SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For quarter ended June 30, 1994

Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, New York 10036
(212) 345-5000

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

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

As of July 29, 1994, there were outstanding 73,422,637 shares of common stock, par value $1.00 per share, of the registrant.

PART I, FINANCIAL INFORMATION

MARSH & McLENNAN COMPANIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share figures)
(Unaudited)

	Three Months Ended June 30, 1994	Three Months Ended June 30, 1993	Six Months Ended June 30, 1994*	Six Months Ended June 30, 1993
Revenue	$840.5	$783.3	$1,750.7	$1,617.2
Expense	676.7	630.8	1,358.5	1,277.5
Operating Income	163.8	152.5	392.2	339.7
Interest Income	3.0	3.1	5.9	6.2
Interest Expense	(12.3)	(11.8)	(23.9)	(23.1)
Income Before Income Taxes and Cumulative Effect of Accounting Change	154.5	143.8	374.2	322.8
Income Taxes	58.8	57.5	147.8	129.1
Income Before Cumulative Effect of Accounting Change	95.7	86.3	226.4	193.7
Cumulative Effect of Accounting Change, Net of				

Income Tax Benefit	-	-	(10.5)	-
Net Income	$ 95.7	$ 86.3	$ 215.9	$ 193.7
Per Share Data:				
Income Before Cumulative Effect of Accounting Change	$1.30	$1.18	$3.07	$2.64
Cumulative Effect of Accounting Change	-	-	(.14)	-
Net Income	$1.30	$1.18	$2.93	$2.64
Average Number of Shares Outstanding	73.7	73.3	73.8	73.3
Dividends Declared	$.725	$.675	$1.40	$1.35

* Reflects the adoption, effective January 1, 1994, of SFAS No. 112, "Employers' Accounting for Postemployment Benefits."

MARSH & McLENNAN COMPANIES, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions of dollars)
(Unaudited)

	June 30, 1994	December 31, 1993
ASSETS		
Current assets:		
Cash and cash equivalents (including interest-bearing amounts of $343.6 at June 30, 1994 and $315.7 at December 31, 1993)	$ 351.3	$ 332.0
Receivables-		
Commissions and fees	698.2	617.0
Advanced premiums and claims	73.3	80.7
Consumer finance and other	196.0	198.2
	967.5	895.9
Less-allowance for doubtful accounts	(44.2)	(42.9)
Net receivables	923.3	853.0
Other current assets	166.6	127.4
Total current assets	1,441.2	1,312.4
Consumer finance receivables, net	140.6	130.8
Long-term securities	289.7	363.6
Fixed assets, net	695.2	688.1
Intangible assets	675.1	660.1
Other assets	470.9	391.6
	$3,712.7	$3,546.6

MARSH & McLENNAN COMPANIES, INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions of dollars)
(Unaudited)

	June 30, 1994	December 31, 1993
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$ 378.0	$ 273.8

Accrued compensation and employee benefits	163.6	173.5
Accounts payable and accrued liabilities	398.5	375.6
Accrued income taxes	233.7	237.1
Dividends payable	53.2	49.9
Total current liabilities	1,227.0	1,109.9
Fiduciary liabilities	1,944.2	1,623.6
Less - cash and investments held in a fiduciary capacity	(1,944.2)	(1,623.6)
	-	-
Long-term debt	408.8	409.8
Other liabilities	651.5	661.6
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock, $1 par value, authorized 6,000,000 shares, none issued	-	-
Common stock, $1 par value, authorized 200,000,000 shares, issued 76,794,531 shares at June 30, 1994 and December 31, 1993	76.8	76.8
Additional paid-in capital	173.5	173.5
Retained earnings	1,458.5	1,345.7
Unrealized securities holding gains, net of income taxes	92.3	138.6
Cumulative translation adjustments	(121.5)	(157.5)
	1,679.6	1,577.1
Less - treasury shares, at cost, 3,327,839 shares at June 30, 1994 and 2,862,926 shares at December 31, 1993	(254.2)	(211.8)
Total stockholders' equity	1,425.4	1,365.3
	$3,712.7	$3,546.6

MARSH & McLENNAN COMPANIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions of dollars)
(Unaudited)

