
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 the quarterly period ended March 31, 2009

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 ☒ 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 or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐
(Do not check if a smaller reporting company)

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 April 30, 2009, there were outstanding 522,536,514 shares of common stock, par value \$1.00 per share, of the registrant.

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,” “intend,” “plan,” “project” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would.” For example, we may use forward-looking statements when addressing topics such as: market and industry conditions, including competitive and pricing trends; changes in our business strategies and methods of generating revenue; the development and performance of our services and products; changes in the composition or level of MMC’s revenues; our cost structure and the outcome of cost-saving or restructuring initiatives; the outcome of contingencies; dividend policy; the expected impact of acquisitions and dispositions; pension obligations; cash flow and liquidity; future actions by regulators; and the impact of changes in accounting rules.

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

- the impact of current financial market conditions on our results of operations and financial condition;
- the potential impact of legislative, regulatory, accounting and other initiatives which may be taken in response to the current financial crisis;
- our ability to meet our financing needs by generating cash from operations and accessing external financing sources, including the impact of current economic conditions on our cost of financing or ability to borrow;
- the potential impact of rating agency actions on our cost of financing and ability to borrow, as well as on our operating costs and competitive position;
- our exposure to potential liabilities arising from errors and omissions claims against us, including claims of professional negligence in providing actuarial services, such as those alleged by the Alaska Retirement Management Board and Milwaukee County in separate lawsuits against Mercer;
- the impact on our net income caused by fluctuations in foreign exchange rates;
- the potential impact of changes in interest rates and increased counterparty risk in the current economic environment;
- changes in the funded status of our global defined benefit pension plans and the impact of any increased pension funding resulting from those changes;
- the impact on risk and insurance services commission revenues of changes in the availability of, and the premiums insurance carriers charge for, insurance and reinsurance products, including the impact on premium rates and market capacity attributable to catastrophic events;
- the extent to which we retain existing clients and attract new business, and our ability to incentivize and retain key employees;
- the challenges we face in achieving profitable revenue growth and improving operating margins at Marsh;

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- the impact on our consulting segment of pricing trends, utilization rates, the general economic environment and legislative changes affecting client demand;
- the impact of competition, including with respect to pricing, the emergence of new competitors, and the fact that many of Marsh's competitors are not constrained in their ability to receive contingent commissions;
- the ultimate economic impact on MMC of contingencies described in the notes to our financial statements, including the risk of a significant adverse outcome in the shareholder lawsuit against MMC concerning the late 2004 decline in MMC's share price;
- the potential impact of consolidation in the industries we serve, particularly in the reinsurance industry;
- our ability to successfully obtain payment from our clients of the amounts they owe us for work performed;
- the impact of, and potential challenges in complying with, legislation and regulation in the jurisdictions in which we operate, particularly given the global scope of our businesses and the possibility of conflicting regulatory requirements across the jurisdictions in which we do business;
- our exposure to potential criminal sanctions or civil remedies if we fail to comply with foreign and U.S. laws and regulations that are applicable to our international operations, including import and export requirements, U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to government officials;
- our ability to make strategic acquisitions and dispositions and to integrate, and realize expected synergies, savings or strategic benefits from, the businesses we acquire;
- our ability to successfully recover should we experience a disaster or other business continuity problem;
- changes in applicable tax or accounting requirements; and
- potential income statement effects from the application of FIN 48 ("Accounting for Uncertainty in Income Taxes") and SFAS 142 ("Goodwill and Other Intangible Assets"), including the effect of any subsequent adjustments to the estimates MMC uses in applying these accounting standards.

The factors identified above are not exhaustive. MMC and its subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Accordingly, MMC cautions readers not to place undue reliance on its forward-looking statements, which speak only as of the dates on which they are made. MMC 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 MMC and its businesses, including information about factors that could materially affect our results of operations and financial condition, is contained in MMC's filings with the Securities and Exchange Commission, including the "Risk Factors" section of MMC's 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)

For the Three Months Ended March 31,
(In millions, except per share figures)

	2009	2008
Revenue	\$ 2,629	\$ 3,039
Expense:		
Compensation and benefits	1,578	1,828
Other operating expenses	720	874
Goodwill impairment charge	—	425
Operating expenses	2,298	3,127
Operating income (loss)	331	(88)
Interest income	6	18
Interest expense	(56)	(56)
Investment income (loss)	(15)	8
Income (loss) before income taxes	266	(118)
Income taxes	82	94
Income (loss) from continuing operations	184	(212)
Discontinued operations, net of tax	(4)	5
Net income (loss) before non-controlling interests	180	(207)
Less: Net income attributable to non-controlling interests	4	3
Net income (loss) attributable to MMC	\$ 176	\$ (210)
Basic net income (loss) per share – Continuing operations	\$ 0.34	\$ (0.40)
– Net income (loss)	\$ 0.33	\$ (0.39)
Diluted net income (loss) per share – Continuing operations	\$ 0.34	\$ (0.41)
– Net income (loss)	\$ 0.33	\$ (0.40)
Weighted average number of shares outstanding – Basic	515	519
– Diluted	515	519
Shares outstanding at March 31,	517	511
Dividends declared per share	\$.40	\$.40

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

Marsh & McLennan Companies, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

<i>(In millions of dollars)</i>	March 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,414	\$ 1,685
Receivables		
Commissions and fees	2,431	2,418
Advanced premiums and claims	89	86
Other	338	354
	2,858	2,858
Less-allowance for doubtful accounts and cancellations	(112)	(103)
Net receivables	2,746	2,755
Other current assets	350	344
Total current assets	4,510	4,784
Goodwill and intangible assets	7,129	7,163
Fixed assets	945	969
(net of accumulated depreciation and amortization of \$1,325 at March 31, 2009 and \$1,301 at December 31, 2008)		
Pension related assets	219	150
Other assets	2,057	2,140
	<u>\$ 14,860</u>	<u>\$ 15,206</u>

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

Marsh & McLennan Companies, Inc. and Subsidiaries
Consolidated Balance Sheets (Continued)
(Unaudited)

<i>(In millions of dollars)</i>	March 31, 2009	December 31, 2008
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 408	\$ 408
Accounts payable and accrued liabilities	1,670	1,688
Accrued compensation and employee benefits	594	1,224
Accrued income taxes	19	66
Dividends payable	106	—
Total current liabilities	2,797	3,386
Fiduciary liabilities	3,683	3,297
Less – cash and investments held in a fiduciary capacity	(3,683)	(3,297)
	—	—
Long-term debt	3,590	3,194
Retirement and postemployment benefits	1,162	1,217
Liabilities for errors and omissions	496	512
Other liabilities	1,121	1,137
Commitments and contingencies		
Equity:		
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 March 31, 2009 and December 31, 2008	561	561
Additional paid-in capital	1,183	1,245
Retained earnings	7,202	7,237
Accumulated other comprehensive loss	(2,132)	(2,098)
Non-controlling interests	34	38
	6,848	6,983
Less – treasury shares, at cost, 44,017,166 shares at March 31, 2009 and 46,375,622 shares at December 31, 2008	(1,154)	(1,223)
Total equity	5,694	5,760
	\$ 14,860	\$ 15,206

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

Marsh & McLennan Companies, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

For the Three Months Ended March 31,
(In millions of dollars)

	2009	2008
Operating cash flows:		
Net income (loss) before non-controlling interests	\$ 180	\$ (207)
Adjustments to reconcile net income (loss) to cash used for operations:		
Goodwill impairment charge	—	425
Depreciation and amortization of fixed assets and capitalized software	74	83
Amortization of intangible assets	16	18
Provision for deferred income taxes	16	41
Loss (gain) on investments	16	(6)
Loss (gain) on disposition of assets	12	(6)
Stock option expense	—	15
Changes in assets and liabilities:		
Net receivables	9	(203)
Other current assets	(8)	2
Other assets	(36)	14
Accounts payable and accrued liabilities	(18)	125
Accrued compensation and employee benefits	(629)	(558)
Accrued income taxes	19	(42)
Other liabilities	(113)	(93)
Effect of exchange rate changes	12	(23)
Net cash used for operations	(450)	(415)
Financing cash flows:		
Proceeds from issuance of debt	397	—
Repayments of debt	(2)	(253)
Purchase of non-controlling interest	(24)	—
Purchase of treasury shares	(20)	(20)
Issuance of common stock	11	13
Dividends paid	(102)	(103)
Net cash provided by (used for) financing activities	260	(363)
Investing cash flows:		
Capital expenditures	(69)	(122)
Net purchases of long-term investments	6	—
Proceeds from sales related to fixed assets	1	3
Dispositions	—	50
Acquisitions	(2)	(51)
Other, net	2	2
Net cash used for investing activities	(62)	(118)
Effect of exchange rate changes on cash and cash equivalents	(19)	48
Decrease in cash and cash equivalents	(271)	(848)
Cash and cash equivalents at beginning of period	1,685	2,133
Cash and cash equivalents at end of period	\$ 1,414	\$ 1,285

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

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Marsh & McLennan Companies, Inc. and Subsidiaries
Consolidated Statements of Equity and Comprehensive Income
(Unaudited)

For the Three Months Ended March 31,
(In millions, except per share figures)

	2009	2008
COMMON STOCK		
Balance, beginning and end of year	\$ 561	\$ 561
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year	\$ 1,246	\$ 1,242
Change in accrued compensation costs	(31)	(33)
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax benefits	4	(16)
Purchase of subsidiary shares from non-controlling interests	(36)	—
Balance, end of period	\$ 1,183	\$ 1,193
RETAINED EARNINGS		
Balance, beginning of year	\$ 7,237	\$ 7,732
Net income (loss) attributable to MMC (a)	176	(210)
Dividend equivalents paid	(3)	(3)
Dividends declared – (per share amounts: \$.40)	(208)	(206)
Balance, end of period	\$ 7,202	\$ 7,313
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance, beginning of year	\$ (2,098)	\$ (351)
Foreign currency translation adjustments (b)	(43)	103
Unrealized investment holding (losses) gains, net of reclassification adjustments (c)	(4)	14
Net changes under SFAS 158, net of tax (d)	13	(4)
Balance, end of period	\$ (2,132)	\$ (238)
TREASURY SHARES		
Balance, beginning of year	\$ (1,223)	\$ (1,362)
Issuance of shares under stock compensation plans and employee stock purchase plans	69	56
Balance, end of period	\$ (1,154)	\$ (1,306)
NON-CONTROLLING INTERESTS		
Balance, beginning of year	\$ 38	\$ 33
Net Income attributable to non-controlling interests (e)	4	3
Purchase of subsidiary shares from non-controlling interests	(8)	—
Other changes	—	(2)
Balance, end of period	\$ 34	\$ 34
TOTAL EQUITY	\$ 5,694	\$ 7,557
TOTAL COMPREHENSIVE INCOME (LOSS) (a+b+c+d+e)	\$ 146	\$ (94)

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

Marsh & McLennan Companies, Inc. and Subsidiaries
Notes To Consolidated Financial Statements
(Unaudited)

1. Nature of Operations

Marsh & McLennan Companies, Inc. ("MMC"), a global professional services firm, is organized based on the different services that it offers. Under this organizational structure, MMC's three business segments are: Risk and Insurance Services; Consulting; and Risk Consulting & Technology.

The Risk and Insurance Services segment provides risk management and insurance broking, reinsurance broking and insurance program management services for businesses, public entities, insurance companies, associations, professional services organizations, and private clients. MMC conducts business in this segment through Marsh and Guy Carpenter.

The Consulting segment provides advice and services to the managements of organizations in the area of human resource consulting, comprising retirement and investments, health and benefits, outsourcing and talent; and strategy and risk management consulting, comprising management, economic and brand consulting. MMC conducts business in this segment through Mercer and Oliver Wyman Group.

The Risk Consulting & Technology segment provides various risk consulting and related risk mitigation services to corporate, government, institutional and individual clients, including consulting services and security services; and technology-enabled services. MMC conducts business in this segment through Kroll. The principal operations within the corporate advisory and restructuring business were divested in the fourth quarter of 2008. Additionally, two small residual businesses were exited in the first quarter of 2009. Based on the terms and conditions of the divestitures, MMC determined it has "continuing involvement" in the divested businesses, as that term is used in SEC Staff Accounting Bulletin Topic 5e. Therefore, classification of these businesses as discontinued operations is not appropriate and the financial results in the current and prior period are included in operating income.

2. Principles of Consolidation

The consolidated financial statements included herein have been prepared by MMC 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 accounting principles generally accepted in the United States of America, have been omitted pursuant to such rules and regulations, although MMC believes that the information and disclosures presented are adequate to make such information and disclosure not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in MMC's Annual Report on Form 10-K for the year ended December 31, 2008 (the "2008 10-K").

The financial information contained herein reflects all adjustments consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of MMC's results of operations for the three-month periods ended March 31, 2009 and 2008. Effective January 1, 2009, the company adopted retrospectively EITF 03-6-1 and SFAS 160. The adoption of EITF 03-6-1 and SFAS 160 affected the calculation of earnings per share, and the presentation of non-controlling interests (previously referred to as minority interests), and are described more fully in Notes 4 and 17 to the Consolidated Financial Statements. Also, see Note 5 with respect to a correction in our Statement of Cash Flows.

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The caption "Investment income (loss)" in the consolidated statements of income comprises realized and unrealized gains and losses from investments recognized in current earnings. It includes, when applicable, other than temporary declines in the value of available for sale securities, the change in value of trading securities and the change in value of MMC's holdings in certain private equity funds. MMC's investments may include direct investments in insurance or consulting companies and investments in private equity funds. An equity method loss of \$18 million and equity method income of \$6 million is included in this line in 2009 and 2008, respectively.

3. Fiduciary Assets and Liabilities

In its capacity as an insurance broker or agent, MMC collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters. MMC also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims proceeds are held by MMC in a fiduciary capacity. Interest income on these fiduciary funds, included in risk and insurance services revenue, amounted to \$15 million and \$40 million for the three-month periods ended March 31, 2009 and 2008, respectively. The consulting segment recorded fiduciary interest income of \$1 million and \$4 million in 2009 and 2008, respectively. Since fiduciary assets are not available for corporate use, they are shown in the consolidated balance sheets as an offset to fiduciary liabilities.

Fiduciary assets include approximately \$790 million of fixed income securities classified as available for sale. Unrealized gains or losses from available for sale securities are recorded in other comprehensive income until the securities are disposed of, or mature. Unrealized gains, net of tax, at March 31, 2009 were \$14 million.

Net uncollected premiums and claims and the related payables amounted to \$9.2 billion at March 31, 2009 and \$8.6 billion at December 31, 2008. MMC is not a principal to the contracts under which the right to receive premiums or the right to receive reimbursement of insured losses arises. Net uncollected premiums and claims and the related payables are, therefore, not assets and liabilities of MMC and are not included in the accompanying consolidated balance sheets.

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

4. Per Share Data

In June 2008, the FASB issued Staff Position No. EITF 03-6-1 ("FSP 03-6-1") "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities." FSP 03-6-1 applies to the calculation of earnings per share ("EPS") under SFAS 128 "Earnings per Share" for share-based payment awards with rights to dividends or dividend equivalents. FSP 03-6-1 indicates that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and should be included in the computation of basic and dilutive EPS using the two-class method. The adoption of FSP 03-6-1 did not have an impact on the fiscal year 2008 for EPS from continuing operations, discontinued operations and net income because the treasury stock method was more dilutive. The impact of the adoption of FSP 03-6-1 was a decrease in EPS of \$.02, \$.05, and \$.07 for the fiscal year 2007, for EPS from continuing operations, discontinued operations, and net income, respectively, and a decrease in EPS of \$.02, \$.01, \$.03 for the fiscal year 2006, for EPS from continuing operations, discontinued operations and net income, respectively.

Basic net income attributable to MMC per share and income from continuing operations per share are calculated by dividing the respective after-tax income attributable to common shares by the weighted average number of outstanding shares of MMC's common stock.

Diluted net income attributable to MMC per share and income from continuing operations per share are calculated

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by dividing the respective after-tax income attributable to common shares by the weighted average number of outstanding shares of MMC's common stock, which have been adjusted for the dilutive effect of potentially issuable common shares (excluding those that are considered participating securities). The dilutive earnings per share calculation reflects the more dilutive effect of (a) either the two-class method that assumes that the participating securities have not been exercised or (b) the treasury stock method. Reconciliation of the applicable income components used for diluted earnings per share and basic weighted average common shares outstanding to diluted weighted average common shares outstanding is presented below. Prior period information has been adjusted to conform with the current year presentation.

Basic EPS Calculation

Continuing Operations

For the Three Months Ended March 31,

(In millions, except per share figures)

	2009	2008
Net income (loss) from continuing operations	\$ 184	\$ (212)
Less: Non-controlling interests	4	3
Net income (loss) from continuing operations attributable to MMC	\$ 180	\$ (215)
Less: Portion attributable to participating securities	5	(8)
Net income (loss) attributable to common shares for basic earnings per share	\$ 175	\$ (207)
Basic weighted average common shares outstanding	515	519

Basic EPS Calculation

Net Income

For the Three Months Ended March 31,

(In millions, except per share figures)

	2009	2008
Net income (loss) attributable to MMC	\$ 176	\$ (210)
Less: Portion attributable to participating securities	5	(8)
Net income (loss) attributable to common shares for basic earnings per share	\$ 171	\$ (202)
Basic weighted average common shares outstanding	515	519

Diluted EPS Calculation

Continuing Operations

For the Three Months Ended March 31,

(In millions, except per share figures)

	2009	2008
Net income (loss) from continuing operations	\$ 184	\$ (212)
Less: Non-controlling interests	4	3
Net income (loss) from continuing operations attributable to MMC	180	(215)
Less: Portion attributable to participating securities ⁽¹⁾	5	—
Net income (loss) attributable to common shares for diluted earnings per share	\$ 175	\$ (215)
Basic weighted average common shares outstanding	515	519
Dilutive effect of potentially issuable common shares	—	—
Diluted weighted average common shares outstanding	515	519
Average stock price used to calculate common stock equivalents	\$ 20.34	\$ 26.14

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Diluted EPS Calculation

Net Income

For the Three Months Ended March 31,

(In millions, except per share figures)

	2009	2008
Net income (loss) attributable to MMC	\$ 176	\$ (210)
Less: Portion attributable to participating securities ⁽¹⁾	5	—
Net income (loss) attributable to common shares for diluted earnings per share	\$ 171	\$ (210)
Basic weighted average common shares outstanding	515	519
Dilutive effect of potentially issuable common shares	—	—
Diluted weighted average common shares outstanding	515	519
Average stock price used to calculate common stock equivalents	\$ 20.34	\$ 26.14

⁽¹⁾ In 2008, earnings per share was more dilutive under the treasury stock method. Therefore, no amounts are allocated to participating securities in the 2008 calculation.

There were 48.1 million and 55.7 million stock options outstanding as of March 31, 2009 and 2008, respectively. There were 5 million common stock equivalents in 2008 that would have increased weighted average common shares outstanding; however, they have not been included in the calculation since their impact would be anti-dilutive.

5. Supplemental Disclosures to the Consolidated Statements of Cash Flows

The following schedule provides additional information concerning interest and income taxes paid for the three-month periods ended March 31, 2009 and 2008.

(In millions of dollars)

	2009	2008
Interest paid	\$ 85	\$ 89
Income taxes paid	\$ 60	\$ 96

MMC had non-cash issuances of common stock under its share-based payment plan of \$75 million and \$48 million for the three months ended March 31, 2009 and 2008, respectively.

In the first quarter of 2009, MMC changed the presentation in its statement of cash flows for the issuance of certain equity shares related to employee stock compensation plans. Previously, such issuances were shown in the statement of cash flows as a reduction of cash from operating activities and a source of cash from financing activities. In 2009, MMC determined that these issuances should be presented as non-cash items and that the presentation in the prior periods was not correct. The presentation in the statement of cash flows for the first quarter of 2008 has been corrected to conform with the current presentation, resulting in a decrease in cash used for operations and a decrease in cash used for financing activities of \$48 million. With respect to the periods previously reported, but not contained herein, the corresponding correction in the statement of cash flows results in an increase in cash generated from operations (or a decrease in cash used by operations in periods where there is a net cash use) and a decrease in cash used for financing activities compared with the information presented previously as follows: six months ended June 30, 2008 - \$62 million; nine months ended September 30, 2008 - \$103 million; year ended December 31, 2008 - \$103 million; year ended December 31, 2007 - \$82 million; and year ended December 31, 2006 - \$59 million.

6. Comprehensive Income (Loss)

The components of comprehensive (loss) income for the three-month periods ended March 31, 2009 and 2008 are as follows:

(In millions of dollars)

	2009	2008
Foreign currency translation adjustments	\$ (43)	\$ 103
Unrealized investment holding (losses) gains, net of income taxes	(4)	14
Adjustments related to pension/retiree plans	13	(4)
Other comprehensive (loss) income	(34)	113
Net income (loss) before non-controlling interests	180	(207)
Comprehensive income (loss)	146	(94)
Less: Comprehensive income attributable to non-controlling interests	(4)	(3)
Comprehensive income (loss) attributable to MMC	\$ 142	\$ (97)

7. Acquisitions

In the first quarter of 2009, MMC's Risk & Insurance Services segment acquired the remaining minority interest of a previously majority owned entity for total purchase consideration of \$47 million. MMC adopted SFAS 160, "Non-controlling interests in Consolidated Financial Statements" ("SFAS 160") which is discussed further in Footnote 17 on page 27. SFAS 160 requires that changes in a parent's ownership interest while retaining financial controlling interest in a subsidiary be accounted for as an equity transaction. Stepping up the acquired assets to fair value or the recording of goodwill is no longer permitted. Therefore, MMC recorded a decrease to additional paid in capital in the first quarter of 2009 of \$36 million related to this transaction. MMC also paid \$2 million of contingent consideration in the first quarter of 2009 related to prior acquisitions.

8. Discontinued Operations

Discontinued operations in the first quarter of 2009 and 2008 includes the accretion of interest related to an indemnity for uncertain tax positions provided as part of the Putnam transaction. Discontinued operations in the first quarter of 2008 also includes the gain on the sale of a claims administration operation in Brazil ("Mediservice"). The operating results of Mediservice were immaterial to MMC's results, therefore, the operating results for 2008 were not reclassified to discontinued operations.

Summarized Statements of Income data for discontinued operations is as follows:

For the Three Months Ended March 31,

(In millions of dollars)

	2009	2008
(Loss) gain on disposal of discontinued operations	\$ (1)	\$ 24
Provision for income tax	(3)	19
Discontinued operations, net of tax	<u>\$ (4)</u>	<u>\$ 5</u>

9. Goodwill and Other Intangibles

Under SFAS 142, MMC is required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. In 2008, MMC recorded goodwill impairment charges totaling \$540 million, \$425 million in the first quarter and \$115 million in the second quarter, resulting from an interim goodwill impairment test in its Risk Consulting & Technology segment. MMC performs the annual impairment test for each of its reporting units during the third quarter of each year. Fair values of the reporting units are estimated using a market approach or a discounted cash flow model. Carrying values for the reporting units are based on balances at the prior quarter end and include directly identified assets and liabilities as well as an allocation of those assets and liabilities not recorded at the reporting unit level.

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.

