreign exchange and interest rate swaps, which were designated as fair value hedges. In June 2019, the Company redeemed these U.S. dollar denominated senior notes and settled the related derivative contracts. Both the change in fair value of the debt and the change in fair value of the derivative contracts were recorded in the consolidated statement of income in the second quarter of 2019. The Company received approximately \$112 million upon settlement of these derivative contracts.

JLT also had a number of foreign exchange contracts to hedge the risk of foreign exchange movements between the U.S. dollar and GBP, related to JLT's U.S. dollar denominated revenue in the U.K. Prior to the acquisition, these derivative contracts were designated as cash flow hedges. Upon acquisition, the derivative contracts were not re-designated as cash flow hedges by the Company. The contracts were settled in June 2019. The change in fair value between the acquisition date and the settlement date resulted in a charge of \$26 million in the second quarter. The charge is recorded the change in fair value of acquisition related derivative contracts in the consolidated statement of income.

In connection with the JLT Transaction, to hedge the risk of appreciation of the GBP-denominated purchase price relative to the U.S. dollar, on September 20, 2018, the Company entered into the FX Contract to, solely upon consummation of the Transaction, purchase £5.2 billion and sell a corresponding amount of U.S. dollars at a contracted exchange rate. The FX Contract is discussed in Note 11 to the consolidated financial statements. An unrealized gain of \$42 million related to the change in fair value of this derivative has been recognized in the consolidated statement of income for three months ended March 31, 2019, primarily related to the appreciation of the GBP offset by the reduction in value of the deal contingent feature, since all conditions to close had been satisfied at March 31, 2019. The FX Contract does not qualify for hedge accounting treatment under applicable accounting guidance. The Company settled the FX Contract on April 1, 2019 and recorded a charge to the consolidated statement of income of approximately \$11 million in the second quarter of 2019. The cash outflow related to the settlement of the FX Contract was approximately \$294 million.

In March 2019, the Company issued €1.1 billion of senior notes related to the JLT Transaction. See Note 14 for additional information related to the Euro senior note issuances. In connection with the senior note issuances of €1.1 billion, the Company entered into a forward exchange contract to hedge the economic risk of changes in foreign exchange rates from the issuance date to settlement date of the Euro senior notes. This forward exchange contract was settled in March 2019 and the Company recorded a charge of \$7.3 million related to the settlement of this contract.

In connection with the JLT Transaction, to hedge the risk of increases in future interest rates prior to its issuance of senior notes, in the fourth quarter of 2018, the Company entered into treasury locks related to \$2 billion of the expected debt. The fair value at December 31, 2018 was based on the published treasury rate plus forward premium as of December 31, 2018 compared to the all in rate at the inception of the contract. The contracts were not designated as an accounting hedge. In January 2019, upon issuance of the \$5 billion of senior notes, the Company settled the treasury lock derivatives and made a payment to its counter party for \$122 million. An additional charge of \$6 million was recorded in the first quarter of 2019 related to the settlement of the Treasury lock derivatives.

The Company has investments in various subsidiaries with Euro functional currencies. As a result, the Company is exposed to the risk of fluctuations between the Euro and U.S. dollar exchange rates. As part of its risk management program to fund the JLT acquisition, the Company issued €1.1 billion senior notes, as discussed above, and designated the debt instruments as a net investment hedge of its Euro denominated subsidiaries. The hedge will be re-assessed each quarter to confirm that the designated equity balance at the beginning of each period continues to equal or exceed 80% of the outstanding balance of the Euro debt instrument and that all the critical terms of the hedging instrument and the hedged net investment continue to match. If the Company concludes that the hedge is highly effective, the change in the debt balance related to foreign exchange fluctuations will be recorded in accumulated other comprehensive income (loss) in the consolidated balance sheet. The U.S. dollar value of the euro notes decreased \$9 million for 2019 related to the impact of foreign exchange rates. Since the Company concluded that the hedge was highly effective for the quarter ended June 30, 2019, the Company recorded an increase to cumulative translation adjustments for the six months ended June, 30, 2019.

### **Investing Cash Flows**

Net cash used for investing activities amounted to \$5.4 billion in the first six months of 2019, compared with \$279 million used during the same period in 2018.

As previously noted, the JLT Transaction closed on April 1, 2019. Funds for the purchase of outstanding shares were distributed on April 11, 2019.

The Company paid \$5.5 billion and \$144 million, net of cash acquired, for acquisitions it made during the first six months of 2019 and 2018, respectively.

During the first quarter of 2019, the Company disposed of its investment in Benefitfocus for total proceeds of approximately \$132 million. The Company received \$115 million in the first quarter of 2019 and \$17 million in the second quarter of 2019 as final settlement on the sale.

During the second quarter of 2019, the Company disposed of its investment in Payscale and received proceeds of approximately \$47 million. In January 2019, Marsh increased its equity ownership in Marsh India from 26% to 49% for approximately \$88 million. Marsh India is carried under the equity method.

The Company used cash of \$161 million to purchase fixed assets and capitalized software in the first six months of 2019, compared with \$135 million in the first six months of 2018, primarily related to computer equipment and software purchases, software development costs and the refurbishing and modernizing of office facilities.

The Company has commitments for potential future investments of approximately \$38 million in three private equity funds that invest primarily in financial services companies.

### Commitments and Obligations

The Company's contractual obligations of the types identified in the table below were of the following amounts as of June 30, 2019:

(In millions)				Payment due by Period					
Contractual Obligations		Total		Within 1 Year	1-3 Years	4-5 Years	After 5 Years		
Commercial paper	\$	550	\$	550	\$	—	\$	—	
Term loan facility		300		300		—		—	
Short-term debt		814		814		—		—	
Long-term debt		11,532		—		2,031		2,233	
Interest on long-term debt		5,819		494		845		731	
Net operating leases		2,691		398		679		533	
Service agreements		165		113		37		14	
Other long-term obligations		436		83		270		78	
Total	\$	22,307	\$	2,752	\$	3,862	\$	3,589	
								\$	12,104

The above does not include unrecognized tax benefits of \$74 million, accounted for under ASC Topic No. 740, as the Company is unable to reasonably predict the timing of settlement of these liabilities, other than approximately \$2 million that may become payable within one year.

The above does not include the provisional estimate of remaining transitional tax payments related to the TCJA of \$157 million.

The above does not include net pension liabilities of approximately \$1.9 billion because the timing and amount of ultimate payment of such liability is dependent upon future events, including, but not limited to, future returns on plan assets and changes in the discount rate used to measure the liabilities.

The Company expects to contribute approximately \$13 million and \$49 million to its U.S. and non-U.S. pension plans, respectively, for the remainder of 2019.

### Management's Discussion of Critical Accounting Policies

The Company's discussion of critical accounting policies that place the most significant demands on management's judgment and requires management to make significant estimates about matters that are inherently uncertain are discussed in the MD&A in the 2018 Form 10-K.

### New Accounting Guidance

Note 19 to the consolidated financial statements in this report contains a discussion of recently issued accounting guidance and their impact or potential future impact on the Company's financial results, if determinable.

### Reconciliation of Non-GAAP Measures

On April 1, 2019, the Company completed its previously announced acquisition of JLT. JLT results of operations for the three months ended June 30, 2019 are included in the Company's results of operations for the second quarter of 2019. Prior periods in 2018 do not include JLT's results. Prior to being acquired by the Company, JLT operated in three segments, Specialty, Reinsurance and Employee Benefits. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty was included by geography within Marsh, JLT Reinsurance was included within Guy Carpenter and the majority of the JLT Employee Benefits business was included in Mercer Health and Wealth.

The JLT Transaction had a significant impact on the Company's results of operations in 2019. The Company believes that in addition to the change in reported GAAP revenue, a comparison of 2019 GAAP reported revenue to the combined 2018 revenue of MMC and JLT, as if the companies were combined on April 1, 2018, provides investors with meaningful information as to the Company's year-over-year underlying operating results. Investors should not consider the comparison of these non-GAAP measures in isolation from, or as a substitute for, the financial information that the Company reports in accordance with GAAP.

The 2018 Including JLT revenue information set forth in the table below presents revenue information as if the companies were combined on April 1, 2018 and is not necessarily indicative of what the results would have been had we operated the business since April 1, 2018.

The MMC revenue amounts are as previously reported by the Company in its quarterly filings on Form 10-Q for the applicable periods. The unaudited 2018 JLT revenue amounts reflect historical JLT revenue information following IFRS, adjusted to conform with U.S. GAAP and MMC's specific accounting policies, primarily related to the development of constraints and subsequent release of those constraints related to the reinsurance business. The revenue includes JLT's aerospace business. Additional information can be found in the supplemental information furnished to the SEC on June 6, 2019 on Form 8-K, which is not incorporated by reference in this Form 10-Q.

(In millions)	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
<b>MMC As Previously Reported</b>				
<b>Risk &amp; Insurance Services</b>				
Marsh	\$	1,749	\$	3,443
Guy Carpenter		332		969
Subtotal		2,081		4,412
Fiduciary Interest Income		15		28
Total Risk & Insurance Services		2,096		4,440
<b>Consulting</b>				
Mercer		1,158		2,329
Oliver Wyman Group		492		989
Total Consulting		1,650		3,318
<b>Corporate Eliminations</b>		(12)		(24)
<b>Total Revenue</b>	\$	3,734	\$	7,734
<b>JLT 2018*</b>				
Specialty (Marsh)	\$	353	\$	352
Reinsurance (Guy Carpenter)		74		75
Employee Benefits (Mercer)		87		87
Subtotal		514		514
Fiduciary Interest Income		3		3
<b>Total Revenue</b>	\$	517	\$	517
<b>2018 Including JLT</b>				
Marsh	\$	2,102	\$	3,795
Guy Carpenter		406		1,044
Subtotal		2,508		4,839
Fiduciary Interest Income		18		31
Total Risk & Insurance Services		2,526		4,870
<b>Consulting</b>				
Mercer		1,245		2,416
Oliver Wyman Group		492		989
Total Consulting		1,737		3,405
<b>Corporate Eliminations</b>		(12)		(24)
<b>Total Revenue Including JLT</b>	\$	4,251	\$	8,251

\*JLT 2018 revenue information for the three and six months differs due to rounding.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk.

#### Market Risk and Credit Risk

Certain of the Company's revenues, expenses, assets and liabilities are exposed to the impact of interest rate changes and fluctuations in foreign currency exchange rates and equity markets.

The Company had the following investments subject to variable interest rates:

<i>(In millions)</i>	<b>June 30, 2019</b>	
Cash and cash equivalents invested in money market funds, certificates of deposit and time deposits	<b>\$</b>	<b>1,294</b>
Fiduciary cash and investments	<b>\$</b>	<b>6,807</b>

Based on the above balances, if short-term interest rates increased or decreased by 10%, or 15 basis points, for the remainder of the year, annual interest income, including interest earned on fiduciary funds, would increase or decrease by approximately \$4.6 million.

Changes in interest rates can also affect the discount rate and assumed rate of return on plan assets, two of the assumptions among several others used to measure net periodic pension expense. The assumptions used to measure plan assets and liabilities are typically assessed at the end of each year, and determine the expense for the subsequent year. Assumptions used to determine net periodic expense for 2019 are discussed in Note 8 to the consolidated financial statements included in our most recently filed Annual Report on Form 10-K. For a discussion on pension expense sensitivity to changes in these rates, see the "Management's Discussion and Analysis of Financial Condition and Results of Operations-Management's Discussion of Critical Accounting Policies-Retirement Benefits" section of our most recently filed Annual Report on Form 10-K.

In addition to interest rate risk, our cash and cash equivalents and fiduciary fund investments are subject to potential loss of value due to counter-party credit risk. To minimize this risk, the Company and its subsidiaries invest pursuant to a Board-approved investment policy. The policy mandates the preservation of principal and liquidity and requires broad diversification with counter-party limits assigned based primarily on credit rating and type of investment. The Company carefully monitors its cash and fiduciary fund investments and will further restrict the portfolio as appropriate in response to market conditions. The majority of cash and fiduciary fund investments are invested in short-term bank deposits.

#### *Foreign Currency Risk*

The translated values of revenue and expense from the Company's international operations are subject to fluctuations due to changes in currency exchange rates. The non-U.S. based revenue that is exposed to foreign exchange fluctuations is approximately 54% of total revenue. We periodically use forward contracts and options to limit foreign currency exchange rate exposure on net income and cash flows for specific, clearly defined transactions arising in the ordinary course of business. Although the Company has significant revenue generated in foreign locations which is subject to foreign exchange rate fluctuations, in most cases both the foreign currency revenue and expenses are in the functional currency of the foreign location. As such, under normal circumstances, the U.S. dollar translation of both the revenues and expenses, as well as the potentially offsetting movements of various currencies against the U.S. dollar, generally tends to mitigate the impact on net operating income of foreign currency risk. However, there have been periods where the impact was not mitigated due to external market factors and events, such as the decision in the United Kingdom to exit the European Union. Similar macroeconomic events may result in greater foreign exchange rate fluctuations in the future. The Company estimates that a 10% movement of major foreign currencies (Euro, Sterling, Australian dollar and Canadian dollar) in the same direction against the U.S. dollar that held constant over the course of the year would increase or decrease full year net operating income by approximately \$67 million. The Company has exposure to approximately 80 foreign currencies overall. If exchange rates at June 30, 2019 hold constant for the rest of 2019, the Company estimates the year-over-year impact from conversion of foreign currency earnings will decrease full year net operating income by approximately \$36 million.

In Continental Europe, the largest amount of revenue from renewals for the Risk & Insurance Services segment occurs in the first quarter.

#### *Equity Price Risk*

The Company holds investments in both public and private companies as well as private equity funds, including investments of approximately \$18 million that are valued using readily determinable fair values and approximately \$43 million of investments without readily determinable fair values. The Company also has investments of

approximately \$439 million that are accounted for using the equity method, including the Company's investment in Alexander Forbes. The investments are subject to risk of decline in market value, which, if determined to be other than temporary for assets without readily determinable fair values, could result in realized impairment losses. The Company periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

The Company owns approximately 33% of the common stock of Alexander Forbes ("AF"), a South African company listed on the Johannesburg Stock Exchange, which it purchased in 2014 for 7.50 South African Rand per share. In the third quarter of 2018, the Company concluded the decline in value of the investment was other than temporary and recorded an impairment charge of \$83 million. As of June 30, 2019, the carrying value of the Company's investment in AF was approximately \$140 million. As of June 30, 2019, the market value of the approximately 443 million shares of AF owned by the Company, based on the June 30, 2019 closing share price of 5.79 South African Rand per share, was \$179 million.

*Other*

A number of lawsuits and regulatory proceedings are pending. See Note 17 ("Claims, Lawsuits and Other Contingencies") to the consolidated financial statements in this report.

**Item 4. Controls & Procedures.**

*a. Evaluation of Disclosure Controls and Procedures*

Based on their evaluation, as of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) are effective.

*b. Changes in Internal Control*

On April 1, 2019, the Company completed the acquisition of JLT. The Company is in the process of reviewing the internal control structure of JLT and, if necessary, will make appropriate changes as it integrates JLT into the Company's overall internal control over financial reporting process.

There were no other changes in the Company's internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Securities Exchange Act of 1934 that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

In April 2017, the Financial Conduct Authority in the United Kingdom (the "FCA") commenced a civil competition investigation into the aviation insurance and reinsurance sector. In connection with that investigation, the FCA carried out an on-site inspection at the London offices of Marsh Limited, our Marsh and Guy Carpenter operating subsidiary in the United Kingdom, and JLT Specialty Ltd., JLT's U.K. operating subsidiary. The FCA indicated that it had reasonable grounds for suspecting that Marsh Limited, JLT Specialty Ltd. and other participants in the market have been sharing competitively sensitive information within the aviation insurance and reinsurance broking sector.

In October 2017, the Company received a notice that the Directorate-General for Competition of the European Commission had commenced a civil investigation of a number of insurance brokers, including both Marsh and JLT, regarding "the exchange of commercially sensitive information between competitors in relation to aviation and aerospace insurance and reinsurance broking products and services in the European Economic Area ("EEA"), as well as possible coordination between competitors." In light of the action taken by the European Commission, the FCA informed Marsh Limited and JLT Specialty Ltd. that it had discontinued its investigation under U.K. competition law. In May 2018, the FCA advised that it would not be taking any further action with Marsh Limited or JLT Specialty Ltd. in connection with this matter.

In January 2019, the Company received a notice that the Administrative Council for Economic Defense anti-trust agency in Brazil had commenced an administrative proceeding against a number of insurance brokers, including both Marsh and JLT, and insurers "to investigate an alleged sharing of sensitive commercial and competitive confidential information" in the aviation insurance and reinsurance sector.

We are cooperating with these investigations and are conducting our own reviews. At this time, we are unable to predict their likely timing, outcome or ultimate impact. There can be no assurance that the ultimate resolution of these or any related matters will not have a material adverse effect on our consolidated results of operations, financial condition or cash flows.

We and our subsidiaries are also party to a variety of other legal, administrative, regulatory and government proceedings, claims and inquiries arising in the normal course of business. Additional information regarding certain legal proceedings and related matters is set forth in Note 17 to the consolidated financial statements provided in Part I of this report is incorporated herein by reference.

### **Item 1A. Risk Factors.**

The Company and its subsidiaries face a number of risks and uncertainties. In addition to the other information in this report and our other filings with the SEC, readers should consider carefully the risk factors discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018. If any of the risks described in our Annual Report on Form 10-K or such other risks actually occur, our business, results of operations or financial condition could be materially adversely affected.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.****Issuer Repurchases of Equity Securities**

The Company repurchased approximately 1.0 million shares of its common stock for \$100 million during the second quarter of 2019. In November 2016, the Board of Directors of the Company authorized the Company to repurchase up to \$2.5 billion in shares of the Company's common stock, which superseded any prior authorizations. As of June 30, 2019, the Company remained authorized to repurchase up to approximately \$766 million in shares of its common stock. There is no time limit on the authorization.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1-30, 2019	—	\$ —	—	\$ —
May 1-31, 2019	318,455	\$ 95.8109	318,455	\$ 835,241,533
June 1-30, 2019	711,925	\$ 97.6065	711,925	\$ 765,752,993
<b>Total</b>	<b>1,030,380</b>	<b>\$ 97.0516</b>	<b>1,030,380</b>	<b>\$ 765,752,993</b>

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosure.**

Not Applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

See the Exhibit Index immediately following the signature page of this report, which is incorporated herein by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 2, 2019

/s/ Mark C. McGivney

Mark C. McGivney  
Chief Financial Officer

Date: August 2, 2019

/s/ Stacy M. Mills

Stacy M. Mills  
Vice President & Controller  
(Chief Accounting Officer)

## EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Name</u>
<a href="#"><u>10.1</u></a>	<a href="#"><u>Form of Deferred Stock Unit Award, with grant dates from May 1, 2019 through February 1, 2020, under the Marsh &amp; McLennan Companies, Inc. 2011 Incentive and Stock Award Plan – Form A</u></a>
<a href="#"><u>10.2</u></a>	<a href="#"><u>Form of Deferred Stock Unit Award, with grant dates from May 1, 2019 through February 1, 2020, under the Marsh &amp; McLennan Companies, Inc. 2011 Incentive and Stock Award Plan – Form B</u></a>
<a href="#"><u>10.3</u></a>	<a href="#"><u>Form of Restricted Stock Unit Award, dated as of May 1, 2019, under the Marsh &amp; McLennan Companies, Inc. 2011 Incentive and Stock Award Plan – Form A</u></a>
<a href="#"><u>10.4</u></a>	<a href="#"><u>Form of Restricted Stock Unit Award, dated as of May 1, 2019, under the Marsh &amp; McLennan Companies, Inc. 2011 Incentive and Stock Award Plan – Form B</u></a>
<a href="#"><u>10.5</u></a>	<a href="#"><u>Form of Restricted Stock Unit Award, dated as of May 1, 2019, under the Marsh &amp; McLennan Companies, Inc. 2011 Incentive and Stock Award Plan – Form C</u></a>
<a href="#"><u>10.6</u></a>	<a href="#"><u>Form of Performance Stock Unit Award, dated as of May 1, 2019, under the Marsh &amp; McLennan Companies, Inc. 2011 Incentive and Stock Award Plan</u></a>
<a href="#"><u>10.7</u></a>	<a href="#"><u>Form of Stock Option Award, dated as of May 1, 2019, under the Marsh &amp; McLennan Companies, Inc. 2011 Incentive and Stock Award Plan</u></a>
<a href="#"><u>31.1</u></a>	<a href="#"><u>Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer</u></a>
<a href="#"><u>31.2</u></a>	<a href="#"><u>Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer</u></a>
<a href="#"><u>32.1</u></a>	<a href="#"><u>Section 1350 Certifications</u></a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

MARSH & McLENNAN COMPANIES, INC.

2011 INCENTIVE AND STOCK AWARD PLAN

TERMS AND CONDITIONS  
OF  
DEFERRED STOCK UNIT AWARDS  
WITH GRANT DATES FROM MAY 1, 2019 THROUGH FEBRUARY 1, 2020

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## I. BACKGROUND

An award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the "*Plan*"), subject to your acceptance as described in Section II.A.1. The Award type, the number of shares of Marsh & McLennan Companies, Inc. ("*Marsh & McLennan Companies*") common stock covered by the Award, instructions on how to accept or decline the Award and the deadline for accepting the Award will be provided to you by Global & Executive Compensation and/or the stock plan service provider of the Company (as defined in Section V.B.). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*") and to additional terms and conditions as set forth in the country-specific notices (the "*Country-Specific Notices*"). The Prospectus dated [DATE] also describes important information about the Plan. The Terms and Conditions, the Country-Specific Notices, and the Plan will be referred to herein as the "*Award Documentation*". As used herein, "*Common Stock*" means common stock of Marsh & McLennan Companies.

Capitalized terms in these Terms and Conditions are defined in Section V.

## II. AWARDS

### A. General.

- 1. Award Acceptance.** The grant of this Award is contingent upon your acceptance, by the date and in the manner specified by Global & Executive Compensation and/or the Company's stock plan service provider, of these Terms and Conditions, the Country-Specific Notices and Restrictive Covenants Agreement as described in Section II.A.3. If you decline the Award or if you do not accept the Award and any applicable documents described in the preceding sentence by the deadline date and in the manner specified, then the Award will be cancelled as of the grant date of the Award.
- 2. Rights of Award Holders.** Unless and until the vesting conditions of the Award have been satisfied and cash or shares of Common Stock, as applicable, have been delivered to you in accordance with the Award Documentation, you have only the rights of a general unsecured creditor of Marsh & McLennan Companies. Unless and until shares of Common Stock have been delivered to you, you have none of the rights of ownership to such shares (e.g., units cannot be used as payment for stock option exercises; units may not be transferred or assigned; units have no voting rights).
- 3. Restrictive Covenants Agreement.** As described in Section II.A.1., a Restrictive Covenants Agreement ("*Restrictive Covenants Agreement*") in a form determined by Marsh & McLennan Companies must be in place in order to accept the Award and you must execute or reaffirm, as determined by Marsh & McLennan Companies, in its sole discretion, the Restrictive Covenants Agreement in order for the Award to vest pursuant to certain employment events as described in Section III. Failure to timely execute the Restrictive Covenants Agreement by the date specified in the Grant Documentation or failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement as described in Section III.F.1. or 2., as applicable, will result in cancellation or forfeiture of any rights, title and interest in and to the Award, without any liability to the Company.



## B. Stock Units.

- 1. General.** A deferred stock unit ("*Stock Unit*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the terms of the Award Documentation, one share of Common Stock after vesting.
- 2. Vesting.** Subject to your continued employment, 100% of the Stock Units will vest on the 15th of the month in which the third anniversary of the grant date of the Award occurs. The date on which a Stock Unit is scheduled to vest pursuant to this Section II.B.2. is the "*Scheduled Vesting Date*." In the event of your termination of employment or the occurrence of your Permanent Disability (as defined in Section V.D.) prior to the Scheduled Vesting Date, your right to any Stock Units that are unvested immediately prior to your termination of employment or occurrence of your Permanent Disability, as applicable, will be determined in accordance with Section III. below. For the avoidance of doubt, the date of your termination of employment for purposes of determining vesting under this Section II.B.2. will be determined in accordance with Section III.E.
- 3. Dividend Equivalents.** For each outstanding Stock Unit covered by the Award, an amount equal to the dividend payment (if any) made in respect of one share of Common Stock (a "*Dividend Equivalent*") will accrue in U.S. dollars on each dividend record date that occurs on or after the grant date of the Award while the Award is outstanding, with no interest paid on such amounts. Accrued Dividend Equivalents will vest when the Stock Units in respect of which such Dividend Equivalents were accrued vest. No further Dividend Equivalents will accrue on Stock Units that do not vest or are cancelled or forfeited. If a pro-rata amount of the outstanding unvested Stock Unit award is eligible to vest upon a termination of employment as described in Section III.C., the pro-rata calculation (as described in Section III.G.) will be applied to the Dividend Equivalents that have accrued on the Award as of the date of termination. Accrued Dividend Equivalents will not be paid, and no further Dividend Equivalents will accrue, on Stock Units that do not vest or are cancelled or forfeited as per a termination of employment event described in Section III.D.

## 4. Delivery.

- a. Shares of Common Stock deliverable in respect of the Stock Units covered by the Award shall be delivered to you as soon as practicable after vesting, and in no event later than 60 days after vesting.
- b. The value of vested Dividend Equivalents will be delivered to you in cash as soon as practicable after vesting and in no event later than 60 days after vesting.
- c. The delivery of shares of Common Stock and/or cash or other property that may be deliverable under these Terms and Conditions, is conditioned on the satisfaction or withholding of any applicable tax obligations, as described in Section II.C.
- d. Any shares of Common Stock and/or cash or other property that may be deliverable following your death shall be delivered to the person or persons to whom your rights pass by will or the law of descent and distribution, and such delivery shall completely discharge Marsh & McLennan Companies and any of its subsidiaries' or affiliates' obligations under the Award.

- e. Notwithstanding the foregoing, additional delivery rules for certain Award recipients subject to U.S. federal income tax (whether or not the recipient is a U.S. citizen or employed in the U.S.) are reflected in Section III.H.

### C. Satisfaction of Tax Obligations.

1. **Personal Tax Advisor.** Neither the Company nor any Company employee is authorized to provide personal tax advice to you. It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award, especially before making any decisions that rely on that tax treatment.
2. **U.S. Employees.** Applicable employment taxes are required by law to be withheld when a Stock Unit or Dividend Equivalent vests. Applicable income taxes are required by law to be withheld when shares of Common Stock in respect of Stock Units or cash in respect of Dividend Equivalents are delivered to you. A sufficient number of whole shares of Common Stock, cash or other property, as applicable, will be retained by Marsh & McLennan Companies to satisfy the tax-withholding obligation.
3. **Non-U.S. Employees.**
  - a. **Stock Units and Dividend Equivalents.** In most countries, the value of a Stock Unit or Dividend Equivalent is generally not taxable on the grant date. If the value of the Stock Unit or Dividend Equivalent is not taxable on the grant date, it will, in most countries, be taxed at a later time, for example, upon delivery of a share of Common Stock in respect of the Stock Unit that vests, and/or the subsequent sale of the share of Common Stock received in connection with the vesting of the Stock Unit or upon delivery of cash in respect of a Dividend Equivalent.
  - b. **Withholding.** Marsh & McLennan Companies and/or your employer shall have the power and the right to deduct and withhold from the Award and other compensation or to require you to remit to Marsh & McLennan Companies and/or to your employer, an amount sufficient to satisfy any taxes that Marsh & McLennan Companies expects to be payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, payroll taxes, fringe benefits, payment on account, capital gain taxes, transfer taxes, social security contributions, and National Insurance Contributions with respect to the Award, and any and all associated tax events derived therefrom. If applicable, Marsh & McLennan Companies and/or your employer will, to the extent permissible under applicable law or otherwise agreed between you and Marsh & McLennan Companies and/or your employer, retain and sell a sufficient number of whole shares of Common Stock distributable in respect of the Award for this purpose.