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Operating cash flows:		
Net income	$215.9	$193.7
Depreciation and amortization	59.4	59.6
Deferred income taxes	26.1	40.1
Other liabilities	(5.8)	11.3
Cumulative effect of accounting change	10.5	-
Prepaid dealer commissions	(93.7)	(112.5)
Other, net	(13.6)	(1.0)
Net changes in operating working capital other than cash and cash equivalents -		
Receivables	(54.7)	(51.4)
Other current assets	(18.2)	7.3
Accrued compensation and employee benefits	(9.9)	(9.6)
Accounts payable and accrued liabilities	22.8	(51.0)
Accrued income taxes	(4.9)	26.5
Effect of exchange rate changes	7.8	1.3
Net cash generated from operations	141.7	114.3
Financing cash flows:		
Net change in debt	97.0	87.2
Purchase of treasury shares	(63.7)	(29.2)
Issuance of common stock	19.5	24.2
Dividends paid	(99.7)	(98.9)
Net cash used for financing activities	(46.9)	(16.7)
Investing cash flows:		
Additions to fixed assets	(53.3)	(47.5)
Acquisitions	(3.8)	-

Other, net	(23.7)	(38.3)
Net cash used for investing activities	(80.8)	(85.8)
Effect of exchange rate changes on cash and cash equivalents	5.3	(7.1)
Increase in cash & cash equivalents	19.3	4.7
Cash & cash equivalents at beginning of period	332.0	371.1
Cash & cash equivalents at end of period	$351.3	$375.8

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

1. The consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

   The financial information contained herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the three and six month periods ended June 30, 1994 and 1993.

2. Fiduciary Cash and Liabilities

   In its capacity as an insurance broker or agent, the Company collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters; the Company also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims are held in a fiduciary capacity. Interest income on these fiduciary funds, included in revenue, amounted to $35.2 million and $41.9 million for the six months ended June 30, 1994 and 1993, respectively.

   Net uncollected premiums and claims and the related payables amounting to $3.1 billion at June 30, 1994 and $2.7 billion at December 31, 1993, are not included in the accompanying Consolidated Balance Sheets.

3. Net Income Per Share

   Net income per share is computed by dividing net income by the average number of shares of common stock outstanding. Common stock equivalents (relating principally to stock options), which have been excluded from the calculation because their dilutive effect is immaterial, are shown below for the three and six month periods ended June 30, 1994 and 1993.

   (in millions of shares)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993
Primary	.8	1.2	.8	1.1
Fully Diluted	.8	1.2	.8	1.2

4. Supplemental Disclosure to the Consolidated Statements of Cash Flows

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

	Six Months Ended June 30,	
(In millions of dollars)	1994	1993
Net change in debt with maturities of three months or less	$333.1	($ 71.7)
Borrowings with maturities over three months	47.6	274.8
Repayments of debt with maturities over three months	(283.7)	(115.9)
Net increase in debt	$ 97.0	$ 87.2

Interest paid during the six months ended June 30, 1994 and 1993 was $22.3 million and $20.5 million, respectively.

Income taxes paid during the six months ended June 30, 1994 and 1993 were $128.9 million and $52.0 million, respectively.

5. Income Taxes

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

6. Claims, Lawsuits and Other Contingencies

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

Among these is a group of claims relating to reinsurance contracts placed by reinsurance broking subsidiaries of the Company that were called into question by certain reinsurers. In general, these contracts concern so-called run-off exposures under which some or all remaining liability for claims against Lloyd's syndicates or other London insurers on policies written during a specified period of time were assumed by the reinsurers. The initial disputes concerning these contracts, primarily between reinsurers and cedants, have largely been resolved by negotiation, arbitration or litigation. More recently, related disputes have arisen, including litigation, between the members of syndicates, their underwriting and members' names agencies and, to a lesser extent, subsidiaries of the Company. The Company believes that its subsidiaries performed their reinsurance broking services in conformity with accepted and customary practices in the London market.

A subsidiary of the Company, Balis & Co., Inc., is one of several defendants in lawsuits pending in the United States District Court for the Eastern District of Pennsylvania which emanated from a fire that occurred at One Meridian Plaza Center in Philadelphia, Pennsylvania, on February 23 and 24, 1991. It is alleged that the fire started on a floor occupied by Balis, that Balis violated an alleged duty to segregate, store and safekeep flammable and combustible liquids, and that Balis negligently failed to properly supervise a contractor who it is alleged used and improperly stored such materials. Balis is responding to the claims asserted against it.