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Changes in the carrying amount of goodwill are as follows:

<i>(In millions of dollars)</i>	2009	2008
Balance as of January 1,	\$6,825	\$7,388
Goodwill impairment	—	(425)
Goodwill acquired	2	75
Other adjustments ^(a)	(1)	49
Balance as of March 31,	<u>\$6,826</u>	<u>\$7,087</u>

(a) Primarily foreign exchange and purchase accounting adjustments and transfers.

Goodwill allocable to each of MMC's reportable segments is as follows: Risk & Insurance Services, \$3.7 billion; Consulting, \$2.0 billion; and Risk Consulting & Technology, \$1.1 billion.

Amortized intangible assets consist of the cost of client lists, client relationships and trade names acquired. The gross cost and accumulated amortization is as follows:

<i>(In millions of dollars)</i>	March 31, 2009			December 31, 2008		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Amortized intangibles	<u>\$ 641</u>	<u>\$ 338</u>	<u>\$ 303</u>	<u>\$ 681</u>	<u>\$ 343</u>	<u>\$ 338</u>

Aggregate amortization expense for the three months ended March 31, 2009 and 2008 was \$16 million and \$18 million, respectively, and the estimated future aggregate amortization expense is as follows:

For the Years Ending December 31, <i>(In millions of dollars)</i>	Estimated Expense
2009 (including amounts incurred through March 31)	\$ 58
2010	50
2011	43
2012	36
2013	28
Subsequent years	104
	<u>\$ 319</u>

10. Fair Value Measurements

Fair Value Hierarchy

MMC has categorized its financial instruments into a three-level fair value hierarchy as defined in SFAS 157. 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, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Financial assets and liabilities recorded in the consolidated balance sheets are categorized based on the inputs in the valuation techniques as follows:

Level 1. Financial 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, listed derivatives, most U.S. Government and agency securities, and certain other sovereign government obligations).

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Level 2. Financial assets and liabilities whose values are based on the following:

- a) Quoted prices for similar assets or liabilities in active markets (for example, restricted stock);
- b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- c) 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
- d) 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).

Level 3. Financial 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 (examples include private equity investments, certain commercial mortgage whole loans, and long-dated or complex derivatives including certain foreign exchange options and long-dated options on gas and power).

The Company does not have any Level 3 assets or liabilities.

Valuation Techniques

Equity Securities & Mutual Funds

Investments for which market quotations are readily available are valued at the sale price on their principal exchange, or official closing bid price for certain markets. If no sales are reported, the security is valued at its last reported bid price.

Other Sovereign Government Obligations, Municipal Bonds and Corporate Bonds

These investments are valued on the basis of valuations furnished by an independent pricing service approved by the Trustees or dealers selected by Putnam Investment Management LLC ("Putnam Management"), the fund's manager, a wholly owned subsidiary of Putnam LLC. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutions traders, between securities.

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The following fair value hierarchy table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2009 and December 31, 2008.

(In millions of dollars)	Identical Assets (Level 1)		Inputs (Level 2)		Unobservable Inputs (Level 3)		Total	
	3/31/09	12/31/08	3/31/09	12/31/08	3/31/09	12/31/08	3/31/09	12/31/08
Assets								
Financial Instruments Owned:								
Exchange Traded Equity Securities (a)	\$ 9	\$ 11	\$ —	\$ —	\$ —	\$ —	\$ 9	\$ 11
Mutual Funds (a)	94	107	—	—	—	—	94	107
State and Local Obligations (including non U.S. Locales) (b)	—	—	217	234	—	—	217	234
Other Sovereign Government Obligations and Supranational Agencies (b)	—	—	461	531	—	—	461	531
Corporate and Other Debt (b)	—	—	112	122	—	—	112	122
Medium Term Bond Funds and Fixed Income Securities (a)	—	—	7	8	—	—	7	8
Money Market Funds (c)	576	689	—	—	—	—	576	689
	<u>\$ 679</u>	<u>\$ 807</u>	<u>\$ 797</u>	<u>\$ 895</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,476</u>	<u>\$ 1,702</u>

- (a) Included in Other Assets in the Consolidated Balance Sheets.
(b) Included in Fiduciary Assets in the Consolidated Balance Sheets
(c) Included in cash and cash equivalents in the Consolidated Balance Sheets.

Cash and cash equivalents primarily consist of bank and money market funds that are valued at quoted market prices.

In the first quarter of 2009, MMC adopted the provisions of FSP FASB 157-2, relating to non-financial assets and liabilities that is discussed in greater detail in Footnote 17 on page 27. At March 31, 2009, MMC has a liability of approximately \$130 million related to future lease agreements. This amount reflects the present value of future cash flows for the estimated future rent and real estate costs, net of subleases for previously vacated space, primarily in MMC's New York headquarters building. Per SFAS 157, this is categorized as a Level 3 input.

11. Retirement Benefits

MMC maintains qualified and non-qualified defined benefit pension plans for its U.S. and non-U.S. eligible employees. MMC's policy for funding its tax qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth by U.S. law and the laws of the non-U.S. jurisdictions in which MMC offers defined benefit plans.

The target asset allocation for the U.S. Plan is 65% equities and 35% fixed income. At the end of the first quarter, the actual allocation for the U.S. Plan was 61% equities and 39% fixed income. The target asset allocation for the U.K. Plan, which comprises approximately 79% of non-U.S. Plan assets, is 58% equities and 42% fixed income. At the end of the first quarter, the actual allocation of assets for the U.K. Plan was 52% to equities and 48% to fixed income.

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

Combined U.S. and significant non-U.S. Plans

For the Three Months Ended March 31, (In millions of dollars)	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
Service cost	\$ 46	\$ 54	\$ 1	\$ 2
Interest cost	130	149	4	4
Expected return on plan assets	(187)	(217)	—	—
Amortization of prior service credit	(12)	(14)	(3)	(3)
Recognized actuarial loss	17	18	—	—
Net periodic benefit (credit) cost	<u>\$ (6)</u>	<u>\$ (10)</u>	<u>\$ 2</u>	<u>\$ 3</u>

U.S. Plans only

For the Three Months Ended March 31, (In millions of dollars)	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
Service cost	\$ 20	\$ 19	\$ 1	\$ 1
Interest cost	54	52	3	3
Expected return on plan assets	(73)	(72)	—	—
Amortization of prior service credit	(12)	(14)	(3)	(3)
Recognized actuarial loss	13	5	—	—
Net periodic benefit cost (credit)	<u>\$ 2</u>	<u>\$ (10)</u>	<u>\$ 1</u>	<u>\$ 1</u>

The net periodic benefit cost of the U.S. Plans for the first quarter is based on the January 1, 2008 employee census. When the census data is refined as of January 1, 2009 the net periodic benefit cost will be updated.

Significant non-U.S. Plans only

For the Three Months Ended March 31, (In millions of dollars)	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
Service cost	\$ 26	\$ 35	\$ —	\$ 1
Interest cost	76	97	1	1
Expected return on plan assets	(114)	(145)	—	—
Recognized actuarial loss	4	13	—	—
Net periodic benefit (credit) cost	<u>\$ (8)</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 2</u>

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:

Combined U.S. and significant non-U.S. Plans

	Pension Benefits		Postretirement Benefits	
	2009	2008	2009	2008
Weighted average assumptions:				
Expected return on plan assets	8.2%	8.2%	—	—
Discount rate	6.5%	6.1%	6.7%	6.5%
Rate of compensation increase	3.7%	3.8%	—	—

12. Debt

MMC's outstanding debt is as follows:

<i>(In millions of dollars)</i>	March 31, 2009	December 31, 2008
Short-term:		
Current portion of long-term debt	\$ 408	\$ 408
Long-term:		
Senior notes – 7.125% due 2009	\$ 400	\$ 400
Senior notes – 6.25% due 2012 (5.1% effective interest rate)	257	257
Senior notes – 4.850% due 2013	249	249
Senior notes – 5.875% due 2033	296	296
Senior notes – 5.375% due 2014	648	648
Senior notes – 5.15% due 2010	549	549
Senior notes – 5.75% due 2015	747	747
Senior notes – 9.25% due 2019	397	—
Mortgage – 5.70% due 2035	452	454
Other	3	2
	3,998	3,602
Less current portion	408	408
	<u>\$ 3,590</u>	<u>\$ 3,194</u>

During the first quarter of 2009, MMC issued \$400 million of 9.25% ten-year fixed rate senior notes to refinance the \$400 million senior notes maturing in June 2009.

MMC and certain of its foreign subsidiaries maintain a \$1.2 billion multi-currency revolving credit facility. Subsidiary borrowings under the facility are unconditionally guaranteed by MMC. The facility expires in December 2010. The interest rate on this facility varies based upon the level of usage of the facility and MMC's credit ratings. The facility requires MMC to maintain certain coverage and leverage ratios which are tested quarterly. There was no amount outstanding under this facility at March 31, 2009.

13. Restructuring Costs

Actions Initiated in 2009

In the first quarter of 2009, MMC initiated restructuring activities resulting in a charge of \$25 million, primarily severance and benefits related to the elimination of approximately 320 positions at Marsh.

Actions Initiated Prior to 2009

Prior to 2009, MMC implemented several restructuring and cost-savings initiatives related to firm-wide infrastructure, organization structure and operating company business processes. During the first three months of 2009, MMC incurred net restructuring costs of \$15 million, related to actions initiated in prior years, primarily due to adjustments to the estimated future rent and real estate costs related to previously vacated space in MMC's New York headquarters building. As of March 31, 2009, the remaining liability for these initiatives was \$206 million, primarily related to future severance and benefit payments and future lease agreements.

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, Other liabilities, or Accrued compensation, depending on the nature of the items.

14. Common Stock

In August 2007, MMC entered into an \$800 million accelerated share repurchase agreement with a financial institution counterparty. Under the terms of the agreement, MMC paid the full \$800 million purchase price and took delivery from the counterparty of an initial tranche of 21,320,530 shares of MMC common stock. This number of shares was the quotient of the \$800 million purchase price divided by a contractual “cap” price of \$37.5225 per share. Based on the market price of MMC’s common stock over the subsequent settlement period, in March 2008 the counterparty delivered to MMC an additional 10,751,100 shares for no additional payment and the transaction was concluded. MMC thus repurchased a total of 32,071,630 shares at average price per share to MMC of \$24.9442. The repurchased shares were reflected as an increase to Treasury Shares (a decrease in shares outstanding) on the respective delivery dates. This transaction was effected under a \$1.5 billion share repurchase authorization granted by MMC’s Board of Directors in August 2007. MMC remains authorized to repurchase additional shares of its common stock up to a value of \$700 million. There is no time limit on this authorization.

15. Claims, Lawsuits and Other Contingencies

MMC and Marsh Litigation and Regulatory Matters

Brokerage Compensation Practices Settlement

In January 2005, MMC and its subsidiary Marsh Inc. entered into an agreement with the New York State Attorney General (“NYAG”) and the New York State Insurance Department to settle a civil complaint filed in New York State court by NYAG in October 2004 (the “NYAG Lawsuit”) and a related citation issued by the Insurance Department. Among other things, the NYAG Lawsuit and the citation had alleged that Marsh’s use of market service agreements with various insurance companies entailed fraudulent business practices, bid-rigging, illegal restraint of trade and other statutory violations.

Following the filing of the NYAG Lawsuit, various state regulators and attorneys general initiated investigations relating to the conduct alleged in the NYAG Lawsuit. In the fourth quarter of 2008, MMC and Marsh entered into a settlement with attorneys general or state regulators in nine states. In addition, in May 2009, MMC and Marsh entered into a settlement with the attorney general of the State of Connecticut to resolve the civil action originally filed in January 2005. One civil action against MMC, Marsh and certain Marsh subsidiaries filed by the Attorney General of the State of Ohio in August 2007 remains pending. The State of Ohio action asserts claims based on alleged violations of unfair trade practices and state antitrust laws.

Numerous private party lawsuits have been commenced against MMC, one or more of its subsidiaries, and their current and former directors and officers, relating to matters alleged in the NYAG Lawsuit. These lawsuits include the following:

Policyholder Claims

- Various putative class actions that were consolidated into two actions in the U.S. District Court for the District of New Jersey (one on behalf of a purported class of “commercial” policyholders and the second on behalf of a purported class of “employee benefit” policyholders) included claims against MMC, Marsh and certain Marsh

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subsidiaries. The claims against MMC, Marsh and certain Marsh subsidiaries were settled in June 2008 using the remainder available from an \$850 million fund created in connection with the settlement of the NYAG Lawsuit. The trial court approved the settlement on February 18, 2009. The court's approval of the settlement has been appealed.

- Four class or representative actions on behalf of policyholders are pending in state courts. Sixteen actions instituted by individual policyholders and others are pending in federal and state courts relating to matters alleged in the NYAG Lawsuit. Two putative class actions and an individual policyholder action are pending in Canada.

Shareholder Claims

Following the announcement of the NYAG Lawsuit and related actions taken by MMC, MMC's stock price dropped from approximately \$45 per share to a low of approximately \$22.75 per share. The number of shares outstanding at the time was approximately 526 million. The plaintiffs in the securities claims described below have asserted damages in the billions of dollars.

- A purported securities class action against MMC, Marsh and certain of their former officers is pending in the U.S. District Court for the Southern District of New York. Plaintiffs make factual allegations similar to those asserted in the NYAG Lawsuit, including that MMC artificially inflated its share price by making misrepresentations and omissions relating to Marsh's market service agreements and business practices. Plaintiffs also allege that MMC failed to disclose alleged anti-competitive and illegal practices at Marsh, such as "bid-rigging" and soliciting fictitious quotes. Plaintiffs allege violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Section 11 of the Securities Act of 1933 and seek unspecified damages. MMC has responded to the complaint and discovery in this matter is ongoing.
- Three individual shareholder actions against MMC and others were brought in state courts and dismissed. The plaintiffs in each action have appealed.
- A purported ERISA class action is pending against MMC and various current and former employees, officers and directors in the U.S. District Court for the Southern District of New York on behalf of participants and beneficiaries of an MMC retirement plan. The complaint alleges, among other things, that in light of the alleged misconduct described in the NYAG Lawsuit, the defendants knew or should have known that the investment of the plan's assets in MMC stock was imprudent, that certain defendants failed to provide plan participants with complete and accurate information about MMC stock, that certain defendants responsible for selecting, removing and monitoring other fiduciaries did not comply with ERISA, and that MMC knowingly participated in other defendants' breaches of fiduciary duties. The complaint seeks, among other things, unspecified compensatory damages, injunctive relief and attorneys' fees and costs. Discovery is underway in this matter.
- Several shareholder derivative actions are pending against MMC's current and former directors and officers. Most of these actions have been consolidated into two proceedings, one in the Court of Chancery of the State of Delaware, and one in the U.S. District Court for the Southern District of New York. These actions allege, among other things, breach of fiduciary duties with respect to the alleged misconduct described in the NYAG Lawsuit, and that the defendants are liable for and must contribute to or indemnify MMC for any related damages MMC has suffered. The consolidated action

in federal court in New York has been stayed in favor of the state derivative action in Delaware. MMC, Marsh and other defendants have moved to dismiss the claims in the Delaware action.

Other Claims

- A shareholder derivative suit pending in the Delaware Court of Chancery against the directors and officers of American International Group, Inc. ("AIG") and other parties names as additional defendants MMC, Marsh and certain Marsh subsidiaries. The suit alleges that MMC, Marsh and the Marsh subsidiaries engaged in conspiracy and fraud with respect to the alleged misconduct described in the NYAG Lawsuit, and that they aided and abetted current and former directors and officers of AIG in breaching their fiduciary duties to AIG with respect to AIG's participation in the alleged misconduct. The complaint seeks damages including the return of all contingent commissions paid by AIG to MMC and Marsh. MMC and the Marsh defendants have moved to dismiss the claims.

Other Governmental Inquiries and Claims Relating to MMC and its Subsidiaries

- In December 2007, the Alaska Retirement Management Board filed a civil lawsuit against Mercer (US) Inc. in Alaska state court alleging professional negligence and malpractice, breach of contract, breach of implied covenant of good faith and fair dealing, negligent misrepresentation and unfair trade practices related to actuarial services that Mercer provided to the Alaska Division of Retirement and Benefits relating to the Alaska Public Employees Retirement System and the Alaska Teachers Retirement System. The initial complaint alleged damages of "at least \$1.8 billion" and treble damages related to the unfair trade practices claim. The plaintiff recently indicated that it will seek to amend its lawsuit to add a claim for fraud and misrepresentation, seek damages of "at least \$2.8 billion", and add a claim for punitive damages. Discovery is underway in this matter; a trial is currently scheduled for early 2010.
- In October 2007, the State of Connecticut brought a civil action against Guy Carpenter in Connecticut state court, alleging that Guy Carpenter violated the state's antitrust and unfair trade practices laws by engaging in allocation of markets, price-fixing and other allegedly improper conduct by taking part in the operation of several reinsurance facilities over a period of decades. The complaint alleges damages to Guy Carpenter's insurance company clients and their customers, as well as to the general economy of Connecticut, and seeks monetary damages, civil penalties, attorneys' fees, costs and injunctive and other equitable relief. Discovery is underway in this matter.
- In March 2006, Milwaukee County and the Employees Retirement System of the County of Milwaukee and its Pension Board filed a civil lawsuit against Mercer (US) Inc. in the U.S. District Court for the Eastern District of Wisconsin alleging professional negligence, negligent and intentional misrepresentation and breach of contract in connection with the provision of actuarial services and seeking damages, including compensatory and punitive damages, in excess of \$300 million. The court has denied a summary judgment motion by Mercer seeking dismissal of the plaintiffs' claims. The trial of this case began in early May 2009.
- Our activities are regulated extensively under the laws of the United States and its various states, the European Union and its member states, and the other jurisdictions in

which we operate. Therefore, in the ordinary course of business, in addition to private party lawsuits, we may be subject to investigations, lawsuits and/or other regulatory actions undertaken by governmental authorities.

Putnam-Related Matters

On August 3, 2007, Great-West Lifeco Inc. ("GWL") completed its purchase of Putnam Investments Trust. Under the terms of the stock purchase agreement with GWL, a copy of which was included as an exhibit to MMC's Current Report on Form 8-K filed on February 1, 2007, MMC agreed to indemnify GWL in the future with respect to certain Putnam-related litigation and regulatory matters. The matters described below directly involve MMC and/or may be subject to these indemnification obligations:

"Market-timing" Related Matters

In 2003 and 2004, Putnam entered into settlements with the SEC and the Commonwealth of Massachusetts with respect to excessive short-term trading by, among others, certain former Putnam employees in shares of the Putnam mutual funds (the "Putnam Funds").

- MMC and Putnam were named in a substantial number of civil complaints, filed in various state and federal courts, alleging "market-timing" and, in some cases, "late trading" activities. The actions filed in or removed to federal court have been transferred, along with actions against other mutual fund complexes, to the U.S. District Court for the District of Maryland. The following summarizes the consolidated matters pending in the District of Maryland:
 - Two putative class actions by investors in certain Putnam Funds are pending against Putnam. One action asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Section 36(b) of the Investment Company Act of 1940. The other action purports to assert derivative claims on behalf of all Putnam Funds under Section 36(b) of the Investment Company Act. Both suits seek to recover unspecified damages allegedly suffered by the Putnam Funds and their investors as a result of purported market-timing and late trading activity in certain Putnam Funds. In December 2008 and April 2009, the court granted Putnam's motion for summary judgment in the action relating to securities claims. In the derivative action, the court denied Putnam's motion for summary judgment.
 - A complaint asserting shareholder derivative claims, purportedly on behalf of MMC, was filed against current and former members of MMC's Board of Directors, two of Putnam's former officers, and MMC as a nominal defendant. This action alleges violation of fiduciary duties in failing to provide oversight regarding market-timing in the Putnam Funds. This action has been stayed pursuant to an agreement of the parties.
 - MMC, Putnam, and certain of their current and former officers, directors and employees are defendants in purported ERISA class actions, one brought by participants in an MMC retirement plan and the other brought by participants in a Putnam retirement plan. The actions allege, among other things, that, in view of the market-timing that was allegedly allowed to occur at Putnam, the investment of the plans' funds in MMC stock and the Putnam Funds was imprudent and constituted a breach of fiduciary duties to plan participants. Both actions seek unspecified damages and equitable relief. Following a September 2006 dismissal of the action regarding the Putnam plan, the plaintiff appealed the decision to the Fourth Circuit Court of Appeals. In June 2008, the appellate court reversed the dismissal and remanded the case for further proceedings.

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- Certain Putnam entities were named as defendants in a suit brought in the District Court of Travis County, Texas by a former institutional client, the Employee Retirement System of Texas. Plaintiff alleged that Putnam breached its investment management advisory agreement and did not make appropriate disclosures regarding alleged market-timing activity at the time the investment management advisory agreement was executed. The majority of plaintiff's claims were dismissed or withdrawn in January 2008. The trial court dismissed plaintiff's remaining claim for breach of contract in June 2008. Plaintiffs have appealed the dismissals and Putnam has appealed an adverse ruling on its counterclaim for unpaid management fees.

Other Contingencies Relating to MMC and its Subsidiaries

Errors and Omissions Claims

- MMC and its subsidiaries are subject to a significant number of other 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. Certain of these claims, including the actions filed against Mercer by the State of Alaska and the County of Milwaukee, seek damages, including punitive damages, in amounts that could, if awarded, be significant. MMC has varying levels of third-party insurance coverage, depending on the policy year. To the extent that expected losses exceed MMC's retention in any policy year, MMC records an asset for the amount that MMC expects to recover under any available third-party insurance programs. The policy limits and coverage terms of the third-party insurance vary to some extent by policy year. MMC is not aware of coverage defenses or other obstacles to coverage that would limit recoveries in years prior to policy year 2001-2002 in a material amount. In policy years subsequent to 2001-2002, the availability of third-party insurance has declined significantly, such that the Company has, for example, limited third-party insurance for the lawsuits brought by the State of Alaska and the County of Milwaukee against Mercer. MMC utilizes internal actuarial and other estimates, and case level reviews by inside and outside counsel, to establish loss reserves, in accordance with SFAS No. 5 ("Accounting for Contingencies"), to provide for its loss retention. These reserves are reviewed quarterly and adjusted as developments warrant.

Guarantees

- In connection with its acquisition of U.K.-based Sedgwick Group in 1998, MMC acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited ("River Thames"), which MMC 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 are 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 March 31, 2009, 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 MMC under the guarantee.

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- From 1980 to 1983, MMC owned indirectly the English & American Insurance Company ("E&A"), which was a member of the ILU. The ILU required MMC 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 MMC'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 MMC anticipates that additional claimants may seek to recover against the letter of credit.

The proceedings and other matters described in this Note 15 on Claims, Lawsuits and Other Contingencies may expose MMC to liability for significant monetary damages and other forms of relief. Where a loss is both probable and reasonably estimable, MMC has established liabilities in accordance with SFAS No. 5, "Accounting for Contingencies". Except as specifically set forth above, MMC's management is unable, at the present time, to provide a reasonable estimate of the range of possible loss attributable to the foregoing matters or the impact they may have on MMC's consolidated results of operations or financial position (over and above MMC's existing loss reserves) or MMC's cash flows (to the extent not covered by insurance). This is primarily because many of these cases remain in their early stages and only limited discovery has taken place. Adverse determinations in one or more of the matters discussed above could have a material impact on MMC's financial condition, results of MMC's operations or cash flows in a future period.