### III.EMPLOYMENT EVENTS

- A. Death.** In the event your employment is terminated because of your death, all of the unvested Stock Units that are outstanding as of the date of your death will fully vest and will be distributed as described in Section II.B.4.
- B. Permanent Disability.** Upon the occurrence of your Permanent Disability, the unvested Stock Units will fully vest and will be distributed as described in Section II.B.4., provided that you satisfy the conditions to vesting described in Section III.F.1.
- C. Termination by the Company Other Than for Cause.**
- 1. General.** Except as otherwise provided in Section IV., in the event the Company, in its sole discretion, determines that your employment is terminated by the Company other than for Cause (as defined in Section V.A.), the unvested Stock Units will vest at such termination of employment on a pro-rata basis as described in Section III.G. and will be distributed as described in Section II.B.4., provided that you satisfy the conditions to vesting described in Section III.F.2.
  - 2. Important Notes.**
    - a. Sale of Business Unit.** For purposes of this Award, in the event of a sale or similar transaction involving the business unit for which you work ("*Employing Company*") as a result of which the Employing Company ceases to be a subsidiary or affiliate of Marsh & McLennan Companies, your employment will be deemed terminated by the Company other than for Cause, even if your employment with the Employing Company continues after the sale or similar transaction.
    - b. Constructive Discharge.** The Award will not vest, whether on a pro-rata or full basis, upon a constructive discharge, including if any court or regulatory agency retroactively concludes or interprets events to have constituted a constructive discharge.
- D. All Other Terminations.** For all other terminations of employment not described in Sections III.A. through C. or Section IV. (including, but not limited to, a termination by the Company for Cause or a resignation by you of your employment with the Company), any rights, title and interest in and to any remaining unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.E.
- E. Date of Termination of Employment.**
- 1.** If Section III.E.2 does not apply to you, then for purposes of determining vesting under Section II.B.2. and the number of unvested Stock Units that vest on a pro-rata basis as described in Section III.G., your employment will be treated as having terminated on your last day of employment with the Company.
  - 2.** If you are obligated (whether by law or contract) to provide the Company advance notice of your intention to terminate your employment then, in the event you terminate your employment or service relationship pursuant to Section III.D (regardless of the reason for such termination and whether or not later found to be

invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), for purposes of determining vesting under Section II.B.2. and the pro rata calculation described in Section III.G., your employment will be treated as having terminated on your last day of active service with the Company, as determined by the Company in its sole discretion.

You shall be deemed to have ceased active service with the Company when you are no longer required by the Company to provide regular services to the Company even if you remain legally employed by the Company, such as may occur if the Company were to place you on “garden leave”, a terminal leave of absence or any similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any (in each case as determined by the Company in its sole discretion).

**F. Conditions to Vesting of Award Prior to the Scheduled Vesting Date.**

- 1. Restrictive Covenants Agreement.** In the event of the occurrence of your Permanent Disability as described in Section III.B., you will be required to execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement. Failure to (a) execute or reaffirm such an agreement by the date specified by the Company, which shall be in no event later than 60 days following the occurrence of your Permanent Disability as described in Section III.B., or (b) comply with the Restrictive Covenants Agreement, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.
- 2. Waiver and Release and Restrictive Covenants Agreement.** In the event of your termination of employment by the Company other than for Cause as described in Section III.C., you will be required to (i) execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement and (ii) execute and not revoke a waiver and release agreement, if provided to you by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement or the Restrictive Covenants Agreement, as applicable, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.

#### G. Determination of Pro-Rata Vesting upon Termination of Employment.

The number of Stock Units and accrued Dividend Equivalents that vest on a pro-rata basis upon your termination of employment will be determined using the following formula:

$$\left( A \times \frac{B}{C} \right) - D$$

where

- A = the number of Stock Units/accrued Dividend Equivalents covered by the Award;
- B = the number of days in the period beginning on the grant date of the Award and ending on the date of your termination of employment, as determined in accordance with Section III.E.;
- C = the number of days in the period beginning on the grant date of the Award and ending on the Scheduled Vesting Date; and
- D = the number of Stock Units/accrued Dividend Equivalents that have previously vested, as determined in accordance with Section III.E.

#### H. Section 409A of the Code for Award Recipients Subject to U.S. Federal Income Tax (whether or not the recipient is a U.S. citizen or employed in the U.S.).

1. For Award recipients subject to U.S. federal income tax, notwithstanding any other provision herein, the Award may be subject to additional restrictions to ensure compliance with (or continued exemption from) the requirements of Section 409A of the Code (as defined in Section V.E.). The Compensation Committee of the Board of Directors of Marsh & McLennan Companies (the "*Committee*") intends to administer the Award in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Award (including changes that may have retroactive effect) deemed necessary or desirable to comply with Section 409A of the Code. This means, for example, that the timing of distributions may be different from those described in the Award Documentation that do not reflect Section 409A of the Code. If the Award is not in compliance with Section 409A of the Code, you may be subject to immediate taxation of all unpaid awards under the Plan that are subject to Section 409A of the Code at your regular federal income tax rate, plus a 20% additional tax, plus interest at the underpayment rate plus 1%, as well as any state and local taxes, penalties, additional taxes and interest, if applicable, imposed under any state tax law similar to Section 409A of the Code.
2. Notwithstanding any other provision herein, if any portion of the Award is determined to be nonqualified deferred compensation subject to Section 409A of the Code, any references to "termination of employment," or "when you are no longer employed" in these Terms and Conditions shall have the following meaning:

Your "termination of employment" (or similar terms) shall occur when you have incurred a "separation from service" within the meaning of Section 409A of the Code and as further defined herein. Specifically, you will have incurred a "separation from service" when the level of services you provide to the Company in any capacity, including as an employee, director, independent contractor or

consultant, does not exceed 20% of the average level of services that you provided to the Company in the preceding 36 months (or shorter period of service if, for example, your total service with the Company is less than 36 months), all as determined in accordance with Section 409A of the Code. In determining whether a "separation from service" has occurred, any period of up to six months during which you are on a bona fide leave of absence or up to 29 months during which you are absent from work due to a disability for which you are receiving Marsh & McLennan Companies long-term disability benefits will be ignored.

3. Notwithstanding any other provision herein, if at the time of your termination of employment you are a "specified employee" (as defined in Section 409A of the Code) no portion of the Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code can be distributed prior to the first day of the seventh month after your termination of employment and any such distributions to which you would otherwise be entitled during the first six months following your termination of employment will be accumulated and paid without interest on the first day of the seventh month after your termination of employment. The provisions of this subparagraph will only apply if and to the extent required to avoid any "additional tax" under Section 409A of the Code.
4. Nothing in this Section III.H. is intended to nor does it guarantee that the Award will not be subject to "additional tax" or other adverse tax consequences under Section 409A of the Code or any similar state tax law.

#### **IV. CHANGE IN CONTROL PROVISIONS**

- A. Upon the occurrence of a "Change in Control", as defined in the Plan, the Award will continue to vest in accordance with the vesting schedule specified in Section II.B.2. and subject to earlier vesting or forfeiture pursuant to Section III., provided that the Award will become fully vested at your termination of employment by the Company other than for Cause, or by you for Good Reason (as defined in Section V.C.), during the 24-month period following such Change in Control and will be distributed as described in Section II.B.4., provided that you satisfy the conditions to vesting described in Section IV.B. Notwithstanding the foregoing, if the Award is not assumed, converted or replaced in connection with a Change in Control on an equivalent basis, the Award will fully vest immediately prior to the Change in Control and will be distributed as described in Section II.B.4.
- B. As a condition to vesting of any unvested portion of the Award, in the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control, you will be required to execute and not revoke a waiver and release agreement, if provided by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement, if applicable, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award.

## V. DEFINITIONS

As used in these Terms and Conditions:

**A. "Cause"** shall mean:

1. willful failure to substantially perform the duties consistent with your position which is not remedied within 30 days after receipt of written notice from the Company specifying such failure;
2. willful violation of any written Company policies including, but not limited to, The Marsh & McLennan Companies Code of Conduct, *The Greater Good*;
3. commission at any time of any act or omission that results in a conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;
4. unlawful use (including being under the influence) or possession of illegal drugs;
5. any gross negligence or willful misconduct resulting in a material loss to the Company, or material damage to the reputation of the Company; or
6. any violation of any statutory or common law duty of loyalty to the Company, including the commission at any time of any act of fraud, embezzlement, or material breach of fiduciary duty against the Company.

**B. "Company"** shall mean Marsh & McLennan Companies or any of its subsidiaries or affiliates.

**C. "Good Reason"** shall mean any one of the following events without your written consent:

1. material reduction in your base salary;
2. material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
3. material diminution of your duties, responsibilities or authority; or
4. relocation of more than 50 miles from your principal place of employment immediately prior to the Change in Control;

provided that you provide Marsh & McLennan Companies with written notice of your intent to terminate your employment for Good Reason within 60 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide Marsh & McLennan Companies with at least 30 days following receipt of such notice to remedy such circumstances.

**D. "Permanent Disability"** will be deemed to occur when it is determined (by Marsh & McLennan Companies' disability carrier for the primary long-term disability plan or program applicable to you because of your employment with the Company) that you are unable to engage in any substantial gainful activity by reason of any medically

determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

**E. “Section 409A of the Code”** shall mean Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (regarding nonqualified deferred compensation).

**F. Additional Definitions.**

The terms below are defined on the following pages:

<i>Award</i>	1
<i>Award Documentation</i>	1
<i>Change in Control</i>	7
<i>Committee</i>	6
<i>Common Stock</i>	1
<i>Country-Specific Notices</i>	1
<i>Dividend Equivalent</i>	2
<i>Employing Company</i>	4
<i>Marsh &amp; McLennan Companies</i>	1
<i>Plan</i>	1
<i>Restrictive Covenants Agreement</i>	1
<i>Scheduled Vesting Date</i>	2
<i>Stock Unit</i>	2
<i>Terms and Conditions</i>	1

**VI.ADDITIONAL PROVISIONS**

**A. Additional Provisions—General**

- 1. Administrative Rules.** The Award shall be subject to such additional administrative regulations as the Committee may, from time to time, adopt. All decisions of the Committee upon any questions arising under the Award Documentation and Grant Documentation shall be conclusive and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the Award, and references to the Committee shall be deemed to include any such delegate.
- 2. Amendment.** The Committee may, in its sole discretion, amend the terms of the Award, including, without limitation, to impose additional requirements on the Award and on any shares of Common Stock with respect to the Award; provided, however, that if the Committee concludes, in its sole discretion, that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to the Award without your consent, except to the extent that any such action is made to cause the Award to comply with applicable law, currency controls, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or is otherwise made in accordance with Section VI.A.4.
- 3. Limitations.** Payment of the Award is not secured by trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of Marsh & McLennan Companies by reason of the Award. Your right to payment of the Award is the same as the right of an unsecured general creditor of Marsh & McLennan Companies.



#### **4. Cancellation or Clawback of Awards.**

- a. Marsh & McLennan Companies may, to the extent permitted or required by any applicable law, stock exchange rules, currency controls, or any applicable Company policy or arrangement in effect prior to the vesting of any unvested portion of the Award, or as specified in the Award Documentation or Grant Documentation, cancel, reduce or require reimbursement of the Award.
- b. If you fail to repay any amount due pursuant to this Section VI.A.4., the Company may bring an action in court to recover the amount due. You acknowledge that, by accepting the Award, you agree to pay all costs, expenses and attorney's fees incurred by the Company in any proceeding for the collection of amounts due pursuant to this Section VI.A.4., provided that the Company prevails in whole or in part in any such proceeding. The Company may also, to the extent permitted by applicable law, reduce any amounts owed to you by the Company in an amount up to the full amount of the repayment due.

**5. Governing Law; Choice of Forum.** The Award and the Award Documentation applicable to the Award are governed by, and subject to the laws of the state of Delaware, without regard to the conflict of law provisions, as set forth in Section 10.J of the Plan. For purposes of any action, lawsuit, or other proceedings arising out of or relating to this Award, including without limitation, to enforce the Award Documentation, the Company and you each hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in the State of New York, and any appellate court thereof. The Company and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**6. Severability; Captions.** In the event that any provision of this Award is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Award will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law. The captions of this Award are not part of the provisions of this Award and will have no force or effect.

**7. Electronic Delivery and Acceptance.** Marsh & McLennan Companies may, in its sole discretion, decide to deliver any documents related to the Award and/or your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies.

**8. Waiver.** You acknowledge that neither a waiver by Marsh & McLennan Companies of your breach of any provision of the Award Documentation nor a prior waiver by Marsh & McLennan Companies of a breach of any provision of the Award Documentation by any other participant of the Plan shall operate or be construed as a waiver of any other provision of the Award Documentation, or of any subsequent breach by you.

**9. Eligibility for Award.** In order to be granted an Award, you must satisfy the eligibility criteria for grantees set forth in the Plan as of the grant date.

## **B. Additional Provisions—Outside of the United States**

- 1.Changes to Delivery.** In the event that Marsh & McLennan Companies considers that due to legal, regulatory or tax issues the normal delivery of an Award (as described in these Terms and Conditions) to a participant outside the United States would not be appropriate, then Marsh & McLennan Companies may, in its sole discretion, determine how and when the value of the Award will be delivered. Without limitation, this may include making any payments due under the Award in cash instead of shares of Common Stock or in shares of Common Stock instead of cash, in an amount equivalent to the value of the Award on the date of vesting after payment of applicable taxes and fees. If the value of an Award is to be delivered in cash instead of shares of Common Stock, Marsh & McLennan Companies may sell any shares of Common Stock distributable in respect of the Award on your behalf and use the proceeds (after payment of applicable taxes and fees) to satisfy the Award.
- 2. Amendment and Modification.** The Committee may modify the terms of any Award under the Plan granted to you in any manner deemed by the Committee to be necessary or appropriate in order for such Award to conform to laws, regulations, and customs of the country (other than the United States) in which you are then resident or primarily employed or were resident or primarily employed at the time of grant or during the term of the Award, or so that the value and other benefits of the Award to you, as affected by non-U.S. tax laws and other restrictions applicable as a result of your residence or employment outside of the United States, shall be comparable to the value of such an Award to an individual who is resident or primarily employed in the United States.

## **VII.QUESTIONS AND ADDITIONAL INFORMATION**

Please retain this document in your permanent records. If you have any questions regarding the Award Documentation or if you would like an account statement detailing the number of shares of Common Stock covered by the Award and the vesting date(s) of the Award, or any other information, please contact:

Global & Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
United States of America  
Telephone Number: +1 212 345-9722  
Facsimile Number: +1 212 948-8481  
Email: [mmc.compensation@mmc.com](mailto:mmc.compensation@mmc.com)

IN WITNESS WHEREOF, Marsh & McLennan Companies has caused these Terms & Conditions to be duly executed by the facsimile signature of its Senior Vice President, Chief Human Resources Officer as of the day and year first above written. By consenting to these Terms and Conditions, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described herein and in the Award Documentation; and (ii) you understand and agree that these Terms & Conditions and the Award Documentation constitute the entire understanding between you and Marsh & McLennan Companies regarding the Award, and that any prior agreements, commitments or negotiations concerning the Award are replaced and superseded. The grant of the Award is contingent upon your acceptance of these Terms and Conditions, Country-Specific Notices and Restrictive Covenants Agreement (if applicable) by the date and in the manner specified in materials provided to you by Global & Executive Compensation and/or the Company's stock plan service provider. If you decline the Award or you do not accept the Award and any applicable documents described in the preceding sentence by the date and in the manner specified, the Award will be cancelled as of the grant date of the Award.

**/s/Laurie Ledford**  
**Laurie Ledford**  
**SVP, Chief Human Resources Officer**

MARSH & McLENNAN COMPANIES, INC.

2011 INCENTIVE AND STOCK AWARD PLAN

TERMS AND CONDITIONS  
OF  
DEFERRED STOCK UNIT AWARDS  
WITH GRANT DATES FROM MAY 1, 2019 THROUGH FEBRUARY 1, 2020

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## I. BACKGROUND

An award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the "*Plan*"), subject to your acceptance as described in Section II.A.1. The Award type, the number of shares of Marsh & McLennan Companies, Inc. ("*Marsh & McLennan Companies*") common stock covered by the Award, instructions on how to accept or decline the Award and the deadline for accepting the Award will be provided to you by Global & Executive Compensation and/or the stock plan service provider of the Company (as defined in Section V.B.). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*") and to additional terms and conditions as set forth in the country-specific notices (the "*Country-Specific Notices*"). The Prospectus dated [DATE] also describes important information about the Plan. The Terms and Conditions, the Country-Specific Notices, and the Plan will be referred to herein as the "*Award Documentation*". As used herein, "*Common Stock*" means common stock of Marsh & McLennan Companies.

Capitalized terms in these Terms and Conditions are defined in Section V.

## II. AWARDS

### A. General.

- 1. Award Acceptance.** The grant of this Award is contingent upon your acceptance, by the date and in the manner specified by Global & Executive Compensation and/or the Company's stock plan service provider, of these Terms and Conditions, the Country-Specific Notices and Restrictive Covenants Agreement as described in Section II.A.3. If you decline the Award or if you do not accept the Award and any applicable documents described in the preceding sentence by the deadline date and in the manner specified, then the Award will be cancelled as of the grant date of the Award.
- 2. Rights of Award Holders.** Unless and until the vesting conditions of the Award have been satisfied and cash or shares of Common Stock, as applicable, have been delivered to you in accordance with the Award Documentation, you have only the rights of a general unsecured creditor of Marsh & McLennan Companies. Unless and until shares of Common Stock have been delivered to you, you have none of the rights of ownership to such shares (e.g., units cannot be used as payment for stock option exercises; units may not be transferred or assigned; units have no voting rights).
- 3. Restrictive Covenants Agreement.** As described in Section II.A.1., a Restrictive Covenants Agreement ("*Restrictive Covenants Agreement*") in a form determined by Marsh & McLennan Companies must be in place in order to accept the Award and you must execute or reaffirm, as determined by Marsh & McLennan Companies, in its sole discretion, the Restrictive Covenants Agreement in order for the Award to vest pursuant to certain employment events as described in Section III. Failure to timely execute the Restrictive Covenants Agreement by the date specified in the Grant Documentation or failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement as described in Section III.F.1. or 2., as applicable, will result in cancellation or forfeiture of any rights, title and interest in and to the Award, without any liability to the Company.

## B. Stock Units.

1. **General.** A deferred stock unit ("*Stock Unit*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the terms of the Award Documentation, one share of Common Stock after vesting.
2. **Vesting.** Subject to your continued employment, 33-1/3% of the Stock Units will vest on the 15th of the month in which each of the first, second and third anniversaries of the grant date of the Award occurs. Each date on which a Stock Unit is scheduled to vest pursuant to this Section II.B.2. is a "*Scheduled Vesting Date*." In the event of your termination of employment or the occurrence of your Permanent Disability (as defined in Section V.D.) prior to a Scheduled Vesting Date, your right to any Stock Units that are unvested immediately prior to your termination of employment or occurrence of your Permanent Disability, as applicable, will be determined in accordance with Section III. below. For the avoidance of doubt, the date of your termination of employment for purposes of determining vesting under this Section II.B.2. will be determined in accordance with Section III.E.
3. **Dividend Equivalents.** For each outstanding Stock Unit covered by the Award, an amount equal to the dividend payment (if any) made in respect of one share of Common Stock (a "*Dividend Equivalent*") will accrue in U.S. dollars on each dividend record date that occurs on or after the grant date of the Award while the Award is outstanding, with no interest paid on such amounts. Accrued Dividend Equivalents will vest when the Stock Units in respect of which such Dividend Equivalents were accrued vest. No further Dividend Equivalents will accrue on Stock Units that do not vest or are cancelled or forfeited. If a pro-rata amount of the outstanding unvested Stock Unit award is eligible to vest upon a termination of employment as described in Section III.C., the pro-rata calculation (as described in Section III.G.) will be applied to the Dividend Equivalents that have accrued on the Award as of the date of termination. Accrued Dividend Equivalents will not be paid, and no further Dividend Equivalents will accrue, on Stock Units that do not vest or are cancelled or forfeited as per a termination of employment event described in Section III.D.
4. **Delivery.**
  - a. Shares of Common Stock deliverable in respect of the Stock Units covered by the Award shall be delivered to you as soon as practicable after vesting, and in no event later than 60 days after vesting.
  - b. The value of vested Dividend Equivalents will be delivered to you in cash as soon as practicable after vesting and in no event later than 60 days after vesting.
  - c. The delivery of shares of Common Stock and/or cash or other property that may be deliverable under these Terms and Conditions, is conditioned on the satisfaction or withholding of any applicable tax obligations, as described in Section II.C.
  - d. Any shares of Common Stock and/or cash or other property that may be deliverable following your death shall be delivered to the person or persons to whom your rights pass by will or the law of descent and distribution, and such



delivery shall completely discharge Marsh & McLennan Companies and any of its subsidiaries' or affiliates' obligations under the Award.

- e. Notwithstanding the foregoing, additional delivery rules for certain Award recipients subject to U.S. federal income tax (whether or not the recipient is a U.S. citizen or employed in the U.S.) are reflected in Section III.H.

### C. Satisfaction of Tax Obligations.

1. **Personal Tax Advisor.** Neither the Company nor any Company employee is authorized to provide personal tax advice to you. It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award, especially before making any decisions that rely on that tax treatment.
2. **U.S. Employees.** Applicable employment taxes are required by law to be withheld when a Stock Unit or Dividend Equivalent vests. Applicable income taxes are required by law to be withheld when shares of Common Stock in respect of Stock Units or cash in respect of Dividend Equivalents are delivered to you. A sufficient number of whole shares of Common Stock, cash or other property, as applicable, will be retained by Marsh & McLennan Companies to satisfy the tax-withholding obligation.
3. **Non-U.S. Employees.**
  - a. **Stock Units and Dividend Equivalents.** In most countries, the value of a Stock Unit or Dividend Equivalent is generally not taxable on the grant date. If the value of the Stock Unit or Dividend Equivalent is not taxable on the grant date, it will, in most countries, be taxed at a later time, for example, upon delivery of a share of Common Stock in respect of the Stock Unit that vests, and/or the subsequent sale of the share of Common Stock received in connection with the vesting of the Stock Unit or upon delivery of cash in respect of a Dividend Equivalent.
  - b. **Withholding.** Marsh & McLennan Companies and/or your employer shall have the power and the right to deduct and withhold from the Award and other compensation or to require you to remit to Marsh & McLennan Companies and/or to your employer, an amount sufficient to satisfy any taxes that Marsh & McLennan Companies expects to be payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, payroll taxes, fringe benefits, payment on account, capital gain taxes, transfer taxes, social security contributions, and National Insurance Contributions with respect to the Award, and any and all associated tax events derived therefrom. If applicable, Marsh & McLennan Companies and/or your employer will, to the extent permissible under applicable law or otherwise agreed between you and Marsh & McLennan Companies and/or your employer, retain and sell a sufficient number of whole shares of Common Stock distributable in respect of the Award for this purpose.

### III.EMPLOYMENT EVENTS

- A. Death.** In the event your employment is terminated because of your death, all of the unvested Stock Units that are outstanding as of the date of your death will fully vest and will be distributed as described in Section II.B.4.
- B. Permanent Disability.** Upon the occurrence of your Permanent Disability, the unvested Stock Units will fully vest and will be distributed as described in Section II.B.4., provided that you satisfy the conditions to vesting described in Section III.F.1.
- C. Termination by the Company Other Than for Cause.**
- 1. General.** Except as otherwise provided in Section IV., in the event the Company, in its sole discretion, determines that your employment is terminated by the Company other than for Cause (as defined in Section V.A.), the unvested Stock Units will vest at such termination of employment on a pro-rata basis as described in Section III.G. and will be distributed as described in Section II.B.4., provided that you satisfy the conditions to vesting described in Section III.F.2.
  - 2. Important Notes.**
    - a. Sale of Business Unit.** For purposes of this Award, in the event of a sale or similar transaction involving the business unit for which you work ("*Employing Company*") as a result of which the Employing Company ceases to be a subsidiary or affiliate of Marsh & McLennan Companies, your employment will be deemed terminated by the Company other than for Cause, even if your employment with the Employing Company continues after the sale or similar transaction.
    - b. Constructive Discharge.** The Award will not vest, whether on a pro-rata or full basis, upon a constructive discharge, including if any court or regulatory agency retroactively concludes or interprets events to have constituted a constructive discharge.
- D. All Other Terminations.** For all other terminations of employment not described in Sections III.A. through C. or Section IV. (including, but not limited to, a termination by the Company for Cause or a resignation by you of your employment with the Company), any rights, title and interest in and to any remaining unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.E.
- E. Date of Termination of Employment.**
- 1.** If Section III.E.2 does not apply to you, then for purposes of determining vesting under Section II.B.2. and the number of unvested Stock Units that vest on a pro-rata basis as described in Section III.G., your employment will be treated as having terminated on your last day of employment with the Company.
  - 2.** If you are obligated (whether by law or contract) to provide the Company advance notice of your intention to terminate your employment then, in the event you terminate your employment or service relationship pursuant to Section III.D (regardless of the reason for such termination and whether or not later found to be

invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), for purposes of determining vesting under Section II.B.2. and the pro rata calculation described in Section III.G., your employment will be treated as having terminated on your last day of active service with the Company, as determined by the Company in its sole discretion.

You shall be deemed to have ceased active service with the Company when you are no longer required by the Company to provide regular services to the Company even if you remain legally employed by the Company, such as may occur if the Company were to place you on "garden leave", a terminal leave of absence or any similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any (in each case as determined by the Company in its sole discretion).

**F. Conditions to Vesting of Award Prior to a Scheduled Vesting Date.**

- 1. Restrictive Covenants Agreement.** In the event of the occurrence of your Permanent Disability as described in Section III.B., you will be required to execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement. Failure to (a) execute or reaffirm such an agreement by the date specified by the Company, which shall be in no event later than 60 days following the occurrence of your Permanent Disability as described in Section III.B., or (b) comply with the Restrictive Covenants Agreement, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.
- 2. Waiver and Release and Restrictive Covenants Agreement.** In the event of your termination of employment by the Company other than for Cause as described in Section III.C., you will be required to (i) execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement and (ii) execute and not revoke a waiver and release agreement, if provided to you by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement or the Restrictive Covenants Agreement, as applicable, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.

**G. Determination of Pro-Rata Vesting upon Termination of Employment.**

The number of Stock Units and accrued Dividend Equivalents that vest on a pro-rata basis upon your termination of employment will be determined using the following formula:

$$\left( A \times \frac{B}{C} \right) - D$$

where

- A = the number of Stock Units/accrued Dividend Equivalents covered by the Award;
- B = the number of days in the period beginning on the grant date of the Award and ending on the date of your termination of employment, as determined in accordance with Section III.E.;
- C = the number of days in the period beginning on the grant date of the Award and ending on the last Scheduled Vesting Date; and
- D = the number of Stock Units/accrued Dividend Equivalents that have previously vested, as determined in accordance with Section III.E.