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

7. Cumulative Effect of Accounting Change

Effective January 1, 1994, the Company adopted SFAS No. 112 "Employers' Accounting for Postemployment Benefits," which requires the Company to accrue for the cost of certain benefits provided to former or inactive employees after employment but before retirement. The cumulative effect of adopting this standard resulted in a noncash charge, net of income taxes, of $10.5 million or $.14 per share.

8. Reclassification

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

Marsh & McLennan Companies, Inc. and Subsidiaries
Management's Discussion and Analysis of
Financial Condition and Results of Operations
Second Quarter and Six Months Ended June 30, 1994

General

Marsh & McLennan Companies, Inc. and Subsidiaries (the "Company") is a professional services firm with insurance services, consulting and investment management businesses. More than 25,000 employees provide analysis, advice and transactional capabilities to clients worldwide.

This management's discussion and analysis of financial condition and results of operations should be read in conjunction with the Company's latest annual report on Form 10-K.

The consolidated results of operations follow:

	Second Quarter		Six Months	
(In millions of dollars)	1994	1993	1994	1993
Revenue:				
Insurance Services	$459.9	$444.7	$ 993.0	$ 949.0
Consulting	230.5	215.8	452.9	431.1
Investment Management	150.1	122.8	304.8	237.1
	840.5	783.3	1,750.7	1,617.2
Expense:				
Compensation and Benefits	424.5	404.5	857.1	819.8
Other Operating Expenses	252.2	226.3	501.4	457.7
	676.7	630.8	1,358.5	1,277.5
Operating Income	$163.8	$152.5	$ 392.2	$ 339.7
Operating Income Margin	19.5%	19.5%	22.4%	21.0%

Revenue, derived mainly from commissions and fees, increased 7% from the second quarter of 1993, and grew by 8% for the six months, primarily reflecting strong growth by the Company's investment management segment. The six month results include incremental income of approximately $25 million realized by Marsh & McLennan Risk Capital on a portion of its holdings in insurance entities that the Company was instrumental in originating.

Operating expenses increased 7% from the second quarter of 1993, and 6% for the six months, largely due to additional costs in the investment management segment commensurate with the higher volume of business and system automation initiatives in the insurance services operation.

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

Insurance Services

(In millions of dollars)	Second Quarter 1994	Second Quarter 1993	Six Months 1994	Six Months 1993
Revenue:				
Insurance Broking	$306.7	$291.6	$648.2	$618.4
Reinsurance Broking	59.7	61.6	164.2	152.3
Insurance Program Management	75.2	71.2	145.4	136.4
Interest Income on Fiduciary Funds	18.3	20.3	35.2	41.9
	459.9	444.7	993.0	949.0
Expense	362.3	347.8	729.0	707.9
Operating Income	$ 97.6	$ 96.9	$264.0	$241.1
Operating Income Margin	21.2%	21.8%	26.6%	25.4%

Insurance Broking Revenue
Insurance broking revenue, which is received from a predominantly corporate clientele, increased 5% for both the second quarter and for the six months as compared with the same periods last year. The second quarter results reflect higher revenue from North American and U. K. risk management operations, primarily resulting from new business. Premium rates for property coverage in coastal regions remain firm, while the casualty market continues to be competitive with renewal rates flat to slightly down on a year-over-year basis.

Reinsurance Broking Revenue
Reinsurance broking revenue in the second quarter of 1994 decreased 3% from the second quarter of 1993 primarily due to consolidation in the London and European markets resulting in a reduced volume of business from these areas. Premium rates for property catastrophe reinsurance have begun to react to the growth of the worldwide market and have declined somewhat. Revenue for the six months increased 8% from the comparable period of 1993.

Insurance Program Management Revenue
In the second quarter of 1994, insurance program management revenue increased 5% compared with the second quarter of 1993. Within North America, second quarter revenue increased 10% from last year reflecting revenue growth from increased services provided to corporations and institutions and insurance placed on behalf of small businesses, as well as growth in professional liability programs. In the United Kingdom, revenue grew 1% over 1993 reflecting increased levels of competition. For the six months, revenue grew by 7% over 1993.

Interest Income on Fiduciary Funds
Interest income on fiduciary funds decreased 10% in the second quarter of 1994 and 16% for the six months. The impact of significantly lower yields on funds held outside the United States was partially offset by increased interest rates on funds held in U.S. dollars. If the current level of short-term interest rates in the United States is maintained, fiduciary interest income could exceed 1993 amounts in the second half of the year.