16. Segment Information

MMC is organized based on the types of services provided. Under this organizational structure, MMC's business segments are:

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

The accounting policies of the segments are the same as those used for the consolidated financial statements described in Note 1 to the 2008 10-K. The information in the following tables excludes the results of Putnam, which are classified as discontinued operations. Revenues are attributed to geographic areas on the basis of where the services are performed. 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 MMC corporate-level expenses.

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Selected information about MMC's operating segments for the three-month period ended March 31, 2009 and 2008 follows:

<i>(In millions of dollars)</i>	Revenue	Operating Income (Loss)
2009 –		
Risk and Insurance Services	\$ 1,372(a)	\$ 297
Consulting	1,083(b)	73
Risk Consulting & Technology	187(c)	11
Total Operating Segments	2,642	381
Corporate / Eliminations	(13)	(50)
Total Consolidated	<u>\$ 2,629</u>	<u>\$ 331</u>
2008 –		
Risk and Insurance Services	\$ 1,500(a)	\$ 234
Consulting	1,295(b)	151
Risk Consulting & Technology	257(c)	(412)(d)
Total Operating Segments	3,052	(27)
Corporate / Eliminations	(13)	(61)
Total Consolidated	<u>\$ 3,039</u>	<u>\$ (88)</u>

- (a) Includes inter-segment revenue of \$2 million in 2009, interest income on fiduciary funds of \$15 million and \$40 million in 2009 and 2008, respectively, and equity method income of \$2 million and \$1 million in 2009 and 2008, respectively.
- (b) Includes inter-segment revenue of \$10 million and \$11 million in 2009 and 2008, respectively, and interest income on fiduciary funds of \$1 million and \$4 million in 2009 and 2008, respectively.
- (c) Includes inter-segment revenue of \$1 million in 2009 and \$2 million in 2008.
- (d) Includes a goodwill impairment charge of \$425 million.

Operating segment revenue by product for the three-month periods ended March 31, 2009 and 2008 is as follows:

<i>(In millions of dollars)</i>	2009	2008
Risk and Insurance Services		
Marsh	\$1,088	\$1,227
Guy Carpenter	284	273
Total Risk and Insurance Services	<u>1,372</u>	<u>1,500</u>
Consulting		
Mercer	803	925
Oliver Wyman Group	280	370
Total Consulting	<u>1,083</u>	<u>1,295</u>
Risk Consulting & Technology		
Kroll	187	220
Corporate Advisory and Restructuring	—	37
Total Risk Consulting & Technology	<u>187</u>	<u>257</u>
Total Operating Segments	<u>2,642</u>	<u>3,052</u>
Corporate Eliminations	<u>(13)</u>	<u>(13)</u>
Total	<u><u>\$2,629</u></u>	<u><u>\$3,039</u></u>

17. New Accounting Pronouncements

On December 4, 2007, the FASB issued SFAS 141 (revised 2007), "Business Combinations" ("SFAS 141(R)"), and SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements" ("SFAS 160").

SFAS 141(R) requires entities in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose all information needed by investors and other users to evaluate and understand the nature and financial effect of the business combination. MMC did not make any acquisitions in the first quarter of 2009 that were accounted for under SFAS 141(R).

Effective January 1, 2009, the Company adopted SFAS 160. The adoption of SFAS 160 did not have a material impact on our financial condition, results of operations or cash flows. However, it did impact the presentation and disclosure of non-controlling (minority) interests in our consolidated financial statements. As a result of the retrospective presentation and disclosure requirements of SFAS 160, the Company will be required to reflect the change in presentation and disclosure for all periods presented in future filings.

The principal effect on the prior year balance sheets related to the adoption of SFAS 160 is summarized as follows:

<i>In millions of dollars</i>	December 31,	
	2008	2007
Balance Sheets		
Equity, as previously reported	\$5,722	\$7,822
Increase for SFAS 160 reclassification of non-controlling interests	38	31
Equity, as adjusted	<u>\$5,760</u>	<u>\$7,853</u>

SFAS 160 also requires that net income is adjusted to include the net income attributable to the non-controlling interests and a new separate caption for net income attributable to common shareholders is presented in the consolidated statement of earnings. The adoption of SFAS 160 increases net income by \$11 million, \$14 million, and \$8 million for the fiscal years 2008, 2007, and 2006, respectively and net income attributable to common shareholders equals net income as previously reported prior to the adoption of SFAS 160.

In February 2008, the FASB issued FASB Staff Position ("FSP") FAS 157-2, "Effective Date of FASB Statement No. 157," which delayed the effective date of FASB Statement No. 157, Fair Value Measurements ("SFAS No. 157") until the first quarter of 2009, for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The Company has applied the provision of FSP FAS 157-2 to its financial statement disclosures beginning in the first quarter of 2009.

In June 2008, the FASB issued FSP 03-6-1, which was implemented by MMC effective January 1, 2009 with retroactive application to prior periods. The impact of adopting this pronouncement is discussed in Note 4 to the Consolidated Financial Statements.

Future Adoption of New Accounting Pronouncements

On December 30, 2008 the FASB issued Staff Position No. FAS 132(R)-1, Employers' Disclosures about Post Retirement Benefit Plan Assets" ("FSP No. FAS 132(R)-1"), an amendment of SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits". FSP No. FAS 132(R)-1 requires disclosures about fair value measurements of plan assets similar to those required by Statement 157 as well as (a) how investment allocation decisions are made, (b) the major categories of plan assets, and (c) significant concentrations of risk within plan assets. FSP No. FAS 132(R)-1 is effective for fiscal years ending after December 15, 2009. Comparative information for earlier periods is not required at initial adoption. MMC is evaluating the impact of adopting the provisions of FSP No. FAS 132(R)-1.

The FASB issued a series of Staff Position guidelines ("FSP's") following the Emergency Economic Stabilization Act of 2008 and the SEC's study on mark-to-market accounting standards, in which the SEC recommended that the FASB reassess current fair value requirements and impairment accounting models for financial instruments, particularly the evaluation of the need for the current other-than-temporary impairment ("OTTI") guidance. MMC does not expect these FSP's to have a material impact on MMC's financial condition or reported results.

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

General

Marsh & McLennan Companies, Inc. and Subsidiaries ("MMC") is a global professional services firm providing advice and solutions in the areas of risk, strategy, and human capital. MMC's subsidiaries include Marsh, which provides Risk and Insurance Services; Guy Carpenter, which provides reinsurance services; Mercer, which provides human resource and related financial advice and services; Oliver Wyman Group, which provides management consulting and other services; and Kroll, which provides risk consulting and technology services. MMC's approximately 54,000 employees worldwide provide analysis, advice and transactional capabilities to clients in over 100 countries.

MMC's business segments are based on the services provided. Risk and Insurance Services includes risk management and insurance and reinsurance broking and services, provided primarily by Marsh and Guy Carpenter. Consulting, which comprises the activities of Mercer and Oliver Wyman Group, includes human resource consulting and related investment and outsourcing services, and specialized management, economic and brand consulting services. Risk Consulting & Technology, conducted through Kroll, includes risk consulting and related investigative, intelligence, financial, security and technology services. The principal operations within the Corporate Advisory and Restructuring business were divested in the fourth quarter of 2008. Additionally, two small residual businesses were exited in the first quarter of 2009.

A reconciliation of segment operating income to total operating income is included in Note 16 to the consolidated financial statements included elsewhere in this report. The accounting policies used for each segment are the same as those used for the consolidated financial statements.

This 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.

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Consolidated Results of Operations

(In millions, except per share figures)

	2009	2008
Revenue	\$2,629	\$3,039
Expense:		
Compensation and Benefits	1,578	1,828
Other Operating Expenses	720	874
Goodwill Impairment Charge	—	425
Operating Expense	2,298	3,127
Operating Income (Loss)	\$ 331	\$ (88)
Income (Loss) From Continuing Operations	\$ 184	\$ (212)
Discontinued Operations, net of tax	(4)	5
Net Income (Loss) before Non-controlling interests	\$ 180	\$ (207)
Net Income (Loss) Attributable to MMC	\$ 176	\$ (210)
Income (Loss) from Continuing Operations Per Share		
Basic	\$ 0.34	\$ (0.40)
Diluted	\$ 0.34	\$ (0.41)
Net Income (Loss) Per Share:		
Basic	\$ 0.33	\$ (0.39)
Diluted	\$ 0.33	\$ (0.40)
Weighted Average Number of Shares Outstanding:		
Basic	515	519
Diluted	515	519
Shares outstanding at March 31,	517	511

MMC reported consolidated operating income of \$331 million in the first quarter of 2009 compared with an operating loss of \$88 million in the prior year. The first quarter of 2008 included a \$425 million goodwill impairment charge related to the risk consulting and technology segment. Excluding this charge, consolidated operating income was \$337 million in the first quarter of 2008. A 27% increase in risk & insurance services' operating income was offset by a decrease in the consulting segment. Foreign currency translation had a negative impact on 2009 operating income compared with the same period in 2008 of \$41 million, or approximately 12%.

Consolidated Revenue and Expense

MMC conducts business in many countries, as a result of which the impact of foreign exchange rate movements may distort period-to-period comparisons of revenue. Similarly, 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 another by isolating these impacts. The impact of foreign currency exchange fluctuations and acquisitions and dispositions on MMC's operating revenues by segment is as follows:

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	Three Months Ended March 31,		% Change GAAP Revenue	Components of Revenue Change*		
(In millions, except percentage figures)	2009	2008		Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Risk and Insurance Services						
Marsh	\$ 1,076	\$ 1,196	(10)%	(8)%	—	(1)%
Guy Carpenter	281	264	7%	(7)%	(4)%	10%
Subtotal	1,357	1,460	(7)%	(8)%	—	1%
Fiduciary Interest Income	15	40	(62)%	(5)%	—	(57)%
Total Risk and Insurance Services	1,372	1,500	(8)%	(8)%	—	(1)%
Consulting						
Mercer	803	925	(13)%	(11)%	—	(2)%
Oliver Wyman Group	280	370	(24)%	(8)%	3%	(19)%
Total Consulting	1,083	1,295	(16)%	(11)%	1%	(7)%
Risk Consulting & Technology						
Kroll	187	220	(15)%	(5)%	(2)%	(8)%
Corporate Advisory and Restructuring	—	37	(99)%	—	(99)%	—
Total Risk Consulting & Technology	187	257	(27)%	(4)%	(15)%	(8)%
Corporate Eliminations	(13)	(13)				
Total Revenue	\$ 2,629	\$ 3,039	(13)%	(9)%	(1)%	(4)%

The following table provides more detailed revenue information for certain of the components presented above:

	Three Months Ended		% Change GAAP Revenue	Components of Revenue Change*		
	March 31,			Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
	2009	2008				
Marsh:						
EMEA	\$ 500	\$ 569	(12)%	(13)%	(2)%	2%
Asia Pacific	86	90	(4)%	(13)%	—	9%
Latin America	47	49	(3)%	(18)%	(1)%	15%
Total International	633	708	(11)%	(13)%	(1)%	4%
U.S. and Canada	443	488	(9)%	(2)%	1%	(8)%
Total Marsh	\$ 1,076	\$ 1,196	(10)%	(8)%	—	(1)%
Mercer:						
Retirement	\$ 276	\$ 313	(12)%	(14)%	—	2%
Health and Benefits	212	220	(4)%	(7)%	(1)%	4%
Other Consulting Lines	105	126	(17)%	(7)%	2%	(12)%
Mercer Consulting	593	659	(10)%	(10)%	—	—
Outsourcing	142	188	(24)%	(13)%	—	(11)%
Investment Consulting & Management	68	78	(14)%	(20)%	—	6%
Total Mercer	\$ 803	\$ 925	(13)%	(11)%	—	(2)%
Kroll:						
Litigation Support and Data Recovery	\$ 71	\$ 79	(10)%	(4)%	—	(6)%
Background Screening	62	71	(12)%	(3)%	—	(10)%
Risk Mitigation and Response	54	70	(23)%	(8)%	(7)%	(8)%
Total Kroll	\$ 187	\$ 220	(15)%	(5)%	(2)%	(8)%

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

Revenue

Consolidated revenue for the first quarter of 2009 was \$2.6 billion, a 13% decrease compared with the same period in the prior year. Consolidated revenue decreased 4% on an underlying basis.

Revenue in the risk and insurance services segment for the first quarter of 2009 decreased 8% from the same period in 2008, due to the impact of foreign currency exchange rates and declined 1% on an underlying basis. Within the risk and insurance services segment, a 10% increase in underlying revenue at Guy Carpenter was offset by a 1% decrease in underlying revenue in Marsh and a 57% decline in fiduciary interest income. Consulting revenue decreased 16%, resulting from decreases of 13% in Mercer and 24% in Oliver Wyman. On an underlying basis, revenue decreased 2% in Mercer and 19% in Oliver Wyman and 7% for the consulting segment in total. Revenue decreased 27% in risk consulting & technology or 8% on an underlying basis, reflecting decreases in Kroll's litigation support and data recovery, background screening and risk mitigation and response businesses and the impact of disposals of the corporate advisory and restructuring businesses. As previously noted, the principal operations of the corporate advisory and restructuring businesses were divested in the fourth quarter of 2008 while a small residual business in the United States was divested in the first quarter of 2009.

Operating Expenses

Consolidated operating expenses in the first quarter of 2009 decreased 27% from the same period in 2008. Approximately 14% of the decrease is due to the \$425 million goodwill impairment charge recorded in the first quarter of 2008. Of the remaining 13% decrease, approximately 7% was due to the impact of foreign currency exchange, 1% related to acquisitions/dispositions and 5% was due to decreases in underlying expenses. The decrease in underlying expenses reflects lower expenses generally but primarily in salary and incentive compensation costs, travel & entertainment, outside services, facilities & equipment and recoverable expenses from clients. These decreases were partly offset by approximately \$17 million of accelerated amortization of compensation expense due to the modification of vesting and delivery terms of certain share based awards to ensure compliance with Section 409A of the Internal Revenue Code.

Restructuring and Related Activities

Actions Initiated in 2009

In the first quarter of 2009, MMC initiated restructuring actions resulting in a charge of \$25 million, primarily related to severance and benefits from the elimination of approximately 320 positions at Marsh. The annualized cost savings for these actions are expected to be approximately \$27 million.

Actions Initiated Prior to 2009

Prior to 2009, MMC implemented several restructuring and cost-savings initiatives related to firm-wide infrastructure, organization structure and operating company business processes. During the first three months of 2009, MMC incurred restructuring costs of \$15 million in connection with actions initiated in prior years, primarily due to adjustments to the estimated future rent and real estate costs related to previously vacated space in MMC's New York headquarters building.

Risk and Insurance Services

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

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(In millions of dollars)

	2009	2008
Revenue	\$1,372	\$1,500
Compensation and Benefits	722	841
Other Expenses	353	425
Expense	1,075	1,266
Operating Income	\$ 297	\$ 234
Operating Income Margin	21.6%	15.6%

Revenue

Revenue in the risk and insurance services segment decreased 8% in the first quarter of 2009 compared with the same period in 2008, due to the negative 8% impact of foreign currency translation and lower fiduciary interest income as compared to 2008, primarily due to lower interest rates.

In Marsh, revenue in the first quarter of 2009 was \$1.1 billion, a decrease of 10% from the same quarter of the prior year, or 1% on an underlying basis. An 8% decrease in underlying revenue in the U.S. and Canada was mostly offset by increases of 2% in EMEA; 9% in Asia Pacific; and 15% in Latin America. Client revenue retention rates decreased slightly in the quarter while pricing declines in the U.S. property and casualty rates moderated from their 2008 levels.

Guy Carpenter's revenue increased 7% in the first quarter of 2009 compared with prior year or 10% on an underlying basis. The increase in underlying revenue was primarily due to a substantial increase in new business. Increased rates were evident in U.S. property catastrophe reinsurance but rates declined in casualty reinsurance in the first quarter. In April 2009, Guy Carpenter successfully completed the acquisition of John B. Collins Associates, Inc., previously the fifth-largest reinsurance intermediary in the U.S. and seventh-largest in the world. The acquisition of Collins further strengthens Guy Carpenter's capabilities in medical professional liability, agriculture, Florida property, program, and regional specialty lines of business.

Expense

Expenses in the risk and insurance services segment decreased 15% in the first quarter of 2009, compared with the same period in the prior year. Underlying expenses decreased 6% with the remaining 9% reduction due to the impact of foreign currency exchange. The decline in underlying expenses reflects lower compensation & benefit costs and a decrease in other operating cost categories as the Company continues its efforts to monitor and control expenses. The decrease in compensation & benefits reflects lower salary and incentive compensation costs due to the reduction in the number of employees as a result of restructuring activities. The decrease in other expense was primarily driven by a reduction in travel & entertainment, facilities & equipment and outside service costs. The expense decrease was partly offset by higher restructuring and related costs in 2009 as compared with 2008.

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Consulting

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

<i>(In millions of dollars)</i>	2009	2008
Revenue	\$1,083	\$1,295
Compensation and Benefits	712	794
Other Expenses	298	350
Expense	1,010	1,144
Operating Income	\$ 73	\$ 151
Operating Income Margin	6.7%	11.7%

Revenue

Consulting revenue in the first quarter of 2009 decreased 16% compared with the same period in 2008, or 7% on an underlying basis. Foreign exchange rates for consulting had a negative impact on revenue of 11% in 2009 compared with 2008. Mercer's revenue was \$803 million in the first quarter of 2009, a decline of 13% or 2% on an underlying basis. Mercer's consulting operations produced revenue of \$593 million, which was flat on an underlying basis compared with the 2008 first quarter, as growth in retirement and health and benefits was offset by declines in other consulting lines. Outsourcing, with revenue of \$142 million, declined 11% on an underlying basis primarily due to declines in the equity markets, and investment consulting and management, with revenue of \$68 million, grew 6%. Oliver Wyman's revenue declined 24% to \$280 million in the first quarter of 2009, or 19% on an underlying basis, due to adverse global economic and financial market conditions.

Expense

Consulting expenses decreased 12% in the first quarter of 2009 compared with the same period in 2008, reflecting a 9% decrease from the impact of foreign exchange rates, a 4% decrease on an underlying basis, partly offset by a 1% increase due to acquisitions. The decline in underlying expenses reflects a decrease in incentive compensation due to lower profitability along with cost reductions in virtually all discretionary expense categories. These decreases were partly offset by accelerated amortization of compensation expense due to modification of vesting conditions for certain share-based awards to ensure compliance with Section 409A of the Internal Revenue Code and higher severance costs at Oliver Wyman driven by a reduction in capacity. Oliver Wyman expects additional capacity related severance in the second quarter of 2009.

Risk Consulting & Technology

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

<i>(In millions of dollars)</i>	2009	2008
Revenue	\$ 187	\$ 257
Compensation and Benefits	87	129
Other Expenses	89	115
Goodwill Impairment Charge	—	425
Expense	176	669
Operating Income (Loss)	\$ 11	\$ (412)
Operating Income Margin	5.9%	N/A

Revenue

Risk consulting and technology revenues in the first quarter of 2009 decreased 27% compared with the prior year reflecting the divestiture of corporate advisory and restructuring. Revenue declined 8% on an underlying basis. Kroll's revenue was \$187 million in the first quarter, a decrease of 15% from the year-ago quarter, or 8% on an underlying basis. The underlying revenue decrease was driven by declines in litigation support and data recovery of 6%; background screening of 10%; and risk mitigation and response of 8% largely due to the impact of adverse economic market conditions.

The majority of the operations within the corporate advisory and restructuring business were disposed of in the fourth quarter of 2008. Additionally, two small residual businesses were exited in the first quarter of 2009.

Expense

Risk consulting and technology expenses were \$176 million in the first quarter of 2009 compared with \$669 million in 2008. As discussed in Note 9 to the consolidated financial statements, MMC performed an interim goodwill impairment test in risk consulting and technology that resulted in a non-cash goodwill impairment charge of \$425 million in the first quarter of 2008. Excluding this charge, risk consulting and technology expenses in the first quarter of 2009 decreased 28% compared with the same period in the prior year, or 8% on an underlying basis. The decrease in expenses reflects lower salaries and incentive compensation costs at Kroll, generally lower other expenses and the favorable impact on the year-over-year expense comparison due to the divestiture of the corporate advisory and restructuring businesses in 2008.

Corporate Expenses

Corporate expenses in the first quarter of 2009 were \$50 million compared with \$61 million in the prior year. The decrease versus 2008 results from lower restructuring and consulting costs.

Interest

Interest income earned on corporate funds amounted to \$6 million in the first quarter of 2009, compared with \$18 million in the first quarter of 2008. The decrease in interest income is due to lower average interest rates in 2009 compared with the prior year and the impact of foreign exchange translation. Interest expense of \$56 million in the first quarter of 2009 was the same as the prior year.

Income Taxes

MMC's consolidated effective tax rate was 30.8% in the first quarter of 2009, compared with 30.6% in the first quarter of 2008 (excluding the impact of the non-cash goodwill impairment charge of \$425 million which had no tax effect).

The effective tax rate is sensitive to the geographic mix and repatriation of MMC's earnings, which may have a favorable or unfavorable impact on the rate. Furthermore, losses in certain jurisdictions cannot be offset by earnings from other operations, and may require valuation allowances affecting the rate, depending on estimates of the realizability of associated deferred tax assets.

It is reasonably possible that the total amount of unrecognized tax benefits will decrease between zero and \$135 million within the next 12 months due to settlement of audits and expiration of statutes of limitation.

Discontinued Operations

Discontinued operations in the first quarter of 2009 and 2008 includes the accretion of interest related to the indemnity for uncertain tax positions provided as part of the Putnam transaction. Discontinued operations in the first quarter of 2008 also includes the gain on the sale of a claims administration operation in Brazil.

The table below depicts the results of discontinued operations:

<i>(In millions of dollars)</i>	Three Months Ended March 31,	
	2009	2008
(Loss) Gain on disposal of discontinued operations	\$ (1)	\$ 24
Provision for income tax	(3)	19
Discontinued operations, net of tax	\$ (4)	\$ 5

Liquidity and Capital Resources

Operating Cash Flows

MMC used \$450 million of cash for operations for the three months ended March 31, 2009, compared with \$415 million for the same period in 2008. These amounts reflect the net income or loss of MMC during those periods, excluding gains or losses from investments and from the disposition of businesses, adjusted for non-cash charges and changes in working capital which relate primarily to the timing of payments of accrued liabilities or receipts of assets. Cash generated from the disposition of businesses is included in investing cash flows. MMC's cash flow from operations is typically negative in the first quarter of each year, resulting from the payment of accrued incentive compensation.

Financing Cash Flows

Net cash generated from financing activities was \$260 million for the period ended March 31, 2009 compared with cash used of \$363 million for the same period in 2008.

During the first quarter of 2009, MMC issued \$400 million of 9.25% ten-year fixed rate senior notes that are due 2019. The proceeds from this issuance will be used to repay \$400 million of the 7.125% senior notes that mature in June 2009.

During the first quarter of 2008, MMC's 3.625% five-year fixed rate \$250 million senior notes matured. MMC used cash on hand to manage liquidity, including the funding of the maturing notes.

MMC paid dividends of approximately \$102 million (\$0.20 per share) during the first three months of 2009, as compared with \$103 million (\$0.20 per share) during the first three months of 2008.

In the first quarter of 2009, MMC's risk & insurance services segment acquired the remaining minority interest of a previously majority owned entity for total purchase consideration of \$47 million reflecting cash paid of \$24 million and future consideration of \$23 million.