**H. Section 409A of the Code for Award Recipients Subject to U.S. Federal Income Tax (whether or not the recipient is a U.S. citizen or employed in the U.S.).**

1. For Award recipients subject to U.S. federal income tax, notwithstanding any other provision herein, the Award may be subject to additional restrictions to ensure compliance with (or continued exemption from) the requirements of Section 409A of the Code (as defined in Section V.E.). The Compensation Committee of the Board of Directors of Marsh & McLennan Companies (the "*Committee*") intends to administer the Award in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Award (including changes that may have retroactive effect) deemed necessary or desirable to comply with Section 409A of the Code. This means, for example, that the timing of distributions may be different from those described in the Award Documentation that do not reflect Section 409A of the Code. If the Award is not in compliance with Section 409A of the Code, you may be subject to immediate taxation of all unpaid awards under the Plan that are subject to Section 409A of the Code at your regular federal income tax rate, plus a 20% additional tax, plus interest at the underpayment rate plus 1%, as well as any state and local taxes, penalties, additional taxes and interest, if applicable, imposed under any state tax law similar to Section 409A of the Code.
2. Notwithstanding any other provision herein, if any portion of the Award is determined to be nonqualified deferred compensation subject to Section 409A of the Code, any references to "termination of employment," or "when you are no longer employed" in these Terms and Conditions shall have the following meaning:

Your "termination of employment" (or similar terms) shall occur when you have incurred a "separation from service" within the meaning of Section 409A of the Code and as further defined herein. Specifically, you will have incurred a "separation from service" when the level of services you provide to the Company in any capacity, including as an employee, director, independent contractor or

consultant, does not exceed 20% of the average level of services that you provided to the Company in the preceding 36 months (or shorter period of service if, for example, your total service with the Company is less than 36 months), all as determined in accordance with Section 409A of the Code. In determining whether a "separation from service" has occurred, any period of up to six months during which you are on a bona fide leave of absence or up to 29 months during which you are absent from work due to a disability for which you are receiving Marsh & McLennan Companies long-term disability benefits will be ignored.

3. Notwithstanding any other provision herein, if at the time of your termination of employment you are a "specified employee" (as defined in Section 409A of the Code) no portion of the Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code can be distributed prior to the first day of the seventh month after your termination of employment and any such distributions to which you would otherwise be entitled during the first six months following your termination of employment will be accumulated and paid without interest on the first day of the seventh month after your termination of employment. The provisions of this subparagraph will only apply if and to the extent required to avoid any "additional tax" under Section 409A of the Code.
4. Nothing in this Section III.H. is intended to nor does it guarantee that the Award will not be subject to "additional tax" or other adverse tax consequences under Section 409A of the Code or any similar state tax law.

#### **IV.CHANGE IN CONTROL PROVISIONS**

- A. Upon the occurrence of a "Change in Control", as defined in the Plan, the Award will continue to vest in accordance with the vesting schedule specified in Section II.B.2. and subject to earlier vesting or forfeiture pursuant to Section III., provided that the Award will become fully vested at your termination of employment by the Company other than for Cause, or by you for Good Reason (as defined in Section V.C.), during the 24-month period following such Change in Control and will be distributed as described in Section II.B.4., provided that you satisfy the conditions to vesting described in Section IV.B. Notwithstanding the foregoing, if the Award is not assumed, converted or replaced in connection with a Change in Control on an equivalent basis, the Award will fully vest immediately prior to the Change in Control and will be distributed as described in Section II.B.4.
- B. As a condition to vesting of any unvested portion of the Award, in the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control, you will be required to execute and not revoke a waiver and release agreement, if provided by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement, if applicable, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award.

## V. DEFINITIONS

As used in these Terms and Conditions:

**A. "Cause"** shall mean:

1. willful failure to substantially perform the duties consistent with your position which is not remedied within 30 days after receipt of written notice from the Company specifying such failure;
2. willful violation of any written Company policies including, but not limited to, The Marsh & McLennan Companies Code of Conduct, *The Greater Good*;
3. commission at any time of any act or omission that results in a conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;
4. unlawful use (including being under the influence) or possession of illegal drugs;
5. any gross negligence or willful misconduct resulting in a material loss to the Company, or material damage to the reputation of the Company; or
6. any violation of any statutory or common law duty of loyalty to the Company, including the commission at any time of any act of fraud, embezzlement, or material breach of fiduciary duty against the Company.

**B. "Company"** shall mean Marsh & McLennan Companies or any of its subsidiaries or affiliates.

**C. "Good Reason"** shall mean any one of the following events without your written consent:

1. material reduction in your base salary;
2. material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
3. material diminution of your duties, responsibilities or authority; or
4. relocation of more than 50 miles from your principal place of employment immediately prior to the Change in Control;

provided that you provide Marsh & McLennan Companies with written notice of your intent to terminate your employment for Good Reason within 60 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide Marsh & McLennan Companies with at least 30 days following receipt of such notice to remedy such circumstances.

**D. "Permanent Disability"** will be deemed to occur when it is determined (by Marsh & McLennan Companies' disability carrier for the primary long-term disability plan or program applicable to you because of your employment with the Company) that you are

unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

- E. “Section 409A of the Code”** shall mean Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (regarding nonqualified deferred compensation).

**F. Additional Definitions.**

The terms below are defined on the following pages:

<i>Award</i>	1
<i>Award Documentation</i>	1
<i>Change in Control</i>	7
<i>Committee</i>	6
<i>Common Stock</i>	1
<i>Country-Specific Notices</i>	1
<i>Dividend Equivalent</i>	2
<i>Employing Company</i>	4
<i>Marsh &amp; McLennan Companies</i>	1
<i>Plan</i>	1
<i>Restrictive Covenants Agreement</i>	1
<i>Scheduled Vesting Date</i>	2
<i>Stock Unit</i>	2
<i>Terms and Conditions</i>	1

**VI.ADDITIONAL PROVISIONS**

**A. Additional Provisions—General**

- 1. Administrative Rules.** The Award shall be subject to such additional administrative regulations as the Committee may, from time to time, adopt. All decisions of the Committee upon any questions arising under the Award Documentation and Grant Documentation shall be conclusive and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the Award, and references to the Committee shall be deemed to include any such delegate.
- 2. Amendment.** The Committee may, in its sole discretion, amend the terms of the Award, including, without limitation, to impose additional requirements on the Award and on any shares of Common Stock with respect to the Award; provided, however, that if the Committee concludes, in its sole discretion, that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to the Award without your consent, except to the extent that any such action is made to cause the Award to comply with applicable law, currency controls, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or is otherwise made in accordance with Section VI.A.4.
- 3. Limitations.** Payment of the Award is not secured by trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of Marsh & McLennan Companies by reason of the Award. Your right to payment of

the Award is the same as the right of an unsecured general creditor of Marsh & McLennan Companies.

**4. Cancellation or Clawback of Awards.**

- a. Marsh & McLennan Companies may, to the extent permitted or required by any applicable law, stock exchange rules, currency controls, or any applicable Company policy or arrangement in effect prior to the vesting of any unvested portion of the Award, or as specified in the Award Documentation or Grant Documentation, cancel, reduce or require reimbursement of the Award.
- b. If you fail to repay any amount due pursuant to this Section VI.A.4., the Company may bring an action in court to recover the amount due. You acknowledge that, by accepting the Award, you agree to pay all costs, expenses and attorney's fees incurred by the Company in any proceeding for the collection of amounts due pursuant to this Section VI.A.4., provided that the Company prevails in whole or in part in any such proceeding. The Company may also, to the extent permitted by applicable law, reduce any amounts owed to you by the Company in an amount up to the full amount of the repayment due.

**5. Governing Law; Choice of Forum.** The Award and the Award Documentation applicable to the Award are governed by, and subject to the laws of the state of Delaware, without regard to the conflict of law provisions, as set forth in Section 10.J of the Plan. For purposes of any action, lawsuit, or other proceedings arising out of or relating to this Award, including without limitation, to enforce the Award Documentation, the Company and you each hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in the State of New York, and any appellate court thereof. The Company and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**6. Severability; Captions.** In the event that any provision of this Award is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Award will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law. The captions of this Award are not part of the provisions of this Award and will have no force or effect.

**7. Electronic Delivery and Acceptance.** Marsh & McLennan Companies may, in its sole discretion, decide to deliver any documents related to the Award and/or your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies.

**8. Waiver.** You acknowledge that neither a waiver by Marsh & McLennan Companies of your breach of any provision of the Award Documentation nor a prior waiver by Marsh & McLennan Companies of a breach of any provision of the Award Documentation by any other participant of the Plan shall operate or be construed as a waiver of any other provision of the Award Documentation, or of any subsequent breach by you.



- 9. Eligibility for Award.** In order to be granted an Award, you must satisfy the eligibility criteria for grantees set forth in the Plan as of the grant date.

**B. Additional Provisions—Outside of the United States**

- 1. Changes to Delivery.** In the event that Marsh & McLennan Companies considers that due to legal, regulatory or tax issues the normal delivery of an Award (as described in these Terms and Conditions) to a participant outside the United States would not be appropriate, then Marsh & McLennan Companies may, in its sole discretion, determine how and when the value of the Award will be delivered. Without limitation, this may include making any payments due under the Award in cash instead of shares of Common Stock or in shares of Common Stock instead of cash, in an amount equivalent to the value of the Award on the date of vesting after payment of applicable taxes and fees. If the value of an Award is to be delivered in cash instead of shares of Common Stock, Marsh & McLennan Companies may sell any shares of Common Stock distributable in respect of the Award on your behalf and use the proceeds (after payment of applicable taxes and fees) to satisfy the Award.
- 2. Amendment and Modification.** The Committee may modify the terms of any Award under the Plan granted to you in any manner deemed by the Committee to be necessary or appropriate in order for such Award to conform to laws, regulations, and customs of the country (other than the United States) in which you are then resident or primarily employed or were resident or primarily employed at the time of grant or during the term of the Award, or so that the value and other benefits of the Award to you, as affected by non-U.S. tax laws and other restrictions applicable as a result of your residence or employment outside of the United States, shall be comparable to the value of such an Award to an individual who is resident or primarily employed in the United States.

**VII. QUESTIONS AND ADDITIONAL INFORMATION**

Please retain this document in your permanent records. If you have any questions regarding the Award Documentation or if you would like an account statement detailing the number of shares of Common Stock covered by the Award and the vesting date(s) of the Award, or any other information, please contact:

Global & Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
United States of America  
Telephone Number: +1 212 345-9722  
Facsimile Number: +1 212 948-8481  
Email: [mmc.compensation@mmc.com](mailto:mmc.compensation@mmc.com)

IN WITNESS WHEREOF, Marsh & McLennan Companies has caused these Terms & Conditions to be duly executed by the facsimile signature of its Senior Vice President, Chief Human Resources Officer as of the day and year first above written. By consenting to these Terms and Conditions, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described herein and in the Award Documentation; and (ii) you understand and agree that these Terms & Conditions and the Award Documentation constitute the entire understanding between you and Marsh & McLennan Companies regarding the Award, and that any prior agreements, commitments or negotiations concerning the Award are replaced and superseded. The grant of the Award is contingent upon your acceptance of these Terms and Conditions, Country-Specific Notices and Restrictive Covenants Agreement (if applicable) by the date and in the manner specified in materials provided to you by Global & Executive Compensation and/or the Company's stock plan service provider. If you decline the Award or you do not accept the Award and any applicable documents described in the preceding sentence by the date and in the manner specified, the Award will be cancelled as of the grant date of the Award.

**/s/ Laurie Ledford**  
**Laurie Ledford**  
**SVP, Chief Human Resources Officer**

MARSH & McLENNAN COMPANIES, INC.  
2011 INCENTIVE AND STOCK AWARD PLAN  
  
TERMS AND CONDITIONS  
OF  
RESTRICTED STOCK UNIT AWARDS  
GRANTED ON [DATE], 2019

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## I. BACKGROUND

An award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the "*Plan*"), subject to your acceptance as described in Section II.A.1. The Award type, the number of shares of Marsh & McLennan Companies, Inc. ("*Marsh & McLennan Companies*") common stock covered by the Award, instructions on how to accept or decline the Award and the deadline for accepting the Award will be provided to you by Global & Executive Compensation and/or the stock plan service provider of the Company (as defined in Section V.D.). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*") and to additional terms and conditions as set forth in the country-specific notices (the "*Country-Specific Notices*"). The Prospectus dated [DATE], also describes important information about the Plan. The Terms and Conditions, the Country-Specific Notices and the Plan will be referred to herein as the "*Award Documentation*". As used herein, "*Common Stock*" means common stock of Marsh & McLennan Companies.

Capitalized terms in these Terms and Conditions are defined in Section V.

## II. AWARDS

### A. General.

1. **Award Acceptance.** The grant of this Award is contingent upon your acceptance, by the date and in the manner specified by Global & Executive Compensation and/or the Company's stock plan service provider, of these Terms and Conditions, the Country-Specific Notices and Restrictive Covenants Agreement as described in Section II.A.3. If you decline the Award or if you do not accept the Award and any applicable documents described in the preceding sentence by the deadline date and in the manner specified, then the Award will be cancelled as of the grant date of the Award.
2. **Rights of Award Holders.** Unless and until the vesting conditions of the Award have been satisfied and cash or shares of Common Stock, as applicable, have been delivered to you in accordance with the Award Documentation, you have only the rights of a general unsecured creditor of Marsh & McLennan Companies. Unless and until shares of Common Stock have been delivered to you, you have none of the rights of ownership to such shares (e.g., units cannot be used as payment for stock option exercises; units may not be transferred or assigned; units have no voting rights).
3. **Restrictive Covenants Agreement.** As described in Section II.A.1., a Restrictive Covenants Agreement ("*Restrictive Covenants Agreement*") in a form determined by Marsh & McLennan Companies must be in place in order to accept the Award, you must execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, the Restrictive Covenants Agreement in order for the Award to vest pursuant to certain employment events as described in Section III., and you must further execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and be in compliance with the Restrictive Covenants Agreement in order for the Award to become distributable to you whether or not you are employed by the Company at that time. Failure to timely execute the Restrictive Covenants

Agreement by the date specified by the Company or failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement as described in Section III.H.1. or 2., as applicable, will result in cancellation or forfeiture of any rights, title and interest in and to the Award, without any liability to the Company.

**B. Stock Units.**

- 1. General.** A restricted stock unit ("*Stock Unit*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the terms of the Award Documentation, one share of Common Stock after vesting.
- 2. Vesting.** Subject to your continued employment, 33-1/3% of the Stock Units will vest on [DATE] of [YEAR], [YEAR] and [YEAR]. Each date on which a Stock Unit is scheduled to vest pursuant to this Section II.B.2. is a "*Scheduled Vesting Date*." In the event of your termination of employment, the occurrence of your Permanent Disability (as defined in Section V.H.) or the occurrence of a "*Change in Control*" (as defined in the Plan) prior to a Scheduled Vesting Date, your right to any Stock Units that are unvested immediately prior to your termination of employment or occurrence of your Permanent Disability, as applicable, will be determined in accordance with Section III. or Section IV., as applicable. For the avoidance of doubt, the date of your termination of employment for purposes of determining vesting under this Section II.B.2. will be determined in accordance with Section III.G.
- 3. Dividend Equivalents.** For each outstanding Stock Unit covered by the Award, an amount equal to the dividend payment (if any) made in respect of one share of Common Stock (a "*Dividend Equivalent*") will accrue in U.S. dollars on each dividend record date that occurs on or after the grant date of the Award while the Award is outstanding, with no interest paid on such amounts. Accrued Dividend Equivalents will vest when the Stock Units in respect of which such Dividend Equivalents were accrued vest. No further Dividend Equivalents will accrue on Stock Units that do not vest or are cancelled or forfeited. If a pro-rata amount of the outstanding unvested Stock Unit award is eligible to vest upon a termination of employment event as described in Section III.C.1, III.D and III.E.1, the pro-rata calculation (as described in Section III.I) will be applied to the Dividend Equivalents that have accrued on the Award as of the date of termination. Accrued Dividend Equivalents will not be paid, and no further Dividend Equivalents will accrue, on Stock Units that do not vest or are cancelled or forfeited as per a termination of employment event described in Section III.F.
- 4. Delivery.**
  - a.** Shares of Common Stock deliverable in respect of the Stock Units covered by the Award shall be delivered to you as soon as practicable following the Scheduled Vesting Date, and in no event later than 60 days following the Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.

- b. The value of vested Dividend Equivalents will be delivered to you in cash as soon as practicable after delivery of the shares of Common Stock described in II.B.4.a above, and in no event later than 60 days following the Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.
- c. The delivery of shares of Common Stock and/or cash or other property that may be deliverable under these Terms and Conditions, is conditioned on the satisfaction or withholding of any applicable tax obligations, as described in Section II.C.
- d. Any shares of Common Stock and/or cash or other property that may be deliverable following your death shall be delivered to the person or persons to whom your rights pass by will or the law of descent and distribution, and such delivery shall completely discharge Marsh & McLennan Companies and any of its subsidiaries' or affiliates' obligations under the Award.
- e. Notwithstanding the foregoing, additional delivery rules for certain Award recipients subject to U.S. federal income tax (whether or not the recipient is a U.S. citizen or employed in the U.S.) are reflected in Section III.J.

### C. Satisfaction of Tax Obligations.

- 1. **Personal Tax Advisor.** Neither the Company nor any Company employee is authorized to provide personal tax advice to you. It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award, especially before making any decisions that rely on that tax treatment.
- 2. **U.S. Employees.** Applicable employment taxes are required by law to be withheld when a Stock Unit or Dividend Equivalent vests. Applicable income taxes are required by law to be withheld when shares of Common Stock in respect of Stock Units or cash in respect of Dividend Equivalents are delivered to you. A sufficient number of whole shares of Common Stock, cash or other property, as applicable, will be retained by Marsh & McLennan Companies to satisfy the tax-withholding obligation.
- 3. **Non-U.S. Employees.**
  - a. **Stock Units and Dividend Equivalents.** In most countries, the value of a Stock Unit or Dividend Equivalent is generally not taxable on the grant date. If the value of the Stock Unit or Dividend Equivalent is not taxable on the grant date, it will, in most countries, be taxed at a later time, for example, upon delivery of a share of Common Stock in respect of the Stock Unit that vests, and/or the subsequent sale of the share of Common Stock received in connection with the vesting of the Stock Unit or upon delivery of cash in respect of a Dividend Equivalent.
  - b. **Withholding.** Marsh & McLennan Companies and/or your employer shall have the power and the right to deduct and withhold from the Award and other compensation or to require you to remit to Marsh & McLennan



Companies and/or to your employer, an amount sufficient to satisfy any taxes that Marsh & McLennan Companies expects to be payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, payroll taxes, fringe benefits, payment on account, capital gain taxes, transfer taxes, social security contributions and National Insurance Contributions with respect to the Award, and any and all associated tax events derived therefrom. If applicable, Marsh & McLennan Companies and/or your employer will, to the extent permissible under applicable law or otherwise agreed between you and Marsh & McLennan Companies and/or your employer, retain and sell a sufficient number of whole shares of Common Stock distributable in respect of the Award for this purpose.

### III. EMPLOYMENT EVENTS

- A. **Death.** In the event your employment is terminated because of your death, all of the unvested Stock Units that are outstanding as of the date of your death will fully vest and will be distributed within 60 days following such date.
- B. **Permanent Disability.** Upon the occurrence of your Permanent Disability, all of the unvested Stock Units that are outstanding as of the occurrence of your Permanent Disability will remain outstanding and will be distributed as soon as practicable following the next Scheduled Vesting Date as described in Section II.B.4.; provided that you have satisfied the conditions described in Section III.H.1.

For the avoidance of doubt, if the occurrence of your Permanent Disability occurs on a Scheduled Vesting Date, distribution will occur as soon as practicable following such Scheduled Vesting Date as described in Section II.B.4.

- C. **Termination by You Outside of the European Union – Age and Service Treatment.** If you have satisfied the Age and Service Criteria for Pro-Rata Vesting (as defined in Section V.B.) or the Age and Service Criteria for Full Vesting (as defined in Section V.A.) on or before the date you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by Marsh & McLennan Companies, in its sole discretion, to be employed outside of the European Union (as defined in V.F.), then:
  - 1. If you have satisfied the Age and Service Criteria for Pro-Rata Vesting but not the Age and Service Criteria for Full Vesting, upon such termination of employment, a pro-rata portion of the unvested Stock Units that are outstanding as of such termination of employment will remain outstanding (as described in Section III.I) and will be distributed as soon as practicable following the next Scheduled Vesting Date as described in Section II.B.4.; provided that you have satisfied the conditions described in Section III.H.1. The portion of the unvested Stock Units that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled.
  - 2. If you have satisfied the Age and Service Criteria for Full Vesting, upon such termination of employment, all of the unvested Stock Units that are outstanding as of such termination of employment will remain outstanding

and be distributed as soon as practicable following the next Scheduled Vesting Date as described in Section II.B.4.; provided that you have satisfied the conditions described in Section III.H.1.

For the avoidance of doubt, for purposes of each of Sections III.C.1. and 2., if your termination of employment occurs on a Scheduled Vesting Date, distribution will occur as soon as practicable following such Scheduled Vesting Date as described in Section II.B.4. For the further avoidance of doubt, Section III.E. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause (as defined in Section V.C.).

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied either the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting under this Section III.C. will be determined in accordance with Section III.G.

- D. Termination by You Within the European Union - Retirement Treatment.** Provided you have a minimum of five years of service with the Company on or before you terminate employment, you will be eligible to apply for retirement treatment. If you are determined by the Retirement Treatment Committee (as defined in Section V.I.) to be eligible for retirement treatment on or following the time you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by the Company, in its sole discretion, to be employed within the European Union, then upon your termination of employment a pro-rata portion of the unvested Stock Units that are outstanding as of such termination of employment will remain outstanding (as described in Section III.I) until the later to occur of the next Scheduled Vesting Date or the determination by the Retirement Treatment Committee that you are eligible for retirement treatment, and will be distributed as soon as practicable, and in no event later than 60 days thereafter; provided that you have satisfied the conditions described in Section III.H.1. Prior to distribution, Marsh & McLennan Companies in its sole discretion may ask you to reaffirm the existence of the facts and factors upon which the determination to provide retirement treatment was made. The portion of the unvested Stock Units that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled. For the avoidance of doubt, Section III.E.1. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause. For the further avoidance of doubt, if your termination of employment occurs on a Scheduled Vesting Date, distribution will occur within 60 days following such Scheduled Vesting Date (or, if later, within 60 days following the determination by the Retirement Treatment Committee that you are eligible for retirement treatment).

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the minimum service requirement under this Section III.D. will be determined in accordance with Section III.G.

## **E. Termination by the Company Other Than for Cause.**

- 1. General.** Except as otherwise provided in Sections III.E.2. and IV., in the event the Company, in its sole discretion, determines that your employment is terminated by the Company other than for Cause, a pro-rata portion of the unvested Stock Units that are outstanding as of such termination of employment will remain outstanding (as described in Section III.I) and will be distributed as soon as practicable following the next Scheduled Vesting Date as described in Section II.B.4., provided that you have satisfied the conditions described in Section III.H.2. The portion of the unvested Stock Units that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled. For the avoidance of doubt, this Section III.E.1. shall apply regardless of whether you are determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment or you have satisfied the Age and Service Criteria for Pro-Rata Vesting on or before your termination of employment by the Company.
- 2. Prior Satisfaction of Age and Service Criteria for Full Vesting.** In the event the Company, in its sole discretion, determines that your employment is terminated by the Company other than for Cause, and on or before your termination of employment you satisfy the Age and Service Criteria for Full Vesting, all of the unvested Stock Units that are outstanding as of such termination of employment will remain outstanding and will be distributed as soon as practicable following the next Scheduled Vesting Date as described in Section II.B.4.; provided that you have satisfied the conditions described in Section III.H.2. For the avoidance of doubt, this section III.E.2. shall not apply (and rather Section III.E.1. shall apply) if you are determined by the Company, in its sole discretion, to be employed within the European Union.

For the avoidance of doubt, if your termination of employment occurs on a Scheduled Vesting Date, distribution will occur as soon as practicable following such Scheduled Vesting Date as described in Section II.B.4.

### **3. Important Notes.**

- a. Sale of Business Unit.** For purposes of this Award, in the event of a sale or similar transaction involving the business unit for which you work ("*Employing Company*") as a result of which the Employing Company ceases to be a subsidiary or affiliate of Marsh & McLennan Companies, your employment will be deemed terminated by the Company other than for Cause, even if your employment with the Employing Company continues after the sale or similar transaction.
- b. Constructive Discharge.** The Award will not vest, whether on a pro-rata or full basis, upon a constructive discharge, including if any court or regulatory agency retroactively concludes or interprets events to have constituted a constructive discharge.

**F. All Other Terminations.** For all other terminations of employment not described in Sections III.A. through E. or Section IV. (including, but not limited to, a termination by the Company for Cause, your resignation without having satisfied the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C., or your resignation without meeting the minimum service requirement or without having been determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.D.), any rights, title and interest in and to any remaining unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.G.

**G. Date of Termination of Employment.**

1. If Section III.G.2 does not apply to you, then for purposes of determining vesting under Section II.B.2. and the number of unvested Stock Units that vest on a pro-rata basis as described in Section III.I., your employment will be treated as having terminated on your last day of employment with the Company.
2. If you are obligated (whether by law or contract) to provide the Company advance notice of your intention to terminate your employment or service relationship then, in the event you terminate your employment pursuant to Section III.C., III.D. or III.F. (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), for purposes of determining vesting under Section II.B.2. and the pro rata calculation described in Section III.I., your employment will be treated as having terminated on your last day of active service with the Company, as determined by the Company in its sole discretion.

You shall be deemed to have ceased active service with the Company when you are no longer required by the Company to provide regular services to the Company even if you remain legally employed by the Company, such as may occur if the Company were to place you on “garden leave”, a terminal leave of absence or any similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any (in each case as determined by the Company in its sole discretion).

**H. Conditions for All or a Portion of the Award to Remain Outstanding Following a Termination of Employment**

1. **Restrictive Covenants Agreement.** In the event of (i) the occurrence of your Permanent Disability as described in Section III.B., (ii) your termination of employment after satisfying the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C. or (iii) a determination by the Retirement Treatment Committee that you are eligible for retirement treatment as described in Section III.D., you will be required to execute or reaffirm, as determined by Marsh &

McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement. Failure to (a) execute or reaffirm such an agreement by the date specified by the Company, which shall be in no event later than 60 days following the occurrence of your Permanent Disability as described in Section III.B. or your termination of employment as described in Section III.C. and no later than 60 days following vesting if your termination of employment is pursuant to Section III.D., or (b) comply with the Restrictive Covenants Agreement or to continue to be in compliance with the Restrictive Covenants Agreement as of the delivery date (as described in Section II.B.4.) or, at the Company's discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.

- 2. Waiver and Release and Restrictive Covenants Agreement.** In the event of your termination of employment by the Company other than for Cause as described in Section III.E., you will be required to (i) execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement and (ii) execute and not revoke a waiver and release agreement, if provided to you by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement or the Restrictive Covenants Agreement, as applicable, or continue to be in compliance with the applicable agreement as of the delivery date (as described in Section II.B.4.) and, at the Company's discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.