Expense
Expenses for insurance services rose 4% in the second quarter of 1994 reflecting the impact of discretionary spending on technology and systems automation initiatives. Expenses for the six months increased 3% as compared to the same period last year primarily due to these initiatives and provisions for excess office space on certain of the companies' operating leases recorded in the first quarter.

Consulting

(In millions of dollars)	Second Quarter 1994	Second Quarter 1993	Six Months 1994	Six Months 1993
Revenue	$230.5	$215.8	$452.9	$431.1

Expense	204.1	192.5	405.6	388.2
Operating Income	$ 26.4	$ 23.3	$ 47.3	$ 42.9
Operating Income Margin	11.4%	10.8%	10.4%	10.0%

Revenue
Revenue for consulting services increased 7% in 1994 compared with the second quarter of 1993. For the six months revenue grew by 5%. Retirement consulting and services revenue, which represented approximately 47% of the consulting segment, increased 3% in a very price-competitive environment. Health care consulting, primarily U.S. based, grew 5%. Strong demand in the global practices of general management and compensation consulting resulted in increases of 14% and 13%, respectively.

Expense
Expenses for the consulting segment increased 6% in the second quarter of 1994, while expenses for the six months increased 4%. This growth reflects higher staff levels consistent with increased demand in general management consulting as well as systems-related expenses to expand and increase efficiency in service delivery.

Investment Management

	Second Quarter		Six Months	
(In millions of dollars)	1994	1993	1994	1993
Revenue	$150.1	$122.8	$304.8	$237.1
Expense	100.7	80.9	202.4	157.4
Operating Income	$ 49.4	$ 41.9	$102.4	$ 79.7
Operating Income Margin	32.9%	34.1%	33.6%	33.6%

Assets managed by Putnam, which consist of approximately two-thirds fixed income and one-third equity securities, are presented below:

	Second Quarter	
(In billions of dollars)	1994	1993
Quarter-end Assets:		
Mutual Funds	$65.4	$55.1
Institutional Accounts	26.7	22.1
	$92.1	$77.2
Average Assets	$91.3	$73.3

Assets under management are affected by fluctuations in bond and stock market prices, by investments and withdrawals for current and new fund shareholders and clients, by the development of new investment products and by investment performance and service to clients.

Revenue
Revenue for Putnam increased 22% compared with the second quarter 1993 and 29% for the six months, reflecting continued strong growth in the level of assets under management on which management fees are earned. The higher asset level primarily reflects institutional and mutual fund sales offset, in part, by a decline in securities market valuations that began in the first quarter and continued through the second quarter. Putnam's year-over-year revenue growth could moderate in the second half of 1994 due to the record growth in asset levels experienced in the last half of 1993.

Expense
Expenses for Putnam increased 25% in the second quarter of 1994 and 29% for the six months. Compensation and benefits expense increased due to growth in staff necessary to meet the demands of new business, higher incentive compensation levels commensurate with strong operating performance and normal salary progressions. Other operating expenses rose in the first half of 1994 due to the increased volume of business and higher client service-

related expenses, such as communications and information system costs.

Interest Income and Expense

Interest income earned on corporate funds of $3.0 million in the second quarter of 1994 was essentially the same as the comparable period of 1993 and decreased slightly for the six months. Interest expense increased 4% in the second quarter of 1994 from 1993, due to an increase in commercial paper borrowings and higher interest rates. For the six months interest expense increased to $23.9 million from $23.1 million in 1993.

Income Taxes

The Company's consolidated domestic and foreign tax rates were 38.1% and 39.5% of income before income taxes for the second quarter and six months of 1994 compared with 40% for the comparable periods last year. The reduction in the consolidated tax rate reflects savings attributable to tax planning strategies implemented throughout the world. The overall tax rates are higher than the U.S. statutory rates primarily because of the impact of state and local income taxes.

Liquidity and Capital Resources

The Company's cash and cash equivalents aggregated $351.3 million on June 30, 1994, as compared with $332.0 million on December 31, 1993. In the six months ended June 30, 1994, the Company generated $141.7 million of cash from operations compared with $114.3 million in 1993. These amounts reflect the net income earned by the Company adjusted for noncash charges and working capital changes.