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MMC and certain of its foreign subsidiaries maintain a \$1.2 billion multi-currency revolving credit facility. Subsidiary borrowings under the facility are unconditionally guaranteed by MMC. The facility will expire in December 2010. There were no outstanding borrowings under this facility at March 31, 2009.

MMC's senior debt is currently rated Baa2 by Moody's and BBB- by Standard & Poor's. MMC's short-term debt is currently rated P-2 by Moody's and A-3 by Standard & Poor's. MMC carries a stable outlook from both Moody's and Standard & Poor's. In December 2007, Standard & Poor's lowered its rating on MMC's long-term debt from BBB to BBB- and lowered the rating on MMC's short-term debt from A-2 to A-3.

Investing Cash Flows

Cash used for investing activities amounted to \$62 million in the first three months of 2009, compared with \$118 million for the same period in 2008.

Cash used for acquisitions, net of cash acquired, was \$2 million during the first three months of 2009 compared with \$51 million in 2008. Remaining deferred cash payments of \$76 million for acquisitions completed in the first quarter of 2009 and in prior years are recorded in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at March 31, 2009. Cash generated by dispositions amounted to \$50 million in the first three months of 2008 compared to \$0 million in 2009.

MMC's additions to fixed assets and capitalized software, which amounted to \$69 million in the first three months of 2009 and \$122 million in the first three months of 2008, primarily related to computer equipment purchases, the refurbishing and modernizing of office facilities and software development costs.

MMC has committed to potential future investments of approximately \$81 million in connection with its investments in Trident II and other funds managed by Stone Point Capital. The majority of MMC's investment commitments for funds managed by Stone Point are related to Trident II, the investment period for which is now closed for new investments. Any remaining capital calls for Trident II would relate to follow-on investments in existing portfolio companies or for management fees or other partnership expenses. Significant future capital calls related to Trident II are not expected. Although it is anticipated that Trident II will be harvesting its remaining portfolio, the timing of any portfolio company sales and capital distributions is unknown and not controlled by MMC.

Commitments and Obligations

MMC's contractual obligations of the types identified in the table below were of the following amounts as of March 31, 2009 (dollars in millions):

	Payment due by Period				
	Total	Within 1 Year	1-3 Years	4-5 Years	After 5 Years
Contractual Obligations					
Current portion of long-term debt	\$ 408	\$ 408	\$ —	\$ —	\$ —
Long-term debt	3,596	—	818	268	2,510
Interest on long-term debt	1,853	210	385	325	933
Net operating leases	2,842	381	663	522	1,276
Service agreements	132	47	44	28	13
Other long-term obligations	75	36	37	2	—
Total	<u>\$8,906</u>	<u>\$1,082</u>	<u>\$ 1,947</u>	<u>\$ 1,145</u>	<u>\$ 4,732</u>

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The above does not include unrecognized tax benefits of \$296 million, accounted for under FIN 48, as MMC is unable to reasonably predict the timing of settlement of these liabilities, other than approximately \$20 million that may become payable within one year. The above does not include liabilities established under FIN 45 as MMC is unable to reasonably predict the timing of settlement of these liabilities, other than approximately \$3 million that may become payable during 2009.

New Accounting Pronouncements

Note 17 contains a discussion of recently issued accounting pronouncements and their impact or potential future impact on MMC's financial results, if determinable.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

Market Risk and Credit Risk

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

Interest Rate Risk and Credit Risk

MMC has historically managed its net exposure to interest rate changes by utilizing a mixture of variable and fixed rate borrowings to finance MMC's asset base. During 2007, virtually all of MMC's variable rate borrowings were repaid.

Interest income generated from MMC's cash investments as well as invested fiduciary funds will vary with the general level of interest rates.

In addition to interest rate risk, our cash investments and fiduciary fund investments are subject to potential loss of value due to counterparty credit risk. To minimize this risk, MMC 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 counterparty limits assigned based primarily on credit rating and type of investment. MMC carefully monitors its cash and fiduciary fund investments and will further restrict the portfolio as appropriate to market conditions. The majority of cash and fiduciary fund investments are invested in short-term bank deposits and liquid money market funds.

Foreign Currency Risk

The translated values of revenue and expense from MMC's international operations are subject to fluctuations due to changes in currency exchange rates. Forward contracts and options are periodically utilized by MMC to limit foreign currency exchange rate exposure on net income and cash flows for specific, clearly defined transactions arising in the ordinary course of its business.

Equity Price Risk

MMC holds investments in both public and private companies as well as certain private equity funds managed by Stone Point Capital. Publicly traded investments of \$18 million are classified as available for sale under SFAS No. 115. Non-publicly traded investments of \$91 million are accounted for using the cost method and \$187 million are accounted for under APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock". The

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investments that are classified as available for sale or that are not publicly traded are subject to risk of changes in market value, which if determined to be other than temporary, could result in realized impairment losses. MMC periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

Other

A significant number of lawsuits and regulatory proceedings are pending. See Note 15 to the consolidated financial statements included elsewhere in this report.

Part I – Item 4. Controls & Procedures

a. Evaluation of Disclosure Controls and Procedures

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

b. Changes in Internal Controls

There were no changes in MMC's internal controls over financial reporting that were identified in connection with the evaluation referred to under Part I – Item 4a above that occurred during MMC's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, MMC's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information set forth in Note 15 to the consolidated financial statements provided in Part I of this report is incorporated herein by reference.

Item 1A. Risk Factors.

MMC 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, 2008. 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

MMC did not repurchase any shares of its common stock during the first quarter of 2009. In August 2007, MMC's Board of Directors authorized the repurchase by MMC from time to time of up to \$1.5 billion of its common stock. Under that authorization, MMC remains authorized to repurchase shares of its common stock up to a dollar value of \$700 million. There is no time limit on this 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
Jan 1-31, 2009	—	—	—	\$700 million
Feb 1-28, 2009	—	—	—	\$700 million
March 1-31, 2009	—	—	—	\$700 million
Total Q1 2009	—	—	—	\$700 million

Item 3. Defaults Upon Senior Securities.

None.

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

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

- 10.1 Form of 2009 Long-term Incentive Award under the 2000 Senior Executive Incentive and Stock Award Plan and the 2000 Employee Incentive and Stock Award Plan
- 10.2 Form of Deferred Stock Unit Award, dated as of February 23, 2009, under the 2000 Senior Executive Incentive and Stock Award Plan and the 2000 Employee Incentive and Stock Award Plan
- 10.3 Employment Agreement, dated as of November 21, 2007, by and between MMC and Peter J. Beshar
- 10.4 Employment Agreement, dated as of December 10, 2007, by and between MMC and Daniel S. Glaser
- 10.5 Subcontractor Engagement Agreement, effective March 15, 2008, between Kroll Government Services, Inc. and Michael G. Cherkasky for services to the Los Angeles Police Department
- 12.1 Statement Re: Computation of Ratio of Earnings to Fixed Charges
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
- 32.1 Section 1350 Certifications

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.

MARSH & McLENNAN COMPANIES, INC.

Date: May 8, 2009

/s/ Vanessa A. Wittman

Vanessa A. Wittman

Executive Vice President & Chief Financial Officer

Date: May 8, 2009

/s/ Robert J. Rapport

Robert J. Rapport

Senior Vice President & Controller

(Chief Accounting Officer)

EXHIBIT INDEX

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MARSH & McLENNAN COMPANIES, INC.
2000 SENIOR EXECUTIVE INCENTIVE AND STOCK AWARD PLAN
AND
2000 EMPLOYEE INCENTIVE AND STOCK AWARD PLAN
TERMS AND CONDITIONS
OF
[YEAR] LONG-TERM INCENTIVE AWARDS
GRANTED ON [DATE]

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I. BACKGROUND

An award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan or the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (as applicable to you, the "*Plan*"). The type of Award, the number of shares of Marsh & McLennan Companies, Inc. ("*MMC*") common stock or the amount of cash covered by such Award, and the vesting schedule applicable to that Award are specified in materials provided to you by MMC Global Compensation ("*Grant Documentation*"). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*"). For employees outside the United States, the awards are subject 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 (if applicable), and the Plan will be referred to herein as the "*Award Documentation*."

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

II. AWARDS

A. General.

1. **Grant of Award and Award Types.** The types of awards that may have been granted to you under the Plan are described below. The description of a type of award in these Terms and Conditions that is not part of your Award does not give or imply any right to such type of award.
2. **Rights of Award Holders.** Unless and until the vesting conditions of an Award have been satisfied and cash or shares of MMC 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. Unless and until shares of MMC Common Stock have been delivered to you, you have none of the attributes 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.** You must execute a Restrictive Covenants Agreement in a form determined by MMC ("*Restrictive Covenants Agreement*") in order to accept your Award and you must further reaffirm the Restrictive Covenants Agreement in order to exercise an Option and/or reaffirm your Award in order for it to vest as provided in Section III. Failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement by the date specified in the Grant Documentation will result in forfeiture of all of your rights, title and interest in and to the Award.

B. Stock Units.

1. **General.** A restricted stock unit ("*RSU*" or "*Stock Unit*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the Award Documentation, one share of MMC common stock.
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 three anniversaries of the grant date of the Award occur. Any date on which a Stock Unit is scheduled to vest is a "*Scheduled Vesting Date*." If your employment terminates prior to a Scheduled Vesting Date, your right to the Stock Units will be determined in accordance with Section III below.
3. **Accumulation of Dividend Equivalents.** Dividend equivalents equal to the dividend payment that would have been made in respect of one share of MMC common stock for each outstanding Stock Unit covered by the Award will accrue in U.S. dollars on any dividend payment date that occurs on or after the date of grant of the Award while the Award is outstanding. Dividend equivalents will be accrued only with respect to Stock Units that are outstanding on an ex-dividend date. Accrued dividend equivalents will vest when the corresponding Stock Units covered by the Award in respect of which such dividend equivalents were accrued vests. Such vested dividend equivalents will be delivered when the shares of MMC stock in respect of such vested Stock Units are delivered, subject to the satisfaction of any applicable tax obligations, as described in Section II.E. Dividend equivalents will not be paid on Stock Units that do not vest or are forfeited.
4. **Delivery of Shares.** Shares of MMC common stock in respect of the Stock Units covered by the Award shall be distributed to you as soon as practicable after vesting, and in no event later than 60 days after vesting. The delivery of shares in respect of the Stock Units is conditioned on the satisfaction of any applicable tax obligations, as described in Section II.E.

C. Options.

1. **General.** A stock option ("*Option*") represents the right to purchase the number of shares of MMC common stock specified in the Grant Documentation (the "*Option Shares*") at the exercise price specified in the Grant Documentation.
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. If your employment terminates prior to the fourth anniversary of the grant date of the Award, your right to the unvested portion of the Option will be determined in accordance with Section III below.

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. If your employment terminates prior to the date the Option is fully vested or prior to the date the Option expires, your right to exercise any remaining portion of the Option will be determined in accordance with Section III below.
4. **Exercisability.** The Option Shares covered by the Option will become exercisable when they vest.
5. **Method of Exercise of an Option.**
 - a. **General Procedures.** An Option may be exercised by written notice to MMC or an agent appointed by MMC, in form and substance satisfactory to MMC, 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) a reaffirmation of the Restrictive Covenants Agreement, unless the Option is being exercised after your death in accordance with Section III below.
 - b. **Payment of Exercise Price.** Payment of the aggregate exercise price may be made with U.S. dollars or by tendering shares of MMC common stock (including shares acquired from a stock option exercise or a stock unit award vesting).
 - c. **Registration and Distribution of Option Shares.**
 - i. The shares from your Option exercise will be registered as specified in the Exercise Notice. The shares may be registered only in (A) your name or (B) your name and your spouse's name as joint tenants with rights of survivorship.
 - ii. The shares from the Option exercise will be distributed as specified in the Exercise Notice, after you have satisfied applicable taxes and fees.
 - iii. You will receive written confirmation of the Option exercise by mail at your home address on file, generally within a week following the exercise date.

D. Cash Awards.

1. **General.** An Award denominated in cash in the amount specified in the Grant Documentation ("*Cash Award*") shall be credited to a bookkeeping account on the date the Award is granted (the "*Cash Account*"). A Cash Award represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the Award Documentation, the amount credited to the Cash Account.

2. **Vesting.** Subject to your continued employment, 33-1/3% of the amount credited to the Cash Account will vest on the 15th of the month in which each of the first three anniversaries of the grant date of the Award occur. Any date on which all or a portion of the amount credited to the Cash Account is scheduled to vest is a “*Scheduled Vesting Date*.” If your employment terminates prior to a Scheduled Vesting Date, your right to the amount credited to the Cash Account will be determined in accordance with Section III below.
3. **Payment of Award.** Your Award shall be paid on, or as soon as practicable after, vesting, and in no event later than 60 days after vesting. The delivery of the amount credited to the Cash Account is conditioned on the satisfaction of any applicable tax obligations, as described in Section II.E.
4. **Form of Payment.** At the election of MMC, the amount credited to the Cash Account will be distributed in cash or in shares of MMC common stock under the Plan. If MMC elects to distribute shares of MMC common stock, the average of the high and low selling prices of the common stock of MMC on the New York Stock Exchange on the trading day immediately preceding the applicable Scheduled Vesting Date will be used to convert the value of the amount credited to the Cash Account, in U.S. Dollars, into shares of MMC common stock.

E. Satisfaction of Tax Obligations.

1. **U.S. Employees.**
 - a. **Stock Units and Cash Awards.** Applicable employment taxes are required by law to be withheld when a Stock Unit or the amount credited to a Cash Account vests. Applicable income taxes are required by law to be withheld when shares of MMC common stock (or cash, as applicable) in respect of Stock Units or the amount credited to a Cash Account is delivered to you. A sufficient number of shares of MMC common stock or portion of the Cash Account, as applicable, will be retained by MMC to satisfy the tax-withholding obligation.
 - b. **Options.** Applicable taxes (including employment taxes) are required by law to be withheld when an Option is exercised. A sufficient number of shares of MMC common stock resulting from the Option exercise will be retained by MMC to satisfy the tax-withholding obligation unless you elect in the Exercise Notice to satisfy all applicable tax withholding by check.

2. Non-U.S. Employees.

- a. **Options.** In most countries, the value of an Option is generally not taxable on the date of grant. If the value of the Option is not taxable on the date of grant, it will, in most countries, be taxed at a later time, for example, upon exercise of the Option and delivery of shares of MMC common stock in respect of the Option, and/or the subsequent sale of the shares.
- b. **Stock Units.** In most countries, the value of a Stock Unit is generally not taxable on the date of grant. If the value of the Stock Unit is not taxable on the date of grant, it will, in most countries, be taxed at a later time, for example, upon delivery of shares of MMC common stock in respect of the Stock Unit, and/or the subsequent sale of the shares.
- c. **Recommendation.** It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award.
- d. **Withholding.** MMC and/or your local employer shall have the power and the right to deduct and withhold from your Award and other compensation, or require you to remit to MMC and to your local employer, an amount sufficient to satisfy any taxes that MMC considers are payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, social security contributions, and National Insurance Contributions with respect to the Award, including any and all associated tax events derived therefrom. If applicable, MMC and/or your local employer may retain and sell a sufficient number of shares of MMC common stock distributable in respect of the Award for this purpose.

III. EMPLOYMENT EVENTS

A. Death.

1. **Stock Units.** In the event your employment is terminated because of your death, the Stock Units will vest at such termination of employment and will be distributed as described in Section II.B.4.
2. **Options.** In the event your employment is terminated because of your death, the Option will vest with respect to any unvested Option Shares and will become exercisable at such termination of employment. 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 newly vested Option Shares (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 exercised beyond the expiration date of the Award.

3. **Cash Awards.** In the event your employment is terminated because of your death, the amounts credited to your Cash Account will vest and will be distributed as described in Section II.D.3.

B. Permanent Disability.

1. **Stock Units.** Upon the occurrence of your Permanent Disability, the Stock Units will vest and will be distributed as described in Section II.B.4, provided that you satisfy the condition to vesting described in Section III.H.
2. **Stock Options.** Upon the occurrence of your Permanent Disability, the Option will vest with respect to any unvested Option Shares and will become exercisable, provided that you satisfy the condition to vesting described in Section III.H. Such newly vested Option Shares (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 exercised beyond the expiration date of the Award.
3. **Cash Awards.** Upon the occurrence of your Permanent Disability, the amounts credited to your Cash Account will vest and will be distributed as described in Section II.D.3, provided that you satisfy the condition to vesting described in Section III.H.

C. Normal Retirement – Outside the European Union.

1. **Stock Units.** In the event you retire from the Company on or after your Normal Retirement Date, the Stock Units will vest at such termination of employment and will be distributed as described in Section II.B.4, provided that you satisfy the condition to vesting described in Section III.H.
2. **Stock Options.** In the event you retire from the Company on or after your Normal Retirement Date, the Option will vest with respect to any unvested Option Shares and will become exercisable at such termination of employment, provided that you satisfy the condition to vesting described in Section III.H. Such newly vested Option Shares (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 expiration date of the Award.
3. **Cash Awards.** In the event you retire from the Company on or after your Normal Retirement Date, the amounts credited to your Cash Account will vest at such termination of employment and will be distributed as described in Section II.D.3, provided that you satisfy the condition to vesting described in Section III.H.

D. Early Retirement – Outside the European Union.

- 1. Stock Units.** In the event you retire from the Company on or after your Early Retirement Date and before your Normal Retirement Date, the Stock Units will vest at such termination of employment on a pro rata basis as described in Section III.I and will be distributed as described in Section II.B.4, provided that you satisfy the condition to vesting described in Section III.H.
- 2. Stock Options.** In the event you retire from the Company on or after your Early Retirement Date and before your Normal Retirement Date, the Option will vest with respect to any unvested Option Shares as provided in Section II.C.2 and will become exercisable as provided in Section II.C.4, provided that you satisfy the condition to vesting described in Section III.H. Such newly vested Option Shares (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 expiration date of the Award.
- 3. Cash Awards.** In the event you retire from the Company on or after your Early Retirement Date and before your Normal Retirement Date, the amounts credited to your Cash Account will vest at such termination of employment on a pro rata basis as described in Section III.I and will be distributed as described in Section II.D.3, provided that you satisfy the condition to vesting described in Section III.H.

E. Retirement Treatment – Within the European Union.

- 1. Stock Units.** In the event you are determined by the Retirement Treatment Committee to be eligible for retirement treatment upon your termination of employment, the Stock Units will vest at such termination of employment on a pro rata basis as described in Section III.I and will be distributed as described in Section II.B.4, provided that you satisfy the condition to vesting described in Section III.H.
- 2. Stock Options.** In the event you are determined by the Retirement Treatment Committee to be eligible for retirement treatment upon your termination of employment, the Option will vest with respect to any unvested Option Shares as provided in Section II.C.2 and will become exercisable as provided in Section II.C.4, provided that you satisfy the condition to vesting described in Section III.H. Such newly vested Option Shares (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 expiration date of the Award.

3. **Cash Awards.** In the event you are determined by the Retirement Treatment Committee to be eligible for retirement treatment upon your termination of employment, the amounts credited to your Cash Account will vest at such termination of employment on a pro rata basis as described in Section III.I and will be distributed as described in Section II.D.3, provided that you satisfy the condition to vesting described in Section III.H.

F. Termination by the Company Other Than for Cause.

1. **Stock Units.** In the event your employment is terminated by the Company other than for Cause, the Stock Units will vest at such termination of employment on a pro rata basis as described in Section III.I and will be distributed as described in Section II.B.4, provided that you satisfy the condition to vesting described in Section III.H.
2. **Stock Options.** In the event your employment is terminated by the Company other than for Cause, rights, title and interest in and to any unvested Option Shares will be forfeited upon such termination of employment. 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 expiration date of the Award.
3. **Cash Awards.** In the event your employment is terminated by the Company other than for Cause, the amounts credited to your Cash Account will vest at such termination of employment on a pro rata basis as described in Section III.I and will be distributed as described in Section II.D.3, provided that you satisfy the condition to vesting described in Section III.H.
4. **Sale of Business Unit.** For the avoidance of doubt, 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 of MMC, 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.

G. All Other Terminations.

For all other terminations of employment not described in Sections III.A through F above, all of your rights, title and interest in and to the Award, whether vested or unvested, shall be forfeited on the date of such termination of employment, except to the extent that the Compensation Committee of the MMC Board of Directors (the "*Committee*") may determine otherwise. For purposes of these Terms and Conditions, your employment will be treated as terminated when you are no longer employed by MMC or any affiliate or subsidiary of MMC.

H. Condition to Vesting of Award Prior To a Scheduled Vesting Date.

In the event of your Permanent Disability, termination of employment due to Normal Retirement or Early Retirement, the determination that you are eligible for retirement treatment upon your termination of employment, or your termination of employment other than for Cause as described in Sections III.B through F, any unvested portion of the Award will vest as provided in the applicable portion of Section III; *provided that* you execute and return to MMC (or an agent appointed by MMC) a Restrictive Covenants Agreement within 30 days following your termination of employment or the occurrence of your Permanent Disability. Failure to timely execute and comply with the Restrictive Covenants Agreement will result in forfeiture of all of your rights, title and interest in and to the Award, whether vested or unvested.

I. Determination of Pro Rata Vesting upon Termination of Employment.

The number of Stock Units or the portion of the amount credited to your Cash Account, as applicable, that vests pro-rata upon termination of employment is determined using the following formula:

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

where

- A = the number of Stock Units covered by the Award or the amount of cash covered by the Award, as applicable;
- B = the number of days in the period beginning on the grant date of the Award and ending on the employment termination date;
- 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 or the amounts credited to your Cash Account, as applicable, that have previously vested.

J. Section 409A of the Code.

1. Notwithstanding any other provision herein, your Award may be subject to additional restrictions to ensure compliance with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder (regarding nonqualified deferred compensation) ("*Section 409A of the Code*"). The Committee intends to administer the Awards in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Awards (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 this document or in other materials relating to the Award or the Plan that do not reflect Section 409A of the Code. If your 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 income tax rate, plus a 20% penalty, plus interest at the underpayment rate plus 1%.

2. Notwithstanding any provision herein, if any portion of your 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 MMC or any of its affiliates in any capacity, including as an employee, director, independent contractor or consultant, does not exceed 20% of the level of services that you provided to MMC and its affiliates in the preceding 36 months (or shorter period of service if, for example, your total service with MMC 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 MMC Long-Term Disability benefits will be ignored.
3. Notwithstanding any provision herein, if at the time of the termination of your employment you are a “specified employee” (as defined in Section 409A of the Code) no portion of your Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code shall be distributed until the first day of the seventh month after the 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 the 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. This subparagraph does not guarantee that your Award will not be subject to “additional tax” or other adverse tax consequences under Section 409A of the Code.

IV. CHANGE IN CONTROL PROVISIONS

A. Treatment of Awards.

Upon the occurrence of a “*Change in Control*” of MMC, as defined in the Plan, the Award will continue to vest as specified in Section II or, if earlier, will become fully vested upon 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 any Option Shares that were vested at the time of such termination of employment shall be exercisable until the earlier of 90 days following your termination of employment and the expiration date of the Award.