**I. Determination of Pro-Rata Calculation upon Termination of Employment.**

The pro-rata portion of the unvested Stock Units and accrued Dividend Equivalents that are outstanding as of a termination of employment that will become distributable under certain circumstances described in Section III. will be determined using the following formula:

$$\left( A \times \frac{B}{C} \right) - D$$

where

- A = the number of Stock Units/accrued Dividend Equivalents covered by the Award;
- B = the number of days in the period beginning on the grant date of the Award and ending on the date of your termination of employment, as determined in accordance with Section III.G;
- C = the number of days in the period beginning on the grant date of the Award and ending on the last Scheduled Vesting Date; and
- D = the number of Stock Units/accrued Dividend Equivalents that have previously vested, as determined in accordance with Section III.G.

**J. Section 409A of the Code for Award Recipients Subject to U.S. Federal Income Tax (whether or not the recipient is a U.S. citizen or employed in the U.S.).**

1. For Award recipients subject to U.S. federal income tax, notwithstanding any other provision herein, the Award may be subject to additional restrictions to ensure compliance with (or continued exemption from) the requirements of Section 409A of the Code (as defined in Section V.J.). The Compensation Committee of the Board of Directors of Marsh & McLennan Companies (the "*Committee*") intends to administer the Award in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Award (including changes that may have retroactive effect) deemed necessary or desirable to comply with Section 409A of the Code. This means, for example, that the timing of distributions may be different from those described in the Award Documentation that do not reflect Section 409A of the Code. If the Award is not in compliance with Section 409A of the Code, you may be subject to immediate taxation of all unpaid awards under the Plan that are subject to Section 409A of the Code at your regular federal income tax rate, plus a 20% additional tax, plus interest at the underpayment rate plus 1%, as well as any state and local taxes, penalties, additional taxes and interest, if applicable, imposed under any state tax law similar to Section 409A of the Code.

2. Notwithstanding any other provision herein, if any portion of the Award is determined to be nonqualified deferred compensation subject to Section 409A of the Code, any references to “termination of employment,” or “when you are no longer employed” in these Terms and Conditions shall have the following meaning:

Your “termination of employment” (or similar terms) shall occur when you have incurred a “separation from service” within the meaning of Section 409A of the Code and as further defined herein. Specifically, you will have incurred a “separation from service” when the level of services you provide to the Company in any capacity, including as an employee, director, independent contractor or consultant, does not exceed 20% of the average level of services that you provided to the Company in the preceding 36 months (or shorter period of service if, for example, your total service with the Company is less than 36 months), all as determined in accordance with Section 409A of the Code. In determining whether a “separation from service” has occurred, any period of up to six months during which you are on a bona fide leave of absence or up to 29 months during which you are absent from work due to a disability for which you are receiving Marsh & McLennan Companies long-term disability benefits will be ignored.

3. Notwithstanding any other provision herein, if at the time of your termination of employment you are a “specified employee” (as defined in Section 409A of the Code), no portion of the Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code can be distributed prior to the first day of the seventh month after your termination of employment and any such distributions to which you would otherwise be entitled during the first six months following your termination of employment will be accumulated and paid without interest on the first day of the seventh month after your termination of employment. The provisions of this subparagraph will only apply if and to the extent required to avoid any “additional tax” under Section 409A of the Code.
4. Notwithstanding any provision herein, with respect to distributions of Stock Units or cash attributable to such Stock Units where such distributions are subject to one or more Employment-Related Actions:
  - a. With respect to Stock Units, no later than December 31<sup>st</sup> of the year in which Scheduled Vesting Date occurs, shares of Common Stock underlying such Stock Units shall be delivered to you (to the extent not previously delivered), subject to a stop transfer order and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such delivery. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies will remove or cause to be removed such stop transfer order; and
  - b. With respect to a cash payment attributable to Stock Units, to the extent any such payment will not be made by December 31<sup>st</sup> of the year in which the Scheduled Vesting Date occurs, any payment that relates to such Scheduled Vesting Date shall be placed in escrow or contributed to

a secular trust (in the sole discretion of Marsh & McLennan Companies) for your benefit on or before such December 31<sup>st</sup> and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such placement or contribution. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies shall cause such amounts to be released from escrow or paid to you out of such trust.

In either case, if any Employment-Related Action is not timely satisfied, the shares of Common Stock or the cash payment shall revert to Marsh & McLennan Companies with no further compensation due to you.

5. Nothing in this Section III.J. is intended to nor does it guarantee that the Award will not be subject to “additional tax” or other adverse tax consequences under Section 409A of the Code or any similar state tax law.

#### **IV. CHANGE IN CONTROL PROVISIONS**

- A. Upon the occurrence of a Change in Control, the Award will continue to vest in accordance with the vesting schedule specified in Section II.B.2., subject to earlier vesting or forfeiture pursuant to Section III.; provided that upon your termination of employment by the Company other than for Cause, or by you for Good Reason (as defined in V.G.), during the 24-month period following such Change in Control, all unvested Stock Units that are outstanding as of your termination of employment will remain outstanding and will be distributed as soon as practicable following the next Scheduled Vesting Date as described in Section II.B.4.; provided that you have satisfied the conditions described in Section IV.B. Notwithstanding the foregoing, if the Stock Units are not assumed, converted or replaced in connection with a Change in Control on an equivalent basis, the Stock Units (to the extent permitted in accordance with the requirements of Treas. Reg. § 1.409A-3(j)(4)(ix)(B)) will fully vest immediately prior to the Change in Control and will be distributed as soon as practicable following vesting and in no event later than 60 days following vesting.
- B. In the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control, you will be required to execute and not revoke a waiver and release agreement, if provided by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement and be in compliance with the agreement, if applicable, as of the delivery date as described in II.B.4., will result in the cancellation or forfeiture of any rights, title and interest in and to the Award.
- C. For the avoidance of doubt, in the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control and, on or before the date of your termination of employment you satisfy the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C., or you are determined by the Retirement Treatment Committee to be eligible



for retirement treatment on or following your termination of employment as described in Section III.D., any unvested Stock Units covered by the Award will be treated as described in this Section IV.; provided that you have satisfied the conditions described in Section IV.B.

## V. DEFINITIONS

As used in these Terms and Conditions:

- A. **“Age and Service Criteria for Full Vesting”** shall mean you are at least age 65 and have a minimum of one year of service with the Company. For the avoidance of doubt, Age and Service Criteria for Full Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- B. **“Age and Service Criteria for Pro-Rata Vesting”** shall mean you are at least age 55 but are not yet age 65 and have a minimum of five years of service with the Company. For the avoidance of doubt, Age and Service Criteria for Pro-Rata Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- C. **“Cause”** shall mean:
  - 1. willful failure to substantially perform the duties consistent with your position which is not remedied within 30 days after receipt of written notice from the Company specifying such failure;
  - 2. willful violation of any written Company policies, including but not limited to, The Marsh & McLennan Companies Code of Conduct, *The Greater Good*;
  - 3. commission at any time of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;
  - 4. unlawful use (including being under the influence) or possession of illegal drugs;
  - 5. any gross negligence or willful misconduct resulting in a material loss to the Company, or material damage to the reputation of the Company; or
  - 6. any violation of any statutory or common law duty of loyalty to the Company, including the commission at any time of any act of fraud, embezzlement, or material breach of fiduciary duty against the Company.
- D. **“Company”** shall mean Marsh & McLennan Companies or any of its subsidiaries or affiliates.
- E. **“Employment-Related Action”** shall mean the execution and effectiveness of a release of claims and/or a restrictive covenant.
- F. **“European Union”** shall include all member states and the United Kingdom, if the United Kingdom leaves the European Union.

- G. “Good Reason”** shall mean any one of the following events without your written consent:
1. material reduction in your base salary;
  2. material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
  3. material diminution of your duties, responsibilities or authority; or
  4. relocation of more than 50 miles from your principal place of employment immediately prior to the Change in Control; provided that you provide Marsh & McLennan Companies with written notice of your intent to terminate your employment for Good Reason within 60 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide Marsh & McLennan Companies with at least 30 days following receipt of such notice to remedy such circumstances.
- H. “Permanent Disability”** will be deemed to occur when it is determined (by Marsh & McLennan Companies’ disability carrier for the primary long-term disability plan or program applicable to you because of your employment with the Company) that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- I. “Retirement Treatment Committee”** is comprised of employees of the Company appointed by the Committee.
- J. “Section 409A of the Code”** shall mean Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (regarding nonqualified deferred compensation).
- K. Additional Definitions.**

The terms below are defined on the following pages:

*Award* 1  
*Award Documentation* 1  
*Change in Control* 2  
*Committee* 9  
*Common Stock* 1  
*Country-Specific Notices* 1  
*Dividend Equivalent* 2  
*Employing Company* 6  
*Marsh & McLennan Companies* 1  
*Plan* 1  
*Restrictive Covenants Agreement* 1  
*Scheduled Vesting Date* 2  
*Stock Unit* 2  
*Terms and Conditions* 1

## VI. ADDITIONAL PROVISIONS

### A. Additional Provisions—General

1. **Administrative Rules.** The Award shall be subject to such additional administrative regulations as the Committee may, from time to time, adopt. All decisions of the Committee upon any questions arising under the Award Documentation shall be conclusive and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the Award, and references to the Committee shall be deemed to include any such delegate.
2. **Amendment.** The Committee may, in its sole discretion, amend the terms of the Award, including, without limitation, to impose additional requirements on the Award and on any shares of Common Stock with respect to the Award; provided, however, that if the Committee concludes, in its sole discretion, that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to the Award without your consent, except to the extent that any such action is made to cause the Award to comply with applicable law, currency controls, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or is otherwise made in accordance with Section VI.A.4.
3. **Limitations.** Payment of the Award is not secured by trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of Marsh & McLennan Companies by reason of the Award. Your right to payment of the Award is the same as the right of an unsecured general creditor of Marsh & McLennan Companies.
4. **Cancellation or Clawback of Awards.**
  - a. Marsh & McLennan Companies may, to the extent permitted or required by any applicable law, stock exchange rules, currency controls, or any applicable Company policy or arrangement in effect prior to the vesting of any unvested portion of the Award, or as specified in the Award Documentation, cancel, reduce or require reimbursement of the Award.
  - b. If you fail to repay any amount due pursuant to this Section VI.A.4., the Company may bring an action in court to recover the amount due. You acknowledge that, by accepting the Award, you agree to pay all costs, expenses and attorney's fees incurred by the Company in any proceeding for the collection of amounts due pursuant to this Section VI.A.4., provided that the Company prevails in whole or in part in any such proceeding. The Company may also, to the extent permitted by applicable law, reduce any amounts owed to you by the Company in an amount up to the full amount of the repayment due.

5. **Governing Law; Choice of Forum.** The Award and the Award Documentation applicable to the Award are governed by, and subject to the laws of the state of Delaware, without regard to the conflict of law provisions, as set forth in Section 10.J of the Plan. For purposes of any action, lawsuit, or other proceedings arising out of or relating to this Award, including without limitation, to enforce the Award Documentation, the Company and you each hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in the State of New York, and any appellate court thereof. The Company and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.
6. **Severability; Captions.** In the event that any provision of this Award is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Award will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law. The captions of this Award are not part of the provisions of this Award and will have no force or effect.
7. **Electronic Delivery and Acceptance.** Marsh & McLennan Companies may, in its sole discretion, decide to deliver any documents related to the Award and/or your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies.
8. **Waiver.** You acknowledge that neither a waiver by Marsh & McLennan Companies of your breach of any provision of the Award Documentation nor a prior waiver by Marsh & McLennan Companies of a breach of any provision of the Award Documentation by any other participant of the Plan shall operate or be construed as a waiver of any other provision of the Award Documentation, or of any subsequent breach by you.
9. **Eligibility for Award.** In order to be granted an Award, you must satisfy the eligibility criteria for grantees set forth in the Plan as of the grant date.

**B. Additional Provisions—Outside of the United States**

1. **Changes to Delivery.** In the event that Marsh & McLennan Companies considers that due to legal, regulatory or tax issues the normal delivery of an Award (as described in these Terms and Conditions) to a participant outside the United States would not be appropriate, then Marsh & McLennan Companies may, in its sole discretion, determine how and when the value of the Award will be delivered. Without limitation, this may include making any payments due under the Award in cash instead of shares of Common Stock or in shares of Common Stock instead of cash, in an amount equivalent to the value of the Award on the date of vesting after payment of applicable taxes and fees, or, delivering or paying out the Award as soon as practicable following a termination of employment. If the value of an Award is to be

delivered in cash instead of shares of Common Stock, Marsh & McLennan Companies may sell any shares of Common Stock distributable in respect of the Award on your behalf and use the proceeds (after payment of applicable taxes and fees) to satisfy the Award.

2. **Amendment and Modification.** The Committee may modify the terms of any Award under the Plan granted to you in any manner deemed by the Committee to be necessary or appropriate in order for such Award to conform to laws, regulations, and customs of the country (other than the United States) in which you are then resident or primarily employed or were resident or primarily employed at the time of grant or during the term of the Award, or so that the value and other benefits of the Award to you, as affected by non-U.S. tax laws and other restrictions applicable as a result of your residence or employment outside of the United States, shall be comparable to the value of such an Award to an individual who is resident or primarily employed in the United States.

## VII. QUESTIONS AND ADDITIONAL INFORMATION

Please retain this document in your permanent records. If you have any questions regarding the Award Documentation or if you would like an account statement detailing the number of shares of Common Stock covered by the Award and the vesting date(s) of the Award, or any other information, please contact:

Global & Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
United States of America  
Telephone Number: +1 212 345-9722  
Facsimile Number: +1 212 948-8481  
Email: [mmc.compensation@mmc.com](mailto:mmc.compensation@mmc.com)

IN WITNESS WHEREOF, Marsh & McLennan Companies has caused these Terms & Conditions to be duly executed by the facsimile signature of its Senior Vice President, Chief Human Resources Officer as of the day and year first above written. By consenting to these Terms and Conditions, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described herein and in the Award Documentation; and (ii) you understand and agree that these Terms & Conditions and the Award Documentation constitute the entire understanding between you and Marsh & McLennan Companies regarding the Award, and that any prior agreements, commitments or negotiations concerning the Award are replaced and superseded. The grant of the Award is contingent upon your acceptance of these Terms and Conditions, Country-Specific Notices and Restrictive Covenants Agreement (if applicable) by the date and in the manner specified in materials provided to you by Global & Executive Compensation and/or the Company's stock plan service provider. If you decline the Award or you do not accept the Award and any applicable documents described in the preceding sentence by the date and in the manner specified, the Award will be cancelled as of the grant date of the Award.

**/s/Laurie Ledford**  
**Laurie Ledford**  
**SVP, Chief Human Resources Officer**

MARSH & McLENNAN COMPANIES, INC.  
2011 INCENTIVE AND STOCK AWARD PLAN  
  
TERMS AND CONDITIONS  
OF  
RESTRICTED STOCK UNIT AWARDS  
GRANTED ON [DATE], 2019

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## I. BACKGROUND

An award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the "*Plan*"), subject to your acceptance as described in Section II.A.1. The Award is a one-time award in recognition of any award that you may have been eligible to be granted under the JLT 2019 Senior Executive Share Scheme that you otherwise may have received. Following the grant of this Award, you will not receive additional awards in recognition of the Senior Executive Share Scheme awards. The Award type, the number of shares of Marsh & McLennan Companies, Inc. ("*Marsh & McLennan Companies*") common stock covered by the Award, instructions on how to accept or decline the Award and the deadline for accepting the Award will be provided to you by Global & Executive Compensation and/or the stock plan service provider of the Company (as defined in Section V.D.). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*") and to additional terms and conditions as set forth in the country-specific notices (the "*Country-Specific Notices*"). The Prospectus dated [DATE], also describes important information about the Plan. The Terms and Conditions, the Country-Specific Notices and the Plan will be referred to herein as the "*Award Documentation*". As used herein, "*Common Stock*" means common stock of Marsh & McLennan Companies.

Capitalized terms in these Terms and Conditions are defined in Section V.

## II. AWARDS

### A. General.

1. **Award Acceptance.** The grant of this Award is contingent upon your acceptance, by the date and in the manner specified by Global & Executive Compensation and/or the Company's stock plan service provider, of these Terms and Conditions, the Country-Specific Notices and Restrictive Covenants Agreement as described in Section II.A.3. If you decline the Award or if you do not accept the Award and any applicable documents described in the preceding sentence by the deadline date and in the manner specified, then the Award will be cancelled as of the grant date of the Award.
2. **Rights of Award Holders.** Unless and until the vesting conditions of the Award have been satisfied and cash or shares of Common Stock, as applicable, have been delivered to you in accordance with the Award Documentation, you have only the rights of a general unsecured creditor of Marsh & McLennan Companies. Unless and until shares of Common Stock have been delivered to you, you have none of the rights of ownership to such shares (e.g., units cannot be used as payment for stock option exercises; units may not be transferred or assigned; units have no voting rights).
3. **Restrictive Covenants Agreement.** As described in Section II.A.1., a Restrictive Covenants Agreement ("*Restrictive Covenants Agreement*") in a form determined by Marsh & McLennan Companies must be in place in order to accept the Award, you must execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, the Restrictive Covenants Agreement in order for the Award to vest pursuant to certain employment events as described in Section III., and you must further execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and

be in compliance with the Restrictive Covenants Agreement in order for the Award to become distributable to you whether or not you are employed by the Company at that time. Failure to timely execute the Restrictive Covenants Agreement by the date specified by the Company or failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement as described in Section III.H.1. or 2., as applicable, will result in cancellation or forfeiture of any rights, title and interest in and to the Award, without any liability to the Company.

**B. Stock Units.**

- 1. General.** A restricted stock unit ("*Stock Unit*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the terms of the Award Documentation, one share of Common Stock after vesting.
- 2. Vesting.** Subject to your continued employment, 33-1/3% of the Stock Units will vest on [DATE] of [YEAR], [YEAR] and [YEAR]. Each date on which a Stock Unit is scheduled to vest pursuant to this Section II.B.2. is a "*Scheduled Vesting Date*." In the event of your termination of employment, the occurrence of your Permanent Disability (as defined in Section V.H.) or the occurrence of a "*Change in Control*" (as defined in the Plan) prior to a Scheduled Vesting Date, your right to any Stock Units that are unvested immediately prior to your termination of employment or occurrence of your Permanent Disability, as applicable, will be determined in accordance with Section III. or Section IV., as applicable. For the avoidance of doubt, the date of your termination of employment for purposes of determining vesting under this Section II.B.2. will be determined in accordance with Section III.G.
- 3. Dividend Equivalents.** For each outstanding Stock Unit covered by the Award, an amount equal to the dividend payment (if any) made in respect of one share of Common Stock (a "*Dividend Equivalent*") will accrue in U.S. dollars on each dividend record date that occurs on or after the grant date of the Award while the Award is outstanding, with no interest paid on such amounts. Accrued Dividend Equivalents will vest when the Stock Units in respect of which such Dividend Equivalents were accrued vest. No further Dividend Equivalents will accrue on Stock Units that do not vest or are cancelled or forfeited. If a pro-rata amount of the outstanding unvested Stock Unit award is eligible to vest upon a termination of employment event as described in Section III.C.1, and III.D, the pro-rata calculation (as described in Section III.I) will be applied to the Dividend Equivalents that have accrued on the Award as of the date of termination. Accrued Dividend Equivalents will not be paid, and no further Dividend Equivalents will accrue, on Stock Units that do not vest or are cancelled or forfeited as per a termination of employment event described in Section III.F.
- 4. Delivery.**
  - a.** Shares of Common Stock deliverable in respect of the Stock Units covered by the Award shall be delivered to you as soon as practicable following the Scheduled Vesting Date, and in no event later than 60 days

following the Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.

- b. The value of vested Dividend Equivalents will be delivered to you in cash as soon as practicable after delivery of the shares of Common Stock described in II.B.4.a above, and in no event later than 60 days following the Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.
- c. The delivery of shares of Common Stock and/or cash or other property that may be deliverable under these Terms and Conditions, is conditioned on the satisfaction or withholding of any applicable tax obligations, as described in Section II.C.
- d. Any shares of Common Stock and/or cash or other property that may be deliverable following your death shall be delivered to the person or persons to whom your rights pass by will or the law of descent and distribution, and such delivery shall completely discharge Marsh & McLennan Companies and any of its subsidiaries' or affiliates' obligations under the Award.
- e. Notwithstanding the foregoing, additional delivery rules for certain Award recipients subject to U.S. federal income tax (whether or not the recipient is a U.S. citizen or employed in the U.S.) are reflected in Section III.J.

### C. Satisfaction of Tax Obligations.

- 1. **Personal Tax Advisor.** Neither the Company nor any Company employee is authorized to provide personal tax advice to you. It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award, especially before making any decisions that rely on that tax treatment.
- 2. **U.S. Employees.** Applicable employment taxes are required by law to be withheld when a Stock Unit or Dividend Equivalent vests. Applicable income taxes are required by law to be withheld when shares of Common Stock in respect of Stock Units or cash in respect of Dividend Equivalents are delivered to you. A sufficient number of whole shares of Common Stock, cash or other property, as applicable, will be retained by Marsh & McLennan Companies to satisfy the tax-withholding obligation.
- 3. **Non-U.S. Employees.**
  - a. **Stock Units and Dividend Equivalents.** In most countries, the value of a Stock Unit or Dividend Equivalent is generally not taxable on the grant date. If the value of the Stock Unit or Dividend Equivalent is not taxable on the grant date, it will, in most countries, be taxed at a later time, for example, upon delivery of a share of Common Stock in respect of the Stock Unit that vests, and/or the subsequent sale of the share of Common Stock received in connection with the vesting of the Stock Unit or upon delivery of cash in respect of a Dividend Equivalent.

- b. **Withholding.** Marsh & McLennan Companies and/or your employer shall have the power and the right to deduct and withhold from the Award and other compensation or to require you to remit to Marsh & McLennan Companies and/or to your employer, an amount sufficient to satisfy any taxes that Marsh & McLennan Companies expects to be payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, payroll taxes, fringe benefits, payment on account, capital gain taxes, transfer taxes, social security contributions and National Insurance Contributions with respect to the Award, and any and all associated tax events derived therefrom. If applicable, Marsh & McLennan Companies and/or your employer will, to the extent permissible under applicable law or otherwise agreed between you and Marsh & McLennan Companies and/or your employer, retain and sell a sufficient number of whole shares of Common Stock distributable in respect of the Award for this purpose.

### III. EMPLOYMENT EVENTS

- A. **Death.** In the event your employment is terminated because of your death, all of the unvested Stock Units that are outstanding as of the date of your death will fully vest and will be distributed within 60 days following such date.
- B. **Permanent Disability.** Upon the occurrence of your Permanent Disability, all of the unvested Stock Units that are outstanding as of the occurrence of your Permanent Disability will fully vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section III.H.1.
- C. **Termination by You Outside of the European Union - Age and Service Treatment.** If you have satisfied the Age and Service Criteria for Pro-Rata Vesting (as defined in Section V.B.) or the Age and Service Criteria for Full Vesting (as defined in Section V.A.) on or before the date you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by Marsh & McLennan Companies, in its sole discretion, to be employed outside of the European Union (as defined in V.F.), then:
1. If you have satisfied the Age and Service Criteria for Pro-Rata Vesting but not the Age and Service Criteria for Full Vesting, upon such termination of employment, a pro-rata portion of the unvested Stock Units that are outstanding as of such termination of employment will vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section III.H.1. The portion of the unvested Stock Units that does not vest pursuant to this paragraph will be forfeited and cancelled.

2. If you have satisfied the Age and Service Criteria for Full Vesting, upon such termination of employment, all of the unvested Stock Units that are outstanding as of such termination of employment will vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section III.H.1.

For the avoidance of doubt, Section III.E. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause (as defined in Section V.C.).

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied either the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting under this Section III.C. will be determined in accordance with Section III.G.

- D. Termination by You Within the European Union - Retirement Treatment.** Provided you have a minimum of five years of service with the Company on or before you terminate employment, you will be eligible to apply for retirement treatment. If you are determined by the Retirement Treatment Committee (as defined in Section V.I.) to be eligible for retirement treatment on or following the time you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by the Company, in its sole discretion, to be employed within the European Union, then upon your termination of employment a pro-rata portion of the unvested Stock Units that are outstanding as of such termination of employment will vest upon the determination by the Retirement Treatment Committee that you are eligible for retirement treatment, and will be distributed as soon as practicable, and in no event later than 60 days thereafter; provided that you have satisfied the conditions described in Section III.H.1. Prior to distribution, Marsh & McLennan Companies in its sole discretion may ask you to reaffirm the existence of the facts and factors upon which the determination to provide retirement treatment was made. The portion of the unvested Stock Units that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled. For the avoidance of doubt, Section III.E.1. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause.

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the minimum service requirement under this Section III.D. will be determined in accordance with Section III.G.

**E. Termination by the Company Other Than for Cause.**

1. **General.** Except as otherwise provided in Section IV., in the event the Company, in its sole discretion, determines that your employment is terminated by the Company other than for Cause, all of the unvested Stock Units that are outstanding as of such termination of employment will vest and will be distributed within 60 days following such date, provided that you have satisfied the conditions described in Section III.H.2. For the avoidance of doubt, this Section III.E.1. shall apply regardless of whether you are determined by the Retirement Treatment Committee to be eligible for

retirement treatment on or following your termination of employment or you have satisfied the Age and Service Criteria for Pro-Rata Vesting on or before your termination of employment by the Company.

**2. Important Notes.**

- a. Sale of Business Unit.** For purposes of this Award, in the event of a sale or similar transaction involving the business unit for which you work ("*Employing Company*") as a result of which the Employing Company ceases to be a subsidiary or affiliate of Marsh & McLennan Companies, your employment will be deemed terminated by the Company other than for Cause, even if your employment with the Employing Company continues after the sale or similar transaction.
- b. Constructive Discharge.** The Award will not vest, whether on a pro-rata or full basis, upon a constructive discharge, including if any court or regulatory agency retroactively concludes or interprets events to have constituted a constructive discharge.

**F. All Other Terminations.** For all other terminations of employment not described in Sections III.A. through E. or Section IV. (including, but not limited to, a termination by the Company for Cause, your resignation without having satisfied the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C., or your resignation without meeting the minimum service requirement or without having been determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.D.), any rights, title and interest in and to any remaining unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.G.

**G. Date of Termination of Employment.**

- 1.** If Section III.G.2 does not apply to you, then for purposes of determining vesting under Section II.B.2. and the number of unvested Stock Units that vest on a pro-rata basis as described in Section III.I., your employment will be treated as having terminated on your last day of employment with the Company.
- 2.** If you are obligated (whether by law or contract) to provide the Company advance notice of your intention to terminate your employment or service relationship then, in the event you terminate your employment pursuant to Section III.C., III.D. or III.F. (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), for purposes of determining vesting under Section II.B.2. and the pro rata calculation described in Section III.I., your employment will be treated as having terminated on your last day of active service with the Company, as determined by the Company in its sole discretion.

You shall be deemed to have ceased active service with the Company when you are no longer required by the Company to provide regular services to the

Company even if you remain legally employed by the Company, such as may occur if the Company were to place you on “garden leave”, a terminal leave of absence or any similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any (in each case as determined by the Company in its sole discretion).

