

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

MARSH & MCLENNAN COMPANIES, INC.

1166 AVENUE OF THE AMERICAS  
NEW YORK, NEW YORK 10036-2774  
(212) 345-5000

COMMISSION FILE NO. 1-5998  
STATE OF INCORPORATION: DELAWARE  
I.R.S. EMPLOYER IDENTIFICATION NO.: 36-2668272

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock	New York Stock Exchange
(par value \$1.00 per share)	Chicago Stock Exchange
Preferred Stock Purchase Rights	Pacific Exchange
	London Stock Exchange

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [X]. No [ ].

As of June 30, 2002, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$26,060,690,713.

As of February 28, 2003, there were outstanding 535,589,137 shares of common stock, par value \$1.00 per share, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE  
(ONLY TO THE EXTENT SET FORTH IN THE PART INDICATED)

Annual Report to Stockholders for the year ended  
December 31, 2002 ..... Parts I and II  
Notice of Annual Meeting of Stockholders and Proxy Statement  
dated March 27, 2003 ..... Part III

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MARSH & MCLENNAN COMPANIES, INC.

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ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2002

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PART I

ITEM 1. BUSINESS.

Marsh & McLennan Companies, Inc. ("MMC"), is a global professional services firm with origins dating from 1871 in the United States. MMC is the parent company of various subsidiaries and affiliates that provide clients with analysis, advice and transactional capabilities in the fields of risk and insurance services, investment management and consulting.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 23 through 32 of the Annual Report to

Stockholders for the year ended December 31, 2002 (the "2002 Annual Report"), which is incorporated herein by reference, for a discussion of MMC's revenues and operating income by industry segment for each of the last three fiscal years.

RISK AND INSURANCE SERVICES. MMC's risk and insurance services are provided by its subsidiaries and their affiliates as broker, agent or consultant for insureds, insurance underwriters and other brokers on a worldwide basis in the areas of:

- o risk management and insurance broking,
- o reinsurance broking and services, and
- o related insurance services.

These services are provided by Marsh Inc., which delivers risk and insurance services and solutions to clients through its various subsidiaries and affiliates. Risk management, insurance broking, financial solutions and insurance program management services are provided for businesses, public entities, associations, professional services organizations and private clients under the Marsh name. Reinsurance broking, catastrophe and financial modeling services and related advisory functions are conducted for insurance and reinsurance companies, principally under the Guy Carpenter name. Underwriting management services are performed for a wide range of clients under various names. In addition, MMC Capital provides services principally in connection with originating, structuring and managing insurance, financial services and other industry-focused investments.

MARSH INC. Marsh serves clients with risk and insurance services in more than 100 countries in all principal regions of the world where insurance business is done. These clients are

engaged in essentially all of the major areas of manufacturing and services found in the world economy. Business clients range from prominent worldwide corporations to mid-size and small businesses and professional service organizations. Marsh's clientele also includes government agencies, high-net-worth individuals, and consumers served through affinity groups and employer-based programs.

The services provided by Marsh's operating units include the identification, analysis, estimation, mitigation, financing and transfer of risks that arise from client operations. These risks relate to damage to property, various liability exposures, and other factors that could result in financial loss, including large and complex risks that require access to world insurance and financial markets. Risks addressed go beyond traditional property-liability areas to include a widening range of exposures. Examples of these risks include employment practices liability, the launch and operation of rockets and spacecraft, the development and operation of technology resources (such as computers, communications networks and websites), the theft or loss of intellectual property, copyright infringement, the remediation of environmental pollution, exposures related to mergers and acquisitions, the interruption of revenue streams derived from leasing and credit operations, political risks and various other financial, strategic and operating exposures.

Marsh's subsidiaries provide a broad spectrum of services requiring expertise in multiple disciplines: risk identification, estimation and mitigation; conducting negotiations and placement transactions with the worldwide insurance and capital markets; gaining knowledge of specific insurance product lines and technical aspects of client operations, industries and fields of business; actuarial analysis; and understanding the regulatory and legal environments of various countries. Once client risks are identified, Marsh provides advice on addressing client exposures, including structuring programs for retaining, mitigating, financing, and transferring the risks in combinations that vary according to the risk profiles, requirements and preferences of clients. Specific professional functions provided in this process include loss-control services, the placement of client risks with the worldwide insurance and capital markets (risk transfer), the development of alternative risk financing methods, establishment and management of specialized insurance companies owned by clients ("captive insurance companies"); claims collection, injury management, claims administration, and other insurance and risk related services. In addition, financial solutions provided to clients include asset-backed securitization, financial guarantees and other advanced techniques for transferring risk into both the insurance and capital markets. Brokerage services are also provided to unaffiliated brokers in certain areas.