B. Additional Payment for Grantees Subject to U.S. Income Tax.

1. The value of the accelerated vesting of the Award because of a Change in Control (the "*Accelerated Award*") may be subject to a 20% federal excise tax under Section 4999 of the Code (the "*Excise Tax*"). The Excise Tax is imposed on a select group of highly-compensated employees when the value, as determined by applicable regulations, of payments in the nature of compensation contingent on a Change in Control (including an amount reflecting the value of the accelerated vesting of the Award) equals or exceeds three times the average of your last five years' W-2 earnings.
2. If a Change in Control occurs and the vesting of the Award is accelerated, MMC will determine if the Excise Tax is payable by you. If the Excise Tax is payable by you, MMC will pay to you, within five business days of making the determination, an amount of money (the "*Additional Payment*") such that after payment of applicable federal, state and local income taxes (other than any taxes arising under Section 409A of the Code), employment taxes and any Excise Tax imposed upon the Additional Payment, you will retain an amount of the Additional Payment equal to the Excise Tax imposed in respect of the Accelerated Award. If the Additional Payment, after payment of such taxes, is later determined to be less than the amount necessary to reimburse you for the Excise Tax you owe in respect of the Accelerated Award, a further payment will be made to you. If the Additional Payment, after payment of applicable taxes, is later determined to be more than the amount necessary to reimburse you for the Excise Tax you owe in respect of the Accelerated Award, you will be required to reimburse MMC for such excess. To the extent applicable under Section 409A of the Code, in all events, MMC will pay to you the Additional Payment no later than the end of the taxable year following the taxable year in which you pay the Excise Tax.

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 Company's Code of Business Conduct & Ethics;
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 MMC or any of its subsidiaries or affiliates.
- C. “Good Reason”** shall mean any of the following without your written consent:
1. a material reduction in your base salary;
 2. a material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
 3. a material diminution of your duties, responsibilities or authority; or
 4. a relocation of more than 50 miles from your office location in effect immediately prior to the Change in Control;
- provided* that you provide MMC 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 MMC with at least 30 days following receipt of such notice to remedy such circumstances.
- D. “Normal Retirement Date” and “Early Retirement Date”** shall have the respective meanings given such terms (or any comparable substitute terms or concepts) set forth in the primary retirement plan or program applicable to you upon your termination of employment (whether sponsored by MMC, your employer or otherwise).
- E. “Permanent Disability”** will be deemed to occur when it is determined (by MMC’s disability carrier or 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.

F. “Retirement Treatment Committee” is comprised of MMC employees appointed by the Committee.

G. **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; provided, however, that if the Committee, in its sole discretion, concludes that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to your Award without your consent.

3. **Limitations.** Payment of your 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 the Company by reason of the Award. Your right to payment of your Award is the same as the right of an unsecured general creditor of the Company.

B. Additional Provisions—Outside the United States

1. **Changes to Delivery.** In the event that MMC considers that due to legal, regulatory or tax issues the normal delivery of an Award to a participant outside the United States would not be appropriate, then MMC may, in its sole discretion, determine how 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, or in shares instead of cash, in an amount equivalent to the value of the Award on the date of exercise (for Options) or vesting (for other equity-based awards) after payment of applicable taxes, fees and any exercise price. If the value of an Award is to be delivered in cash instead of shares, MMC may sell any shares 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 if you are, at the time of grant or during the term of the Award, resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which you are then resident or primarily employed, 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 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 Plan or your Award or would like an account statement detailing each type of equity-based award or cash award and the number of shares or cash value (as applicable) covered by such equity-based award or cash award that comprises your Award, and the exercise price, vesting date(s) and expiration date of such equity-based awards or cash awards that comprise your Award, or any other information please contact:

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

MARSH & McLENNAN COMPANIES, INC.
2000 SENIOR EXECUTIVE INCENTIVE AND STOCK AWARD PLAN
AND
2000 EMPLOYEE INCENTIVE AND STOCK AWARD PLAN
TERMS AND CONDITIONS
OF
DEFERRED STOCK UNIT AWARDS
GRANTED ON [DATE]

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I. BACKGROUND

An award ("*Award*") has been granted to you under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan or the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (as applicable to you, the "*Plan*"). The type of Award, the number of shares of Marsh & McLennan Companies, Inc. ("*MMC*") common stock, and the vesting schedule applicable to that Award are specified in materials provided to you by MMC Global Compensation ("*Grant Documentation*"). The Award is also subject to the terms and conditions set forth herein (the "*Terms and Conditions*"). For employees outside the United States, the awards are subject 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 (if applicable), and the Plan will be referred to herein as the "*Award Documentation*."

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

II. AWARDS

A. General.

1. **Rights of Award Holders.** Unless and until the vesting conditions of an Award have been satisfied and shares of MMC common stock have been delivered to you in accordance with the Award Documentation, you have only the rights of a general unsecured creditor. Unless and until shares of MMC Common Stock have been delivered to you, you have none of the attributes 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).
2. **Restrictive Covenants Agreement.** You must execute a Restrictive Covenants Agreement in a form determined by MMC ("*Restrictive Covenants Agreement*") in order to accept your Award and you must further reaffirm the Restrictive Covenants Agreement in order to reaffirm your Award in order for it to vest as provided in Section III. Failure to timely execute or reaffirm and comply with the Restrictive Covenants Agreement by the date specified in the Grant Documentation will result in forfeiture of all of your rights, title and interest in and to the Award.

B. Stock Units.

1. **General.** A deferred stock unit ("*DSU*" or "*Stock Unit*") represents an unfunded and unsecured promise to deliver (or cause to be delivered) to you, subject to the Award Documentation, one share of MMC common stock.
2. **Vesting.** Subject to your continued employment, [[Percentage] of the Stock Units will vest on the [Vesting Date(s)] (the "*Scheduled Vesting Date*"). If your employment terminates prior to the Scheduled Vesting Date, your right to the Stock Units will be determined in accordance with Section III below.

3. **Accumulation of Dividend Equivalents.** Dividend equivalents equal to the dividend payment that would have been made in respect of one share of MMC common stock for each outstanding Stock Unit covered by the Award will accrue in U.S. dollars on any dividend payment date that occurs on or after the date of grant of the Award while the Award is outstanding. Dividend equivalents will be accrued only with respect to Stock Units that are outstanding on an ex-dividend date. Accrued dividend equivalents will vest when the corresponding Stock Units covered by the Award in respect of which such dividend equivalents were accrued vests. Such vested dividend equivalents will be delivered when the shares of MMC stock in respect of such vested Stock Units are delivered, subject to the satisfaction of any applicable tax obligations, as described in Section II.C. Dividend equivalents will not be paid on Stock Units that do not vest or are forfeited.
4. **Delivery of Shares.** Shares of MMC common stock in respect of the Stock Units covered by the Award shall be distributed to you as soon as practicable after vesting, and in no event later than 60 days after vesting. The delivery of shares in respect of the Stock Units is conditioned on the satisfaction of any applicable tax obligations, as described in Section II.C.

C. Satisfaction of Tax Obligations.

1. U.S. Employees.

- a. Applicable employment taxes are required by law to be withheld when a Stock Unit vests. Applicable income taxes are required by law to be withheld when shares of MMC common stock in respect of Stock Units is delivered to you. A sufficient number of shares of MMC common stock will be retained by MMC to satisfy the tax-withholding obligation.

2. Non-U.S. Employees.

- a. **Stock Units.** In most countries, the value of a Stock Unit is generally not taxable on the date of grant. If the value of the Stock Unit is not taxable on the date of grant, it will, in most countries, be taxed at a later time, for example, upon delivery of shares of MMC common stock in respect of the Stock Unit, and/or the subsequent sale of the shares.
- b. **Recommendation.** It is recommended that you consult with your personal tax advisor for more detailed information regarding the tax treatment of the Award.

- c. **Withholding.** MMC and/or your local employer shall have the power and the right to deduct and withhold from your Award and other compensation, or require you to remit to MMC and to your local employer, an amount sufficient to satisfy any taxes that MMC considers are payable under the laws of any country, state, province, city or other jurisdiction, including but not limited to income taxes, capital gain taxes, transfer taxes, social security contributions, and National Insurance Contributions with respect to the Award, including any and all associated tax events derived therefrom. If applicable, MMC and/or your local employer may retain and sell a sufficient number of shares of MMC common stock distributable in respect of the Award for this purpose.

III. EMPLOYMENT EVENTS

A. Death.

- 1. In the event your employment is terminated because of your death, the Stock Units will vest at such termination of employment and will be distributed as described in Section II.B.4.

B. Permanent Disability.

- 1. Upon the occurrence of your Permanent Disability, the Stock Units will vest and will be distributed as described in Section II.B.4, provided that you satisfy the condition to vesting described in Section III.E.

C. Termination by the Company Other Than for Cause.

- 1. In the event your employment is terminated by the Company other than for Cause, the Stock Units will vest at such termination of employment on a pro rata basis as described in Section III.F and will be distributed as described in Section II.B.4, provided that you satisfy the condition to vesting described in Section III.E.
- 2. **Sale of Business Unit.** For the avoidance of doubt, 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 of MMC, 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.

D. All Other Terminations.

For all other terminations of employment not described in Sections III.A through C above, all of your rights, title and interest in and to the Award, whether vested or unvested, shall be forfeited on the date of such termination of employment, except to the extent that the Compensation Committee of the MMC Board of Directors (the "*Committee*") may determine otherwise. For purposes of these Terms and Conditions, your employment will be treated as terminated when you are no longer employed by MMC or any affiliate or subsidiary of MMC.

E. Condition to Vesting of Award Prior To the Scheduled Vesting Date.

In the event of your Permanent Disability or your termination of employment other than for Cause as described in Sections III.B and C, any unvested portion of the Award will vest as provided in the applicable portion of Section III; *provided that* you execute and return to MMC (or an agent appointed by MMC) a Restrictive Covenants Agreement within 30 days following your termination of employment or the occurrence of your Permanent Disability. Failure to timely execute and comply with the Restrictive Covenants Agreement will result in forfeiture of all of your rights, title and interest in and to the Award, whether vested or unvested.

F. Determination of Pro Rata Vesting upon Termination of Employment.

The number of Stock Units that vests pro rata upon termination of employment is determined using the following formula:

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

where

A = the number of Stock Units covered by the Award;

B = the number of days in the period beginning on the grant date of the Award and ending on the employment termination date;

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 that have previously vested.

G. Section 409A of the Code.

1. Notwithstanding any other provision herein, your Award may be subject to additional restrictions to ensure compliance with the requirements of Section 409A of the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder (regarding nonqualified deferred compensation) ("*Section 409A of the Code*"). The Committee intends to administer the Awards in accordance with Section 409A of the Code and reserves the right to make changes in the terms or operations of the Awards (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 this document or in other materials relating to the Award or the Plan that do not reflect Section 409A of the Code. If your 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 income tax rate, plus a 20% penalty, plus interest at the underpayment rate plus 1%.

2. Notwithstanding any provision herein, if any portion of your 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 MMC or any of its affiliates in any capacity, including as an employee, director, independent contractor or consultant, does not exceed 20% of the level of services that you provided to MMC and its affiliates in the preceding 36 months (or shorter period of service if, for example, your total service with MMC 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 MMC Long-Term Disability benefits will be ignored.
3. Notwithstanding any provision herein, if at the time of the termination of your employment you are a “specified employee” (as defined in Section 409A of the Code) no portion of your Award that is determined to be nonqualified deferred compensation subject to Section 409A of the Code shall be distributed until the first day of the seventh month after the 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 the 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. This subparagraph does not guarantee that your Award will not be subject to “additional tax” or other adverse tax consequences under Section 409A of the Code.

IV. CHANGE IN CONTROL PROVISIONS

A. Treatment of Awards.

Upon the occurrence of a “*Change in Control*” of MMC, as defined in the Plan, the Award will continue to vest as specified in Section II or, if earlier, will become fully vested upon 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.

B. Additional Payment for Grantees Subject to U.S. Income Tax.

1. The value of the accelerated vesting of the Award because of a Change in Control (the "*Accelerated Award*") may be subject to a 20% federal excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "*Excise Tax*"). The Excise Tax is imposed on a select group of highly-compensated employees when the value, as determined by applicable regulations, of payments in the nature of compensation contingent on a Change in Control (including an amount reflecting the value of the accelerated vesting of the Award) equals or exceeds three times the average of your last five years' W-2 earnings.
2. If a Change in Control occurs and the vesting of the Award is accelerated, MMC will determine if the Excise Tax is payable by you. If the Excise Tax is payable by you, MMC will pay to you, within five business days of making the determination, an amount of money (the "*Additional Payment*") such that after payment of applicable federal, state and local income taxes (other than any taxes arising under Section 409A of the Code), employment taxes and any Excise Tax imposed upon the Additional Payment, you will retain an amount of the Additional Payment equal to the Excise Tax imposed in respect of the Accelerated Award. If the Additional Payment, after payment of such taxes, is later determined to be less than the amount necessary to reimburse you for the Excise Tax you owe in respect of the Accelerated Award, a further payment will be made to you. If the Additional Payment, after payment of applicable taxes, is later determined to be more than the amount necessary to reimburse you for the Excise Tax you owe in respect of the Accelerated Award, you will be required to reimburse MMC for such excess. To the extent applicable under Section 409A of the Code, in all events, MMC will pay to you the Additional Payment no later than the end of the taxable year following the taxable year in which you pay the Excise Tax.

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 Company's Code of Business Conduct & Ethics;
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 MMC or any of its subsidiaries or affiliates.
- C. “Good Reason”** shall mean any of the following without your written consent:
1. a material reduction in your base salary;
 2. a material reduction in your annual incentive opportunity (including a material adverse change in the method of calculating your annual incentive);
 3. a material diminution of your duties, responsibilities or authority; or
 4. a relocation of more than 50 miles from your office location in effect immediately prior to the Change in Control;
- provided* that you provide MMC 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 MMC 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 MMC’s disability carrier or 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. Additional Definitions.

The terms below are defined on the following pages:

<i>Accelerated Award</i>	8
<i>Additional Payment</i>	8
<i>Award</i>	3
<i>Award Documentation</i>	3
<i>Change in Control</i>	7
<i>Committee</i>	6

<i>Country Specific Notices</i>	3
<i>DSU</i>	3
<i>Employing Company</i>	5
<i>Excise Tax</i>	8
<i>Grant Documentation</i>	3
<i>MMC</i>	3
<i>Plan</i>	3
<i>Restrictive Covenants Agreement</i>	3
<i>Scheduled Vesting Date</i>	4
<i>Section 409A of the Code</i>	6
<i>Stock Unit</i>	3
<i>Terms and Conditions</i>	3

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; provided, however, that if the Committee, in its sole discretion, concludes that such amendment is likely to materially impair your rights with respect to the Award, such amendment shall not be implemented with respect to your Award without your consent.
- 3. Limitations.** Payment of your 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 the Company by reason of the Award. Your right to payment of your Award is the same as the right of an unsecured general creditor of the Company.

B. Additional Provisions—Outside the United States

- 1. Changes to Delivery.** In the event that MMC considers that due to legal, regulatory or tax issues the normal delivery of an Award to a participant outside the United States would not be appropriate, then MMC may, in its sole discretion, determine how 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 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, MMC may sell any shares 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 if you are, at the time of grant or during the term of the Award, resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which you are then resident or primarily employed, 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 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 Plan or your Award or would like an account statement detailing the number of shares covered by your Award, and the vesting date(s) and expiration date of your Award, or any other information please contact:

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

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into effective as of November 21, 2007 by and between Marsh & McLennan Companies, Inc. (together with its successors and assigns, "MMC" or the "Company"), a Delaware corporation, and Peter J. Beshar (the "Executive").

WHEREAS, the Executive and the Company desire to embody in this Agreement the terms and conditions of the Executive's continued employment by the Company;

NOW, THEREFORE, in consideration of the premises and mutual promises contained in this Agreement, including the compensation paid to the Executive, the parties hereby agree:

ARTICLE 1**Employment, Duties and Responsibilities**

1.1 Employment; Reporting. The Company shall continue to employ the Executive as the Executive Vice President and General Counsel. The Executive hereby accepts such employment, subject to the terms and conditions of this Agreement. The Executive shall report directly to the Chief Executive Officer of the Company (the "Chief Executive Officer").

1.2 Duties and Responsibilities.

(a) The Executive shall have such duties and responsibilities and powers and authority as those normally associated with the position of Executive Vice President and General Counsel of the Company, as well as any additional duties, responsibilities and/or powers and authority assigned to him by the Chief Executive Officer which are consistent with his position as Executive Vice President and General Counsel of the Company.

The Executive agrees to use his best efforts to promote the interests of MMC, and agrees that he will devote his entire working time, care and attention to his duties, responsibilities and obligations to the Company throughout the Term (as defined in Section 2.1 hereof). The Executive may serve on the boards of other civic, charitable and corporate entities with the prior written consent of the Chief Executive Officer and manage his personal investments and affairs, so long as such activities do not, either individually or in the aggregate, interfere with the Executive's duties and responsibilities as Executive Vice President and General Counsel.

ARTICLE 2

Term

2.1 Employment Period. The initial term of the Executive's employment under this Agreement (the "Initial Term") shall commence on November 21, 2007 (the "Effective Date") and shall continue through November 20, 2010. Thereafter, this Agreement shall automatically renew for successive one (1) year terms (each, a "Renewal Term") unless either party sends a notice of termination to the other party in accordance with Section 6.2 hereof at least ninety (90) days prior to the expiration of the Initial Term or Renewal Term, as the case may be. The Initial Term, together with any and all Renewal Terms, if any, are the "Term."

2.2 Payment Due to Non-Renewal by the Company. If the Company sends a notice of termination of the Term to the Executive as provided in Section 2.1 hereof, and after the expiration of the Term the Executive's employment is terminated (A) by the Company without Cause (as defined in Section 5.1 hereof) or due to death or Disability (as defined in Section 5.4 hereof) or (B) by the Executive for any reason, then the Company shall pay to the Executive, in a lump sum within five (5) days of the effective date of such termination of employment, a cash amount equal to the Executive's then-current annualized base salary (but not less than his Base Salary as of the last day of the Term).

ARTICLE 3

Compensation

As compensation and consideration for the performance by the Executive of his obligations under this Agreement, during the Term the Executive shall be entitled to the compensation and benefits set forth in this Article 3 (subject, in each case, to the provisions of Article 5 hereof).

3.1 Base Salary. The Executive shall receive an annual base salary ("Base Salary") of \$875,000. The Base Salary shall be reviewed at least annually by the Compensation Committee (the "Committee") of the Board of Directors of MMC (the "Board") and may be increased (but not decreased) in the sole discretion of the Committee. If the Executive's Base Salary is increased, the increased amount shall thereafter be the Base Salary. The Base Salary shall be payable in installments, consistent with the Company's payroll procedures in effect from time to time.

3.2 Annual Bonus. In addition to Base Salary, the Executive shall be eligible to participate throughout the Term in such annual bonus plans and programs as may be in effect from time to time in accordance with the Company's compensation practices and the terms and provisions of any such plans or programs. The Executive's target annual bonus opportunity will range between one hundred fifty percent (150%) and two hundred fifty percent (250%) of his Base

Salary. The actual bonus amounts will be determined by the Committee based on the achievement of Company and individual performance goals. The Annual Bonus shall be paid in the same time and manner as corresponding awards to other senior executives of the Company generally.

3.3 Long-Term and Equity Compensation.

The Executive shall also be eligible to participate in MMC's long-term incentive compensation plans (including its equity-compensation plans), applicable to MMC's senior executive officers and as determined by the Committee in a manner consistent with the treatment of other senior executives. The specific awards under these plans will be made by the Committee in its sole discretion, commensurate with the Executive's position as Executive Vice President and General Counsel of the Company and consistent with the treatment of other senior executives. Notwithstanding the foregoing, the Committee shall each year grant to the Executive, no later than it makes corresponding awards to other senior executives of the Company generally, and on terms and conditions that are both consistent with this Agreement and no less favorable to the Executive than the terms and conditions that apply to corresponding awards to other senior executive participants generally, long-term incentive compensation with a combined grant-date target value between two hundred percent (200%) and three hundred percent (300%) of the Executive's Base Salary, as determined by the Committee; provided that the combined grant-date target value for the Executive's long-term incentive compensation to be granted annually during the Term, the composition of which shall be determined by the Committee, shall be no less than \$1.75 million.

3.4 Benefit Plans. The Executive and the Executive's spouse and eligible dependents, as the case may be, shall be eligible to participate in employee benefit and fringe benefit plans and programs provided by the Company, including but not limited to retirement, life insurance, health, dental and disability plans and programs, on terms and conditions generally applicable to executives of the Company. Nothing herein shall limit the Company's ability to change, modify, cancel or amend any such plans.

3.5 Executive Financial Services Program. Throughout the Term, the Executive shall be eligible to participate in the MMC Financial Services Program, as in effect from time to time.

3.6 Expenses. The Company will reimburse the Executive for reasonable business-related expenses incurred by him in connection with the performance of his duties hereunder during the Term, subject, however, to its written policies relating to business-related expenses as in effect, from time to time, during the Term, a copy of which has previously been made available to the Executive.

3.7 Vacation. The Executive shall be entitled to paid vacation in accordance with the Company's policy in effect from time to time during the Term.

3.8 Indemnification. Executive shall be entitled to indemnification in accordance with the Company's by-laws as in effect on the date hereof, subject to applicable law. Any expenses (including damages, losses, judgments, fines,

penalties, settlements, costs, attorneys' fees, and expenses of establishing a right to indemnification), that are subject to such indemnification and are or may be incurred in connection with a proceeding shall be paid by the Company in advance within 30 days of a request by Executive, which shall be accompanied by documentation substantiating such expenses. Executive shall promptly deliver to the Company an undertaking, in such form as the Company shall specify, to reimburse the Company for expenses to which Executive is adjudged not to be entitled to indemnification.

ARTICLE 4

Noncompetition/Nonsolicitation/Confidentiality

4.1 Noncompetition and Nonsolicitation Periods

(a) During the Executive's employment with the Company or any subsidiary and during the 12 month period following termination of the Executive's employment with the Company or any subsidiary for any reason (other than a termination of employment by the Company due to Disability (as defined in Section 5.4 hereof), the Executive shall not, directly or indirectly:

- (i) engage in any Competitive Activity or
- (ii) whether on behalf of himself or any other person or entity (x) solicit any customer or client of the Company or any subsidiary with respect to a Competitive Activity or (y) solicit or employ any employee of the Company or any subsidiary for the purpose of causing such employee to terminate his or her employment with the Company or such subsidiary.

For purposes of this Agreement, "Competitive Activity" shall mean the Executive's engaging in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any subsidiary conducted by the Company or such subsidiary as of the date of the termination of the Executive's employment; provided, however, that the Executive may be employed by or otherwise associated with:

- (i) a business of which a subsidiary, division, segment, unit, etc. is in competition with the Company or any subsidiary but as to which such subsidiary, division, segment, unit, etc., the Executive has absolutely no direct or indirect responsibilities or involvement, or
- (ii) a company where the Competitive Activity is:
 - (x) from the perspective of such company, de minimis with respect to the business of such company and its affiliates, and
 - (y) from the perspective of the Company or any subsidiary, not in material competition with the Company or any subsidiary.

- (iii) it is specifically agreed and understood that the practice of law in any capacity by Executive, including in the context of a law firm, business entity (as general counsel or like position) governmental agency, academia, or public interest advocacy, following termination of Executive's employment with the Company is not a "Competitive Activity."