**H. Conditions for All or a Portion of the Award to Vest Following a Termination of Employment.**

- 1. Restrictive Covenants Agreement.** In the event of (i) the occurrence of your Permanent Disability as described in Section III.B., (ii) your termination of employment after satisfying the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C. or (iii) a determination by the Retirement Treatment Committee that you are eligible for retirement treatment as described in Section III.D., you will be required to execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement. Failure to (a) execute or reaffirm such an agreement by the date specified by the Company, which shall be in no event later than 60 days following the occurrence of your Permanent Disability as described in Section III.B. or your termination of employment as described in Section III.C. and no later than 60 days following vesting if your termination of employment is pursuant to Section III.D., or (b) comply with the Restrictive Covenants Agreement or to continue to be in compliance with the Restrictive Covenants Agreement as of the delivery date (as described in Section II.B.4.) or, at the Company’s discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.
- 2. Waiver and Release and Restrictive Covenants Agreement.** In the event of your termination of employment by the Company other than for Cause as described in Section III.E., you will be required to (i) execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement and (ii) execute and not revoke a waiver and release agreement, if provided to you by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement or the Restrictive Covenants Agreement, as applicable, or continue to be in compliance with the applicable agreement as of the delivery date (as described in Section II.B.4.) and, at the Company’s discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.



**I. Determination of Pro-Rata Calculation upon Termination of Employment.**

The pro-rata portion of the unvested Stock Units and accrued Dividend Equivalents that are outstanding as of a termination of employment that will become distributable under certain circumstances described in Section III. will be determined using the following formula:

$$\left( A \times \frac{B}{C} \right) - D$$

where

- A = the number of Stock Units/accrued Dividend Equivalents covered by the Award;
- B = the number of days in the period beginning on the grant date of the Award and ending on the date of your termination of employment, as determined in accordance with Section III.G;
- C = the number of days in the period beginning on the grant date of the Award and ending on the last Scheduled Vesting Date; and
- D = the number of Stock Units/accrued Dividend Equivalents that have previously vested, as determined in accordance with Section III.G.

**J. Section 409A of the Code for Award Recipients Subject to U.S. Federal Income Tax (whether or not the recipient is a U.S. citizen or employed in the U.S.).**

1. For Award recipients subject to U.S. federal income tax, notwithstanding any other provision herein, the Award may be subject to additional restrictions to ensure compliance with (or continued exemption from) the requirements of Section 409A of the Code (as defined in Section V.J.). The Compensation Committee of the Board of Directors of Marsh & McLennan Companies (the "*Committee*") intends to administer the Award in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Award (including changes that may have retroactive effect) deemed necessary or desirable to comply with Section 409A of the Code. This means, for example, that the timing of distributions may be different from those described in the Award Documentation that do not reflect Section 409A of the Code. If the Award is not in compliance with Section 409A of the Code, you may be subject to immediate taxation of all unpaid awards under the Plan that are subject to Section 409A of the Code at your regular federal income tax rate, plus a 20% additional tax, plus interest at the underpayment rate plus 1%, as well as any state and local taxes, penalties, additional taxes and interest, if applicable, imposed under any state tax law similar to Section 409A of the Code.

2. Notwithstanding any other provision herein, if any portion of the Award is determined to be nonqualified deferred compensation subject to Section 409A of the Code, any references to “termination of employment,” or “when you are no longer employed” in these Terms and Conditions shall have the following meaning:

Your “termination of employment” (or similar terms) shall occur when you have incurred a “separation from service” within the meaning of Section 409A of the Code and as further defined herein. Specifically, you will have incurred a “separation from service” when the level of services you provide to the Company in any capacity, including as an employee, director, independent contractor or consultant, does not exceed 20% of the average level of services that you provided to the Company in the preceding 36 months (or shorter period of service if, for example, your total service with the Company is less than 36 months), all as determined in accordance with Section 409A of the Code. In determining whether a “separation from service” has occurred, any period of up to six months during which you are on a bona fide leave of absence or up to 29 months during which you are absent from work due to a disability for which you are receiving Marsh & McLennan Companies long-term disability benefits will be ignored.

3. Notwithstanding any other provision herein, if at the time of your termination of employment you are a “specified employee” (as defined in Section 409A of the Code), no portion of the Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code can be distributed prior to the first day of the seventh month after your termination of employment and any such distributions to which you would otherwise be entitled during the first six months following your termination of employment will be accumulated and paid without interest on the first day of the seventh month after your termination of employment. The provisions of this subparagraph will only apply if and to the extent required to avoid any “additional tax” under Section 409A of the Code.
4. Notwithstanding any other provision herein, if (a) the Award is subject to Section 409A of the Code (or could, absent this provision, be subject to Section 409A of the Code, including a distribution that would otherwise be made pursuant to Section III. J.5) and the Award Documentation conditions payment or commencement of payment on one or more Employment-Related Actions and (b) the period for the completion of an Employment-Related Action includes the January 1 next following the event otherwise triggering the right to payment, then the payment shall be made or commence following the completion of the Employment-Related Action, but in no event earlier than that January 1.

5. Notwithstanding any provision herein other than Section III.J.4, for distributions of Stock Units or cash attributable to such Stock Units that are subject to one or more Employment-Related Actions (as defined in Section V.E.) where you have not satisfied, and would not satisfy, the Age and Service Criteria for Full Vesting prior to January 1, [YEAR]:
- a. With respect to Stock Units, no later than March 15<sup>th</sup> of the year following the year in which the substantial risk of forfeiture (as determined under Section 409A of the Code) (the “*Substantial Risk of Forfeiture*”) lapses with respect to such Stock Units, shares of Common Stock underlying such Stock Units shall be delivered to you (to the extent not previously delivered), subject to a stop transfer order and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such delivery. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies will remove or cause to be removed such stop transfer order; and
  - b. With respect to a cash payment attributable to Stock Units, to the extent that such payment will not be made by March 15<sup>th</sup> of the year following the year in which the Substantial Risk of Forfeiture lapses with respect to such payment, such payment shall be placed in escrow or contributed to a secular trust (in the sole discretion of Marsh & McLennan Companies) for your benefit on or before such March 15<sup>th</sup> and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such placement or contribution. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies shall cause such amounts to be released from escrow or paid to you out of such trust.
- In either case, if any Employment-Related Action is not timely satisfied, the shares of Common Stock or the cash payment shall revert to Marsh & McLennan Companies with no further compensation due to you.
6. Notwithstanding any provision herein, with respect to distributions of Stock Units or cash attributable to such Stock Units (i) where you have satisfied or would satisfy the Age and Service Criteria for Full Vesting prior to January 1, [YEAR] and (ii) where such distributions are subject to one or more Employment-Related Actions:
- a. With respect to Stock Units, no later than December 31<sup>st</sup> of the year in which the Scheduled Vesting Date occurs (or December 31<sup>st</sup> of the year in which your termination of employment occurs, if sooner), shares of Common Stock underlying such Stock Units shall be delivered to you (to the extent not previously delivered) on or before such December 31<sup>st</sup>, subject to a stop transfer order and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such delivery. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies will remove or cause to be removed such stop transfer order; and

- b. With respect to a cash payment attributable to Stock Units, to the extent any such payment will not be made by December 31<sup>st</sup> of the year in which the Scheduled Vesting Date occurs (or December 31<sup>st</sup> of the year in which your termination of employment occurs, if sooner), any payment that relates to such payment event shall be placed in escrow or contributed to a secular trust (in the sole discretion of Marsh & McLennan Companies) for your benefit on or before such December 31<sup>st</sup> and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such placement or contribution. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies shall cause such amounts to be released from escrow or paid to you out of such trust.

In either case, if any Employment-Related Action is not timely satisfied, the shares of Common Stock or the cash payment shall revert to Marsh & McLennan Companies with no further compensation due to you.

7. Nothing in this Section III.J. is intended to nor does it guarantee that the Award will not be subject to “additional tax” or other adverse tax consequences under Section 409A of the Code or any similar state tax law.

#### **IV. CHANGE IN CONTROL PROVISIONS**

- A. Upon the occurrence of a Change in Control, the Award will continue to vest in accordance with the vesting schedule specified in Section II.B.2., subject to earlier vesting or forfeiture pursuant to Section III.; provided that upon your termination of employment by the Company other than for Cause, or by you for Good Reason (as defined in V.G.), during the 24-month period following such Change in Control, all unvested Stock Units that are outstanding as of your termination of employment will fully vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section IV.B. Notwithstanding the foregoing, if the Stock Units are not assumed, converted or replaced in connection with a Change in Control on an equivalent basis, the Stock Units (to the extent permitted in accordance with the requirements of Treas. Reg. § 1.409A-3(j)(4)(ix)(B)) will fully vest immediately prior to the Change in Control and will be distributed as soon as practicable following vesting and in no event later than 60 days following vesting.
- B. In the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control, you will be required to execute and not revoke a waiver and release agreement, if provided by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement and be in compliance with the agreement, if applicable, as of the delivery date as described in II.B.4., will result in the cancellation or forfeiture of any rights, title and interest in and to the Award.

- C. For the avoidance of doubt, in the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control and, on or before the date of your termination of employment you satisfy the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C., or you are determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.D., any unvested Stock Units covered by the Award will be treated as described in Section IV.A; provided that you have satisfied the conditions described in Section IV.B.

## V. DEFINITIONS

As used in these Terms and Conditions:

- A. **“Age and Service Criteria for Full Vesting”** shall mean you are at least age 65 and have a minimum of one year of service with the Company. For the avoidance of doubt, Age and Service Criteria for Full Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- B. **“Age and Service Criteria for Pro-Rata Vesting”** shall mean you are at least age 55 but are not yet age 65 and have a minimum of five years of service with the Company. For the avoidance of doubt, Age and Service Criteria for Pro-Rata Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- C. **“Cause”** shall mean:
1. willful failure to substantially perform the duties consistent with your position which is not remedied within 30 days after receipt of written notice from the Company specifying such failure;
  2. willful violation of any written Company policies, including but not limited to, The Marsh & McLennan Companies Code of Conduct, *The Greater Good*;
  3. commission at any time of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;
  4. unlawful use (including being under the influence) or possession of illegal drugs;
  5. any gross negligence or willful misconduct resulting in a material loss to the Company, or material damage to the reputation of the Company; or
  6. any violation of any statutory or common law duty of loyalty to the Company, including the commission at any time of any act of fraud, embezzlement, or material breach of fiduciary duty against the Company.
- D. **“Company”** shall mean Marsh & McLennan Companies or any of its subsidiaries or affiliates.
- E. **“Employment-Related Action”** shall mean the execution and effectiveness of a release of claims and/or a restrictive covenant.
- F. **“European Union”** shall include all member states and the United Kingdom, if the United Kingdom leaves the European Union.

- G. “Good Reason”** shall mean any one of the following events without your written consent:
1. material reduction in your base salary;
  2. material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
  3. material diminution of your duties, responsibilities or authority; or
  4. relocation of more than 50 miles from your principal place of employment immediately prior to the Change in Control; provided that you provide Marsh & McLennan Companies with written notice of your intent to terminate your employment for Good Reason within 60 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide Marsh & McLennan Companies with at least 30 days following receipt of such notice to remedy such circumstances.
- H. “Permanent Disability”** will be deemed to occur when it is determined (by Marsh & McLennan Companies’ disability carrier for the primary long-term disability plan or program applicable to you because of your employment with the Company) that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- I. “Retirement Treatment Committee”** is comprised of employees of the Company appointed by the Committee.
- J. “Section 409A of the Code”** shall mean Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (regarding nonqualified deferred compensation).
- K. Additional Definitions.**

The terms below are defined on the following pages:

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## VI. ADDITIONAL PROVISIONS

### A. Additional Provisions—General

1. **Administrative Rules.** The Award shall be subject to such additional administrative regulations as the Committee may, from time to time, adopt. All decisions of the Committee upon any questions arising under the Award Documentation shall be conclusive and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the Award, and references to the Committee shall be deemed to include any such delegate.
2. **Amendment.** The Committee may, in its sole discretion, amend the terms of the Award, including, without limitation, to impose additional requirements on the Award and on any shares of Common Stock with respect to the Award; provided, however, that if the Committee concludes, in its sole discretion, that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to the Award without your consent, except to the extent that any such action is made to cause the Award to comply with applicable law, currency controls, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or is otherwise made in accordance with Section VI.A.4.
3. **Limitations.** Payment of the Award is not secured by trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of Marsh & McLennan Companies by reason of the Award. Your right to payment of the Award is the same as the right of an unsecured general creditor of Marsh & McLennan Companies.
4. **Cancellation or Clawback of Awards.**
  - a. Marsh & McLennan Companies may, to the extent permitted or required by any applicable law, stock exchange rules, currency controls, or any applicable Company policy or arrangement in effect prior to the vesting of any unvested portion of the Award, or as specified in the Award Documentation, cancel, reduce or require reimbursement of the Award.
  - b. If you fail to repay any amount due pursuant to this Section VI.A.4., the Company may bring an action in court to recover the amount due. You acknowledge that, by accepting the Award, you agree to pay all costs, expenses and attorney's fees incurred by the Company in any proceeding for the collection of amounts due pursuant to this Section VI.A.4., provided that the Company prevails in whole or in part in any such proceeding. The Company may also, to the extent permitted by applicable law, reduce any amounts owed to you by the Company in an amount up to the full amount of the repayment due.
5. **Governing Law; Choice of Forum.** The Award and the Award Documentation applicable to the Award are governed by, and subject to the laws of the state of Delaware, without regard to the conflict of law provisions, as set forth in Section 10.J of the Plan. For purposes of any action, lawsuit, or other proceedings arising out of or relating to this Award, including without limitation, to enforce the Award Documentation, the Company and you each

hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in the State of New York, and any appellate court thereof. The Company and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

6. **Severability; Captions.** In the event that any provision of this Award is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Award will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law. The captions of this Award are not part of the provisions of this Award and will have no force or effect.
7. **Electronic Delivery and Acceptance.** Marsh & McLennan Companies may, in its sole discretion, decide to deliver any documents related to the Award and/or your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies.
8. **Waiver.** You acknowledge that neither a waiver by Marsh & McLennan Companies of your breach of any provision of the Award Documentation nor a prior waiver by Marsh & McLennan Companies of a breach of any provision of the Award Documentation by any other participant of the Plan shall operate or be construed as a waiver of any other provision of the Award Documentation, or of any subsequent breach by you.
9. **Eligibility for Award.** In order to be granted an Award, you must satisfy the eligibility criteria for grantees set forth in the Plan as of the grant date.

**B. Additional Provisions—Outside of the United States**

1. **Changes to Delivery.** In the event that Marsh & McLennan Companies considers that due to legal, regulatory or tax issues the normal delivery of an Award (as described in these Terms and Conditions) to a participant outside the United States would not be appropriate, then Marsh & McLennan Companies may, in its sole discretion, determine how and when the value of the Award will be delivered. Without limitation, this may include making any payments due under the Award in cash instead of shares of Common Stock or in shares of Common Stock instead of cash, in an amount equivalent to the value of the Award on the date of vesting after payment of applicable taxes and fees, or, delivering or paying out the Award as soon as practicable following a termination of employment. If the value of an Award is to be delivered in cash instead of shares of Common Stock, Marsh & McLennan Companies may sell any shares of Common Stock distributable in respect of the Award on your behalf and use the proceeds (after payment of applicable taxes and fees) to satisfy the Award.
2. **Amendment and Modification.** The Committee may modify the terms of any Award under the Plan granted to you in any manner deemed by the Committee to be necessary or appropriate in order for such Award to conform



to laws, regulations, and customs of the country (other than the United States) in which you are then resident or primarily employed or were resident or primarily employed at the time of grant or during the term of the Award, or so that the value and other benefits of the Award to you, as affected by non-U.S. tax laws and other restrictions applicable as a result of your residence or employment outside of the United States, shall be comparable to the value of such an Award to an individual who is resident or primarily employed in the United States.

## **VII. QUESTIONS AND ADDITIONAL INFORMATION**

Please retain this document in your permanent records. If you have any questions regarding the Award Documentation or if you would like an account statement detailing the number of shares of Common Stock covered by the Award and the vesting date(s) of the Award, or any other information, please contact:

Global & Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
United States of America  
Telephone Number: +1 212 345-9722  
Facsimile Number: +1 212 948-8481  
Email: [mmc.compensation@mmc.com](mailto:mmc.compensation@mmc.com)

IN WITNESS WHEREOF, Marsh & McLennan Companies has caused these Terms & Conditions to be duly executed by the facsimile signature of its Senior Vice President, Chief Human Resources Officer as of the day and year first above written. By consenting to these Terms and Conditions, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described herein and in the Award Documentation; and (ii) you understand and agree that these Terms & Conditions and the Award Documentation constitute the entire understanding between you and Marsh & McLennan Companies regarding the Award, and that any prior agreements, commitments or negotiations concerning the Award are replaced and superseded. The grant of the Award is contingent upon your acceptance of these Terms and Conditions, Country-Specific Notices and Restrictive Covenants Agreement (if applicable) by the date and in the manner specified in materials provided to you by Global & Executive Compensation and/or the Company's stock plan service provider. If you decline the Award or you do not accept the Award and any applicable documents described in the preceding sentence by the date and in the manner specified, the Award will be cancelled as of the grant date of the Award.

**/s/Laurie Ledford**  
**Laurie Ledford**  
**SVP, Chief Human Resources Officer**

MARSH & McLENNAN COMPANIES, INC.  
2011 INCENTIVE AND STOCK AWARD PLAN  
  
TERMS AND CONDITIONS  
OF  
RESTRICTED STOCK UNIT AWARDS  
GRANTED ON [DATE], 2019

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## I. BACKGROUND

An award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the "*Plan*"), subject to your acceptance as described in Section II.A.1. The Award is a one-time award in recognition of any award that you may have been eligible to be granted under the JLT 2019 Deferred Bonus Scheme that you otherwise may have received. Following the grant of this Award, you will not receive additional awards in recognition of the Deferred Bonus Scheme awards. The Award type, the number of shares of Marsh & McLennan Companies, Inc. ("*Marsh & McLennan Companies*") common stock covered by the Award, instructions on how to accept or decline the Award and the deadline for accepting the Award will be provided to you by Global & Executive Compensation and/or the stock plan service provider of the Company (as defined in Section V.D.). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*") and to additional terms and conditions as set forth in the country-specific notices (the "*Country-Specific Notices*"). The Prospectus dated [DATE], also describes important information about the Plan. The Terms and Conditions, the Country-Specific Notices and the Plan will be referred to herein as the "*Award Documentation*". As used herein, "*Common Stock*" means common stock of Marsh & McLennan Companies.

Capitalized terms in these Terms and Conditions are defined in Section V.

## II. AWARDS

### A. General.

1. **Award Acceptance.** The grant of this Award is contingent upon your acceptance, by the date and in the manner specified by Global & Executive Compensation and/or the Company's stock plan service provider, of these Terms and Conditions, the Country-Specific Notices and Restrictive Covenants Agreement as described in Section II.A.3. If you decline the Award or if you do not accept the Award and any applicable documents described in the preceding sentence by the deadline date and in the manner specified, then the Award will be cancelled as of the grant date of the Award.
2. **Rights of Award Holders.** Unless and until the vesting conditions of the Award have been satisfied and cash or shares of Common Stock, as applicable, have been delivered to you in accordance with the Award Documentation, you have only the rights of a general unsecured creditor of Marsh & McLennan Companies. Unless and until shares of Common Stock have been delivered to you, you have none of the rights of ownership to such shares (e.g., units cannot be used as payment for stock option exercises; units may not be transferred or assigned; units have no voting rights).
3. **Restrictive Covenants Agreement.** As described in Section II.A.1., a Restrictive Covenants Agreement ("*Restrictive Covenants Agreement*") in a form determined by Marsh & McLennan Companies must be in place in order to accept the Award, you must execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, the Restrictive Covenants Agreement in order for the Award to vest pursuant to certain employment events as described in Section III., and you must further execute or reaffirm,

as determined by Marsh & McLennan Companies in its sole discretion, and be in compliance with the Restrictive Covenants Agreement in order for the Award to become distributable to you whether or not you are employed by the Company at that time. Failure to timely execute the Restrictive Covenants Agreement by the date specified by the Company or failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement as described in Section III.H.1. or 2., as applicable, will result in cancellation or forfeiture of any rights, title and interest in and to the Award, without any liability to the Company.

**B. Stock Units.**

- 1. General.** A restricted stock unit ("*Stock Unit*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the terms of the Award Documentation, one share of Common Stock after vesting.
- 2. Vesting.** Subject to your continued employment, 33-1/3% of the Stock Units will vest on [DATE] of [YEAR], [YEAR] and [YEAR]. Each date on which a Stock Unit is scheduled to vest pursuant to this Section II.B.2. is a "*Scheduled Vesting Date*." In the event of your termination of employment, the occurrence of your Permanent Disability (as defined in Section V.H.) or the occurrence of a "*Change in Control*" (as defined in the Plan) prior to a Scheduled Vesting Date, your right to any Stock Units that are unvested immediately prior to your termination of employment or occurrence of your Permanent Disability, as applicable, will be determined in accordance with Section III. or Section IV., as applicable. For the avoidance of doubt, the date of your termination of employment for purposes of determining vesting under this Section II.B.2. will be determined in accordance with Section III.G.
- 3. Dividend Equivalents.** For each outstanding Stock Unit covered by the Award, an amount equal to the dividend payment (if any) made in respect of one share of Common Stock (a "*Dividend Equivalent*") will accrue in U.S. dollars on each dividend record date that occurs on or after the grant date of the Award while the Award is outstanding, with no interest paid on such amounts. Accrued Dividend Equivalents will vest when the Stock Units in respect of which such Dividend Equivalents were accrued vest. No further Dividend Equivalents will accrue on Stock Units that do not vest or are cancelled or forfeited. If a pro-rata amount of the outstanding unvested Stock Unit award is eligible to vest upon a termination of employment event as described in Section III.C.1, and III.D, the pro-rata calculation (as described in Section III.I) will be applied to the Dividend Equivalents that have accrued on the Award as of the date of termination. Accrued Dividend Equivalents will not be paid, and no further Dividend Equivalents will accrue, on Stock Units that do not vest or are cancelled or forfeited as per a termination of employment event described in Section III.F.

#### **4. Delivery.**

- a.** Shares of Common Stock deliverable in respect of the Stock Units covered by the Award shall be delivered to you as soon as practicable following the Scheduled Vesting Date, and in no event later than 60 days following the Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.
- b.** The value of vested Dividend Equivalents will be delivered to you in cash as soon as practicable after delivery of the shares of Common Stock described in II.B.4.a above, and in no event later than 60 days following the Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.
- c.** The delivery of shares of Common Stock and/or cash or other property that may be deliverable under these Terms and Conditions, is conditioned on the satisfaction or withholding of any applicable tax obligations, as described in Section II.C.
- d.** Any shares of Common Stock and/or cash or other property that may be deliverable following your death shall be delivered to the person or persons to whom your rights pass by will or the law of descent and distribution, and such delivery shall completely discharge Marsh & McLennan Companies and any of its subsidiaries' or affiliates' obligations under the Award.
- e.** Notwithstanding the foregoing, additional delivery rules for certain Award recipients subject to U.S. federal income tax (whether or not the recipient is a U.S. citizen or employed in the U.S.) are reflected in Section III.J.

#### **C. Satisfaction of Tax Obligations.**

- 1. Personal Tax Advisor.** Neither the Company nor any Company employee is authorized to provide personal tax advice to you. It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award, especially before making any decisions that rely on that tax treatment.
- 2. U.S. Employees.** Applicable employment taxes are required by law to be withheld when a Stock Unit or Dividend Equivalent vests. Applicable income taxes are required by law to be withheld when shares of Common Stock in respect of Stock Units or cash in respect of Dividend Equivalents are delivered to you. A sufficient number of whole shares of Common Stock, cash or other property, as applicable, will be retained by Marsh & McLennan Companies to satisfy the tax-withholding obligation.
- 3. Non-U.S. Employees.**
  - a. Stock Units and Dividend Equivalents.** In most countries, the value of a Stock Unit or Dividend Equivalent is generally not taxable on the grant date. If the value of the Stock Unit or Dividend Equivalent is not taxable on the grant date, it will, in most countries, be taxed at a later time, for example, upon delivery of a share of Common Stock in respect of the Stock Unit that vests, and/or the subsequent sale of the share of



Common Stock received in connection with the vesting of the Stock Unit or upon delivery of cash in respect of a Dividend Equivalent.

- b. Withholding.** Marsh & McLennan Companies and/or your employer shall have the power and the right to deduct and withhold from the Award and other compensation or to require you to remit to Marsh & McLennan Companies and/or to your employer, an amount sufficient to satisfy any taxes that Marsh & McLennan Companies expects to be payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, payroll taxes, fringe benefits, payment on account, capital gain taxes, transfer taxes, social security contributions and National Insurance Contributions with respect to the Award, and any and all associated tax events derived therefrom. If applicable, Marsh & McLennan Companies and/or your employer will, to the extent permissible under applicable law or otherwise agreed between you and Marsh & McLennan Companies and/or your employer, retain and sell a sufficient number of whole shares of Common Stock distributable in respect of the Award for this purpose.

### III. EMPLOYMENT EVENTS

- A. Death.** In the event your employment is terminated because of your death, all of the unvested Stock Units that are outstanding as of the date of your death will fully vest and will be distributed within 60 days following such date.
- B. Permanent Disability.** Upon the occurrence of your Permanent Disability, all of the unvested Stock Units that are outstanding as of the occurrence of your Permanent Disability will fully vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section III.H.1.
- C. Termination by You Outside of the European Union - Age and Service Treatment.** If you have satisfied the Age and Service Criteria for Pro-Rata Vesting (as defined in Section V.B.) or the Age and Service Criteria for Full Vesting (as defined in Section V.A.) on or before the date you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by Marsh & McLennan Companies, in its sole discretion, to be employed outside of the European Union (as defined in V.F.), then:

  - 1.** If you have satisfied the Age and Service Criteria for Pro-Rata Vesting but not the Age and Service Criteria for Full Vesting, upon such termination of employment, a pro-rata portion of the unvested Stock Units that are outstanding as of such termination of employment will vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section III.H.1. The portion of the unvested Stock Units that does not vest pursuant to this paragraph will be forfeited and cancelled.

2. If you have satisfied the Age and Service Criteria for Full Vesting, upon such termination of employment, all of the unvested Stock Units that are outstanding as of such termination of employment will vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section III.H.1.

For the avoidance of doubt, Section III.E. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause (as defined in Section V.C.).

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied either the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting under this Section III.C. will be determined in accordance with Section III.G.

- D. Termination by You Within the European Union - Retirement Treatment.** Provided you have a minimum of five years of service with the Company on or before you terminate employment, you will be eligible to apply for retirement treatment. If you are determined by the Retirement Treatment Committee (as defined in Section V.I.) to be eligible for retirement treatment on or following the time you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by the Company, in its sole discretion, to be employed within the European Union, then upon your termination of employment a pro-rata portion of the unvested Stock Units that are outstanding as of such termination of employment will vest upon the determination by the Retirement Treatment Committee that you are eligible for retirement treatment, and will be distributed as soon as practicable, and in no event later than 60 days thereafter; provided that you have satisfied the conditions described in Section III.H.1. Prior to distribution, Marsh & McLennan Companies in its sole discretion may ask you to reaffirm the existence of the facts and factors upon which the determination to provide retirement treatment was made. The portion of the unvested Stock Units that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled. For the avoidance of doubt, Section III.E.1. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause.

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the minimum service requirement under this Section III.D. will be determined in accordance with Section III.G.