Cash flow from operations includes the net cash requirements of Putnam's prepaid dealer commissions, which amounted to $93.7 million in the first half of 1994 compared with $112.5 million during the same period of 1993. The long-term portion of these prepaid dealer commissions is included in other assets in the Consolidated Balance Sheets. The cash requirement for prepaid dealer commissions is expected to continue, although at a diminished level, in the second half of 1994.

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

The Company's capital expenditures, which amounted to $53.3 million in the first six months of 1994 and $47.5 million in 1993, have primarily related to computer equipment purchases and the refurbishing and modernizing of office facilities.

The insurance coverage for potential liability resulting from alleged errors and omissions in the professional services provided by the Company includes elements of both risk retention and risk transfer. The Company believes it has adequately reserved for the self-insurance contingencies. Payments related to the respective self-insured layers are made as claims are resolved and generally extend over a considerable number of years. The long-term portion of this liability is included in other liabilities in the Consolidated Balance Sheets.

The Company's policy for funding its qualified U.S. defined benefit retirement plan is to contribute amounts at least sufficient to meet the funding requirements set forth in U.S. employee benefit and tax laws. The plan is currently well funded; consequently, the Company has not been able to make a tax deductible contribution since 1986. Because this situation is expected to continue, a 1994 cash contribution is currently not anticipated. The related long-term pension liability is included in other liabilities in the Consolidated Balance Sheets.

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

PART II, OTHER INFORMATION

MARSH & McLENNAN COMPANIES, INC.
AND SUBSIDIARIES

INFORMATION REQUIRED FOR FORM 10-Q QUARTERLY REPORT

JUNE 30, 1994

Item 4. Submission of Matters to a Vote of Security Holders.

The Annual Meeting of Stockholders of the Registrant was held on May 17, 1994. An Annual Meeting Report was published in connection with this meeting and the information contained on pages 6 through 8 of such report is incorporated herein by reference.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

22. Annual Meeting Report.

(b) Reports on Form 8-K.

None.

MARSH & McLENNAN COMPANIES, INC.
AND SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed this 12th day of August, 1994 on its behalf by the undersigned, thereunto duly authorized and in the capacity indicated.

MARSH & McLENNAN COMPANIES, INC.

By:/s/FRANK J. BORELLI

Senior Vice President and
Chief Financial Officer

Front Cover:

1994
ANNUAL MEETING REPORT
MAY 17

MARSH & McLENNAN COMPANIES

Inside Front Cover:

MARSH & McLENNAN COMPANIES, INC. IS A PROFESSIONAL SERVICES FIRM WITH INSURANCE AND REINSURANCE BROKING, CONSULTING AND INVESTMENT MANAGEMENT BUSINESSES. MORE THAN 25,000 EMPLOYEES WORLDWIDE PROVIDE ANALYSIS, ADVICE AND TRANSACTIONAL CAPABILITIES TO CLIENTS IN OVER 80 COUNTRIES.

The annual meeting of Marsh & McLennan Companies, Inc. was held at 1221 Avenue of the Americas in New York City at 10:00 a.m. on Tuesday, May 17, 1994. The Chairman's remarks begin on page 1 and are followed by a summary of the Official Business.

REMARKS TO SHAREHOLDERS
A.J.C. Smith

I would like to begin by reporting on Marsh & McLennan Companies' 1993 financial results, which reached $4.52 per share, a 7 percent improvement. Revenue increased by 8 percent to $3.2 billion. There was again some disparity in the performance by business sector within the company.

At Putnam Investments, where performance was exceptional, assets under management had grown to more than $90 billion by the end of 1993.

Guy Carpenter's reinsurance broking revenue increased as a result of new business efforts and some expansion of the property catastrophe reinsurance market.

At Marsh & McLennan, Incorporated, insurance broking revenue grew modestly in a world where insurance markets were still very competitive.

We had excellent results in the insurance program management business of Seabury & Smith and Frizzell. Frizzell, in the United Kingdom, had a particularly successful year.

Mercer Consulting Group's results were mixed. Aggregate revenue, adjusted for acquisitions and dispositions, and the effect of foreign exchange, was essentially unchanged. While human resource consulting revenue in North America declined, management consulting revenue increased.

