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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q/A

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

For quarter ended September 30, 1999

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

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

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

As of October 31, 1999, there were outstanding 266,794,823 shares of common stock, par value \$1.00 per share, of the registrant.

Explanatory Note

On November 15, 1999, Marsh & McLennan Companies, Inc. ("MMC") filed its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999, with the Securities and Exchange Commission (the "Commission").

MMC is now filing with the Commission its amended Quarterly Report on Form 10-Q/A. The sole purpose for filing the amended Quarterly Report is to correct the inadvertent transposition of the reported "average assets under management" for Putnam Investments, Inc. in the third quarter of 1999 compared with 1998 contained in Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"). Each of the other figures set forth in the Quarterly Report on Form 10-Q is correct.

This amended Quarterly Report restates the entire MD&A as required by Rule 12b-15.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This report contains certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements may include, without limitation, discussions concerning revenue and expense growth, cost savings and efficiencies expected from the integration of Johnson & Higgins and Sedgwick Group plc, Year 2000 remediation and testing of computer systems, market and industry conditions, interest rates, foreign exchange rates, contingencies and matters relating to the operations and income taxes of Marsh & McLennan Companies, Inc. and subsidiaries ("MMC"). Such forward-looking statements are based on available current market and industry materials, experts' reports and opinions, as well as management's expectations concerning future events impacting MMC. Forward-looking statements by their very nature involve risks and uncertainties. Factors that may cause actual results to differ materially from those

contemplated by any forward-looking statements contained herein include, in the case of MMC's risk and insurance services and consulting businesses, the failure to successfully integrate the businesses of Sedgwick Group plc (including the achievement of synergies and cost reductions) or other adverse consequences from that transaction; in the case of MMC's risk and insurance service business, changes in competitive conditions, a decrease in the premium rate levels in the global property and casualty insurance markets, the impact of changes in insurance markets and natural catastrophes; in the case of MMC's investment management business, changes in worldwide and national equity and fixed income markets; and with respect to all of MMC's activities, the failure of MMC and/or its significant business partners to be Year 2000 compliant on a timely basis, changes in general worldwide and national economic conditions, fluctuations in foreign currencies, actions of competitors or regulators, changes in interest rates, developments relating to claims and lawsuits, changes in the tax or accounting treatment of MMC's operations and the impact of tax and other legislation and regulation in the jurisdictions in which MMC operates.

Marsh & McLennan Companies, Inc. and Subsidiaries  
Management's Discussion and Analysis of  
Financial Condition and Results of Operations  
Third Quarter and Nine Months Ended September 30, 1999

General

Marsh & McLennan Companies, Inc. and Subsidiaries ("MMC") is a global professional services firm. MMC subsidiaries include Marsh, the world's leading risk and insurance services firm; Putnam Investments, one of the largest investment management companies in the United States; and Mercer Consulting Group, a major global provider of consulting services. More than 50,000 employees worldwide provide analysis, advice and transactional capabilities to clients in over 100 countries.

MMC is organized in three principal business segments based on the services that each provides. Segment performance is evaluated based on operating income, which is after deductions for directly related expenses but before special charges.

This management's discussion and analysis of financial condition and results of operations contains certain statements relating to future results which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See "Information Concerning Forward-Looking Statements" on page one of this filing. This form 10-Q should be read in conjunction with MMC's latest annual report on Form 10-K.

The consolidated results of operations follow:

(In millions of dollars)	Third Quarter		Nine Months	
	1999	1998	1999	1998
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Revenue:				
Risk and Insurance Services	\$1,055	\$ 764	\$3,403	\$2, 418
Investment Management	673	568	1,963	1,713
Consulting	499	387	1,457	1,114
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	2,227	1,719	6,823	5,245
	-----	-----	-----	-----
Expense:				
Compensation and Benefits	1,118	860	3,413	2,577
Other Operating Expenses	684	524	2,035	1,583
Special Charge	--	--	84	--
	-----	-----	-----	-----
	1,802	1,384	5,532	4,160
	-----	-----	-----	-----
Operating Income	\$ 425	\$ 335	\$1,291	\$1,085
	=====	=====	=====	=====
Operating Income Margin	19.1%	19.5%	18.9%	20.7%
	=====	=====	=====	=====
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Revenue, derived mainly from commissions and fees, rose by 30% from both the third quarter and nine months of 1998. This increase is primarily due to the acquisition in November 1998 of Sedgwick Group plc ("Sedgwick"), a London-based holding company of one of the world's leading insurance and reinsurance broking and consulting groups. Sedgwick's results were not reflected in MMC's consolidated results of operations in the first nine months of 1998. In

addition, revenue from the Investment Management segment increased as average assets under management were substantially higher than the comparable figures in the previous year.