(b) At all times prior to and following the Executive's termination of employment, the Executive shall not disclose to anyone or make use of any trade secret or proprietary or confidential information of the Company or any subsidiary, including such trade secret or proprietary or confidential information of any customer or client or other entity to which the Company or any subsidiary owes an obligation not to disclose such information, which the Executive acquires during the Executive's employment with the Company or any subsidiary, including but not limited to records kept in the ordinary course of business except:

- (i) As such disclosure or use may be required or appropriate in connection with the Executive's work as an employee of the Company or any subsidiary;
- (ii) When required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or any subsidiary or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order the Executive to divulge, disclose or make accessible such information;
- (iii) As to such confidential information that becomes generally known to the public or trade without the Executive's violation of this Section 4.1(b); or
- (iv) To the Executive's spouse and/or the Executive's personal tax and financial advisors as reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "Exempt Person"); *provided, however*, that any improper disclosure or use of any trade secret or proprietary or confidential information of the Company or any subsidiary by an Exempt Person shall be deemed to be a breach of this Section 4.1(b) by the Executive.

(c) The Executive acknowledges and agrees that the covenants contained in Sections 4.1(a) and (b) hereof are reasonable and necessary to protect the confidential information and goodwill of the Company and its subsidiaries. The Executive further represents that his experience and capabilities are such that the provisions of Sections 4.1(a) and (b) hereof will not prevent him from earning a livelihood.

ARTICLE 5

Termination; Change of Control

5.1 Termination by the Company. The Company shall have the right, subject to the terms of this Agreement, to terminate the Executive's employment at any time, with or without "Cause." The Company shall give the Executive written notice of a termination for Cause (the "Cause Notice") in accordance with Section 6.2 hereof. The Cause Notice shall state the particular action(s) or inaction(s) giving rise to the termination for Cause. No action(s) or inaction(s) will constitute Cause unless (1) a resolution finding that Cause exists has been approved by a majority of all of the members of the Board at a meeting at which the Executive is allowed to appear with his legal counsel and (2) where remedial action is feasible, the Executive fails to remedy the action(s) or inaction(s) within ten (10) days after receiving the Cause Notice. If the Executive so effects a cure to the satisfaction of the Board, the Cause Notice shall be deemed rescinded and of no force or effect. For purposes of this Agreement, "Cause" shall mean only:

(a) any willful refusal by the Executive to follow lawful directives of the Chief Executive Officer or the Board which are consistent with the scope and nature of the Executive's duties and responsibilities as set forth herein;

(b) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a felony or of any crime involving moral turpitude, fraud or embezzlement;

(c) any gross negligence or willful misconduct of the Executive resulting in a material loss to the Company or any of its subsidiaries, or material damage to the reputation of the Company or any of its subsidiaries;

(d) any material breach by the Executive of any one or more of the covenants referred to in Article 4 hereof; or

(e) any violation of any statutory or common law duty of loyalty to the Company or any of its subsidiaries.

5.2 Termination by the Executive. The Executive shall have the right, subject to the terms of this Agreement, to terminate his employment at any time with or without "Good Reason." For purposes of this Agreement, "Good Reason," shall mean the occurrence of any of the following during the Term, without the Executive's prior written consent (provided that an isolated, insubstantial or inadvertent action not taken in bad faith which is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not constitute Good Reason):

(A) a material diminution in the Executive's position (including status, offices, titles, reporting lines or reporting requirements), authority, duties, or responsibilities as contemplated by this Agreement; (B) any removal of the Executive from his position as Executive Vice President and General Counsel of the Company; (C) any failure by the Company to comply with the provisions of Article 3

hereof; (D) a failure by the Company to comply with any other material provision of this Employment Agreement; or (E) a change in the Executive's principal work location to more than 50 miles from his current work location. The Executive must give the company written notice in accordance with Section 6.2 hereof of Good Reason termination of employment within 60 days of the first occurrence (as determined without regard to any prior occurrence that was subsequently remedied by the Company) of the applicable circumstance set forth above. Such notice must specify which of the circumstances set forth above the Executive is relying on, and the particular action(s) or inaction(s) giving rise to such circumstance. The Good Reason termination must be effective no earlier than 30 days and no later than 60 days after the Executive's delivery of the written notice; provided, however, that the Company may remedy such circumstances within 30 days after receipt of the written notice.

5.3 Death. In the event the Executive dies during the Term, the Executive's employment shall automatically terminate, such termination to be effective on the date of the Executive's death.

5.4 Disability. In the event that the Executive shall suffer a disability during the Term which shall have prevented him from performing satisfactorily his obligations hereunder for a period of at least ninety (90) consecutive days or one hundred eighty (180) non-consecutive days within any three hundred sixty-five (365) day period ("Disability"), the Company shall have the right to terminate the Executive's employment, such termination to be effective upon the giving of notice thereof to the Executive in accordance with Section 6.2 hereof.

5.5 Effect of Termination.

(a) In the event of termination of the Executive's employment for any reason during the Term, the Term shall end as of the date of termination and the Company shall provide to the Executive (or his beneficiary, heirs or estate in the event of his death), as provided in Section 5.7 hereof, (i) any Base Salary to the extent not theretofore paid, (ii) any reimbursable business expenses that have not yet been reimbursed, and (iii) if not yet paid, the earned annual bonus for the calendar year that preceded the time of the termination (collectively, the "Accrued Obligations"), within fifteen (15) days of Executive's termination.

(b) In the event of termination of the Executive's employment during the Term (i) by the Company for Cause or (ii) by the Executive other than for Good Reason, neither the Executive nor any beneficiary, heir or estate of the Executive shall be entitled to any further compensation other than the Accrued Obligations. In such event, all of the Executive's outstanding unvested equity-based awards shall be immediately forfeited, except to the extent otherwise provided in the terms and conditions for such awards or in any applicable Company Plan.

(c) In the event of termination of the Executive's employment during the Term (i) by the Company based on the Disability of the Executive as defined in Section 5.4 hereof, or (ii) due to the Executive's death, the Company shall pay the Executive (or his estate, beneficiary or heir in the case of death), in addition to the Accrued Obligations, a prorated

target annual bonus for the year in which the termination occurs based on the portion of the year elapsed as of the date of such termination. Any such bonus amount shall be paid subject to the conditions in Section 5.7 hereof. In addition, upon such a termination, all unvested equity awards held by the Executive as of the date of termination that were granted to the Executive pursuant to Section 3.3 hereof or that certain employment agreement by and between the Company and Executive, dated November 22, 2004 (the 2004 Agreement) shall immediately fully vest as of the date of termination.

(d) In the event of termination of the Executive's employment during the Term (i) by the Company other than for Cause (and not due to the Executive's death or Disability), or (ii) by the Executive for Good Reason, in either case which is not covered by Section 5.6 hereof, the Company shall pay the Executive, in addition to the Accrued Obligations, a lump sum amount equal to two hundred fifty percent (250%) times the sum of (x) the Executive's then-current Base Salary and (y) the average annual bonus actually paid to the Executive (including any amounts deferred under any Company arrangement as well as non-cash amounts that are specifically designated as being part of the annual bonus, if any) for the three calendar years prior to the calendar year in which the termination takes place (such sum is the "Annual Compensation"). The Executive shall also be entitled to a prorated annual bonus for the year in which the termination occurs based on the degree of achievement of goals at year-end under the bonus program in effect at the time of termination and the portion of the year elapsed as of the date of such termination. The degree of achievement of goals shall be determined in accordance with the bonus program, except that should any goals be of a subjective nature, the degree of achievement thereof shall be determined by the Committee in its sole discretion. Any such bonus amount shall be paid at the same time as annual bonuses for the year are paid to the Company's senior executives generally. The Company shall also maintain, for the continued benefit of Executive, his spouse and his dependents, continuation of group medical and dental coverage as provided under COBRA (or substantially equivalent alternative coverage) for a period of one (1) year after the Executive's termination of employment; provided that the Company shall continue to pay, or reimburse the Executive for, the Company's cost (as if the Executive were an active employee of the Company) (the "Welfare Benefit"). In addition, upon such a termination, all unvested equity awards held by the Executive as of the date of termination that were granted to the Executive pursuant to Section 3.3 hereof or the 2004 Agreement shall immediately fully vest as of the date of termination.

5.6 Change in Control. Upon the termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason (i) during the 6-month period immediately preceding the occurrence of a Change in Control (as defined in the Company's 2000 Senior Executive Incentive and Stock Award Plan, as in effect on the date hereof) or (ii) during the 2-year period immediately following a Change in Control, the Executive shall be entitled to receive, in addition to the Accrued Obligations and the Welfare Benefit, promptly following the later of such termination and such a Change in Control, a lump sum amount equal to two hundred fifty percent (250%) times the Annual Compensation (as defined in Section 5.5(d) hereof). The Executive shall also be entitled to a prorated annual bonus for the year in which the termination occurs based on the portion of the year elapsed as of the date of such termination

multiplied by the greater of (I) the Executive's target annual bonus for the year of termination or (II) the average annual bonus actually paid to the Executive (including any such amounts deferred under any Company arrangement as well as non-cash amounts that are specifically designated as being part of the annual bonus, if any) for the three calendar years prior to the calendar year in which the termination takes place. Any such bonus amount shall be paid as provided in Section 5.7 hereof. The vesting of equity-based awards held by the Executive as of the date of the Change in Control shall be determined in accordance with the terms and conditions of the applicable equity compensation plan and/or grant or agreement, provided, however, that all equity based awards granted to Executive which are unvested on the date of termination shall then immediately fully vest. Payments due to the Executive under this Section 5.6 shall be offset, dollar-for-dollar, by corresponding amounts (if any) previously paid under Section 5.5(d) (e.g., if the termination occurred prior to the pertinent Change in Control).

5.7 Conditions. Any payments or benefits made or provided pursuant to this Article 5 (other than the Accrued Obligations) are subject to the Executive's:

(a) compliance with the provisions of Article 4 and Section 5.9 hereof (provided that this shall not affect the timing of the payment to the Executive provided for below in this Section 5.7 unless the Executive is in material breach of any of such provisions as of the time such payment is to be made);

(b) delivery to the Company of an executed General Release, which shall be substantially in the form attached hereto as Exhibit A, with such changes therein or additions thereto as needed under then applicable law to give effect to its intent and purpose; and

(c) delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans.

The items referred to in Section 5.7(b) shall be delivered to the Company in time to allow payments hereunder to qualify as "short term deferrals" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").

Subject to Section 6.12(a) hereof, any amounts due following a termination under this Agreement (other than the Accrued Obligations, which shall be paid when due or on such later date as may be required to avoid any "additional tax" under Section 409A shall not be due until after the expiration of any revocation period applicable to the General Release without the Executive having revoked such General Release, and any such amounts shall be paid to the Executive within thirty (30) days of the expiration of such revocation period without the occurrence of a revocation by the Executive (or the earliest date as may be required to avoid any "additional tax" under Section 409A)). Nevertheless (and regardless of whether the General Release has been executed by the Executive), upon any termination of Executive's employment, Executive shall be entitled to receive the Accrued Obligations, payable within thirty (30) days after the date of termination or in accordance with the applicable plan, program or policy.

5.8 No Mitigation. The Executive shall be under no obligation to seek other employment following a termination of his employment with the Company or any subsidiary for any reason. In addition, there shall be no offset against amounts due to the Executive under this Article 5 or otherwise on account of any compensation attributable to any subsequent employment.

5.9 Cooperation; Assistance. The Executive agrees to cooperate fully, subject to reimbursement by the Company of reasonable out-of-pocket costs and expenses, with the Company or any subsidiary and their counsel with respect to any matter (including any litigation, investigation or governmental proceeding) which relates to matters with which the Executive was involved or about which he had knowledge during his employment with the Company or any subsidiary. Such cooperation shall include appearing from time to time at the offices of the Company or any subsidiary or their counsel for conferences and interviews and in general providing the officers of the Company or any subsidiary and their counsel with the full benefit of the Executive's knowledge with respect to any such matter. The Executive further agrees, upon termination of his employment for any reason, to assist his successor in the transition of his duties and responsibilities to such successor. The Executive agrees to render such cooperation in a timely fashion and at such times as may be mutually agreeable to the parties.

ARTICLE 6

Miscellaneous

6.1 Benefit of Agreement, Assignment, Beneficiary.

(a) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and any corporation or person which may acquire all or substantially all of the assets or business of the Company, or with or into which the Company may be consolidated or merged. This Agreement shall also inure to the benefit of, and be enforceable by, the Executive and his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive hereunder if he had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's beneficiary, devisee, legatee or other designee, or if there is no such designee, to the Executive's estate.

(b) The Company shall require any successor (whether direct or indirect, by operation of law, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

6.2 Notices. Any notice required or permitted hereunder shall be in writing and shall be sufficiently given if personally delivered or if sent by certified mail, postage prepaid, with return receipt requested or by reputable overnight courier, addressed: (a) in the case of the Company to the Chief Executive Officer of the Company at the Company's then-current headquarters, and (b) in the case of the Executive, to the Executive's last known address as reflected in the Company's records, or to such other address as either party shall designate by written notice to the other party. Any notice given hereunder shall be deemed to have been given at the time of receipt thereof by the person to whom such notice is given if personally delivered or at the time of mailing if sent by certified mail or by courier.

6.3 Entire Agreement; Amendment. Except as specifically provided herein, this Agreement contains the entire agreement of the parties hereto with respect to the terms and conditions of the Executive's employment during the Term and supersedes any and all prior agreements and understandings, whether written or oral, between the parties hereto with respect to compensation due for services rendered hereunder. For the avoidance of doubt, in the event of any inconsistency between this Agreement and any plan, program or arrangement of the Company or its affiliates, the terms of this Agreement shall control. This Agreement may not be changed or modified except by an instrument in writing signed by both of the parties hereto. The parties acknowledge the existence of an Employment Agreement, dated November 22, 2004, by and between them (the 2004 Agreement) which shall continue in full force and effect prior to the commencement of the Term of this Agreement, but which shall be superseded in its entirety, (except as otherwise set forth herein) by this Agreement upon the commencement of the Term of this Agreement.

6.4 Waiver. The waiver of either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

6.5 Headings. The Article and Section headings herein are for convenience of reference only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

6.6 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York without reference to the principles of conflict of laws.

6.7 Agreement to Take Actions. Each party hereto shall execute and deliver such documents, certificates, agreements and other instruments and shall take such other actions, as may be reasonably necessary or desirable in order to perform his or its obligations under this Agreement or to effectuate the purposes hereof.

6.8 Dispute Resolution. Any dispute or controversy arising from or relating to this Agreement and/or the Executive's employment or relationship with the Company or any subsidiary other than with respect to Article 3.8 or Article 4.1 hereof shall be exclusively resolved by binding arbitration, to be held in New York City or in any other

location mutually agreed to by the Company and the Executive in accordance with the Employment Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The Executive and the Company agree that, in the event a dispute arises that concerns this Agreement, if the Executive is the Prevailing Party, the Executive shall be entitled to recover all of his reasonable fees and expenses, including reasonable attorneys' fees and expenses, incurred in connection with the dispute. A "Prevailing Party" is one who is successful on any significant substantive issue in the action and achieves either a judgment or award in such party's favor or some other affirmative recovery.

6.9 Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to effectuate the intended preservation of such rights and obligations, including Article 4 hereof.

6.10 Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect. If any provision of this Agreement is held to be invalid, void or unenforceable, any court so holding shall substitute a valid, enforceable provision that preserves, to the maximum lawful extent, the terms and intent of this Agreement.

6.11 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

6.12 Section 409A.

(a) Notwithstanding the foregoing, if all or any portion of the payments due under Article 5 hereof are determined to be "nonqualified deferred compensation" subject to Section 409A of the Code, and the Company determines that Executive is a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code and the regulations and other guidance issued thereunder, then such payment shall be made in a lump sum no earlier than the first day of the seventh month following the month in which Executive's termination of employment occurs and no later than 15 days thereafter.

(b) It is intended that this Agreement and the Company's and the Executive's exercise of authority or discretion hereunder shall comply with the provisions of Section 409A and the treasury regulations relating thereto so as not to subject the Executive to the payment of interest and tax penalty which may be imposed under Section 409A. In furtherance of this interest, to the extent that any regulations or other guidance issued under Section 409A would result in the Executive being subject to payment of "additional tax" under Section 409A, the parties agree to use their best efforts

to amend this Agreement in order to avoid the imposition of any such “additional tax” under Section 409A, which such amendment shall be designed to minimize the adverse economic effect on the Executive without increasing the cost to the Company (other than transactions costs), all as reasonably determined in good faith by the Company and the Executive to maintain to the maximum extent practicable the original intent of the applicable provisions. This Section 6.12 does not guarantee that payments under this Agreement will not be subject to “additional tax” under Section 409A.

6.13 Withholding. All compensation paid or provided to the Executive under this Agreement shall be subject to any applicable income, payroll or other tax withholding requirements.

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

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement effective as of the date first written above. The Company represents that its execution of this Agreement has been authorized by the Committee.

MARSH & MCLENNAN COMPANIES, INC.

By: /s/ Michael G. Cherkasky
Name: Michael G. Cherkasky
Title: President & Chief Executive Officer

Date: 9-11-07

/s/ Peter J. Beshar
PETER J. BESHAR

Date: 9-11-07

EXHIBIT A

GENERAL RELEASE OF ALL CLAIMS

1. For valuable consideration, the adequacy of which is hereby acknowledged, the undersigned ("Executive"), on his own behalf and on behalf of his heirs, executors, administrators, successors, representatives and assigns, does herein knowingly and voluntarily unconditionally release, waive, and fully discharge Marsh & McLennan Companies, Inc. and its subsidiaries (including successors and assigns thereof) (collectively, the "Company"), and all of their respective past, present and future employees, officers, directors, agents, affiliates, parents, predecessors, administrators, representatives, attorneys, and shareholders, and employee benefit plans, from any and all legal claims, liabilities, suits, causes of action (whether before a court or an administrative agency), damages, costs, attorneys' fees, interest, injuries, expenses, debts, or demands of any nature whatsoever, known or unknown, liquidated or unliquidated, absolute or contingent, at law or in equity, which were or could have been filed with any Federal, state, or local court, agency, arbitrator or any other entity, based directly or indirectly on Executive's employment with and separation from Company or based on any other alleged act or omission by or on behalf of Company prior to Executive's signing this General Release. Without limiting the generality of the foregoing terms, this General Release specifically includes all claims based on the terms, conditions, and privileges of employment, and those based on breach of contract (express or implied), tort, harassment, intentional infliction of emotional distress, defamation, negligence, privacy, employment discrimination, retaliation, discharge not for just cause, constructive discharge, wrongful discharge, the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"), the Older Workers Benefit Protection Act of 1990, the Worker Adjustment and Retraining Notification Act, as amended, Executive Order 11,141 (age discrimination), Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Civil Rights Act of 1866 and 1871, Sections 1981 through 1988 of Title 42 of the United States code, as amended, 41 U.S.C. §1981 (discrimination), 29 U.S.C. §206(d)(1) (equal pay), Executive Order 11,246 (race, color, religion, sex and national origin discrimination), the National Labor Relations Act, the Equal Pay Act of 1993, the Americans with Disabilities Act of 1990, the Occupational Safety and Health Act, as amended, the Family Medical Leave Act, the Immigration Reform and Control Act, as amended, the Vietnam Era Veterans Readjustment Assistance Act, §§503-504 of the Rehabilitation Act of 1973 (handicap rehabilitation), the Employee Retirement Income Security Act of 1974, as amended, any federal, state or local fair employment, civil or human rights, wage and hour laws and wage payment laws, and any and all other Federal, state, local or other governmental statutes, laws, ordinances, regulations and orders, under common law, and under any Company policy, procedure, bylaw or rule. This General Release shall not waive or release any rights or claims that Executive may have which arise after the date of this General Release or that arise under or are preserved by Article 3.8 or 5 of the Employment Agreement, effective as of November 21, 2007, by and between Company and the Executive (the "Employment Agreement") and shall not waive post-termination health-continuation insurance benefits required by the Employment Agreement, state or federal law.

2. Executive intends this General Release to be binding on his successors, and Executive specifically agrees not to file or continue any claim in respect of matters covered by Section 1, above. Executive further agrees never to institute any suit, complaint, proceeding, grievance or action of any kind at law, in equity, or otherwise in any court of the United States or in any state, or in any administrative agency of the United States or any state, county or municipality, or before any other

tribunal, public or private, against Company arising from or relating to his employment with or his termination of employment from Company and/or any other occurrences to the date of this General Release, other than a claim challenging the validity of this General Release under the ADEA or respecting any matters not covered by this General Release.

3. Executive is further waiving his right to receive money or other relief in any action instituted by him or on his behalf by any person, entity or governmental agency in respect of matters covered by this General Release. Nothing in this General Release shall limit the rights of any governmental agency or his right of access to, cooperation or participation with any governmental agency, including the United States Equal Employment Opportunity Commission. Executive further agrees to waive his rights under any other statute or regulation, state or federal, which provides that a general release does not extend to claims which Executive does not know or suspect to exist in his favor at the time of executing this General Release, which if known to him must have materially affected his settlement with Company.

4. Executive agrees that Executive shall not be eligible and shall not seek or apply for reinstatement or re-employment with Company and agrees that any application for re-employment may be rejected without explanation or liability pursuant to this provision.

5. In further consideration of the promises made by Company in this General Release, Executive specifically waives and releases Company from all claims Executive may have as of the date of this General Release, whether known or unknown, arising under the ADEA. Executive further agrees that:

- (a) Executive's waiver of rights under this General Release is knowing and voluntary and in compliance with the Older Workers Benefit Protection Act of 1990 ("OWBPA");
- (b) Executive understands the terms of this General Release;
- (c) The consideration offered by Company under Article 5 of the Employment Agreement in exchange for the General Release represents consideration over and above that to which Executive would otherwise be entitled, and that the consideration would not have been provided had Executive not agreed to sign the General Release and not signed the General Release;
- (d) Company is hereby advising Executive in writing to consult with an attorney prior to executing this General Release;
- (e) Company is giving Executive a period of twenty-one (21) days within which to consider this General Release;
- (f) Following Executive's execution of this General Release, Executive has seven (7) days in which to revoke this General Release by written notice. An attempted revocation not actually received by Company prior to the revocation deadline will not be effective; and

- (g) This General Release and all payments and benefits otherwise payable under Article 5 of the Employment Agreement (other than the Accrued Obligations) shall be void and of no force and effect if Executive chooses to so revoke, and if Executive chooses not to so revoke, this General Release shall then become effective and enforceable.

6. This General Release does not waive rights or claims that may arise under the ADEA after the date Executive signs this General Release. To the extent barred by the OWBPA, the covenant not to sue contained in Section 2, above, does not apply to claims under the ADEA that challenge the validity of this General Release.

7. To revoke this General Release, Executive must send a written statement of revocation to:

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

The revocation must be received no later than 5:00 p.m. on the seventh day following Executive's execution of this General Release. If Executive does not revoke, the eighth day following Executive's acceptance will be the "effective date" of this General Release.

8. This General Release shall be governed by the internal laws (and not the choice of laws) of the State of New York, except for the application of pre-emptive Federal law.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Date: _____

Peter J. Beshar

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made and entered into effective as of December 10, 2007 (the "Effective Date"), by and between Marsh & McLennan Companies, Inc. (together with its successors and assigns, "MMC", or the "Company") and Daniel S. Glaser (the "Executive").