Marsh operates principally through the offices of its subsidiaries and affiliates in various countries around the world. In addition, correspondent relationships are maintained with unaffiliated firms in certain countries.

Reinsurance services are provided to insurance and reinsurance companies and other risk assumption entities by Guy Carpenter and its subsidiaries and affiliates and primarily involve acting as a broker or intermediary on all classes of reinsurance. Guy Carpenter's offices are located principally in North and South America, Europe and Asia Pacific. The predominant lines addressed are property and casualty. In addition, Guy Carpenter's reinsurance activities include

specialty lines such as professional liability, medical malpractice, accident, life and health. Services include providing advice, placing coverages with reinsurance markets, arranging risk-transfer financing with capital markets, and furnishing related services such as actuarial, financial and regulatory consulting, portfolio analysis, catastrophe modeling and claims services. An insurance or reinsurance company may seek reinsurance or other risk-transfer financing on all or a portion of the risks it insures.

Marsh provides underwriting management services to insurers in the United States, Canada and the United Kingdom, primarily for professional liability coverages. These services are provided under various names apart from Marsh.

Marsh's Affinity and Private Client Practices business unit provides advice and program services to corporate, association and individual clients in North America and Europe. Marsh Affinity provides associations with the design, marketing, and administration of a variety of insurance-related products purchased by the association members. Marsh Affinity offers services and administration to corporations for employee voluntary payroll deduction programs and insurance- and benefit-related programs. Marsh's Private Client Services practice markets specialized risk and insurance programs to high net worth individuals and family offices. Marsh Financial Services offers key-person and executive benefit programs, as well as planning and wealth preservation solutions for affluent individuals.

MMC CAPITAL, INC. MMC Capital is a private equity investment firm that manages fund families focused on distinct industry sectors. It is an advisor to The Trident Partnership L.P., a private investment partnership formed in 1994 with capital commitments of \$660 million, and Trident II, L.P. formed in 1999 with \$1.4 billion in capital commitments for investments in insurance, financial services and related industries. MMC Capital also is the advisor to two funds with aggregate capital commitments of \$330 million for investments in technology companies and to a fund with capital commitments of \$75 million for investments in communications and information companies primarily that support the financial services sector. Investors in these funds include MMC Capital's corporate parent and other investors. In response to Marsh's client needs, MMC Capital helped develop an additional source of insurance and reinsurance capacity after the September 11, 2001 terrorist attacks through the formation of AXIS Capital Holdings Limited ("AXIS"). AXIS had an initial capitalization of \$1.6 billion, including investments by Trident II and MMC, and began underwriting in Bermuda during the fourth quarter of 2001.

MMC Capital and its predecessor operations were instrumental in the formation of several substantial insurance and reinsurance entities, including ACE Ltd. and XL Capital Ltd. MMC Capital advises its immediate parent company, Marsh & McLennan Risk Capital Holdings, Ltd., regarding the latter's investments primarily in insurance and reinsurance entities and funds initiated by MMC Capital.

As a result of the foregoing activities, subsidiaries and affiliates of MMC may have direct or indirect investments in insurance and reinsurance companies, including entities at Lloyd's,

which are considered for client placements by MMC's insurance and reinsurance brokerage businesses.

COMPENSATION FOR SERVICES. The revenue attributable to MMC's risk and insurance services consists primarily of fees paid by clients; commissions and fees paid by insurance and reinsurance companies; compensation for billing and related services in the form of interest income on funds held in a fiduciary capacity for others, such as premiums and claims proceeds; placement service revenue from insurers; and compensation for services provided in connection with the organization, structuring and management of insurance, financial services and other industry-focused investments, including fees and dividends, as well as appreciation or depreciation that has been realized on sales of holdings in such investments.

Revenue generated by risk and insurance services is fundamentally derived from the value of the services provided to clients and insurance markets. These revenues are affected by premium rate levels in the property and casualty and employee benefits insurance markets and available insurance capacity, since compensation is frequently related to the premiums paid by insureds. In many cases, compensation may be negotiated in advance based upon the estimated value of the services to be performed. Revenue is also affected by fluctuations in the amount of risk retained by insurance and reinsurance clients themselves and by insured values, the development of new products, markets and services, new and lost business, merging of clients (including insurance companies that are clients in the reinsurance intermediary business) and the volume of business from new and existing clients, as well as by the level of interest realized on the investment of fiduciary funds.