Excluding the impact of acquisitions and dispositions, revenue, on a consolidated basis, grew approximately 10% over 1998 for the quarter with an 18% revenue increase in the investment management segment, approximately a 4% increase in risk and insurance services and 9% growth in revenue in the consulting segment. The increases in the respective segments were driven predominantly by higher levels of business activity in those businesses. For the nine months, revenue excluding acquisitions and dispositions rose approximately 9%.

Operating expenses rose 30% in the third quarter of 1999 primarily reflecting the acquisition of Sedgwick. Excluding acquisitions and dispositions, expenses grew approximately 8% in the third quarter primarily reflecting staff growth in the consulting segment and higher incentive compensation within the investment management and consulting segments commensurate with strong operating performance. For the nine months, the increase in expenses of 33% is primarily due to the Sedgwick acquisition and also includes a special charge of \$84 million recorded in the second quarter of 1999, which is described in more detail below. Excluding acquisitions, dispositions and the special charge, expenses for the nine months rose approximately 7%.

MMC recorded a special charge of \$84 million in the second quarter of 1999, representing initial costs relating to the integration of Sedgwick. These costs include severance and related benefits of \$71 million associated with the planned reduction of approximately 1,000 MMC positions worldwide and a \$13 million charge associated with certain acquisition-related awards pertaining to the Sedgwick transaction. Of the total special charge, \$73 million was applicable to risk and insurance services and \$11 million related to consulting. The net impact of the special charge was \$51 million after tax, or \$.19 per diluted share. In addition, \$99 million of severance and benefit-related costs for the planned reduction of over 1,500 positions of Sedgwick were allocated to the cost of the acquisition.

Of the combined severance-related costs totaling \$170 million, cash payments of approximately \$120 million have been made as of September 30, 1999. The remaining actions are expected to be completed by the end of 1999. The utilization of these charges is summarized in Note 8 to the consolidated financial statements.

A further charge will be taken in the fourth quarter related to additional integration efforts including staff reductions and office consolidations.

MMC expects to achieve gross consolidation savings of at least \$200 million upon the full integration of Sedgwick, with the majority expected to be realized in the year 2000. Net annual savings are expected to be at least \$100 million after giving effect to certain incremental costs including goodwill amortization.

#### Risk and Insurance Services

(In millions of dollars)	Third Quarter		Nine Months	
	1999	1998	1999	1998
Revenue	\$1,055	\$ 764	\$ 3,403	\$2,418
Expense	890	648	2,773 (a)	1,924
Operating Income	\$ 165	\$ 116	\$ 630	\$ 494
Operating Income Margin	15.6%	15.2%	18.5%	20.4%

(a) Excluding special charge.

Revenue  
Revenue for the risk and insurance services segment increased 38% from the third quarter of 1998 primarily due to the Sedgwick acquisition. Excluding acquisitions, dispositions and the impact of foreign exchange, revenue for risk and insurance services operations rose approximately 4% primarily reflecting the effect of net new business development. For the nine months, revenue for risk and insurance services increased 41% over the same period last year primarily as a result of the Sedgwick acquisition. Excluding acquisitions and dispositions, risk and insurance services revenue rose approximately 5% during the first nine months of 1999.

Expense

Risk and insurance services expenses increased 37% for the third quarter and 44% for the first nine months of 1999, largely attributable to the acquisition of Sedgwick. Excluding acquisitions, dispositions and the effect of foreign exchange, expenses increased approximately 1% from the third quarter of 1998 primarily reflecting costs associated with higher technology spending offset, in large part, by the realization of net integration savings related to the Sedgwick transaction. For the nine months, expenses for risk and insurance services, excluding acquisitions and dispositions, rose approximately 3%.