Our first quarter results continued this improved earnings trend. Revenue increased by 9 percent to $910 million, and net income was $120 million, a 12 percent increase over the same period in 1993. Earnings per share also increased by 12 percent to $1.63.

I am pleased to announce that I will recommend to our Board of Directors that they vote this morning to increase our quarterly dividend by $.05 to $.725. This increase will continue our record of raising the total annual dividends paid to shareholders in every year since the company went public in 1962. My recommendation reflects our improved earnings in 1993 and in the first quarter of 1994 and my confidence in our future.

PROFESSIONAL EXCELLENCE

Last year I talked about Marsh & McLennan Companies' efforts to be in the forefront of change in all of our businesses while maintaining our commitment to professional excellence. We have always believed that excellence is the only guarantee of long-term success at a professional service firm. But I am sure that the need to achieve a standard of excellence, to completely reject mediocrity, is greater today than it has ever been.

All of our businesses strive to pursue professional excellence in time-honored ways. We concentrate on

- - - recruiting from all sources to build our capacity;

- - - having effective training and development programs;
- - - maintaining stimulating work environments;
- - - supporting talented professionals with technological innovation;
- - - evaluating performance rigorously and
- - - rewarding achievement.

But excellence must also be pursued continuously and incrementally
- - - by reorganization to facilitate delivery of service to clients and improve the quality of our work,
- - - by redeployment of our professional staff to ensure that clients have access to the specialists who can best meet their needs, and
- - - by the careful mobilization of technology to improve the quality of information and speed its delivery to our clients.

This morning I would like to review for you some of the recent steps we have been taking to produce better results for our clients--to reduce cost,
to increase value, to facilitate access to markets and to improve information.

REORGANIZATION

Marsh & McLennan has thrived on reorganization. We have a history of developing businesses, nurturing their growth and then converting them into separate operating companies under the Marsh & McLennan Companies umbrella. They function more effectively as autonomous operations with distinct identities. And they are better able to pursue their professional specialties. From insurance broking, our core business, we have created the consulting business that is now Mercer and the insurance program management business that is now Seabury & Smith and Frizzell.

More recently, we formed Marsh & McLennan Risk Capital Corp. to concentrate on our insurance and reinsurance market making activities. As a separate subsidiary, we believe that Marsh & McLennan Risk Capital can most effectively develop its capabilities while continuing to be an important part of Marsh & McLennan Companies' business and client service strategy. We have always tried to use our professional skills to contribute to the development of insurance and reinsurance markets. In recent years we believe our efforts have had a significant effect on changes taking place in the industry. Bob Clements has been the inspiration behind these activities. And I am pleased that he has assumed the responsibility of chairman and chief executive officer of Marsh & McLennan Risk Capital.

Earlier this month the Trident Partnership, organized by Marsh & McLennan Risk Capital and J. P. Morgan, accepted its first subscriptions of capital totaling $645 million. Trident will invest globally in insurance and reinsurance businesses, in property casualty start-up ventures and other opportunities that will arise from restructurings already under way in the insurance industry.

REDEPLOYMENT

Significant redeployment of professional staff in the Mercer Consulting Group and at Marsh & McLennan, Incorporated has taken place during the last 12 months. This reflects our effort to concentrate on delivering services on the basis of industry specialization. Increasingly we find that thorough knowledge of a client's industry is as important as a grasp of insurance broking and management consulting techniques.

A recent example of this redeployment is the way our consulting group has combined to serve the health care industry. More than a year ago, we realized that health care reform--however it plays out--will call for dramatic changes in the delivery and cost of health care services. We have drawn together our diverse health care industry skills:
- - - the strategic and operating expertise of our general management consultants,
- - - the health care benefit expertise of human resource consultants, and
- - - the economic research skills of National Economic Research Associates.

We are now deploying those skills to advise a rapidly growing client base of health care providers--hospitals, physician groups, managed care networks, health insurers and other industry participants.

In a related development, Marsh & McLennan, Incorporated has created an injury management group to reduce the incidence of workplace injuries and manage their treatment effectively. The approach draws on the talents of Marsh & McLennan's specialists in workplace safety and workers' compensation claims procedures and of Mercer's consultants in cost containment in health care delivery. The effort has helped clients reduce their workers' compensation costs by up to 50 percent.