**E. Termination by the Company Other Than for Cause.**

1. **General.** Except as otherwise provided in Section IV., in the event the Company, in its sole discretion, determines that your employment is terminated by the Company other than for Cause, all of the unvested Stock Units that are outstanding as of such termination of employment will vest and will be distributed within 60 days following such date, provided that you have satisfied the conditions described in Section III.H.2. For the avoidance of doubt, this Section III.E.1. shall apply regardless of whether you are determined by the Retirement Treatment Committee to be eligible for

retirement treatment on or following your termination of employment or you have satisfied the Age and Service Criteria for Pro-Rata Vesting on or before your termination of employment by the Company.

## **2. Important Notes.**

- a. Sale of Business Unit.** For purposes of this Award, in the event of a sale or similar transaction involving the business unit for which you work ("*Employing Company*") as a result of which the Employing Company ceases to be a subsidiary or affiliate of Marsh & McLennan Companies, your employment will be deemed terminated by the Company other than for Cause, even if your employment with the Employing Company continues after the sale or similar transaction.
- b. Constructive Discharge.** The Award will not vest, whether on a pro-rata or full basis, upon a constructive discharge, including if any court or regulatory agency retroactively concludes or interprets events to have constituted a constructive discharge.

**F. All Other Terminations.** For all other terminations of employment not described in Sections III.A. through E. or Section IV. (including, but not limited to, a termination by the Company for Cause, your resignation without having satisfied the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C., or your resignation without meeting the minimum service requirement or without having been determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.D.), any rights, title and interest in and to any remaining unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.G.

## **G. Date of Termination of Employment.**

- 1.** If Section III.G.2 does not apply to you, then for purposes of determining vesting under Section II.B.2. and the number of unvested Stock Units that vest on a pro-rata basis as described in Section III.I., your employment will be treated as having terminated on your last day of employment with the Company.
- 2.** If you are obligated (whether by law or contract) to provide the Company advance notice of your intention to terminate your employment or service relationship then, in the event you terminate your employment pursuant to Section III.C., III.D. or III.F. (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), for purposes of determining vesting under Section II.B.2. and the pro rata calculation described in Section III.I., your employment will be treated as having terminated on your last day of active service with the Company, as determined by the Company in its sole discretion.

You shall be deemed to have ceased active service with the Company when you are no longer required by the Company to provide regular services to the Company even if you remain legally employed by the Company, such as may occur if the Company were to place you on "garden leave" a terminal leave of absence or any similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any (in each case as determined by the Company in its sole discretion).

**H. Conditions for All or a Portion of the Award to Vest Following a Termination of Employment.**

- 1. Restrictive Covenants Agreement.** In the event of (i) the occurrence of your Permanent Disability as described in Section III.B., (ii) your termination of employment after satisfying the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C. or (iii) a determination by the Retirement Treatment Committee that you are eligible for retirement treatment as described in Section III.D., you will be required to execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement. Failure to (a) execute or reaffirm such an agreement by the date specified by the Company, which shall be in no event later than 60 days following the occurrence of your Permanent Disability as described in Section III.B. or your termination of employment as described in Section III.C. and no later than 60 days following vesting if your termination of employment is pursuant to Section III.D., or (b) comply with the Restrictive Covenants Agreement or to continue to be in compliance with the Restrictive Covenants Agreement as of the delivery date (as described in Section II.B.4.) or, at the Company's discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.
- 2. Waiver and Release and Restrictive Covenants Agreement.** In the event of your termination of employment by the Company other than for Cause as described in Section III.E., you will be required to (i) execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement and (ii) execute and not revoke a waiver and release agreement, if provided to you by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement or the Restrictive Covenants Agreement, as applicable, or continue to be in compliance with the applicable agreement as of the delivery date (as described in Section II.B.4.) and, at the Company's discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.

**I. Determination of Pro-Rata Calculation upon Termination of Employment.**

The pro-rata portion of the unvested Stock Units and accrued Dividend Equivalents that are outstanding as of a termination of employment that will become distributable under certain circumstances described in Section III. will be determined using the following formula:

$$\left( A \times \frac{B}{C} \right) - D$$

where

- A = the number of Stock Units/accrued Dividend Equivalents covered by the Award;
- B = the number of days in the period beginning on the grant date of the Award and ending on the date of your termination of employment, as determined in accordance with Section III.G;
- C = the number of days in the period beginning on the grant date of the Award and ending on the last Scheduled Vesting Date; and
- D = the number of Stock Units/accrued Dividend Equivalents that have previously vested, as determined in accordance with Section III.G.

**J. Section 409A of the Code for Award Recipients Subject to U.S. Federal Income Tax (whether or not the recipient is a U.S. citizen or employed in the U.S.).**

1. For Award recipients subject to U.S. federal income tax, notwithstanding any other provision herein, the Award may be subject to additional restrictions to ensure compliance with (or continued exemption from) the requirements of Section 409A of the Code (as defined in Section V.J.). The Compensation Committee of the Board of Directors of Marsh & McLennan Companies (the "*Committee*") intends to administer the Award in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Award (including changes that may have retroactive effect) deemed necessary or desirable to comply with Section 409A of the Code. This means, for example, that the timing of distributions may be different from those described in the Award Documentation that do not reflect Section 409A of the Code. If the Award is not in compliance with Section 409A of the Code, you may be subject to immediate taxation of all unpaid awards under the Plan that are subject to Section 409A of the Code at your regular federal income tax rate, plus a 20% additional tax, plus interest at the underpayment rate plus 1%, as well as any state and local taxes, penalties, additional taxes and interest, if applicable, imposed under any state tax law similar to Section 409A of the Code.
2. Notwithstanding any other provision herein, if any portion of the Award is determined to be nonqualified deferred compensation subject to Section 409A of the Code, any references to "termination of employment," or "when you are no longer employed" in these Terms and Conditions shall have the following

meaning:

Your “termination of employment” (or similar terms) shall occur when you have incurred a “separation from service” within the meaning of Section 409A of the Code and as further defined herein. Specifically, you will have incurred a “separation from service” when the level of services you provide to the Company in any capacity, including as an employee, director, independent contractor or consultant, does not exceed 20% of the average level of services that you provided to the Company in the preceding 36 months (or shorter period of service if, for example, your total service with the Company is less than 36 months), all as determined in accordance with Section 409A of the Code. In determining whether a “separation from service” has occurred, any period of up to six months during which you are on a bona fide leave of absence or up to 29 months during which you are absent from work due to a disability for which you are receiving Marsh & McLennan Companies long-term disability benefits will be ignored.

3. Notwithstanding any other provision herein, if at the time of your termination of employment you are a “specified employee” (as defined in Section 409A of the Code), no portion of the Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code can be distributed prior to the first day of the seventh month after your termination of employment and any such distributions to which you would otherwise be entitled during the first six months following your termination of employment will be accumulated and paid without interest on the first day of the seventh month after your termination of employment. The provisions of this subparagraph will only apply if and to the extent required to avoid any “additional tax” under Section 409A of the Code.
4. Notwithstanding any other provision herein, if (a) the Award is subject to Section 409A of the Code (or could, absent this provision, be subject to Section 409A of the Code, including a distribution that would otherwise be made pursuant to Section III. J.5) and the Award Documentation conditions payment or commencement of payment on one or more Employment-Related Actions and (b) the period for the completion of an Employment-Related Action includes the January 1 next following the event otherwise triggering the right to payment, then the payment shall be made or commence following the completion of the Employment-Related Action, but in no event earlier than that January 1.
5. Notwithstanding any provision herein other than Section III.J.4, for distributions of Stock Units or cash attributable to such Stock Units that are subject to one or more Employment-Related Actions (as defined in Section V.E.) where you have not satisfied, and would not satisfy, the Age and Service Criteria for Full Vesting prior to January 1, [YEAR]:
  - a. With respect to Stock Units, no later than March 15<sup>th</sup> of the year following the year in which the substantial risk of forfeiture (as determined under Section 409A of the Code) (the “*Substantial Risk of Forfeiture*”) lapses

with respect to such Stock Units, shares of Common Stock underlying such Stock Units shall be delivered to you (to the extent not previously delivered), subject to a stop transfer order and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such delivery. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies will remove or cause to be removed such stop transfer order; and

- b. With respect to a cash payment attributable to Stock Units, to the extent that such payment will not be made by March 15<sup>th</sup> of the year following the year in which the Substantial Risk of Forfeiture lapses with respect to such payment, such payment shall be placed in escrow or contributed to a secular trust (in the sole discretion of Marsh & McLennan Companies) for your benefit on or before such March 15<sup>th</sup> and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such placement or contribution. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies shall cause such amounts to be released from escrow or paid to you out of such trust.

In either case, if any Employment-Related Action is not timely satisfied, the shares of Common Stock or the cash payment shall revert to Marsh & McLennan Companies with no further compensation due to you.

- 6. Notwithstanding any provision herein, with respect to distributions of Stock Units or cash attributable to such Stock Units (i) where you have satisfied or would satisfy the Age and Service Criteria for Full Vesting prior to January 1, [YEAR] and (ii) where such distributions are subject to one or more Employment-Related Actions:
  - a. With respect to Stock Units, no later than December 31<sup>st</sup> of the year in which the Scheduled Vesting Date occurs (or December 31<sup>st</sup> of the year in which your termination of employment occurs, if sooner), shares of Common Stock underlying such Stock Units shall be delivered to you (to the extent not previously delivered) on or before such December 31<sup>st</sup>, subject to a stop transfer order and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such delivery. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies will remove or cause to be removed such stop transfer order; and
  - b. With respect to a cash payment attributable to Stock Units, to the extent any such payment will not be made by December 31<sup>st</sup> of the year in which the Scheduled Vesting Date occurs (or December 31<sup>st</sup> of the year in which your termination of employment occurs, if sooner), any payment that relates to such payment event shall be placed in escrow or contributed to a secular trust (in the sole discretion of Marsh & McLennan Companies) for your benefit on or before such December 31<sup>st</sup> and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such placement or contribution. Upon your

timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies shall cause such amounts to be released from escrow or paid to you out of such trust.

In either case, if any Employment-Related Action is not timely satisfied, the shares of Common Stock or the cash payment shall revert to Marsh & McLennan Companies with no further compensation due to you.

7. Nothing in this Section III.J. is intended to nor does it guarantee that the Award will not be subject to “additional tax” or other adverse tax consequences under Section 409A of the Code or any similar state tax law.

#### **IV. CHANGE IN CONTROL PROVISIONS**

- A.** Upon the occurrence of a Change in Control, the Award will continue to vest in accordance with the vesting schedule specified in Section II.B.2., subject to earlier vesting or forfeiture pursuant to Section III.; provided that upon your termination of employment by the Company other than for Cause, or by you for Good Reason (as defined in V.G.), during the 24-month period following such Change in Control, all unvested Stock Units that are outstanding as of your termination of employment will fully vest and will be distributed within 60 days following such date; provided that you have satisfied the conditions described in Section IV.B. Notwithstanding the foregoing, if the Stock Units are not assumed, converted or replaced in connection with a Change in Control on an equivalent basis, the Stock Units (to the extent permitted in accordance with the requirements of Treas. Reg. § 1.409A-3(j)(4)(ix)(B)) will fully vest immediately prior to the Change in Control and will be distributed as soon as practicable following vesting and in no event later than 60 days following vesting.
- B.** In the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control, you will be required to execute and not revoke a waiver and release agreement, if provided by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement and be in compliance with the agreement, if applicable, as of the delivery date as described in II.B.4., will result in the cancellation or forfeiture of any rights, title and interest in and to the Award.
- C.** For the avoidance of doubt, in the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control and, on or before the date of your termination of employment you satisfy the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Section III.C., or you are determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.D., any unvested Stock Units covered by the Award will be treated as described in Section IV.A; provided that you have satisfied the conditions described in Section IV.B.



## V. DEFINITIONS

As used in these Terms and Conditions:

- A. **“Age and Service Criteria for Full Vesting”** shall mean you are at least age 65 and have a minimum of one year of service with the Company. For the avoidance of doubt, Age and Service Criteria for Full Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- B. **“Age and Service Criteria for Pro-Rata Vesting”** shall mean you are at least age 55 but are not yet age 65 and have a minimum of five years of service with the Company. For the avoidance of doubt, Age and Service Criteria for Pro-Rata Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- C. **“Cause”** shall mean:
  - 1. willful failure to substantially perform the duties consistent with your position which is not remedied within 30 days after receipt of written notice from the Company specifying such failure;
  - 2. willful violation of any written Company policies, including but not limited to, The Marsh & McLennan Companies Code of Conduct, *The Greater Good*;
  - 3. commission at any time of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;
  - 4. unlawful use (including being under the influence) or possession of illegal drugs;
  - 5. any gross negligence or willful misconduct resulting in a material loss to the Company, or material damage to the reputation of the Company; or
  - 6. any violation of any statutory or common law duty of loyalty to the Company, including the commission at any time of any act of fraud, embezzlement, or material breach of fiduciary duty against the Company.
- D. **“Company”** shall mean Marsh & McLennan Companies or any of its subsidiaries or affiliates.
- E. **“Employment-Related Action”** shall mean the execution and effectiveness of a release of claims and/or a restrictive covenant.
- F. **“European Union”** shall include all member states and the United Kingdom, if the United Kingdom leaves the European Union.
- G. **“Good Reason”** shall mean any one of the following events without your written consent:
  - 1. material reduction in your base salary;
  - 2. material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
  - 3. material diminution of your duties, responsibilities or authority; or

4. relocation of more than 50 miles from your principal place of employment immediately prior to the Change in Control; provided that you provide Marsh & McLennan Companies with written notice of your intent to terminate your employment for Good Reason within 60 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide Marsh & McLennan Companies with at least 30 days following receipt of such notice to remedy such circumstances.
- H. **“Permanent Disability”** will be deemed to occur when it is determined (by Marsh & McLennan Companies’ disability carrier for the primary long-term disability plan or program applicable to you because of your employment with the Company) that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- I. **“Retirement Treatment Committee”** is comprised of employees of the Company appointed by the Committee.
- J. **“Section 409A of the Code”** shall mean Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (regarding nonqualified deferred compensation).
- K. **Additional Definitions.**

The terms below are defined on the following pages:

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## VI. ADDITIONAL PROVISIONS

### A. Additional Provisions-General

1. **Administrative Rules.** The Award shall be subject to such additional administrative regulations as the Committee may, from time to time, adopt. All decisions of the Committee upon any questions arising under the Award Documentation shall be conclusive and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the Award, and references to the Committee shall be deemed to include any such delegate.
2. **Amendment.** The Committee may, in its sole discretion, amend the terms of the Award, including, without limitation, to impose additional requirements on the Award and on any shares of Common Stock with respect to the Award; provided, however, that if the Committee concludes, in its sole discretion, that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to the Award without your consent, except to the extent that any such action is made to cause the Award to comply with applicable law, currency controls, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or is otherwise made in accordance with Section VI.A.4.
3. **Limitations.** Payment of the Award is not secured by trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of Marsh & McLennan Companies by reason of the Award. Your right to payment of the Award is the same as the right of an unsecured general creditor of Marsh & McLennan Companies.
4. **Cancellation or Clawback of Awards.**
  - a. Marsh & McLennan Companies may, to the extent permitted or required by any applicable law, stock exchange rules, currency controls, or any applicable Company policy or arrangement in effect prior to the vesting of any unvested portion of the Award, or as specified in the Award Documentation, cancel, reduce or require reimbursement of the Award.
  - b. If you fail to repay any amount due pursuant to this Section VI.A.4., the Company may bring an action in court to recover the amount due. You acknowledge that, by accepting the Award, you agree to pay all costs, expenses and attorney's fees incurred by the Company in any proceeding for the collection of amounts due pursuant to this Section VI.A.4., provided that the Company prevails in whole or in part in any such proceeding. The Company may also, to the extent permitted by applicable law, reduce any amounts owed to you by the Company in an amount up to the full amount of the repayment due.
5. **Governing Law; Choice of Forum.** The Award and the Award Documentation applicable to the Award are governed by, and subject to the laws of the state of Delaware, without regard to the conflict of law provisions, as set forth in Section 10.J of the Plan. For purposes of any action, lawsuit,

or other proceedings arising out of or relating to this Award, including without limitation, to enforce the Award Documentation, the Company and you each hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in the State of New York, and any appellate court thereof. The Company and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

6. **Severability; Captions.** In the event that any provision of this Award is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Award will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law. The captions of this Award are not part of the provisions of this Award and will have no force or effect.
7. **Electronic Delivery and Acceptance.** Marsh & McLennan Companies may, in its sole discretion, decide to deliver any documents related to the Award and/or your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies.
8. **Waiver.** You acknowledge that neither a waiver by Marsh & McLennan Companies of your breach of any provision of the Award Documentation nor a prior waiver by Marsh & McLennan Companies of a breach of any provision of the Award Documentation by any other participant of the Plan shall operate or be construed as a waiver of any other provision of the Award Documentation, or of any subsequent breach by you.
9. **Eligibility for Award.** In order to be granted an Award, you must satisfy the eligibility criteria for grantees set forth in the Plan as of the grant date.

**B. Additional Provisions-Outside of the United States**

1. **Changes to Delivery.** In the event that Marsh & McLennan Companies considers that due to legal, regulatory or tax issues the normal delivery of an Award (as described in these Terms and Conditions) to a participant outside the United States would not be appropriate, then Marsh & McLennan Companies may, in its sole discretion, determine how and when the value of the Award will be delivered. Without limitation, this may include making any payments due under the Award in cash instead of shares of Common Stock or in shares of Common Stock instead of cash, in an amount equivalent to the value of the Award on the date of vesting after payment of applicable taxes and fees, or, delivering or paying out the Award as soon as practicable following a termination of employment. If the value of an Award is to be delivered in cash instead of shares of Common Stock, Marsh & McLennan Companies may sell any shares of Common Stock distributable in respect of the Award on your behalf and use the proceeds (after payment of applicable taxes and fees) to satisfy the Award.

2. **Amendment and Modification.** The Committee may modify the terms of any Award under the Plan granted to you in any manner deemed by the Committee to be necessary or appropriate in order for such Award to conform to laws, regulations, and customs of the country (other than the United States) in which you are then resident or primarily employed or were resident or primarily employed at the time of grant or during the term of the Award, or so that the value and other benefits of the Award to you, as affected by non-U.S. tax laws and other restrictions applicable as a result of your residence or employment outside of the United States, shall be comparable to the value of such an Award to an individual who is resident or primarily employed in the United States.

## VII. QUESTIONS AND ADDITIONAL INFORMATION

Please retain this document in your permanent records. If you have any questions regarding the Award Documentation or if you would like an account statement detailing the number of shares of Common Stock covered by the Award and the vesting date(s) of the Award, or any other information, please contact:

Global & Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
United States of America  
Telephone Number: +1 212 345-9722  
Facsimile Number: +1 212 948-8481  
Email: [mmc.compensation@mmc.com](mailto:mmc.compensation@mmc.com)

IN WITNESS WHEREOF, Marsh & McLennan Companies has caused these Terms & Conditions to be duly executed by the facsimile signature of its Senior Vice President, Chief Human Resources Officer as of the day and year first above written. By consenting to these Terms and Conditions, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described herein and in the Award Documentation; and (ii) you understand and agree that these Terms & Conditions and the Award Documentation constitute the entire understanding between you and Marsh & McLennan Companies regarding the Award, and that any prior agreements, commitments or negotiations concerning the Award are replaced and superseded. The grant of the Award is contingent upon your acceptance of these Terms and Conditions, Country-Specific Notices and Restrictive Covenants Agreement (if applicable) by the date and in the manner specified in materials provided to you by Global & Executive Compensation and/or the Company's stock plan service provider. If you decline the Award or you do not accept the Award and any applicable documents described in the preceding sentence by the date and in the manner specified, the Award will be cancelled as of the grant date of the Award.

**/s/Laurie Ledford**  
**Laurie Ledford**  
**SVP, Chief Human Resources Officer**

MARSH & McLENNAN COMPANIES, INC.  
2011 INCENTIVE AND STOCK AWARD PLAN  
  
TERMS AND CONDITIONS  
OF  
  
PERFORMANCE STOCK UNIT AWARDS  
GRANTED ON [DATE], 2019

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## I. BACKGROUND

A Performance Share Unit award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the "*Plan*"), subject to your acceptance as described in Section II.A.1. The number of shares of Marsh & McLennan Companies, Inc. ("*Marsh & McLennan Companies*") common stock covered by the Award, instructions on how to accept or decline the Award and the deadline for accepting the Award will be provided to you by Global & Executive Compensation and/or the stock plan service provider of the Company (as defined in Section V.E.). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*") and to additional terms and conditions as set forth in the country-specific notices (the "*Country-Specific Notices*"). The Prospectus dated [DATE], also describes important information about the Plan. The Terms and Conditions, the Country-Specific Notices and the Plan will be referred to herein as the "*Award Documentation*". As used herein, "*Common Stock*" means common stock of Marsh & McLennan Companies.

Capitalized terms in these Terms and Conditions are defined in Section V.

## II. AWARDS

### A.General.

- 1. Award Acceptance.** The grant of this Award is contingent upon your acceptance, by the date and in the manner specified by Global & Executive Compensation and/or the Company's stock plan service provider, of these Terms and Conditions, the Country-Specific Notices and Restrictive Covenants Agreement as described in Section II.A.3. If you decline the Award or if you do not accept the Award and any applicable documents described in the preceding sentence by the deadline date and in the manner specified, then the Award will be cancelled as of the grant date of the Award.
- 2. Rights of Award Holders.** Unless and until the vesting conditions of the Award have been satisfied and cash or shares of Common Stock, as applicable, have been delivered to you in accordance with the Award Documentation, you have only the rights of a general unsecured creditor of Marsh & McLennan Companies. Unless and until shares of Common Stock have been delivered to you, you have none of the rights of ownership to such shares (e.g., units cannot be used as payment for stock option exercises; units may not be transferred or assigned; units have no voting rights, etc.).
- 3. Restrictive Covenants Agreement.** As described in Section II.A.1., a Restrictive Covenants Agreement ("*Restrictive Covenants Agreement*") in a form determined by Marsh & McLennan Companies must be in place in order to accept the Award, you must execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, the Restrictive Covenants Agreement in order for the Award to vest pursuant to certain employment events as described in Section III., and you must further execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and be in compliance with the Restrictive Covenants Agreement in order for the Award to become distributable to you whether or not you are employed by the Company at that time. Failure to timely execute the Restrictive Covenants Agreement by the date specified by the Company or failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement

as described in Section III.I.1. or 2., as applicable, will result in cancellation or forfeiture of any rights, title and interest in and to the Award, without any liability to the Company.

## **B. Performance Stock Units.**

- 1. General.** A performance stock unit ("*PSU*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the terms of the Award Documentation, a minimum of zero (0) and up to a maximum of two (2) shares of Common Stock after vesting, depending on the achievement, as determined by the Compensation Committee of the Board of Directors of Marsh & McLennan Companies (the "*Committee*"), of the financial performance objectives established by the Committee for the Performance Period (as defined in Section V.I.). In the event of your termination of employment or occurrence of your Permanent Disability (as defined in Section V.J.) prior to the PSU Scheduled Vesting Date (defined below), the number of shares of Common Stock deliverable in respect of a PSU shall be determined as provided in Sections III. and IV.A.3.
- 2. Vesting.** Subject to your continued employment, the PSUs are scheduled to vest on [DATE] (the "*PSU Scheduled Vesting Date*"). In the event of your termination of employment, the occurrence of your Permanent Disability or a Change in Control (as defined in Section V.D.) prior to the PSU Scheduled Vesting Date, your right to the PSUs will be determined in accordance with Section III. or Section IV., as applicable. For the avoidance of doubt, the date of your termination of employment for purposes of this Section II.B.2. will be determined in accordance with Section III.H.
- 3. Dividend Equivalents.** A payment will be made that is equal to the dividend payment (if any) that would have been made, on each dividend record date that occurs on or after the date of grant while the PSUs are outstanding, in respect of the number of shares of Common Stock that is determined under Section II.B.1 to be delivered in respect of vested PSUs (a "*Dividend Equivalent*"). Dividend Equivalents will vest when the PSUs, in respect of which such Dividend Equivalents were calculated, vest. Prior to the determination described in Section II.B.1, for each outstanding PSU, an amount equal to the dividend payment (if any) made in respect of one share of Common Stock will accrue in U.S. dollars on each dividend record date that occurs on or after the grant date of the Award while the Award is outstanding, with no interest paid on such amounts. No further dividend equivalents will accrue on PSUs that do not vest or are cancelled or forfeited. If a pro-rata amount of the outstanding unvested PSUs is eligible to vest upon a termination of employment as described in Section III.C, III.E and III.F, the pro-rata calculation applied to the outstanding PSUs described in Section III.J will be applied to the dividend equivalents that have accrued on the Award as of the date of termination. Accrued dividend equivalents will not be paid, and no further dividend equivalents will accrue, on PSUs that do not vest or are cancelled or forfeited as described in Section III.G.

#### 4. Delivery.

- a. Shares of Common Stock deliverable, if any, in respect of the PSUs covered by the Award that vest on the PSU Scheduled Vesting Date shall be delivered to you as soon as practicable following the PSU Scheduled Vesting Date, and in no event later than 60 days following the PSU Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.
- b. The value of vested Dividend Equivalents that vest on the PSU Scheduled Vesting Date will be delivered to you in cash as soon as practicable after delivery of the shares of Common Stock described in II.B.4.a. above, and in no event later than 60 days following the PSU Scheduled Vesting Date, except as otherwise provided in Sections III., IV., and VI.B.
- c. The delivery of shares of Common Stock and/or cash or other property that may be deliverable under these Terms and Conditions, is conditioned on the satisfaction or withholding of any applicable tax obligations, as described in Section II.C.
- d. Any shares of Common Stock and/or cash or other property that may be deliverable following your death shall be delivered to the person or persons to whom your rights pass by will or the law of descent and distribution, and such delivery shall completely discharge the Company's obligations under the Award.
- e. Notwithstanding the foregoing, additional delivery rules for certain Award recipients subject to U.S. federal income tax (whether or not the recipient is a U.S. citizen or employed in the U.S.) are reflected in Section III.K.

#### C.Satisfaction of Tax Obligations.

- 1. **Personal Tax Advisor.** Neither the Company nor any Company employee is authorized to provide personal tax advice to you. It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award, especially before making any decisions that rely on that tax treatment.
- 2. **U.S. Employees - Performance Stock Units and Dividend Equivalents.** Applicable employment taxes are required by law to be withheld when a PSU or Dividend Equivalent vests, or, if later, when the number of shares of Common Stock deliverable in respect of a PSU (or the amount of cash payable in respect of a Dividend Equivalent corresponding to a PSU) is determined. Applicable income taxes are required by law to be withheld when shares of Common Stock in respect of PSUs or cash in respect of Dividend Equivalents are delivered to you. A sufficient number of whole shares of Common Stock, cash or other property, as applicable, will be retained by Marsh & McLennan Companies to satisfy the tax-withholding obligation.