WHEREAS, the Executive and the Company desire to embody in this Agreement the terms and conditions of the Executive's employment by the Company;

NOW, THEREFORE, in consideration of the premises and mutual promises contained in this Agreement, including the compensation paid to the Executive, the parties hereby agree:

ARTICLE 1**Employment, Duties and Responsibilities**

1.1 Employment; Reporting. The Company shall cause Marsh, Inc. ("Marsh") to employ the Executive as its Chairman and Chief Executive Officer. The Executive hereby accepts such employment, subject to the terms and conditions of this Agreement. The Executive shall report directly to the Chief Executive Officer of MMC (the "Chief Executive Officer").

1.2 Duties and Responsibilities.

The Executive shall have such duties and responsibilities and power and authority as those normally associated with the position of Chairman and Chief Executive Officer, Marsh, as well as any additional duties, responsibilities and/or powers and authority assigned to him by the Chief Executive Officer which are consistent with his position as Chairman and Chief Executive Officer, Marsh.

The Executive agrees to use his best efforts to promote the interests of the Company and Marsh, and agrees that he will devote his entire working time, care and attention to his duties, responsibilities and obligations to the Company and Marsh throughout the Term (as defined in Section 2.1 hereof). The Executive may serve on the boards of other civic, charitable and corporate entities with the prior written consent of the Chief Executive Officer and manage his personal investments and affairs, so long as such activities do not, either individually or in the aggregate, interfere with the Executive's duties and responsibilities as Chairman and Chief Executive Officer, Marsh.

ARTICLE 2

Term

2.1 Employment Period. The initial term of the Executive's employment under this Agreement (the "Initial Term") shall commence on the Effective Date and shall continue until the third anniversary of the Effective Date. Thereafter, this Agreement shall automatically renew for successive one (1) year terms (each, a "Renewal Term") unless either party sends a notice of termination to the other party in accordance with Section 6.2 hereof at least ninety (90) days prior to the expiration of the Initial Term or Renewal Term, as the case may be. The Initial Term, together with any and all Renewal Terms, if any, are the "Term." After the expiration of the Term for any reason the Executive will become an "at-will" employee of the Company.

ARTICLE 3

Compensation

As compensation and consideration for the performance by the Executive of his obligations under this Agreement, during the Term the Executive shall be entitled to the compensation and benefits set forth in this Article 3 (subject, in each case, to the provisions of Article 5 hereof).

3.1 Base Salary. The Executive shall receive an annual base salary ("Base Salary") of \$1.0 million. The Base Salary shall be reviewed at least annually by the Compensation Committee (the "Committee") of the Board of Directors of MMC (the "Board") and may be increased (but not decreased) in the sole discretion of the Committee. If the Executive's Base Salary is increased, the increased amount shall thereafter be the Base Salary. The Base Salary shall be payable in installments, consistent with the Company's payroll procedures in effect from time to time.

3.2 Annual Bonus. In addition to Base Salary, commencing with the 2008 performance year, the Executive shall be eligible to participate throughout the Term in such annual bonus plans and programs as may be in effect from time to time in accordance with the Company's compensation practices and the terms and provisions of any such plans or programs. The Executive's annual target bonus opportunity will range between one hundred fifty percent (150%) and three hundred percent (300%) of his Base Salary. The actual bonus amounts will be determined by the Committee based on the achievement of entity and individual performance goals to be agreed upon, provided, however, that the Executive's bonus for the 2008 performance year shall be no less than \$2,250,000 (the "2008 Minimum Bonus"). The annual bonus shall be paid in the same time and manner as corresponding awards to other senior executives of the Company generally. Notwithstanding the foregoing, in no event shall the annual bonus be paid later than March 15 of the year following the year with respect to which such bonus is payable.

3.3 Long-Term and Equity Compensation. The Executive shall also be eligible to participate in MMC's long-term incentive compensation plans (including its equity-compensation plans) as determined by the Committee. The specific awards under these plans will be made by the Committee in its sole discretion, commensurate with the Executive's position as Chairman and Chief Executive Officer, Marsh. Notwithstanding the foregoing, beginning in 2009, the Committee shall each year grant to the Executive, no later than it makes corresponding awards to other senior executives of the Company generally, and on terms and conditions that are both consistent with this Agreement and no less favorable to the Executive than the terms and conditions that apply to corresponding awards to other similarly situated participants generally, long-term incentive compensation with a combined grant-date target value between one hundred fifty percent (150%) and three hundred fifty percent (350%) of the Executive's Base Salary. The combined grant-date target value for the Executive's long-term incentive compensation to be granted in 2009, the composition of which shall be determined by the Committee, shall be no less than \$3 million.

3.4 Make-up Award.

(a) The Executive will be entitled to a cash make-up award of \$5,230,000, reflecting the value of equity-based and cash-based compensation forgone as a result of the Executive's resignation from his former employer. This cash award shall vest and be paid to the Executive as follows: one-half of the award on the Effective Date and one-half of the award upon the first anniversary of the Effective Date.

(b) The Executive has provided the Company with documentation in respect of the forfeiture of compensation from his former employer. The Executive agrees to provide the Company with a copy of any written termination agreement between the Executive and his former employer. The Executive agrees to use reasonable efforts, consistent with his employment with the Company, to cause his former employer to pay or distribute compensation from his former employer subject to the make-up award under Section 3.4(a). The Executive will immediately notify the Company of any such payment or distribution, and the amount of the make-up award under Section 3.4(a) shall be reduced if and to the extent that the Executive receives any such payment or distribution.

3.5 Initial Retention Awards. As of the Effective Date, the Executive will be granted the following initial retention awards:

(a) Restricted stock units with a grant-date fair market value of \$3 million. The award will be converted from the dollar value of the grant into restricted stock units based upon the average of the high and low prices of MMC stock on the New York Stock Exchange one trading day prior to the Effective Date. The units will be subject to three-year cliff vesting (measured from the date of grant) and will be subject to standard terms and conditions approved by the Committee as set forth in the award agreement. Dividend equivalent payments will be made on the unvested units.

(b) Stock options in respect of 100,000 shares of the Company's common stock. The stock options shall have an exercise price on the grant date that is equal to the average of the high and low prices of MMC stock on the New York Stock Exchange one trading day prior to the date of grant, but such stock options may not be exercised until they are vested and the price of the Company's common stock exceeds such exercise price by at least fifteen percent (15%) for a period of at least ten (10) consecutive trading days. One-fourth of the stock option award will vest on each of the first, second, third and fourth anniversaries of the grant date. The stock options will otherwise be subject to standard terms and conditions approved by the Committee as set forth in the award agreement.

(c) A cash award of \$1.5 million. This cash award shall vest and be paid to the Executive as follows: one-half of the award on the Effective Date and one-half of the award upon the first anniversary of the Effective Date.

3.6 Relocation Transition Benefits. For a period commencing with the Effective Date and ending on July 31, 2008 (the "Relocation Transition Period"), the Company shall reimburse the Executive up to \$8,000 per month (plus reasonable brokerage expenses incurred to secure such housing) for the Executive's temporary housing expenses in the New York City metropolitan area and up to \$36,000 for airfare and related ground transfers for personal travel by the Executive and his immediate family members between London, England and the New York area. In addition, during the Relocation Transition Period, the Company will provide certain expatriate benefits similar to those that were provided by the Executive's former employer while the Executive's family remains in London. The additional benefits provided by the Company pursuant to the preceding sentence shall be subject to tax equalization if and to the extent that such benefits would have been subject to tax equalization from the Executive's former employer. At the conclusion of the Relocation Transition Period, the Executive will be entitled to relocation assistance pursuant to the Company's Relocation Policy limited to home sale assistance, home purchase assistance, shipment of household goods and transportation of family members.

3.7 Benefit Plans. The Executive and the Executive's spouse and eligible dependents, as the case may be, shall be eligible to participate in employee benefit and fringe benefit plans and programs provided by the Company, including but not limited to retirement, life insurance, health, dental and disability plans and programs, on terms and conditions generally applicable to executives of the Company. Nothing herein shall limit the Company's ability to change, modify, cancel or amend any such plans.

3.8 Executive Financial Services Program. The Executive shall be eligible to participate in the MMC Financial Services Program as in effect from time to time. In addition, for purposes of this Program, the Executive will be treated as a returning expatriate, entitled to tax consulting services from the Company's expatriate tax service provider relating to international aspects of the Executive's tax situation.

3.9 Expenses. The Company will reimburse the Executive for reasonable business-related expenses incurred by him in connection with the performance of his duties hereunder during the Term, subject, however, to its written policies relating to business-related expenses in effect from time to time during the Term. A copy of the policy has been made available to the Executive.

3.10 Vacation. The Executive shall be entitled to paid vacation in accordance with the Company's policy in effect from time to time during the Term.

3.11 Legal Fees. The Company shall reimburse the Executive for reasonable legal fees actually incurred in connection with the negotiation and drafting of this Agreement up to a maximum of \$10,000; provided that the Executive provides the Company with appropriate written documentation with respect to such legal fees within six weeks after this Agreement has been executed.

3.12 Indemnification. The Executive shall be entitled to indemnification in accordance with the Company's by-laws as in effect on the date hereof, subject to applicable law. Any expenses (including damages, losses, judgments, fines, penalties, settlements, costs, attorneys' fees, and expenses of establishing a right to indemnification), that are subject to such indemnification and are or may be incurred in connection with a proceeding shall be paid by the Company in advance within 30 days of a request by the Executive, which shall be accompanied by documentation substantiating such expenses. Executive shall promptly deliver to the Company an undertaking, in such form as the Company shall specify, to reimburse the Company for expenses to which Executive is adjudged not to be entitled to indemnification.

ARTICLE 4

Noncompetition/Nonsolicitation/Confidentiality

4.1 Noncompetition and Nonsolicitation Periods

(a) During the Executive's employment with the Company or any subsidiary and during the 24 month period following termination of the Executive's employment with the Company or any subsidiary for any reason, the Executive shall not, directly or indirectly:

- (i) engage in any Competitive Activity or
- (ii) whether on behalf of himself or any other person or entity (x) solicit any customer or client of the Company or any subsidiary with respect to a Competitive Activity or (y) solicit or employ any employee of the Company or any subsidiary for the purpose of causing such employee to terminate his or her employment with the Company or such subsidiary.

For purposes of this Agreement, "Competitive Activity" shall mean the Executive's engaging in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any subsidiary conducted by the Company or such subsidiary as of the date of the termination of the Executive's employment; provided, however, that the Executive may be employed by or otherwise associated with:

- (i) a business of which a subsidiary, division, segment, unit, etc. is in competition with the Company or any subsidiary but as to which such subsidiary, division, segment, unit, etc., the Executive has absolutely no direct or indirect responsibilities or involvement, or
- (ii) a company where the Competitive Activity is:
 - (x) from the perspective of such company, *de minimis* with respect to the business of such company and its affiliates, and
 - (y) from the perspective of the Company or any subsidiary, not in material competition with the Company or any subsidiary.
- (iii) it is specifically agreed and understood that the Executive's acceptance of employment with an insurance carrier following termination of Executive's employment with the Company is not a "Competitive Activity."

(b) At all times prior to and following the Executive's termination of employment, the Executive shall not disclose to anyone or make use of any trade secret or proprietary or confidential information of the Company or any subsidiary, including such trade secret or proprietary or confidential information of any customer or client or other entity to which the Company or any subsidiary owes an obligation not to disclose such information, which the Executive acquires during the Executive's employment with the Company or any subsidiary, including but not limited to records kept in the ordinary course of business except:

- (i) As such disclosure or use may be required or appropriate in connection with the Executive's work as an employee of the Company or any subsidiary;
- (ii) When required to do so by a court of law, by any governmental agency having supervisory authority over the business of the Company or any subsidiary or by any administrative or legislative body (including a committee thereof) with apparent jurisdiction to order the Executive to divulge, disclose or make accessible such information;

- (iii) As to such confidential information that becomes generally known to the public or trade without the Executive's violation of this Section 4.1(b); or
- (iv) To the Executive's spouse and/or the Executive's personal tax and financial advisors as reasonably necessary or appropriate to advance the Executive's tax, financial and other personal planning (each an "Exempt Person"), *provided, however*, that any improper disclosure or use of any trade secret or proprietary or confidential information of the Company or any subsidiary by an Exempt Person shall be deemed to be a breach of this Section 4.1(b) by the Executive.

(c) The Executive acknowledges and agrees that the covenants contained in Sections 4.1(a) and (b) hereof are reasonable and necessary to protect the confidential information and goodwill of the Company and its subsidiaries. The Executive further represents that his experience and capabilities are such that the provisions of Sections 4.1(a) and (b) hereof will not prevent him from earning a livelihood.

ARTICLE 5

Termination; Change of Control

5.1 Termination by the Company. The Company shall have the right, subject to the terms of this Agreement, to terminate the Executive's employment at any time, with or without "Cause." The Company shall give the Executive written notice of a termination for Cause (the "Cause Notice") in accordance with Section 6.2 hereof. The Cause Notice shall state the particular action(s) or inaction(s) giving rise to the termination for Cause. No action(s) or inaction(s) will constitute Cause unless (1) a resolution finding that Cause exists has been approved by a majority of all of the members of the Board at a meeting at which the Executive is allowed to appear with his legal counsel and (2) where remedial action is feasible, the Executive fails to remedy the action(s) or inaction(s) within ten (10) days after receiving the Cause Notice. If the Executive so effects a cure to the satisfaction of the Board, the Cause Notice shall be deemed rescinded and of no force or effect. For purposes of this Agreement, "Cause" shall mean only:

(a) any willful refusal by the Executive to follow lawful directives of the Chief Executive Officer or the Board which are consistent with the scope and nature of the Executive's duties and responsibilities as set forth herein;

(b) the Executive's conviction of, or plea of guilty or *nolo contendere* to, a felony or any misdemeanor involving moral turpitude, fraud or embezzlement;

(c) any gross negligence or willful misconduct of the Executive resulting in a material loss to the Company or any of its subsidiaries, or material damage to the reputation of the Company or any of its subsidiaries;

(d) any material breach by the Executive of any one or more of the covenants referred to in Article 4 hereof; or

(e) any violation of any statutory or common law duty of loyalty to the Company or any of its subsidiaries.

5.2 Termination by the Executive. The Executive shall have the right, subject to the terms of this Agreement, to terminate his employment at any time with or without "Good Reason". For purposes of this Agreement, "Good Reason," shall mean the occurrence of any of the following during the Term, without the Executive's prior written consent (provided that an isolated, insubstantial or inadvertent action not taken in bad faith which is remedied by the Company promptly after receipt of notice thereof given by the Executive shall not constitute Good Reason): (A) a material diminution in the Executive's position (including status, offices, titles, and reporting requirements), authority, duties or responsibilities as contemplated by this Agreement; (B) any removal of the Executive from his position as Chairman and Chief Executive Officer, Marsh; (C) any failure by the Company to comply with the provisions of Article 3 hereof; (D) a failure by the Company to comply with any other material provision of this Agreement; or (E) a change in the Executive's principal work location to more than 50 miles from his current work location. The Executive must give the Company written notice, in accordance with Section 6.2 hereof of any Good Reason termination of employment within 30 days of the first occurrence (as determined without regard to any prior occurrence that was subsequently remedied by the Company) of a Good Reason circumstance set forth above. Such notice must specify which of the circumstances set forth above the Executive is relying on and the particular action(s) or inaction(s) giving rise to such circumstance. The Good Reason termination must be effective no earlier than 30 days after the Executive's delivery of the written notice and no later than 60 days after the occurrence of the circumstance giving rise to Good Reason; provided, however, that the Company may remedy such circumstances within 30 days after receipt of the written notice.

5.3 Death. In the event the Executive dies during the Term, the Executive's employment shall automatically terminate, such termination to be effective on the date of the Executive's death.

5.4 Disability. In the event that the Executive shall suffer a disability during the Term which shall have prevented him from performing satisfactorily his obligations hereunder for a period of at least ninety (90) consecutive days or one hundred eighty (180) non-consecutive days within any three hundred sixty-five (365) day period ("Disability"), the Company shall have the right to terminate the Executive's employment, such termination to be effective upon the giving of notice thereof to the Executive in accordance with Section 6.2 hereof.

5.5 Effect of Termination.

(a) In the event of termination of the Executive's employment for any reason during the Term, the Term shall end as of the date of termination and the Company shall provide to the Executive (or his beneficiary, heirs or estate in the event of his death), as provided in Section 5.7 hereof, (i) any Base Salary to the extent not theretofore paid, (ii) any reimbursable business expenses that have not yet been reimbursed, and (iii) if not yet paid, the earned annual bonus for the calendar year that preceded the time of the termination (collectively, the "Accrued Obligations").

(b) In the event of termination of the Executive's employment during the Term (i) by the Company for Cause or (ii) by the Executive other than for Good Reason, neither the Executive nor any beneficiary, heir or estate of the Executive shall be entitled to any further compensation other than the Accrued Obligations. In such event, all of the Executive's outstanding unvested cash and equity-based awards shall be immediately forfeited, except to the extent otherwise provided in the terms and conditions for such awards or in any applicable Company Plan. In addition, any cash awards paid pursuant to Sections 3.4(a) and 3.5(c) within twelve months of such termination of employment will become immediately payable by the Executive to the Company.

(c) In the event of termination of the Executive's employment during the Term (i) by the Company based on the Disability of the Executive as defined in Section 5.4 hereof, or (ii) due to the Executive's death, the Company shall pay the Executive (or his estate, beneficiary or heirs in the case of death), in addition to the Accrued Obligations, a prorated target annual bonus for the year in which the termination occurs based on the portion of the year elapsed as of the date of such termination. Any such bonus amount shall be paid subject to the conditions in Section 5.7 hereof. In addition, upon such a termination, all unvested awards held by the Executive as of the date of termination that were granted to the Executive pursuant to Sections 3.3 and 3.5 hereof shall immediately fully vest as of the date of termination.

(d) In the event of termination of the Executive's employment during the Term (i) by the Company other than for Cause (and not due to the Executive's death or Disability), or (ii) by the Executive for Good Reason, in either case which is not covered by Section 5.6 hereof, the Company shall pay the Executive, in addition to the Accrued Obligations, a lump sum amount equal to 200% times the sum of (x) the Executive's then-current Base Salary and (y) the three-year average annual bonus actually paid to the Executive under Section 3.2 hereof (including amounts deferred under any Company arrangement as well as non-cash amounts that are specifically designated as being part of the annual bonus, if any) during the three years prior to termination (or such shorter time if the termination occurs prior to the payment of three annual bonuses to the Executive, or if termination occurs before any annual bonus has been actually paid to the

Executive, then the 2008 Minimum Bonus shall be used) (such sum of (x) and (y) is the “Annual Compensation”). The Executive shall also be entitled to a prorated annual bonus for the year in which the termination occurs based on the degree of achievement of goals at year-end under the bonus program in effect at the time of termination and the portion of the year elapsed as of the date of such termination. The degree of achievement of goals shall be determined in accordance with the bonus program, except that should any goals be of a subjective nature, the degree of achievement thereof shall be determined by the Committee in its sole discretion. Any such prorated bonus amount shall be paid at the same time as annual bonuses for the year are paid to the Company’s senior executives generally. In addition, upon such a termination, all unvested awards held by the Executive as of the date of termination that were granted to the Executive pursuant to Sections 3.3 and 3.5 hereof shall immediately fully vest as of the date of termination.

5.6 Change in Control. Upon the termination of the Executive’s employment by the Company without Cause or by the Executive for Good Reason (i) during the 6-month period immediately preceding the occurrence of a Change in Control (as defined in the Company’s 2000 Senior Executive Incentive and Stock Award Plan, as in effect on the date of the Change in Control) or (ii) during the 2-year period immediately following a Change in Control, the Executive shall be entitled to receive, in addition to the Accrued Obligations, a lump sum amount equal to 200% times the Annual Compensation (as defined in Section 5.5(d) hereof). The Executive shall also be entitled to a prorated annual bonus for the year in which the termination occurs based on the portion of the year elapsed as of the date of such termination multiplied by the greater of (I) the Executive’s target annual bonus for the year of termination or (II) the average annual bonus actually paid to the Executive under Section 3.2 hereof (including amounts deferred under any Company arrangement as well as non-cash amounts that are specifically designated as being part of the annual bonus, if any) during the three years prior to the termination (or such shorter time if the termination occurs prior to the payment of three annual bonuses to the Executive, or if termination occurs before any annual bonus has been actually paid to the Executive, then the 2008 Minimum Bonus shall be used). Any such bonus amount shall be paid as provided in Section 5.7 hereof. The vesting of equity-based awards held by the Executive as of the date of the Change in Control shall be determined in accordance with the terms and conditions of the applicable equity compensation plan and/or agreement, provided, however, that all cash and equity-based awards held by the Executive as of the date of termination that were granted to the Executive pursuant to Sections 3.3 and 3.5 which are unvested on the date of termination shall then immediately fully vest. Payments due to the Executive under this Section 5.6 shall be offset, dollar-for-dollar, by corresponding amounts (if any) previously paid under Section 5.5(d) (e.g., if the termination occurred prior to the pertinent Change in Control).

5.7 Conditions and Timing of Payment. Any payments or benefits made or provided pursuant to this Article 5 (other than the Accrued Obligations) are subject to the Executive’s:

(a) compliance with the provisions of Article 4 and Section 5.9 hereof (provided that this shall not affect the payment to the Executive provided for below in this Section 5.7 unless the Executive is in material breach of any of such provisions as of the time such payment is to be made);

(b) delivery to the Company of an executed General Release, which is not revoked before it becomes irrevocable (the "Irrevocability Date"). The General Release shall be substantially in the form attached hereto as Exhibit A, with such changes therein or additions thereto as needed under then applicable law to give effect to its intent and purpose; and

(c) delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans.

The items referred to in Sections 5.7(a) and 5.7(b) shall be delivered to the Company in time to allow payments hereunder to qualify as "short term deferrals" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A").

Subject to Section 6.12(a), any amounts due following a termination under this Agreement (other than the Accrued Obligations) shall be paid to the Executive within thirty (30) days of the Irrevocability Date, but in no event later than the time necessary for the payment of such amounts to qualify as a "short term deferral" for purposes of Section 409A. Regardless of whether the General Release has been executed by the Executive, upon any termination of the Executive's employment, the Executive shall be entitled to receive the Accrued Obligations within thirty (30) days after the date of termination or in accordance with the applicable plan, program or policy.

5.8 No Mitigation. The Executive shall be under no obligation to seek other employment following a termination of his employment with the Company or any subsidiary for any reason. In addition, there shall be no offset against amounts due to the Executive under this Article 5 or otherwise on account of any compensation attributable to any subsequent employment.

5.9 Cooperation; Assistance. The Executive agrees to cooperate fully, subject to reimbursement by the Company of reasonable out-of-pocket costs and expenses, with the Company or any subsidiary and their counsel with respect to any matter (including any litigation, investigation or governmental proceeding) which relates to matters with which the Executive was involved or about which he had knowledge during his employment with the Company or any subsidiary. Such cooperation shall include appearing from time to time at the offices of the Company or any subsidiary or their counsel for conferences and interviews and in general providing the officers of the Company or any subsidiary and their counsel with the full benefit of the Executive's knowledge with respect to any such matter. The Executive further agrees, upon termination of his employment for any reason, to assist his successor in the transition of his duties and responsibilities to such successor. The Executive agrees to render such cooperation in a timely fashion and at such times as may be mutually agreeable to the parties.