#### Investment Management

(In millions of dollars)	Third Quarter		Nine Months	
	1999	1998	1999	1998
Revenue	\$ 673	\$ 568	\$1,963	\$1,713
Expense	463	389	1,333	1,218
Operating Income	\$ 210	\$ 179	\$ 630	\$ 495
Operating Income Margin	31.2%	31.5%	32.1%	28.9%

#### Revenue

Putnam's revenue increased 18% compared with the third quarter of 1998 and 15% for the nine months reflecting a strong increase in the level of assets under management on which management fees are earned. Assets under management aggregated \$318 billion at September 30, 1999 compared with \$253 billion at September 30, 1998, reflecting \$15 billion of mutual fund net new sales and additional investments by institutional accounts and a \$50 billion increase resulting from higher equity market levels. Compared with June 30, 1999, assets under management declined \$7 billion, as a \$2 billion cash inflow from net new fund sales and additional institutional investments was offset by a \$9 billion reduction in market value related to a decline in equity market levels during the quarter.

#### Expense

Putnam's expenses rose 19% in the third quarter of 1999 reflecting an increase in incentive compensation commensurate with operating performance, increased amortization of deferred commissions from both increased sales and redemptions, as well as goodwill amortization arising from the July 1999 joint venture investment with Thomas H. Lee Partners. For the nine months, expenses rose 9% from 1998 levels.

Quarter-end and average assets under management for the third quarter are presented below:

(In billions of dollars)	1999	1998
Mutual Funds:		
Domestic Equity	\$163	\$125
Taxable Bond	37	37
Tax-Free Income	15	17
International Equity	22	12
	237	191
Institutional Accounts:		
Fixed Income	21	25
Domestic Equity	36	25
International Equity	24	12
	81	62
Quarter-end Assets	\$318	\$253
Average Assets Under Management	\$323	\$268

Assets under management and revenue levels are particularly affected by fluctuations in domestic and international bond and stock market prices and by

the level of investments and withdrawals for current and new fund shareholders and clients. They are also affected by investment performance, service to clients, the development and marketing of new investment products, the relative attractiveness of the investment style under prevailing market conditions and changes in the investment patterns of clients. Revenue levels are sensitive to all of the factors above, but in particular, to significant changes in bond and stock market valuations.

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

At the end of the third quarter, assets held in equity securities represented 77% of assets under management compared with 69% in 1998, while investments in fixed income products represented 23% compared with 31% last year.

## Consulting

(In millions of dollars)	Third Quarter		Nine Months	
	1999	1998	1999	1998
Revenue	\$ 499	\$ 387	\$ 1,457	\$1,114
Expense	427	332	1,265 (a)	973
	-----	-----	-----	-----
Operating Income	\$ 72	\$ 55	\$ 192	\$ 141
	=====	=====	=====	=====
Operating Income Margin	14.5%	14.1%	13.2%	12.7%
	=====	=====	=====	=====

(a) Excluding special charge.

### Revenue

Consulting revenue increased 29% in 1999 compared with the third quarter of 1998 reflecting an increase in the level of services provided as well as the Sedgwick acquisition. Excluding acquisitions, consulting revenue increased approximately 9% in the third quarter of 1999. Retirement consulting revenue, which represented 43% of the consulting segment, grew 9% in the third quarter while revenue rose 15% in global compensation consulting, 9% in general management consulting and 9% in the economic consulting practice due to a higher volume of business in these practice lines. Health care consulting revenues remained constant during the same period. For the nine months, consulting revenue increased 31% over the same period of 1998 partially reflecting the Sedgwick acquisition. Excluding acquisitions, revenue increased approximately 10% for the nine months.

### Expense

Consulting expenses increased 29% for the third quarter of 1999 and 30% for the nine months primarily reflecting the Sedgwick acquisition. Excluding acquisitions and dispositions, expenses increased 6% for the third quarter and 8% for the nine months primarily reflecting the effect of staff growth to support new business and higher incentive compensation commensurate with strong operating performance.

### Interest

Interest income earned on corporate funds was \$6 million in the third quarter of 1999 and \$5 million in 1998. Interest expense increased to \$59 million in the third quarter of 1999 from \$33 million in 1998. Interest expense increased to \$174 million for the nine months ended September 30, 1999 from \$94 million in 1998. The increase in interest expense for the quarter and nine months is primarily due to incremental debt incurred in November 1998 to finance the Sedgwick acquisition as well as incremental debt incurred during the quarter to support approximately \$385 million of initiatives including Putnam's joint venture investment with Thomas H. Lee Partners, the purchase of additional floors at MMC's worldwide headquarters in New York City and several Marsh & McLennan Capital initiated investments.