### 3. Non-U.S. Employees.

- a. Performance Stock Units and Dividend Equivalents.** In most countries, the value of a PSU or Dividend Equivalent is generally not taxable on the grant date. If the value of the PSU or Dividend Equivalent is not taxable on the grant date, it will, in most countries, be taxed at a later time, for example, upon delivery of a share of Common Stock in respect of the PSU that vests, and/or the subsequent sale of the share of Common Stock received in connection with the vesting of the PSU, or upon delivery of cash in respect of a Dividend Equivalent.
- b. Withholding.** Marsh & McLennan Companies and/or your employer shall have the power and the right to deduct and withhold from the Award and other compensation or to require you to remit to Marsh & McLennan Companies and/or to your employer, an amount sufficient to satisfy any taxes that Marsh & McLennan Companies expects to be payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, payroll taxes, fringe benefits, payment on account, capital gain taxes, transfer taxes, social security contributions and National Insurance Contributions with respect to the Award, and any and all associated tax events derived therefrom. If applicable, Marsh & McLennan Companies and/or your employer will, to the extent permissible under applicable law or otherwise agreed between you and Marsh & McLennan Companies and/or your employer, retain and sell a sufficient number of whole shares of Common Stock distributable in respect of the Award for this purpose.

### III. EMPLOYMENT EVENTS

#### A. Death.

In the event your employment is terminated because of your death, all of the unvested PSUs that are outstanding as of the date of your death will fully vest and will be distributed within 60 days following such date. The Performance Period will be deemed to have ended on December 31 of the year immediately preceding the date of your death, and the number of shares of Common Stock distributable in respect of the PSUs will be determined in accordance with Section II.B.1.; provided that, in the event that your death occurs on or prior to December 31 of the year in which the PSUs are granted, you will receive one (1) share of Common Stock in respect of each PSU.

#### B. Permanent Disability.

Upon the occurrence of your Permanent Disability, all of the unvested PSUs that are outstanding as of the occurrence of your Permanent Disability will remain outstanding until the PSU Scheduled Vesting Date and will be distributed as soon as practicable following the PSU Scheduled Vesting Date as described in Section II.B.4; provided that you have satisfied the conditions described in Section III.I.1.; and provided further that the number of shares of Common Stock distributable in respect of such PSUs will be determined in accordance with Section II.B.1.

**C. Termination by You Outside of the European Union - Age and Service Pro-Rata Vesting.** If you have satisfied the Age and Service Criteria for Pro-Rata Vesting (as defined in Section V.B.) but do not satisfy the Age and Service Criteria for Full Vesting (as defined in Section V.A.) on or before the date you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by Marsh & McLennan Companies, in its sole discretion, to be employed outside the European Union (as defined in V.G.), then this Section III.C. shall apply. For the avoidance of doubt, Section III.F. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause (as defined in Section V.C.).

Upon such termination of employment, a pro-rata portion of the unvested PSUs that are outstanding as of such termination of employment will remain outstanding (as described in Section III.J.) until the PSU Scheduled Vesting Date and will be distributed as soon as practicable following the PSU Scheduled Vesting Date as described in Section II.B.4; provided that you have satisfied the conditions described in Section III.I.1., and provided further that the number of shares of Common Stock distributable in respect of such PSUs will be determined in accordance with Section II.B.1. The portion of the unvested PSUs that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled.

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the Age and Service Criteria for Pro-Rata Vesting under this Section III.C. will be determined in accordance with Section III.H.

**D. Termination by You Outside of the European Union - Age and Service Full Vesting.** If you have satisfied the Age and Service Criteria for Full Vesting on or before the date you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by Marsh & McLennan Companies, in its sole discretion, to be employed outside of the European Union, then this Section III.D. shall apply. For the avoidance of doubt, Section III.F. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause.

Upon such termination of employment, all of the unvested PSUs that are outstanding as of such termination of employment will remain outstanding until the PSU Scheduled Vesting Date and will be distributed as soon as practicable following the PSU Scheduled Vesting Date as described in Section II.B.4; provided that you have satisfied the conditions described in Section III.I.1., and provided further that the number of shares of Common Stock distributable in respect of such PSUs will be determined in accordance with Section II.B.1.

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the Age and Service Criteria for Full Vesting under this Section III.D. will be determined in accordance with Section III.H.

**E. Termination by You Within the European Union - Retirement Treatment.** Provided you have a minimum of five years of service with the Company on or before you terminate employment, you will be eligible to apply for retirement treatment. If you are determined by the Retirement Treatment Committee (as defined in Section V.K.) to be eligible for retirement treatment on or following the time you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by the Company, in its sole discretion, to be employed within the European Union, then this Section III.E. shall apply. Prior to distribution, Marsh & McLennan Companies, in its sole discretion, may ask you to reaffirm the existence of the facts and factors upon which the determination to provide retirement treatment was made. For the avoidance of doubt, Section III.F. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause.

Upon your termination of employment, a pro-rata portion of the unvested PSUs that are outstanding as of such termination of employment will remain outstanding (as described in Section III.J.) until the later to occur of the PSU Scheduled Vesting Date or the determination by the Retirement Treatment Committee that you are eligible for retirement treatment, and will be distributed as soon as practicable, and in no event later than 60 days, thereafter; provided that you have satisfied the conditions described in Section III.I.1., and provided further that the number of shares of Common Stock distributable in respect of such PSUs will be determined in accordance with Section II.B.1. The portion of the unvested PSUs that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled.

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the minimum service requirement under this Section III.E. will be determined in accordance with Section III.H.

**F. Termination by the Company Other Than for Cause.**

**1. Treatment of Performance Stock Units.**

**a. General.** Except as otherwise provided in Sections III.F.1.b. and IV., in the event the Company, in its sole discretion, determines that your employment is terminated other than for Cause, a pro-rata portion of the unvested PSUs that are outstanding as of such termination of employment will remain outstanding (as described in Section III.J.) until the PSU Scheduled Vesting Date and will be distributed as soon as practicable following the PSU Scheduled Vesting Date as described in Section II.B.4; provided that you have satisfied the conditions described in Section III.I.2., and provided further that the number of shares of Common Stock distributable in respect of such PSUs will be determined in accordance with Section II.B.1. The portion of the unvested PSUs that does not remain outstanding pursuant to this paragraph will be forfeited and cancelled. For the avoidance of doubt, this Section III.F.1.a. shall apply regardless of whether you are determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment or you have satisfied the Age and Service Criteria for Pro-Rata Vesting on or before your termination of employment by the Company.

- b. Termination by the Company Other Than for Cause After Satisfaction of Age and Service Criteria for Full Vesting.** In the event the Company, in its sole discretion, determines that your employment is terminated other than for Cause, and on or before such time you satisfy the Age and Service Criteria for Full Vesting, all unvested PSUs that are outstanding as of such termination of employment will remain outstanding until the PSU Scheduled Vesting Date and will be distributed as soon as practicable following the PSU Scheduled Vesting Date as described in Section II.B.4; provided that you have satisfied the conditions described in Section III.I.2., and provided further that the number of shares of Common Stock distributable in respect of such PSUs will be determined in accordance with Section II.B.1. For the avoidance of doubt, this Section III.F.1.b. shall not apply (and rather Section III.F.1.a. shall apply) if you are determined by the Company, in its sole discretion, to be employed within the European Union.

## **2. Important Notes.**

- a. Sale of Business Unit.** For purposes of this Award, in the event of a sale or similar transaction involving the business unit for which you work ("*Employing Company*") as a result of which the Employing Company ceases to be a subsidiary or affiliate of Marsh & McLennan Companies, your employment will be deemed terminated by the Company other than for Cause, even if your employment with the Employing Company continues after the sale or similar transaction.
- b. Constructive Discharge.** The Award will not vest, whether on a pro-rata or full basis, upon a constructive discharge, including if any court or regulatory agency retroactively concludes or interprets events to have constituted a constructive discharge.

**G. All Other Terminations.** For all other terminations of employment not described in Sections III.A. through F. or Section IV. (including, but not limited to, a termination by the Company for Cause, your resignation without having satisfied the Age and Service Criteria for Pro-Rata Vesting as described in Section III.C., your resignation without having satisfied the Age and Service Criteria for Full Vesting as described in Section III.D., or your resignation without meeting the minimum service requirement or without having been determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.E.), any rights, title and interest in and to any remaining unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.H.

## **H. Date of Termination of Employment.**

1. If Section III.H.2 does not apply to you, then for purposes of determining vesting under Section II.B.2. and the number of unvested PSUs that vest on a pro-rata basis as described in Section III.J., your employment will be treated as having terminated on your last day of employment with the Company.



2. If you are obligated (whether by law or contract) to provide the Company advance notice of your intention to terminate your employment then, in the event you terminate your employment or service relationship pursuant to Section III.C, III.D., III.E., or III.G. (and regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), for purposes of determining vesting under Section II.B.2. and the pro rata calculation described in Section III.J., your employment will be treated as having terminated on your last day of active service with the Company, as determined by the Company in its sole discretion.

You shall be deemed to have ceased active service with the Company when you are no longer required by the Company to provide regular services to the Company even if you remain legally employed by the Company, such as may occur if the Company were to place you on "garden leave", a terminal leave of absence or any similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any (in each case as determined by the Company in its sole discretion).

#### **I. Conditions for All or a Portion of an Award to Remain Outstanding Following a Termination of Employment.**

1. **Restrictive Covenants Agreement.** In the event of (i) the occurrence of your Permanent Disability as described in Section III.B., (ii) your termination of employment after satisfying the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Sections III.C. and D., respectively, or (iii) a determination by the Retirement Treatment Committee that you are eligible for retirement treatment as described in Section III.E, you will be required to execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement. Failure to (a) execute or reaffirm such an agreement by the date specified by the Company, which shall be in no event later than 60 days following the occurrence of your Permanent Disability as described in Section III.B. or your termination of employment as described in Section III.C. or III.D., and no later than 60 days following the determination that you are eligible for retirement treatment if your termination of employment is pursuant to III.E., or (b) comply with the Restrictive Covenants Agreement or to continue to be in compliance with the Restrictive Covenants Agreement as of the delivery date for Performance Stock Units (as described in Section II.B.4.) or, at the Company's discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.
2. **Waiver and Release and Restrictive Covenants Agreement.** In the event of your termination of employment by the Company other than for Cause as described in Section III.F., you will be required to (i) execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement and (ii) execute and not revoke a waiver and release agreement, if provided to you by the Company at the time of

your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement or the Restrictive Covenants Agreement, as applicable, or failure to continue to be in compliance with the applicable agreement as of the delivery date for Performance Stock Units (as described in Section II.B.4.) and, at the Company's discretion, to reaffirm compliance prior to the delivery date, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.

**J.Determination of Pro-Rata Calculation upon Termination of Employment.**

The pro-rata portion of the unvested PSUs and accrued dividend equivalents that are outstanding as of a termination of employment that will become distributable under certain circumstances described in Section III. will be determined using the following formula:

$$\left( A \times \frac{B}{C} \right) - D$$

where

- A = the number of PSUs/accrued dividend equivalents covered by the Award;
- B = the number of days in the period beginning on the grant date of the Award and ending on the date of your termination of employment, as determined in accordance with Section III.H;
- C = the number of days in the period beginning on the grant date of the Award and ending on the PSU Scheduled Vesting Date, as applicable; and
- D = the number of PSUs/accrued dividend equivalents that have previously vested, as determined in accordance with Section III.H.

**K.Section 409A of the Code for Award Recipients Subject to U.S. Federal Income Tax (whether or not the recipient is a U.S. citizen or employed in the U.S.).**

1. For Award recipients subject to U.S. federal income tax, notwithstanding any other provision herein, the Award may be subject to additional restrictions to ensure compliance with (or continued exemption from) the requirements of Section 409A of the Code (as defined in Section V.L.). The Committee intends to administer the Award in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Award (including changes that may have retroactive effect) deemed necessary or desirable to comply with Section 409A of the Code. This means, for example, that the timing of distributions may be different from those described in the Award Documentation that do not reflect Section 409A of the Code. If the Award is not in compliance with Section 409A of the Code, you may be subject to immediate taxation of all unpaid awards under the Plan that are subject to Section 409A of the Code at your regular federal income tax rate, plus a 20% additional tax, plus interest at the underpayment rate plus 1%, as well as any

state and local taxes, penalties, additional taxes and interest, if applicable, imposed under any state tax law similar to Section 409A of the Code.

2. Notwithstanding any other provision herein, if any portion of the Award is determined to be nonqualified deferred compensation subject to Section 409A of the Code, any references to “termination of employment,” or “when you are no longer employed” in these Terms and Conditions shall have the following meaning:

Your “termination of employment” (or similar terms) shall occur when you have incurred a “separation from service” within the meaning of Section 409A of the Code and as further defined herein. Specifically, you will have incurred a “separation from service” when the level of services you provide to the Company in any capacity, including as an employee, director, independent contractor or consultant, does not exceed 20% of the average level of services that you provided to the Company in the preceding 36 months (or shorter period of service if, for example, your total service with the Company is less than 36 months), all as determined in accordance with Section 409A of the Code. In determining whether a “separation from service” has occurred, any period of up to six months during which you are on a bona fide leave of absence or up to 29 months during which you are absent from work due to a disability for which you are receiving Marsh & McLennan Companies long-term disability benefits will be ignored.

3. Notwithstanding any other provision herein, if at the time of your termination of employment you are a “specified employee” (as defined in Section 409A of the Code), no portion of the Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code can be distributed prior to the first day of the seventh month after your termination of employment and any such distributions to which you would otherwise be entitled during the first six months following your termination of employment will be accumulated and paid without interest on the first day of the seventh month after your termination of employment. The provisions of this subparagraph will only apply if and to the extent required to avoid any “additional tax” under Section 409A of the Code.

#### 4. [Intentionally omitted]

#### 5. **Special 409A Distribution Provisions for Performance Stock Units and payments attributable to Performance Stock Units.**

- a. Notwithstanding any provision herein, with respect to distributions of PSUs or cash attributable to such PSUs (i) where, prior to [DATE], you have satisfied or would satisfy the Age and Service Criteria either for Full Vesting or Pro-Rata Vesting and (ii) where such distributions are subject to one or more Employment-Related Actions:
  - i. With respect to PSUs, no later than December 31<sup>st</sup> of the year in which the PSU Scheduled Vesting Date occurs, shares of Common Stock underlying such PSUs that relate to the PSU Scheduled Vesting Date, shall be delivered to you (to the extent not previously delivered), subject to a stop transfer order and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such delivery. Upon your timely satisfaction of all applicable

Employment-Related Actions, Marsh & McLennan Companies will remove or cause to be removed such stop transfer order; and

- ii. With respect to a cash payment attributable to PSUs, to the extent any such payment will not be made by December 31<sup>st</sup> of the year in which the PSU Scheduled Vesting Date occurs, any payment that relates to the PSU Scheduled Vesting Date shall be placed in escrow or contributed to a secular trust (in the sole discretion of Marsh & McLennan Companies) for your benefit on or before such December 31<sup>st</sup> and subject to withholding of any applicable tax obligations, as described in Section II.C. at the time of such placement or contribution. Upon your timely satisfaction of all applicable Employment-Related Actions, Marsh & McLennan Companies shall cause such amounts to be released from escrow or paid to you out of such trust.

In either case, if any Employment-Related Action is not timely satisfied, the shares of Common Stock or the cash payment shall revert to Marsh & McLennan Companies with no further compensation due to you.

6. Nothing in this Section III.K. is intended to nor does it guarantee that the Award will not be subject to “additional tax” or other adverse tax consequences under Section 409A of the Code or any similar state tax law.

#### IV. CHANGE IN CONTROL PROVISIONS

##### A. Treatment of Performance Stock Units.

1. **General.** Upon the occurrence of a Change in Control (as defined in Section V.D.), the PSUs will continue to vest in accordance with the vesting schedule specified in Sections II.B.2., subject to earlier vesting or forfeiture pursuant to Section III.; provided that upon your termination of employment by the Company other than for Cause, or by you for Good Reason (as defined in Section V.H.), during the 24-month period following such Change in Control, all unvested PSUs that are outstanding as of your termination of employment will remain outstanding and will be distributed as soon as practicable following the PSU Scheduled Vesting Date, as described in Section II.B.4., as applicable; provided that you have satisfied the conditions described in Section IV.C. and provided further that the number of shares distributable with respect to PSUs is as described in Section IV.A.3.
2. **Awards Not Assumed.** Notwithstanding the foregoing, if the PSUs are not assumed, converted or replaced in connection with a Change in Control on an equivalent basis, such PSUs as described in Section IV.A.3 (to the extent permitted in accordance with the requirements of Treas. Reg. § 1.409A-3(j)(4)(ix)(B)) will fully vest immediately prior to the Change in Control and will be distributed as soon as practicable following vesting and in no event later than 60 days following vesting.

- 3. Calculation of Shares Distributable with Respect to PSUs.** Upon the occurrence of a “Change in Control”, the Performance Period shall be deemed to have ended on December 31 of the year preceding the year in which the Change in Control occurs, and the number of shares of Common Stock distributable in respect of the PSUs (subject to the vesting conditions applicable thereto) will be determined in accordance with Section II.B.1.; provided that, in the event that the Change in Control occurs on or prior to December 31 of the year in which the PSUs are granted, you will receive one (1) share of Common Stock in respect of each PSU that vests.

#### **B. Waiver and Release**

In the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control, you will be required to execute and not revoke a waiver and release agreement, if provided by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement, and be in compliance with the agreement, if applicable, as of the delivery date Performance Stock Units (as described in Section II.B.4.), will result in the cancellation or forfeiture of any rights, title and interest in and to the Award.

#### **C. Other Matters**

For the avoidance of doubt, in the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control and, on or before the date of your termination of employment you satisfy the Age and Service Criteria for Pro-Rata Vesting or the Age and Service Criteria for Full Vesting as described in Sections III.C. and D., respectively, or you are determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.E., any unvested PSUs covered by the Award will be treated as described in this Section IV.; provided that you satisfy or have satisfied, as applicable, the conditions described in Section IV.C.

### **V. DEFINITIONS**

As used in these Terms and Conditions:

- A.** “*Age and Service Criteria for Full Vesting*” shall mean you are at least age 65 and have a minimum of one year of service with the Company. For the avoidance of doubt, Age and Service Criteria for Full Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- B.** “*Age and Service Criteria for Pro-Rata Vesting*” shall mean you are at least age 55 but are not yet age 65 and have a minimum of five years of service with the Company. For the avoidance of doubt, Age and Service Criteria for Pro-Rata Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.

**C. "Cause" shall mean:**

1. willful failure to substantially perform the duties consistent with your position which is not remedied within 30 days after receipt of written notice from the Company specifying such failure;
2. willful violation of any written Company policies, including but not limited to, The Marsh & McLennan Companies Code of Conduct, *The Greater Good*;
3. commission at any time of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;
4. unlawful use (including being under the influence) or possession of illegal drugs;
5. any gross negligence or willful misconduct resulting in a material loss to the Company, or material damage to the reputation of the Company; or
6. any violation of any statutory or common law duty of loyalty to the Company, including the commission at any time of any act of fraud, embezzlement, or material breach of fiduciary duty against the Company.

**D. "Change in Control" shall have the meaning set forth in the Plan.**

**E. "Company" shall mean Marsh & McLennan Companies or any of its subsidiaries or affiliates.**

**F. "Employment-Related Action" shall mean the execution and effectiveness of a release of claims and/or a restrictive covenant.**

**G. "European Union" shall include all member states and the United Kingdom, if the United Kingdom leaves the European Union.**

**H. "Good Reason" shall mean any one of the following events without your written consent:**

1. material reduction in your base salary;
2. material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
3. material diminution of your duties, responsibilities or authority; or
4. relocation of more than 50 miles from your principal place of employment immediately prior to the Change in Control; provided that you provide Marsh & McLennan Companies with written notice of your intent to terminate your employment for Good Reason within 60 days of your becoming aware of any circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide Marsh & McLennan Companies with at least 30 days following receipt of such notice to remedy such circumstances.

- I. “*Performance Period*” shall mean the period that begins on [DATE] and ends on [DATE]; provided that in the event of a termination of your employment due to death prior to a Change in Control, such period will end on December 31 of the year prior to such termination of employment for the PSUs covered by the Award; and provided further that in the event of a Change in Control, such period will end on December 31 of the year prior to the occurrence of such Change in Control.
- J. “*Permanent Disability*” will be deemed to occur when it is determined (by Marsh & McLennan Companies’ disability carrier for the primary long-term disability plan or program applicable to you because of your employment with the Company) that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.
- K. “*Retirement Treatment Committee*” is comprised of employees of the Company appointed by the Committee.
- L. “*Section 409A of the Code*” shall mean Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and the regulations and guidance thereunder (regarding nonqualified deferred compensation).

**M. Additional Definitions.**

The terms below are defined on the following pages

<i>Award</i>	1
<i>Award Documentation</i>	1
<i>Committee</i>	2
<i>Common Stock</i>	1
<i>Country-Specific Notices</i>	1
<i>Dividend Equivalent</i>	2
<i>Employing Company</i>	7
<i>Marsh &amp; McLennan Companies</i>	1
<i>Plan</i>	1
<i>PSU</i>	2
<i>PSU Scheduled Vesting Date</i>	2
<i>Restrictive Covenants Agreement</i>	1
<i>Terms and Conditions</i>	1

**VI. ADDITIONAL PROVISIONS**

**A. Additional Provisions—General**

- 1. Administrative Rules.** The Award shall be subject to such additional administrative regulations as the Committee may, from time to time, adopt. All decisions of the Committee upon any questions arising under the Award Documentation shall be conclusive and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the Award, and references to the Committee shall be deemed to include any such delegate.

**2. Amendment.** The Committee may, in its sole discretion, amend the terms of the Award, including, without limitation, to impose additional requirements on the Award and on any shares of Common Stock acquired with respect to the Award; provided, however, that if the Committee concludes, in its sole discretion, that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to the Award without your consent, except to the extent that any such action is made to cause the Award to comply with applicable law, currency controls, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or is otherwise made in accordance with Section VI.A.4.

**3. Limitations.** Payment of the Award is not secured by trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of Marsh & McLennan Companies by reason of the Award. Your right to payment of the Award is the same as the right of an unsecured general creditor of Marsh & McLennan Companies.

**4. Cancellation or Clawback of Awards.**

- a. Marsh & McLennan Companies may, to the extent permitted or required by any applicable law, stock exchange rules, currency controls, or any applicable Company policy or arrangement in effect prior to the vesting of any unvested portion of the Award, or as specified in the Award Documentation, cancel, reduce or require reimbursement of the Award.
- b. If you fail to repay any amount due pursuant to this Section VI.A.4., the Company may bring an action in court to recover the amount due. You acknowledge that, by accepting the Award, you agree to pay all costs, expenses and attorney's fees incurred by the Company in any proceeding for the collection of amounts due pursuant to this Section VI.A.4., provided that the Company prevails in whole or in part in any such proceeding. The Company may also, to the extent permitted by applicable law, reduce any amounts owed to you by the Company in an amount up to the full amount of the repayment due.

**5. Governing Law; Choice of Forum.** The Award and the Award Documentation applicable to the Award are governed by and subject to the laws of the State of Delaware, without regard to the conflict of law provisions, as set forth in Section 10.J of the Plan. For purposes of any action, lawsuit, or other proceedings arising out of or relating to this Award, including without limitation, to enforce the Award Documentation, the Company and you each hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in the State of New York, and any appellate court thereof. The Company and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.



- 6. Severability; Captions.** In the event that any provision of this Award is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Award will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law. The captions of this Award are not part of the provisions of this Award and will have no force or effect.
- 7. Electronic Delivery and Acceptance.** Marsh & McLennan Companies may, in its sole discretion, decide to deliver any documents related to the Award and/or your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies.
- 8. Waiver.** You acknowledge that neither a waiver by Marsh & McLennan Companies of your breach of any provision of the Award Documentation nor a prior waiver by Marsh & McLennan Companies of a breach of any provision of the Award Documentation by any other participant of the Plan shall operate or be construed as a waiver of any other provision of the Award Documentation, or of any subsequent breach by you.
- 9. Eligibility for Award.** In order to be granted an Award, you must satisfy the eligibility criteria for grantees set forth in the Plan as of the grant date.

## **B. Additional Provisions—Outside of the United States**

- 1. Changes to Delivery.** In the event that Marsh & McLennan Companies considers that due to legal, regulatory or tax issues the normal delivery of an Award (as described in these Terms and Conditions) to a participant outside the United States would not be appropriate, then Marsh & McLennan Companies may, in its sole discretion, determine how and when the value of the Award will be delivered. Without limitation, this may include making any payments due under the Award in cash instead of shares of Common Stock, or in shares of Common Stock instead of cash or vesting after payment of applicable taxes and fees or, delivering or paying out the Award as soon as practicable following a termination of employment. If the value of an Award is to be delivered in cash instead of shares of Common Stock, Marsh & McLennan Companies may sell any shares of Common Stock distributable in respect of the Award on your behalf and use the proceeds (after payment of applicable taxes and fees) to satisfy the Award.
- 2. Amendment and Modification.** The Committee may modify the terms of any Award under the Plan granted to you in any manner deemed by the Committee to be necessary or appropriate in order for such Award to conform to laws, regulations and customs of the country (other than the United States) in which you are then resident or primarily employed or were resident or primarily employed at the time of grant or during the term of the Award, or so that the value and other benefits of the Award to you, as affected by non-U.S. tax laws and other restrictions applicable as a result of your residence or employment outside of the United States, shall be comparable to the value of such an Award to an individual who is resident or primarily employed in the United States.

## VII. QUESTIONS AND ADDITIONAL INFORMATION

Please retain this document in your permanent records. If you have any questions regarding the Award Documentation or if you would like an account statement detailing each type of equity-based award and the number of shares of Common Stock covered by such equity-based award that comprises the Award, and the vesting date(s) of such equity-based awards that comprise the Award, or any other information, please contact:

Global & Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
United States of America  
Telephone Number: +1 212 345-9722  
Facsimile Number: +1 212 948-8481  
Email: [mmc.compensation@mmc.com](mailto:mmc.compensation@mmc.com)

IN WITNESS WHEREOF, Marsh & McLennan Companies has caused these Terms & Conditions to be duly executed by the facsimile signature of its Senior Vice President, Chief Human Resources Officer as of the day and year first above written. By consenting to these Terms and Conditions, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described herein and in the Award Documentation; and (ii) you understand and agree that these Terms & Conditions and the Award Documentation constitute the entire understanding between you and Marsh & McLennan Companies regarding the Award, and that any prior agreements, commitments or negotiations concerning the Award are replaced and superseded. The grant of the Award is contingent upon your acceptance of these Terms and Conditions, Country-Specific Notices and Restrictive Covenants Agreement (if applicable) by the date and in the manner specified in materials provided to you by Global & Executive Compensation and/or the Company's stock plan service provider. If you decline the Award or you do not accept the Award and any applicable documents described in the preceding sentence by the date and in the manner specified, the Award will be cancelled as of the grant date of the Award.

**/s/Laurie Ledford**

**Laurie Ledford**

**SVP, Chief Human Resources Officer**

MARSH & McLENNAN COMPANIES, INC.  
2011 INCENTIVE AND STOCK AWARD PLAN

TERMS AND CONDITIONS  
OF  
STOCK OPTION AWARDS  
GRANTED ON [DATE], 2019

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## I. BACKGROUND

A Stock Option award (“*Award*”) has been granted to you under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the “*Plan*”), subject to your acceptance as described in Section II.A.1. The number of shares of Marsh & McLennan Companies, Inc. (“*Marsh & McLennan Companies*”) common stock covered by the Award, instructions on how to accept or decline the Award and the deadline for accepting the Award will be provided to you by Global & Executive Compensation and/or the stock plan service provider of the Company (as defined in Section V.E.). The Award is also subject to the terms and conditions set forth herein (the “*Terms and Conditions*”) and to additional terms and conditions as set forth in the country-specific notices (the “*Country-Specific Notices*”). The Prospectus dated [DATE], also describes important information about the Plan. The Terms and Conditions, the Country-Specific Notices and the Plan will be referred to herein as the “*Award Documentation*”. As used herein, “*Common Stock*” means common stock of Marsh & McLennan Companies.