TECHNOLOGY

Technology is important for all of our companies. Major investment in systems at Putnam starting in the late 1980s enabled us in 1993 to manage the enormous increase in transactions we have experienced. Putnam Investor Services handled a 54 percent increase in transactions and telephone calls with only an 8 percent increase in cost. And Putnam was able to win its fourth successive Dalbar Award for best service in the industry.

A more current example of our mobilizing technology is at Frizzell, in our insurance program management business. Frizzell's success has been based on its ability to select risks on behalf of insurers, as well as the high quality of our service. But recently this competitive advantage has been offset by premium reductions from new competitors, made possible by reduced administration costs.

Frizzell responded to this by initiating a three-year multimillion-dollar reengineering project for all of its client service processes. The project, which is almost complete, relies on proprietary technology that will streamline our entire client service apparatus and eliminate all duplication of functions. We believe that the expected 25 percent gains in productivity will more than restore our competitive advantage and enable customer service representatives to respond fully to 95 percent of our three million annual telephone inquiries, on the first call.

I am confident in the prospects for all our businesses. They are leaders in their fields because of their commitment to professional excellence. Continuous, careful scrutiny of our business strategy, organization and application of professional resources is producing better results for our clients. And at Marsh & McLennan Companies, shareholder value depends on the quality of our service to clients.

OFFICIAL BUSINESS

Represented at the annual meeting of Marsh & McLennan Companies, Inc. on May 17, 1994, were 62,569,918 shares or 84.9 percent of the Company's 73,670,277 shares of common stock outstanding and entitled to vote.

Shareholders took the following actions:

Election of the Board of Directors*

Each of the seven nominees for election received at least 61,365,541 or 98.1 percent of the shares represented at the meeting.

Class III Directors Elected (terms expiring in 1997)

Peter Coster
President
Mercer Consulting Group, Inc.

Lawrence J. Lasser
President
Putnam Investments, Inc.

Richard M. Morrow
Former Chairman
Amoco Corporation

John T. Sinnott
President and
Co-Chief Executive Officer
Marsh & McLennan, Incorporated

Frank J. Tasco
Former Chairman
Marsh & McLennan Companies, Inc.

R.J. Ventres
Former Chairman
Borden, Inc.

Class I Director Elected (term expiring in 1995)

Ray J. Groves
Chairman and Chief Executive Officer
Ernst & Young

They will serve with the following:

Continuing Class I Directors (terms expiring in 1995)

Lewis W. Bernard
Chairman, Classroom, Inc.
Former Chief Administrative and Financial Officer
Morgan Stanley & Co.

Richard H. Blum
Chairman
Guy Carpenter & Company, Inc.

Frank J. Borelli
Senior Vice President
Chief Financial Officer
Marsh & McLennan Companies, Inc.

Richard E. Heckert
Former Chairman
E.I. du Pont de Nemours and Company

Robert M.G. Husson
Chairman
Faugere & Jutheau S.A.

George Putnam
Chairman
The Putnam Funds

Continuing Class II Directors (terms expiring in 1996)

Robert Clements
Chairman
Marsh & McLennan Risk Capital Corp.

Richard S. Hickok
Chairman Emeritus
KMG Main Hurdman

David D. Holbrook
President and
Co-Chief Executive Officer
Marsh & McLennan, Incorporated

Adele Smith Simmons
President
John D. and Catherine T.
MacArthur Foundation

A.J.C. Smith
Chairman
Marsh & McLennan Companies, Inc.

Philip L. Wroughton
Chairman
Marsh & McLennan, Incorporated

* The Board of Directors is divided into three classes with
staggered three-year terms.

Board Changes

Dean R. McKay, former senior vice president of IBM Corporation, retired from the board; he will serve as an advisory director.

Approval of Senior Management Incentive Compensation Plan

Shareholders approved the Senior Management Incentive Compensation Plan with a vote of 57,455,243 or 91.8 percent of the shares represented (4,520,121 opposing and 594,522 abstaining).

Approval of 1994 Employee Stock Purchase Plan

The 1994 Employee Stock Purchase Plan was approved by a vote of 56,811,763 or 96.2 percent of the shares represented (1,967,380 opposing, 287,237 abstaining and 3,503,538 broker non-votes).

Appointment of Independent Public Accountants

Deloitte & Touche was ratified as the Company's independent public accountants for the year ending December 31, 1994, by a vote of 62,061,340 or 99.2 percent of the shares represented (337,887 opposing and 170,689 abstaining).

Back Cover:

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