ARTICLE 6

Miscellaneous

6.1 Benefit of Agreement, Assignment; Beneficiary.

(a) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns and any corporation or person which may acquire all or substantially all of the assets or business of Marsh or the Company or with or into which Marsh or the Company may be consolidated or merged. This Agreement shall also inure to the benefit of, and be enforceable by, the Executive and his personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive hereunder if he had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's beneficiary, devisee, legatee or other designee, or if there is no such designee, to the Executive's estate.

(b) The Company shall require any successor (whether direct or indirect, by operation of law, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company or of Marsh to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

6.2 Notices. Any notice required or permitted hereunder shall be in writing and shall be sufficiently given if personally delivered or if sent by certified mail, postage prepaid, with return receipt requested or by reputable overnight courier, addressed: (a) in the case of the Company to the General Counsel of the Company at the Company's then-current headquarters, and (b) in the case of the Executive, to the Executive's last known address as reflected in the Company's records, or to such other address as either party shall designate by written notice to the other party. Any notice given hereunder shall be deemed to have been given at the time of receipt thereof by the person to whom such notice is given if personally delivered or at the time of mailing if sent by certified mail or by courier.

6.3 Entire Agreement; Amendment. Except as specifically provided herein, this Agreement contains the entire agreement of the parties hereto and Marsh with respect to the terms and conditions of the Executive's employment during the Term and supersedes any and all prior agreements and understandings, whether written or oral, between the parties hereto with respect to compensation due for services rendered hereunder. For the avoidance of doubt, in the event of any inconsistency between this Agreement and any plan, program or arrangement of the Company or Marsh, the terms of this Agreement shall control. This Agreement may not be changed or modified except by an instrument in writing signed by both of the parties hereto.

6.4 Waiver. The waiver of either party of a breach of any provision of this Agreement shall not operate or be construed as a continuing waiver or as a consent to or waiver of any subsequent breach hereof.

6.5 Headings. The Article and Section headings herein are for convenience of reference only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

6.6 Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the internal laws of the State of New York without reference to the principles of conflict of laws.

6.7 Agreement to Take Actions. Each party hereto shall execute and deliver such documents, certificates, agreements and other instruments and shall take such other actions, as may be reasonably necessary or desirable in order to perform his or its obligations under this Agreement or to effectuate the purposes hereof.

6.8 Dispute Resolution. Any dispute or controversy arising from or relating to this Agreement and/or the Executive's employment or relationship with the Company or any subsidiary shall be resolved by binding arbitration, to be held in New York City or in any other location mutually agreed to by the Company and the Executive in accordance with the rules and procedures of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The Executive and the Company agree that, in the event a dispute arises that concerns this Agreement, if the Executive is the Prevailing Party, the Executive shall be entitled to recover all of his reasonable fees and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred in connection with the dispute. A Prevailing Party is one who is successful on any significant substantive issue in the action and achieves either a judgment in such party's favor or some other affirmative recovery.

6.9 Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to effectuate the intended preservation of such rights and obligations, including without limitation Article 4 hereof.

6.10 Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision or provisions of this Agreement, which shall remain in full force and effect. If any provision of this Agreement is held to be invalid, void or unenforceable, any court so holding shall substitute a valid, enforceable provision that preserves, to the maximum lawful extent, the terms and intent of this Agreement.

6.11 Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

6.12 Section 409A.

(a) Notwithstanding the due date of any post-employment payments, if at the time of the termination of employment the executive is a "specified employee" (as defined in Section 409A), the Executive will not be entitled to any payments upon termination of employment until the earlier of (i) the date which is six (6) months after the termination of employment for any reason other than death or (ii) the date of the Executive's death. The provisions of this paragraph will only apply if and to the extent required to avoid any "additional tax" under Section 409A.

(b) It is intended that this Agreement and the Company's and the Executive's exercise of authority or discretion hereunder shall comply with the provisions of Section 409A and the Treasury regulations relating thereto so as not to subject the Executive to the payment of interest and tax penalty which may be imposed under Section 409A. In furtherance of this objective, to the extent that any regulations or other guidance issued under Section 409A would result in the Executive being subject to payment of "additional tax" under Section 409A, the parties agree to use their best efforts to amend this Agreement in order to avoid the imposition of any such "additional tax" under Section 409A, which such amendment shall be designed to minimize the adverse economic effect on the Executive without increasing the cost to the Company (other than transactions costs), all as reasonably determined in good faith by the Company and the Executive to maintain to the maximum extent practicable the original intent of the applicable provisions. This Section 6.12 does not guarantee that payments under this Agreement will not be subject to "additional tax" under Section 409A.

6.13 Withholding. All compensation paid or provided to the Executive under this Agreement shall be subject to any applicable income, payroll or other tax withholding requirements.

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

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement on this first day of December, effective as of the date first written above. The Company represents that its execution of this Agreement has been authorized by the Committee.

MARSH & MCLENNAN COMPANIES, INC.

By: /s/ Michael G. Cherkasky
Name: Michael G. Cherkasky
Title: President & Chief Executive Officer

/s/ Daniel S. Glaser
DANIEL S. GLASER

EXHIBIT A

GENERAL RELEASE OF ALL CLAIMS

1. For valuable consideration, the adequacy of which is hereby acknowledged, the undersigned ("Executive"), on his own behalf and on behalf of his heirs, executors, administrators, successors, representatives and assigns, does herein knowingly and voluntarily unconditionally release, waive, and fully discharge Marsh & McLennan Companies, Inc. and its subsidiaries (including successors and assigns thereof) (collectively, the "Company"), and all of their respective past, present and future employees, officers, directors, agents, affiliates, parents, predecessors, administrators, representatives, attorneys, and shareholders, and employee benefit plans, from any and all legal claims, liabilities, suits, causes of action (whether before a court or an administrative agency), damages, costs, attorneys' fees, interest, injuries, expenses, debts, or demands of any nature whatsoever, known or unknown, liquidated or unliquidated, absolute or contingent, at law or in equity, which were or could have been filed with any Federal, state, or local court, agency, arbitrator or any other entity, based directly or indirectly on Executive's employment with and separation from Company or based on any other alleged act or omission by or on behalf of Company prior to Executive's signing this General Release. Without limiting the generality of the foregoing terms, this General Release specifically includes all claims based on the terms, conditions, and privileges of employment, and those based on breach of contract (express or implied), tort, harassment, intentional infliction of emotional distress, defamation, negligence, privacy, employment discrimination, retaliation, discharge not for just cause, constructive discharge, wrongful discharge, the Age Discrimination in Employment Act of 1967, as amended (the "ADEA"), the Older Workers Benefit Protection Act of 1990, the Worker Adjustment and Retraining Notification Act, as amended, Executive Order 11,141 (age discrimination), Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Civil Rights Act of 1866 and 1871, Sections 1981 through 1988 of Title 42 of the United States code, as amended, 41 U.S.C. §1981 (discrimination), 29 U.S.C. §206(d)(1) (equal pay), Executive Order 11,246 (race, color, religion, sex and national origin discrimination), the National Labor Relations Act, the Equal Pay Act of 1993, the Americans with Disabilities Act of 1990, the Occupational Safety and Health Act, as amended, the Family Medical Leave Act, the Immigration Reform and Control Act, as amended, the Vietnam Era Veterans Readjustment Assistance Act, §§503-504 of the Rehabilitation Act of 1973 (handicap rehabilitation), the Employee Retirement Income Security Act of 1974, as amended, any federal, state or local fair employment, civil or human rights, wage and hour laws and wage payment laws, and any and all other Federal, state, local or other governmental statutes, laws, ordinances, regulations and orders, under common law, and under any Company policy, procedure, bylaw or rule. This General Release shall not waive or release any rights or claims that Executive may have which arise after the date of this General Release or that arise under or are preserved by Article 3.12 or 5 of the Employment Agreement, effective as of _____, by and between Company and the Executive (the "Employment Agreement") and shall not waive claims for benefits required by applicable law (including post-termination health-continuation insurance benefits required by state or Federal law) or claims arising under the terms of any applicable plan, program or other arrangement of Company.

2. Executive intends this General Release to be binding on his successors, and Executive specifically agrees not to file or continue any claim in respect of matters covered by Section 1, above. Executive further agrees never to institute any suit,

complaint, proceeding, grievance or action of any kind at law, in equity, or otherwise in any court of the United States or in any state, or in any administrative agency of the United States or any state, county or municipality, or before any other tribunal, public or private, against Company arising from or relating to his employment with or his termination of employment from Company and/or any other occurrences to the date of this General Release, other than a claim challenging the validity of this General Release under the ADEA or respecting any matters not covered by this General Release.

3. Executive is further waiving his right to receive money or other relief in any action instituted by him or on his behalf by any person, entity or governmental agency in respect of matters covered by this General Release. Nothing in this General Release shall limit the rights of any governmental agency or his right of access to, cooperation or participation with any governmental agency, including without limitation, the United States Equal Employment Opportunity Commission. Executive further agrees to waive his rights under any other statute or regulation, state or federal, which provides that a general release does not extend to claims which Executive does not know or suspect to exist in his favor at the time of executing this General Release, which if known to him must have materially affected his settlement with Company.

4. Executive agrees that Executive shall not be eligible and shall not seek or apply for reinstatement or re-employment with Company and agrees that any application for re-employment may be rejected without explanation or liability pursuant to this provision.

5. In further consideration of the promises made by Company in this General Release, Executive specifically waives and releases Company, to the extent set forth in Section 1 hereof, from all claims Executive may have as of the date of this General Release, whether known or unknown, arising under the ADEA. Executive further agrees that:

- (a) Executive's waiver of rights under this General Release is knowing and voluntary and in compliance with the Older Workers Benefit Protection Act of 1990 ("OWBPA");
- (b) Executive understands the terms of this General Release;
- (c) The consideration offered by Company under Article 5 of the Employment Agreement in exchange for the General Release represents consideration over and above that to which Executive would otherwise be entitled, and that the consideration would not have been provided had Executive not agreed to sign the General Release and did not sign the Release;
- (d) Company is hereby advising Executive in writing to consult with an attorney prior to executing this General Release;
- (e) Company is giving Executive a period of twenty-one (21) days within which to consider this General Release;
- (f) Following Executive's execution of this General Release, Executive has seven (7) days in which to revoke this General Release by written notice. An attempted revocation not actually received by Company prior to the revocation deadline will not be effective; and

- (g) This General Release and all payments and benefits otherwise payable under Article 5 of the Employment Agreement (other than the Accrued Obligations) shall be void and of no force and effect if Executive chooses to so revoke, and if Executive chooses not to so revoke, this General Release shall then become effective and enforceable.

6. This General Release does not waive rights or claims that may arise under the ADEA after the date Executive signs this General Release. To the extent barred by the OWBPA, the covenant not to sue contained in Section 2, above, does not apply to claims under the ADEA that challenge the validity of this General Release.

7. To revoke this General Release, Executive must send a written statement of revocation to:

Marsh & McLennan Companies, Inc.

[Address]

[City, State Zip Code]

Attn: _____

The revocation must be received no later than 5:00 p.m. on the seventh day following Executive's execution of this General Release. If Executive does not revoke, the eighth day following Executive's acceptance will be the "effective date" of this General Release.

8. This General Release shall be governed by the internal laws (and not the choice of laws) of the State of New York, except for the application of pre-emptive Federal law.

PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Date: _____

KROLL
Government Services, Inc.

SUBCONTRACTOR ENGAGEMENT AGREEMENT

THIS AGREEMENT ("Agreement") effective March 15, 2008 between Kroll Government Services, Inc., a Delaware corporation, with its principal place of business at 900 Third Avenue, New York, New York 10022 and elsewhere ("Kroll"), and Michael G. Cherkasky ("Contractor") who resides at [Address].

WHEREAS, as the parties may mutually agree from time to time, Kroll may retain Contractor on a non-exclusive basis to provide professional services, which services shall be governed by the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, and the mutual covenants and agreements contained herein, the parties agree as follows:

1. SERVICES TO BE PROVIDED BY CONTRACTOR; CONFLICTS OF INTEREST

a) Contractor's services are to be of a quality consistent with the highest levels of Contractor's profession, and are to be performed within the time, budget and other parameters mutually established by Contractor and Kroll.

b) Contractor warrants that during the period of engagement with Kroll, Contractor shall not provide services for any business, firm, company or entity, regardless of whether compensation is provided, that would constitute a conflict of interest with its work for Kroll. Contractor shall notify Kroll within 24 hours if any potential conflict of interest arises during its retention by Kroll. For the purposes of this Agreement, a "conflict of interest" includes, but is not limited to, a conflict between one's obligations to Kroll and one's own personal interests or the interests of one's family or other persons with whom Contractor has business or personal relationships. A conflict of interest may deter Contractor from acting in the best interests of Kroll or influence Contractor to act in a way adverse to Kroll's interests. Such conflicts may include, but is not limited to, the opportunity of financial or other material gain. It includes the transmission of confidential information to third parties. Kroll, at its sole discretion, shall determine if a conflict of interest exists.

2. CONTRACTOR'S REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS

a) Contractor warrants to Kroll that it will comply with all applicable laws and regulations in its performance of services under this Agreement. Contractor's submission of any invoice to Kroll shall constitute a representation to Kroll that services to which that invoice relates were performed in accordance with all applicable laws and regulations.

b) Contractor will indemnify Kroll (including its officers, employees and agents) against all claims, damages and costs (including reasonable attorney's fees and disbursements) resulting from any actions by Contractor constituting negligence or unlawful conduct.

c) Contractor warrants that it will not trade securities of any company on the basis of any material, nonpublic information it may have received while working for Kroll.

NAME

Page 1 of 7 (Initial each page) Kroll /s/ JRS Contractor /s/ MGC.

- d) Not used
- e) Not used
- f) Not used
- g) Not used
- h) Not used
- i) Not used

3. COMPENSATION AND EXPENSES

Kroll shall pay Contractor professional fees and expenses as set forth in EXHIBIT A.

4. AUDIT

For purposes of reasonably ensuring compliance with the provisions of this Agreement, Contractor agrees that, upon the request by Kroll at any time during the term of this Agreement, Contractor will make available for audit by an accounting firm mutually acceptable to Kroll and Contractor, Contractor's books, records and other documentation related to its activities under this Agreement. A copy of the report thereon by such accounting firm shall be provided to Kroll. Kroll will pay any and all costs of any such requested audit.

5. DURATION OF AGREEMENT

- a) This Agreement may be unilaterally terminated by Kroll or Contractor at any time, for any reason whatsoever or for no reason at all, upon 30 days prior written notice to the other party.
- b) In addition, either party may terminate this Agreement by written notice to the other upon the material breach by the other party, provided that the party wishing to terminate the Agreement gives the other party at least ten days notice of the alleged breach, and allows that party the ten-day period in order to cure the breach.

6. NO AUTHORITY TO BIND KROLL

Contractor shall have no authority to bind Kroll contractually or in any other respect unless it first receives Kroll's express written authorization; any offer made or contract entered into by Contractor without such prior authorization shall not be binding on Kroll.

7. INDEPENDENT CONTRACTOR; NO AGENCY OR EMPLOYMENT RELATIONSHIP

Contractor, in performance of this Agreement is acting as an independent contractor and not as an employee or agent of Kroll, and shall be solely responsible for the payment of worker's compensation, unemployment insurance and all other taxes or costs relating to services performed hereunder. Neither Contractor nor any of its employees shall represent itself

to anyone as an employee of Kroll. Contractor acknowledges that its employees are not entitled to receive any employee benefits of any kind from Kroll.

8. DISCLOSURE AND CONFIDENTIALITY; ADVERTISING AND PUBLICITY; KROLL NAME AND LOGO

- a) Except to the extent required by law, Contractor shall not disclose to any other person (other than its attorneys or advisors) the existence of or any of the details of this Agreement.
- b) Contractor acknowledges that, because the nature of its engagement shall often involve highly confidential and sensitive information, its work for Kroll creates a relationship of trust and confidence between Kroll and itself. Contractor, therefore, agrees during the life of this Agreement and following its termination as follows:
- (i) to preserve the confidentiality and secrecy of and not directly or indirectly to reveal, report, publish, transfer, communicate or disclose any confidential or sensitive information in any manner whatsoever, except with the prior written consent of Kroll; and
 - (ii) not to use any confidential or sensitive information in any manner other than for the purpose of Kroll's business; and
 - (iii) to take all reasonable steps to ensure that access to confidential or sensitive information is appropriately restricted and that all precautions are taken to ensure that confidential or sensitive information is not in whole or in part disclosed without authorization or misappropriated,
 - (iv) to abide by any additional security and/or clearance requirements imposed by the nature of the assignment and conveyed to the Contractor.

"Confidential" or "sensitive" information includes but is not limited to:

- (i) the identity of any of Kroll's clients, associates and independent contractors, and clients of Kroll's clients; and
- (ii) the business practices and procedures, budgets, investments, plans, research, development, investigations, studies, contracts, resources and business dealings of Kroll, Kroll's clients and/or clients of Kroll's clients; and
- (iii) information, written or oral, acquired directly or indirectly, during and in the course of Contractor's retention as an independent contractor to Kroll concerning the financial, corporate, political or personal affairs of any person, corporation or other entity.

Upon completion of each assignment and upon termination of this Agreement, Contractor shall promptly deliver to Kroll all property in its possession belonging to Kroll, including all confidential information and all information of any apparently confidential non-public nature such as photographs, tape recordings, correspondence or notes, its own notes, reports, memoranda and other documents that it has acquired pursuant to or in the course of its engagement by Kroll and relating to such engagement, whether or not legally the property of Kroll. Contractor further agrees not to retain any copies of such property (other than copies of public records or other publicly available information), whether for itself or any other person or entity. If a person or entity requests, subpoenas, or otherwise seeks to obtain any testimony or materials within the custody or control of Contractor or of any of its employees, agents, representatives or others working under its direction, that relate to or refer in any way to its work under this Agreement, Contractor shall immediately inform Kroll. Should Kroll so request, Contractor will cooperate in legal action to seek protection against disclosure.

In such cases, Kroll will, at its expense, retain legal counsel satisfactory to Kroll to represent Contractor and/or any other applicable parties in the matter, and will compensate Contractor and/or the applicable parties for reasonable fees and expenses incurred in such legal proceedings. Unless and until legally compelled by court or other competent authority or permitted by Kroll in writing to do so, Contractor will not testify or disclose or transmit any materials to anyone.

c) Not used.

9. NOTICES

Unless notice to the contrary is given to the other party, notices (other than communications regarding specific assignments being performed by Contractor for Kroll) shall be sent by Contractor to Kroll Government Services, Inc., 1750 Foxtrail Drive, Suite 120, Loveland, CO 80538, ATTN; Contracts Department. Any notice provided hereunder by a party shall be effective upon receipt by the other party. Notices to Contractor shall be sent to the address indicated above unless otherwise directed by the Contractor.

10. ENTIRE AGREEMENT

This Agreement (together with the Statement of Business Ethics and the Subcontractor Background Questionnaire completed by Contractor) shall constitute the entire agreement between Kroll and Contractor, and shall supersede any and all prior agreements and understandings, whether written or verbal.

11. SURVIVAL

Any obligations and duties which by their nature extend beyond the expiration or termination of this Agreement shall survive the expiration or termination of this Agreement.

12. SEVERABILITY

If any provision or provisions of this Agreement shall be held to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

13. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the state of New York (without regard to that jurisdiction's choice of laws and principles).

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

Kroll Government Services, Inc.

By: /s/ Jeffrey Schlanger
Name: Jeffrey Schlanger
Title: President
Date: 5-18-08

Contractor

By: /s/ Michael G. Cherkasky
Name: Michael G. Cherkasky
Title: _____
Date: 5/1/08

EXHIBIT A

- ☐ Contractor will be paid at a flat rate of \$10,000.00 per month.
- ☐ When applicable, travel expenses and mileage must be approved prior to travel and will, as approved, be reimbursed in accordance with company policy.
- ☐ Business office expenses will be reimbursed if approved by the contractor's supervisor in advance.
- ☐ All hours and expenses must be submitted to the contractor's supervisor or his designee via company invoice to receive payment. Invoices should be submitted no less frequently than monthly and should include a brief description of work performed and associated hours.
- ☐ Contractor's supervisor is Jeff Schlanger.

NAME

Page 6 of 7 (Initial each page) Kroll /s/ JRS Contractor /s/ MGC.

Kroll Government Services, Inc. – Statement of Business Ethics

It is the policy of Kroll Government Services, Inc. (the “Company” or “Kroll”) to comply with the applicable laws of those jurisdictions in which it operates, or is otherwise present, and to conduct its activities in keeping with the highest standards of business ethics. Illegal or unethical conduct by employees, subcontractors or other representatives of Kroll Associates seriously undermines the Company’s reputation for integrity and honesty that is essential to its continued success, and thus seriously damages the Company. Therefore, the Company cannot and will not tolerate ethical lapses or illegal action undertaken for any reason.

From time to time, at its sole discretion, Kroll may engage the undersigned independent contractor ("Contractor") to perform services for the Company. In its performance of such services, Contractor will act in compliance with all applicable laws and regulations, and otherwise in accordance with the ethical standards of its profession. It will also adhere to the terms of the Subcontractor Engagement Agreement between the Company and Contractor. Contractor acknowledges that its failure to adhere to this Statement of Business Ethics shall be grounds for immediate termination by the Company of its engagement of Contractor, without prejudice to any other remedies that Company may have against Contractor. Contractor will inform its officers, employees, agents and subcontractors of the requirements of this Statement of Business Ethics.

Agreed and Acknowledged

Name of Contractor Michael G. Cherkasky

By: /s/ Michael G. Cherkasky

Date: 5/1/08

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

	Three Months Ended March 31, 2009 (Unaudited)	Years Ended December 31,				
		2008	2007	2006	2005	2004
Earnings						
Income before income taxes	\$ 266	\$ 619 ^(a)	\$ 847	\$ 912	\$ 302	\$ 283
Interest expense	56	220	267	303	332	219
Portion of rents representative of the interest factor	37	156	170	170	149	153
	<u>\$ 359</u>	<u>\$ 995</u>	<u>\$ 1,284</u>	<u>\$ 1,385</u>	<u>\$ 783</u>	<u>\$ 655</u>
Fixed Charges						
Interest expense	\$ 56	\$ 220	\$ 267	\$ 303	\$ 332	\$ 219
Portion of rents representative of the interest factor	37	156	170	170	149	153
	<u>\$ 93</u>	<u>\$ 376</u>	<u>\$ 437</u>	<u>\$ 473</u>	<u>\$ 481</u>	<u>\$ 372</u>
Ratio of Earnings to Fixed Charges	3.9	2.6	2.9	2.9	1.6	1.8

^(a) Excludes the non-cash goodwill impairment charge of \$540 million recorded in the Risk Consulting & Technology segment in 2008.

CERTIFICATIONS

I, Brian Duperreault, 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: May 8, 2009

/s/ Brian Duperreault

Brian Duperreault

President and Chief Executive Officer

CERTIFICATIONS

I, Vanessa A. Wittman, 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: May 8, 2009

/s/ Vanessa A. Wittman

Vanessa A. Wittman

Executive Vice President & 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 March 31, 2009 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.

Brian Duperreault, the President and Chief Executive Officer, and Vanessa A. Wittman, the Executive Vice President & Chief Financial Officer, of Marsh & McLennan Companies, Inc. each certifies that, to the best of his or her 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: May 8, 2009

/s/ Brian Duperreault

Brian Duperreault

President and Chief Executive Officer

Date: May 8, 2009

/s/ Vanessa A. Wittman

Vanessa A. Wittman

Executive Vice President & Chief Financial Officer