### Income Taxes

MMC's consolidated tax rate was 40.0% of income before income taxes in the third quarter and 40.1% for the first nine months of 1999. Excluding the tax effect of the special charges, the underlying tax rate was 40% compared with 39.5% last year. The increase in the 1999 tax rate is largely attributable to certain items associated with recent acquisitions. The overall tax rates are higher than the U.S. Federal statutory rate primarily because of provisions for state and local

income taxes.

#### Liquidity and Capital Resources

MMC's cash and cash equivalents aggregated \$641 million on September 30, 1999, an increase of \$31 million from the end of 1998.

Cash flow from operations includes the net cash flows associated with Putnam's prepaid dealer commissions, which amounted to an \$11 million cash inflow for the nine months of 1999 compared with a \$95 million outflow during the same period of 1998 as prepaid dealer commissions have stabilized at approximately \$1.1 billion.

MMC's capital expenditures, which amounted to \$276 million in the first nine months of 1999 and \$216 million during the same period last year, primarily relate to computer equipment purchases and the refurbishing and modernizing of office facilities.

As previously mentioned, during the fourth quarter of 1998, MMC acquired Sedgwick for total cash consideration of (pound)1.25 billion or approximately \$2.2 billion. MMC initially financed the transaction with short-term commercial paper that was supported by a committed bank facility led by J. P. Morgan.

In April 1999, MMC completed the sale of 4.1 million common shares realizing approximately \$300 million of net proceeds. In June 1999, MMC sold \$600 million of 6 5/8% Senior Notes due 2004 and \$400 million of 7 1/8% Senior Notes due 2009, the proceeds of which were used to repay a portion of the commercial paper borrowings that were used initially to finance the Sedgwick acquisition.

In June 1999, MMC arranged a new \$1.4 billion revolving credit facility for the use of its subsidiary, Marsh USA, Inc. Borrowings under the facility are guaranteed by MMC and support Marsh USA, Inc.'s commercial paper borrowings. The previously existing J. P. Morgan facility has been terminated.

During the third quarter of 1999, MMC completed investments totaling approximately \$385 million relating to Putnam's joint venture with Thomas H. Lee Partners (THL), the purchase of additional floors at its worldwide headquarters in New York City and several Marsh & McLennan Capital investments. MMC has committed to potential future investments of approximately \$500 million in connection with the formation of Marsh & McLennan Capital's Trident II Fund and the THL joint venture. MMC expects to fund these commitments, in part, with sales proceeds from existing investments. These commitments will be funded over the next several years if certain investment levels and performance targets are met.

As further explained in Note 9 to the consolidated financial statements, certain present and former subsidiaries in the United Kingdom are under review by the Personal Investment Authority concerning the disclosure and advice given to clients regarding certain personal pension transactions. The contingent exposure for pension redress and related cost is estimated to be approximately \$440 million of which \$270 million is expected to be recovered from insurers. Approximately two-thirds of the contingent exposure is associated with the Sedgwick acquisition while the balance is associated with other current and former subsidiaries of MMC. All amounts in excess of anticipated insurance recoveries have been reserved for in the accompanying balance sheet. Although the timing and amount of payments relating to the pension review process cannot be predicted with certainty, MMC may temporarily fund such payments by drawing upon its existing credit lines.

#### Other

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This standard, which establishes new accounting and reporting requirements for derivative instruments, is effective for fiscal years beginning after June 15, 2000. MMC does not expect that the adoption of this standard will have a material impact on its results of operations or consolidated financial position.

#### Market Risk

Certain of MMC's recorded revenues, expenses, assets and liabilities are exposed to the impact of interest rate changes and fluctuations in foreign currency exchange rates. MMC manages its net exposure to interest rate changes by utilizing a mixture of variable and fixed rate borrowings to finance MMC's asset base. Interest rate swaps are utilized on a very limited basis. MMC does not enter into foreign currency or interest rate transactions for trading or other speculative purposes.

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

#### Year 2000 Issue

MMC has substantially completed remediating its systems in preparation for the Year 2000 and believes all mission critical systems have been remediated. Remaining efforts include planned installations of certain systems in conjunction with the integration of Sedgwick offices and contingency planning efforts. These installations are expected to be completed by November 15, 1999. For this purpose, the term "systems" includes computer equipment and software that are commonly thought of as information technology ("IT") systems including accounting, data processing, telephone and other miscellaneous systems, as well as non-information technology ("non-IT") systems, such as embedded technology in MMC's facilities and equipment.