Capitalized terms in these Terms and Conditions are defined in Section V.

## II. AWARDS

### A. General.

- 1. Award Acceptance.** The grant of this Award is contingent upon your acceptance, by the date and in the manner specified by Global & Executive Compensation and/or the Company’s stock plan service provider, of these Terms and Conditions, the Country-Specific Notices and Restrictive Covenants Agreement as described in Section II.A.3. If you decline the Award or if you do not accept the Award and any applicable documents described in the preceding sentence by the deadline date and in the manner specified, then the Award will be cancelled as of the grant date of the Award.
- 2. Rights of Award Holders.** Unless and until the vesting conditions of the Award have been satisfied and shares of Common Stock, as applicable, have been delivered to you upon your exercise of the Award in accordance with the Award Documentation, you have none of the rights of ownership to such shares (e.g., Options cannot be transferred or assigned; Options have no voting rights, etc.).
- 3. Restrictive Covenants Agreement.** As described in Section II.A.1., a Restrictive Covenants Agreement (“*Restrictive Covenants Agreement*”) in a form determined by Marsh & McLennan Companies must be in place in order to accept the Award, you must execute or reaffirm, as determined by Marsh & McLennan Companies, in its sole discretion, the Restrictive Covenants Agreement in order for the Award to vest pursuant to certain employment events as described in Section III., and you must further execute or reaffirm, as determined by Marsh & McLennan Companies, in its sole discretion, and be in compliance with the Restrictive Covenants Agreement in order to exercise an Option whether or not you are employed by the Company at that time. Failure to timely execute the Restrictive Covenants Agreement by the date specified by the Company or failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement as described in Section III.H.1. or 2., as applicable, will result in cancellation or forfeiture of any rights, title and interest in and to the Award, without any liability to the Company.

## B. Stock Options.

1. **General.** A stock option ("*Option*") represents the right to purchase a number of shares of Common Stock (the "*Option Shares*") at a specified exercise price for a specified period.
2. **Vesting.** Subject to your continued employment, 25% of the Option Shares covered by the Option will vest on each of the first four anniversaries of the grant date of the Award. Each date on which an Option Share covered by the Option is scheduled to vest is an "*Option Scheduled Vesting Date*." In the event of your termination of employment or occurrence of your Permanent Disability (as defined in Section V.H.) prior to an Option Scheduled Vesting Date, your right to any Option Shares covered by the Option that are unvested immediately prior to your termination of employment or occurrence of your Permanent Disability, as applicable, will be determined in accordance with Section III. For the avoidance of doubt, the date of your termination of employment for purposes of this Section II.B.2. will be determined in accordance with Section III.G.
3. **Term.** Subject to your continued employment, the Option will expire on the day immediately preceding the tenth anniversary of the grant date of the Award ("*Option Expiration Date*"). If your employment terminates before the Option Expiration Date, your right to exercise any vested Option Shares covered by the Option will be determined in accordance with Section III.
4. **Exercisability.** The Option Shares covered by the Option will become exercisable when they vest. You are responsible for keeping track of exercise periods while actively employed and, if applicable, any post-termination exercise periods.
5. **Method of Exercise of an Option.**
  - a. **General Procedures.** An Option may be exercised by written notice (or other notice as required by the Company and/or its stock plan service provider) to Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies, in form and substance satisfactory to Marsh & McLennan Companies, which must state the election to exercise such Option, the number of Option Shares for which such Option is being exercised and such other representations and agreements as may be required pursuant to the provisions of the Award Documentation (the "*Exercise Notice*"). The Exercise Notice must be accompanied by (i) any required income tax forms and (ii) any required reaffirmation of the Restrictive Covenants Agreement, unless (A) the Option is being exercised after your death in accordance with Section III. or (B) as otherwise determined by Marsh & McLennan Companies.
  - b. **Payment of Exercise Price.** Payment of the aggregate exercise price may be made with U.S. dollars or by tendering shares of Common Stock (including shares of Common Stock acquired from a stock option exercise or a stock unit award vesting) at your election.
  - c. **Distribution of Option Shares.** The shares of Common Stock from the Option exercise will be distributed as specified in the Exercise Notice, after you have satisfied applicable tax obligations, as described in Section II.C., and fees.



### C. Satisfaction of Tax Obligations.

- 1. Personal Tax Advisor.** Neither the Company nor any Company employee is authorized to provide personal tax advice to you. It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award, especially before making any decisions that rely on that tax treatment.
- 2. U.S. Employees.** Applicable taxes (including employment taxes) are required by law to be withheld when a nonqualified Option is exercised. A sufficient number of whole shares of Common Stock resulting from the Option exercise will be retained by Marsh & McLennan Companies to satisfy the tax-withholding obligation unless you elect in the Exercise Notice to satisfy all applicable tax withholding in another manner.
- 3. Non-U.S. Employees.**
  - a.** In most countries, the value of an Option is generally not taxable on the grant date. If the value of the Option is not taxable on the grant date, it will, in most countries, be taxed at a later time, for example, upon exercise of the Option and delivery of shares of Common Stock in respect of the Option, and/or the subsequent sale of the shares of Common Stock.
  - b. Withholding.** Marsh & McLennan Companies and/or your employer shall have the power and the right to deduct and withhold from the Award and other compensation or to require you to remit to Marsh & McLennan Companies and/or to your employer, an amount sufficient to satisfy any taxes that Marsh & McLennan Companies expects to be payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, payroll taxes, fringe benefits, payment on account, capital gain taxes, transfer taxes, social security contributions and National Insurance Contributions with respect to the Award, and any and all associated tax events derived therefrom. If applicable, Marsh & McLennan Companies and/or your employer will, to the extent permissible under applicable law or otherwise agreed between you and Marsh & McLennan Companies and/or your employer, retain and sell a sufficient number of whole shares of Common Stock distributable in respect of the Award for this purpose.

### III. EMPLOYMENT EVENTS

#### A. Death.

In the event your employment is terminated because of your death, the Option will fully vest with respect to any unvested Option Shares and will become exercisable as of the date of your death. The person or persons to whom your rights under the Option shall pass by will or the laws of descent and distribution shall be entitled to exercise such Option with respect to any Option Shares that vest (and any Option Shares that were already vested at the time of your death) within two years after the date of death, but in no event shall the Option be exercisable after the Option Expiration Date.

## **B. Permanent Disability.**

Upon the occurrence of your Permanent Disability, the Option will fully vest with respect to any unvested Option Shares and will become exercisable; provided that you satisfy the conditions described in Section III.H.1; and provided further that any such Option Shares that vest in accordance with this Section III.B. (and any Option Shares that were already vested at the time your Permanent Disability occurred) shall be exercisable for two years following the occurrence of your Permanent Disability, but in no event shall the Option be exercisable after the Option Expiration Date.

## **C. Termination by You Outside of the European Union - Age and Service Vesting.** If you have satisfied the Age and Service Criteria for Vesting (as defined in Section V.A.) on or before the date you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by Marsh & McLennan Companies, in its sole discretion, to be employed outside of the European Union (as defined in Section V.F.), then this Section III.C. shall apply. For the avoidance of doubt, Section III.E. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause (as defined in Section V.B.).

Upon such termination of employment, the Option will continue to vest with respect to any unvested Option Shares as provided in Section II.B.2. as if your employment had not terminated and the Option Shares will become exercisable as provided in Section II.B.4., provided that you satisfy the conditions described in Section III.H.1. Provided that you satisfy the conditions described in Section III.H.1., any such Option Shares that vest (and any Option Shares that were already vested at the time of your termination of employment) shall be exercisable until the earlier of the fifth anniversary of your termination of employment and the Option Expiration Date.

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the Age and Service Criteria for Vesting under this Section III.C. will be determined in accordance with Section III.G.

## **D. Termination by You Within the European Union - Retirement Treatment.** Provided you have a minimum of five years of service with the Company on or before you terminate employment, you will be eligible to apply for retirement treatment. If you are determined by the Retirement Treatment Committee (as defined in Section V.I.) to be eligible for retirement treatment on or following the time you terminate your employment with the Company for any reason other than death or the occurrence of your Permanent Disability and you are determined by the Company, in its sole discretion, to be employed within the European Union, then this Section III.D. shall apply. For the avoidance of doubt, Section III.E. will govern the treatment of the Award in the event your employment is terminated by the Company other than for Cause (as defined in Section V.B.).

Upon such termination of employment, the Option will continue to vest with respect to any unvested Option Shares as provided in Section II.B.2. as if your employment had not terminated and the Option Shares will become exercisable as provided in Section II.B.4.; provided that you satisfy the conditions described in Section III.H.1. Provided that you satisfy the conditions described in Section III.H.1., any such Option Shares that vest (and any Option Shares that were already vested at the time of your

termination of employment) shall be exercisable until the earlier of the fifth anniversary of your termination of employment and the Option Expiration Date. For the avoidance of doubt, if an Option Scheduled Vesting Date occurs following the date that you terminate your employment but prior to the date the Retirement Treatment Committee determines that you are eligible for retirement treatment, the Options Shares that were scheduled to vest on such Option Scheduled Vesting Date will vest on the date you are determined by the Retirement Treatment Committee to be eligible for retirement treatment.

For the avoidance of doubt, the date of your termination of employment for purposes of determining whether you have satisfied the minimum service requirement under this Section III.D. will be determined in accordance with Section III.G.

#### **E.Termination by the Company Other Than for Cause.**

##### **1. Treatment of Stock Options.**

**a.General.** Except as otherwise provided in Sections III.E.1.b. and IV., in the event the Company, in its sole discretion, determines that your employment is terminated other than for Cause, your rights, title and interest in and to any unvested Option Shares will be canceled upon such termination of employment. Provided that you satisfy the conditions to vesting described in Section III.H.2., any Option Shares that were vested at the time of your termination of employment shall be exercisable until the earlier of 90 days following your termination of employment and the Option Expiration Date.

**b. Termination by the Company Other Than for Cause After Satisfaction of Age and Service Criteria for Vesting or You Are Determined to Be Eligible for Retirement Treatment.** In the event the Company, in its sole discretion, determines that your employment is terminated other than for Cause, and on or before such time you satisfy the Age and Service Criteria for Vesting or you are determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment, the Option will continue to vest with respect to any unvested Option Shares as provided in Section II.B.2. as if your employment had not terminated and the Option Shares will become exercisable as provided in Section II.B.4.; provided that you satisfy the conditions to vesting described in Section III.H.2. Provided that you satisfy the conditions described in Section III.H.2., any such Option Shares that vest (and any Option Shares that were already vested at the time of your termination of employment) shall be exercisable until the earlier of the fifth anniversary of your termination of employment and the Option Expiration Date. For the avoidance of doubt, if an Option Scheduled Vesting Date occurs following the date that your employment is terminated by the Company but prior to the date the Retirement Treatment Committee determines that you are eligible for retirement treatment, the Options Shares that were scheduled to vest on such Option Scheduled Vesting Date will vest on the date you are determined by the Retirement Treatment Committee to be eligible for retirement treatment.

## 2. Important Notes.

- a. Sale of Business Unit.** For purposes of this Award, in the event of a sale or similar transaction involving the business unit for which you work ("*Employing Company*") as a result of which the Employing Company ceases to be a subsidiary or affiliate of Marsh & McLennan Companies, your employment will be deemed terminated by the Company other than for Cause, even if your employment with the Employing Company continues after the sale or similar transaction.
- b. Constructive Discharge.** The Award will not vest upon a constructive discharge, including if any court or regulatory agency retroactively concludes or interprets events to have constituted a constructive discharge.

**F. All Other Terminations.** For all other terminations of employment not described in Sections III.A. through E. or Section IV. (including, but not limited to, a termination by the Company for Cause, your resignation without having satisfied the Age and Service Criteria for Vesting as described in Section III.C., or your resignation without meeting the minimum service requirement or without having been determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.D.), any rights, title and interest in and to any remaining unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.G. Provided that you satisfy the conditions to vesting described in Section III.H.1., any Option Shares that were vested at the time of your termination of employment (except if you are terminated by the Company for Cause) shall be exercisable until the earlier of 90 days following your termination of employment and the Option Expiration Date. If you are terminated by the Company for Cause, any rights, title and interest in and to any remaining vested or unvested portion of the Award shall be cancelled as of the date your employment is treated as having terminated as described in Section III.G.

### G. Date of Termination of Employment.

1. If Section III.G.2 does not apply to you, then or purposes of determining vesting under Section II.B.2., your employment will be treated as having terminated on your last day of employment with the Company.
2. If you are obligated (whether by law or contract) to provide the Company advance notice of your intention to terminate your employment or service relationship then, in the event you terminate your employment pursuant to Section III.C., III.D. or III.F. (and regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any), for purposes of determining vesting under Section II.B.2., your employment will be treated as having terminated on your last day of active service with the Company, as determined by the Company in its sole discretion.

You shall be deemed to have ceased active service with the Company when you are no longer required by the Company to provide regular services to the Company even if you remain legally employed by the Company, such as may occur if the

Company were to place you on “garden leave”, a terminal leave of absence or any similar period mandated under employment laws in the jurisdiction where you are employed or the terms of your employment agreement, if any (in each case as determined by the Company in its sole discretion).

**H. Conditions for All or a Portion of an Award to Remain Outstanding Following a Termination of Employment and Exercisability of Options Following a Termination of Employment.**

- 1. Restrictive Covenants Agreement.** In the event of (i) the occurrence of your Permanent Disability as described in Section III.B., (ii) your termination of employment after satisfying the Age and Service Criteria for Vesting as described in Sections III.C., (iii) a determination by the Retirement Treatment Committee that you are eligible for retirement treatment as described in Section III.D., or (iv) your termination of employment (other than a termination by the Company for Cause) as described in Section III.F., you will be required to execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement. Failure to (a) execute or reaffirm such an agreement by the date specified by the Company, which shall be in no event later than 60 days following the occurrence of your Permanent Disability as described in Section III.B. or your termination of employment as described in Section III.C. or III.F., and no later than 60 days following the determination that you are eligible for retirement treatment if your termination of employment is pursuant to III.D., or (b) comply with the Restrictive Covenants Agreement will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.
- 2. Waiver and Release and Restrictive Covenants Agreement.** In the event of your termination of employment by the Company other than for Cause as described in Section III.E., you will be required to (i) execute or reaffirm, as determined by Marsh & McLennan Companies in its sole discretion, and return to Marsh & McLennan Companies (or an agent appointed by Marsh & McLennan Companies) a Restrictive Covenants Agreement and (ii) execute and not revoke a waiver and release agreement, if provided to you by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement or the Restrictive Covenants Agreement, as applicable, or failure to continue to be in compliance with the applicable agreement will result in the cancellation or forfeiture of any rights, title and interest in and to the Award without any liability to the Company.

## **IV. CHANGE IN CONTROL PROVISIONS**

### **A. Treatment of Stock Options**

Upon the occurrence of a Change in Control (as defined in Section V.C.), the Option Shares will continue to vest in accordance with the vesting schedule specified in Section II.B.2 and subject to earlier vesting or forfeiture pursuant to Section III.; provided that the Option Shares will become fully vested at your termination of employment by the Company other than for Cause, or by you for Good Reason (as defined in Section V.G.), during the 24-month period following such Change in Control and will be treated as set forth below, provided that you satisfy the conditions described in Section IV.B. Notwithstanding the foregoing, if the Option Share is not assumed, converted or replaced in connection with a Change in Control on an equivalent basis, the Option Shares will fully vest immediately prior to the Change in Control and will be treated as follows:

Provided that you satisfy the conditions described in Section IV.B., any such Option Shares that vest (and any Option Shares that were already vested at the time of your termination of employment) shall be exercisable until the earlier of (a) 90 days following your termination of employment or the occurrence of the Change in Control, as applicable, and (b) the Option Expiration Date.

### **B. Waiver and Release**

In the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control, you will be required to execute and not revoke a waiver and release agreement, if provided by the Company at the time of your termination of employment. Failure to meet these requirements by the date specified by the Company, which shall be in no event later than 60 days following your termination of employment, or failure to comply with the waiver and release agreement, and be in compliance with the agreement, if applicable, will result in the cancellation or forfeiture of any rights, title and interest in and to the Award.

### **C. Other Matters**

For the avoidance of doubt, in the event of your termination of employment by the Company other than for Cause or by you for Good Reason during the 24-month period following such Change in Control and, on or before the date of your termination of employment you satisfy the Age and Service Criteria for Vesting as described in Section III.C., or you are determined by the Retirement Treatment Committee to be eligible for retirement treatment on or following your termination of employment as described in Section III.D., any unvested Options covered by the Award will be treated as described in this Section IV.; provided that you satisfy or have satisfied, as applicable, the conditions described in Section IV.B.; provided further that any such Option Shares that vest (and any Option Shares that were already vested at the time of your termination of employment) shall be exercisable until the earlier of the fifth anniversary of your termination of employment and the Option Expiration Date.

## V. DEFINITIONS

As used in these Terms and Conditions:

- A.** “*Age and Service Criteria for Vesting*” shall mean: (a) you are at least age 65 and have a minimum of one year of service with the Company or (b) you are at least age 55 but are not yet age 65 and have a minimum of five years of service with the Company. For the avoidance of doubt, Age and Service Criteria for Vesting is not applicable to you if you are determined by the Company, in its sole discretion, to be employed within the European Union.
- B.** “*Cause*” shall mean:
1. willful failure to substantially perform the duties consistent with your position which is not remedied within 30 days after receipt of written notice from the Company specifying such failure;
  2. willful violation of any written Company policies, including but not limited to, The Marsh & McLennan Companies Code of Conduct, *The Greater Good*;
  3. commission at any time of any act or omission that results in a conviction, plea of no contest, plea of *nolo contendere*, or imposition of unadjudicated probation for any felony or crime involving moral turpitude;
  4. unlawful use (including being under the influence) or possession of illegal drugs;
  5. any gross negligence or willful misconduct resulting in a material loss to the Company, or material damage to the reputation of the Company; or
  6. any violation of any statutory or common law duty of loyalty to the Company, including the commission at any time of any act of fraud, embezzlement, or material breach of fiduciary duty against the Company.
- C.** “*Change in Control*” shall have the meaning set forth in the Plan.
- D.** “*Committee*” shall mean the Compensation Committee of the Board of Directors of Marsh & McLennan Companies.
- E.** “*Company*” shall mean Marsh & McLennan Companies or any of its subsidiaries or affiliates.
- F.** “*European Union*” shall include all member states and the United Kingdom, if the United Kingdom leaves the European Union.
- G.** “*Good Reason*” shall mean any one of the following events without your written consent:
1. material reduction in your base salary;
  2. material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
  3. material diminution of your duties, responsibilities or authority; or
  4. relocation of more than 50 miles from your principal place of employment immediately prior to the Change in Control; provided that you provide Marsh & McLennan Companies with written notice of your intent to terminate your employment for Good Reason within 60 days of your becoming aware of any

circumstances set forth above (with such notice indicating the specific termination provision above on which you are relying and describing in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the indicated provision) and that you provide Marsh & McLennan Companies with at least 30 days following receipt of such notice to remedy such circumstances.

H. “*Permanent Disability*” will be deemed to occur when it is determined (by Marsh & McLennan Companies’ disability carrier for the primary long-term disability plan or program applicable to you because of your employment with the Company) that you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

I. “*Retirement Treatment Committee*” is comprised of employees of the Company appointed by the Committee.

#### **J. Additional Definitions.**

The terms below are defined on the following pages

<i>Award</i>	1
<i>Award Documentation</i>	1
<i>Common Stock</i>	1
<i>Country-Specific Notices</i>	1
<i>Employing Company</i>	6
<i>Exercise Notice</i>	2
<i>Marsh &amp; McLennan Companies</i>	1
<i>Option</i>	2
<i>Option Expiration Date</i>	2
<i>Option Scheduled Vesting Date</i>	2
<i>Option Shares</i>	2
<i>Plan</i>	1
<i>Restrictive Covenants Agreement</i>	1
<i>Terms and Conditions</i>	1

## **VI. ADDITIONAL PROVISIONS**

### **A. Additional Provisions—General**

**1. Administrative Rules.** The Award shall be subject to such additional administrative regulations as the Committee may, from time to time, adopt. All decisions of the Committee upon any questions arising under the Award Documentation shall be conclusive and binding. The Committee may delegate to any other individual or entity the authority to perform any or all of the functions of the Committee under the Award, and references to the Committee shall be deemed to include any such delegate.

**2. Amendment.** The Committee may, in its sole discretion, amend the terms of the Award, including, without limitation, to impose additional requirements on the Award and on any shares of Common Stock acquired with respect to the Award;



provided, however, that if the Committee concludes, in its sole discretion, that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to the Award without your consent, except to the extent that any such action is made to cause the Award to comply with applicable law, currency controls, stock market or exchange rules and regulations, or accounting or tax rules and regulations, or is otherwise made in accordance with Section VI.A.4.

**3. Limitations.** Payment of the Award is not secured by trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of Marsh & McLennan Companies by reason of the Award. Your right to payment of the Award is the same as the right of an unsecured general creditor of Marsh & McLennan Companies.

**4. Cancellation or Clawback of Awards.**

- a. Marsh & McLennan Companies may, to the extent permitted or required by any applicable law, stock exchange rules, currency controls, or any applicable Company policy or arrangement in effect prior to the vesting of any unvested portion of the Award, or as specified in the Award Documentation, cancel, reduce or require reimbursement of the Award.
- b. If you fail to repay any amount due pursuant to this Section VI.A.4., the Company may bring an action in court to recover the amount due. You acknowledge that, by accepting the Award, you agree to pay all costs, expenses and attorney's fees incurred by the Company in any proceeding for the collection of amounts due pursuant to this Section VI.A.4., provided that the Company prevails in whole or in part in any such proceeding. The Company may also, to the extent permitted by applicable law, reduce any amounts owed to you by the Company in an amount up to the full amount of the repayment due.

**5. Governing Law; Choice of Forum.** The Award and the Award Documentation applicable to the Award are governed by and subject to the laws of the State of Delaware, without regard to the conflict of law provisions, as set forth in Section 10.J of the Plan. For purposes of any action, lawsuit, or other proceedings arising out of or relating to this Award, including without limitation, to enforce the Award Documentation, the Company and you each hereby irrevocably and unconditionally submits to the exclusive jurisdiction of any New York state court or federal court of the United States of America sitting in the State of New York, and any appellate court thereof. The Company and you agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**6. Severability; Captions.** In the event that any provision of this Award is determined to be invalid or unenforceable, in whole or in part, the remaining provisions of this Award will be unaffected thereby and will remain in full force and effect to the fullest extent permitted by law. The captions of this Award are not part of the provisions of this Award and will have no force or effect.

7. **Electronic Delivery and Acceptance.** Marsh & McLennan Companies may, in its sole discretion, decide to deliver any documents related to the Award and/or your current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Marsh & McLennan Companies or an agent appointed by Marsh & McLennan Companies.
8. **Waiver.** You acknowledge that neither a waiver by Marsh & McLennan Companies of your breach of any provision of the Award Documentation nor a prior waiver by Marsh & McLennan Companies of a breach of any provision of the Award Documentation by any other participant of the Plan shall operate or be construed as a waiver of any other provision of the Award Documentation, or of any subsequent breach by you.
9. **Eligibility for Award.** In order to be granted an Award, you must satisfy the eligibility criteria for grantees set forth in the Plan as of the grant date.

#### **B. Additional Provisions—Outside of the United States**

1. **Changes to Delivery.** In the event that Marsh & McLennan Companies considers that due to legal, regulatory or tax issues the normal exercise of an Award (as described in these Terms and Conditions) by a participant outside the United States would not be appropriate, then Marsh & McLennan Companies may, in its sole discretion, determine how and when the value of the Award will be delivered. Without limitation, this may include making any payments due under the Award in an amount equivalent to the value of the Award on the date of exercise after payment of applicable taxes and fees and any exercise price. If the value of an Award is to be delivered in cash instead of shares of Common Stock, Marsh & McLennan Companies may sell any shares of Common Stock distributable in respect of the Award on your behalf and use the proceeds (after payment of applicable taxes, fees and any exercise price) to satisfy the Award.
2. **Amendment and Modification.** The Committee may modify the terms of any Award under the Plan granted to you in any manner deemed by the Committee to be necessary or appropriate in order for such Award to conform to laws, regulations and customs of the country (other than the United States) in which you are then resident or primarily employed or were resident or primarily employed at the time of grant or during the term of the Award, or so that the value and other benefits of the Award to you, as affected by non-U.S. tax laws and other restrictions applicable as a result of your residence or employment outside of the United States, shall be comparable to the value of such an Award to an individual who is resident or primarily employed in the United States.

## VII. QUESTIONS AND ADDITIONAL INFORMATION

Please retain this document in your permanent records. If you have any questions regarding the Award Documentation or if you would like an account statement detailing each type of equity-based award and the number of shares of Common Stock covered by such equity-based award that comprises the Award, and the exercise price, vesting date(s) and expiration date of such equity-based awards that comprise the Award, or any other information, please contact:

Global & Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
United States of America  
Telephone Number: +1 212 345-9722  
Facsimile Number: +1 212 948-8481  
Email: [mmc.compensation@mmc.com](mailto:mmc.compensation@mmc.com)

IN WITNESS WHEREOF, Marsh & McLennan Companies has caused these Terms & Conditions to be duly executed by the facsimile signature of its Senior Vice President, Chief Human Resources Officer as of the day and year first above written. By consenting to these Terms and Conditions, you agree to the following: (i) you have carefully read, fully understand and agree to all of the terms and conditions described herein and in the Award Documentation; and (ii) you understand and agree that these Terms & Conditions and the Award Documentation constitute the entire understanding between you and Marsh & McLennan Companies regarding the Award, and that any prior agreements, commitments or negotiations concerning the Award are replaced and superseded. The grant of the Award is contingent upon your acceptance of these Terms and Conditions, Country-Specific Notices and Restrictive Covenants Agreement (if applicable) by the date and in the manner specified in materials provided to you by Global & Executive Compensation and/or the Company's stock plan service provider. If you decline the Award or you do not accept the Award and any applicable documents described in the preceding sentence by the date and in the manner specified, the Award will be cancelled as of the grant date of the Award.

**/s/Laurie Ledford**  
**Laurie Ledford**  
**SVP, Chief Human Resources Officer**

## CERTIFICATIONS

I, Daniel S. Glaser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marsh & McLennan Companies, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Daniel S. Glaser

Daniel S. Glaser

President and Chief Executive Officer

## CERTIFICATIONS

I, Mark C. McGivney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Marsh & McLennan Companies, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Mark C. McGivney

Mark C. McGivney

Chief Financial Officer

Certification of Chief Executive Officer and Chief Financial Officer

The certification set forth below is being submitted in connection with the Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019 of Marsh & McLennan Companies, Inc. (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Daniel S. Glaser, the President and Chief Executive Officer, and Mark C. McGivney, Chief Financial Officer, of Marsh & McLennan Companies, Inc. each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Marsh & McLennan Companies, Inc.

Date: August 2, 2019

/s/ Daniel S. Glaser

Daniel S. Glaser

President and Chief Executive Officer

Date: August 2, 2019

/s/ Mark C. McGivney

Mark C. McGivney

Chief Financial Officer