In connection with this project, which began in 1995, MMC and each of its operating segments have undertaken a five-step process consisting of (1) taking an inventory of all technical areas, including hardware, software (application and system), data, third-party services and infrastructure that could potentially be affected by the Year 2000 issue, (2) assessing the scope and severity of the issue, (3) performing necessary remediation, (4) testing/implementation and (5) preparing contingency plans for possible internal and/or external failures. Management level steering committees have been established in each operating segment and at the MMC level. The Audit Committee of MMC's Board of Directors is regularly updated on the status of MMC's Year 2000 efforts.

The individual operating units of MMC have integrated the Year 2000 risks assumed as a result of the Sedgwick acquisition. Accordingly, the statements included in this filing cover those risks.

The total cost of the Year 2000 project is estimated to be \$60 million. Of the total cost, \$17 million is anticipated to be incurred in 1999, \$26 million was expensed during 1998 and \$17 million prior to 1998. Approximately \$12 million was expensed during the first nine months of 1999. Such costs do not include expenses incurred in replacing systems and applications in the ordinary course which have the effect of making such systems and applications Year 2000 compliant, but which were not incurred for that specific purpose. Costs of modifying computer software for Year 2000 conversion are being charged to expense as they are incurred and are funded from operating cash flows. No significant projects have been deferred or canceled as a result of Year 2000 efforts. In 1998, Year 2000 expenses represented approximately 5% of MMC's overall information technology budget. For 1999 anticipated expenses represent approximately 3% of the budget. Future costs associated with addressing this issue are not expected to have a material adverse impact on MMC's financial position or results of operations.

Non-mission critical IT and non-IT systems that could impact MMC's ability to serve clients and conduct business beyond January 1, 2000 have been assessed and are expected to be Year 2000 ready before the end of 1999. MMC recognizes that there may be some non-mission critical IT and non-IT systems utilized for internal purposes that may not be compliant by the end of 1999. It is expected that these systems will be replaced or phased out of use.

In addition, MMC is continuing its inquiries as to the state of readiness of its significant third party relationships including clients and vendors. This process has included a review of third parties' Year 2000 readiness statements and the incorporation of certain third party dependencies into MMC's test plans. Where MMC has been unable to obtain information concerning the status of a third party or has received information such that the timing or readiness status of that third party's Year 2000 project does not align with MMC's, if significant, that supplier has been or will be replaced. For example, Marsh is notifying clients when responses to its inquiries as to the status of their readiness have not been received from insurance companies.

The individual operating segments of MMC continue to analyze and monitor the potential operational problems and costs (including loss of revenues) that would be reasonably likely to result from MMC's failure or the failure of certain third parties to complete efforts necessary to achieve Year 2000 readiness on a timely basis. For internal systems, although MMC's expectation is that its remediation efforts have been sufficient to prevent significant disruption, MMC's 1999 test plans and contingency processes have been or will be designed to address such a risk. For third party risks, efforts are being made to assess and test those risks. For example, Putnam has been actively involved in industry-wide Year 2000 testing. Putnam has successfully participated in all aspects of "Street-wide Testing" carried out under the auspices of the Securities Industry Association.

To prepare for the potential for disruptions as noted above, MMC and each of its operating companies are in the process of identifying the most reasonably likely worst case scenarios presented by the Year 2000 problem and completing a contingency plan for dealing with such scenarios. This process has been based, in part, upon the existing disaster recovery process of MMC and its operating companies. These analyses and contingency plans will be completed during the

fourth quarter of 1999. While MMC expects its Year 2000 efforts to reduce the scope and likelihood of potential Year 2000 failures, due to the overall uncertainty of the effect of a potential failure in Year 2000 readiness, particularly with respect to MMC's business partners or the communities in which MMC operates, MMC is unable specifically to determine whether any particular failure or groups of failures will have a material adverse impact on MMC.

MARSH & McLENNAN COMPANIES, INC.  
AND SUBSIDIARIES

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, MMC has duly caused this amended report to be signed this 23rd day of December, 1999 on its behalf by the undersigned, thereunto duly authorized and in the capacity indicated.

MARSH & McLENNAN COMPANIES, INC.

/s/ Frank J. Borelli

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Senior Vice President and  
Chief Financial Officer