Revenue and fees also may be received from originating, structuring and managing insurance, financial services and other industry-focused investments, as well as income derived from investments made by MMC. Placement service revenue includes payments or allowances by insurance companies based upon such factors as the overall volume of business placed by the broker with that insurer, the aggregate commissions paid by the insurer for that business during specific periods, or the profitability or loss to the insurer of the risks placed. This revenue reflects compensation for services provided by brokers to the insurance market. These services include new product development, the development and provision of technology, administration, and the delivery of information on developments among broad client segments and the insurance markets.

Revenues vary from quarter to quarter as a result of the timing of policy renewals, the net effect of new and lost business, achievement of contingent compensation thresholds, interest and foreign exchange rate fluctuations and the realization of revenue from investments, whereas expenses tend to be more uniform throughout the year.

Commission rates vary in amount depending upon the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer, the capacity in which the broker acts and negotiations with clients. In some cases, compensation for brokerage or advisory services is paid directly as a fee by the client. Occasionally, commissions are shared with other brokers that have participated in placing insurance or servicing insureds.

The investment of fiduciary funds, which generates compensation for billing and related services, is governed by the applicable laws or regulations of insurance authorities of the states in the United States and in other jurisdictions in which MMC's subsidiaries do business. These laws and regulations typically limit the type of investments that may be made with such funds. The amount of funds invested and interest rates vary from time to time.

**INVESTMENT MANAGEMENT.** Investment management and related services are provided by Putnam Investments Trust and its subsidiaries. Putnam has been engaged in the investment management business since 1937, with its principal offices in Boston, Massachusetts. Putnam also has offices in London and Tokyo. Putnam provides individual and institutional investors with a broad range of both equity and fixed income investment products and services, invested domestically and globally. These products and services, designed to meet varying investment objectives, afford Putnam's clients the opportunity to allocate their investment resources among various investment products as changing worldwide economic and market conditions warrant.

**INVESTMENT MANAGEMENT SERVICES.** Putnam's investment management services, which are performed principally in the United States, include securities investment advisory and management services consisting of investment research and management, and accounting and related services for a group of publicly-held investment companies. As of December 31, 2002, there were 101 such funds (the "Putnam Funds") registered under the Investment Company Act of 1940, including 14 closed-end investment companies whose shares are traded on various major domestic stock exchanges. A number of the open-end funds serve as funding vehicles for variable insurance contracts. Investment management services are also provided on a separately managed or commingled basis to individuals, corporate profit-sharing and pension funds, state and other governmental and public employee retirement funds, university endowment funds, charitable foundations, collective investment vehicles (both U.S. and non-U.S.) and other domestic and foreign institutional accounts.

The majority of Putnam's assets under management are derived from U.S. individuals and institutions. In recent years Putnam has been expanding its international client base on a selective basis through joint ventures and the development of products such as offshore funds. Many international markets are well developed and have established investment management firms. It may be difficult for Putnam to establish businesses abroad whose profitability equals that of its business in the U.S. where it is one of the market leaders.

In 2000, MMC entered into an agreement to purchase a minority investment in the publicly traded common stock of Gruppo Bipop-Carire S.p.A. ("Bipop") as part of a new agreement that expanded the companies' existing joint venture in Italy, and Putnam became the exclusive investment management partner for Bipop's planned expansion into other parts of Western Europe. In 2002, Bipop was merged with Banca di Roma, the combined businesses were reorganized and the names of the successor companies were changed. As a result of these actions Putnam's initial holding in Bipop is now comprised of common shares in Fineco S.p.A. and Capitalia S.p.A.

Putnam has a minority interest in Thomas H. Lee Partners ("THL"), a private equity investment firm. In addition, Putnam and THL formed a joint venture entity, TH Lee, Putnam Capital in which Putnam owns a 25% interest. THL and TH Lee, Putnam Capital offer private equity and alternative investment funds for institutional and high-net-worth investors. Putnam is also an investor in certain of those funds.

Assets managed by Putnam, on which management fees are earned, aggregated approximately \$251 billion and \$315 billion as of December 31, 2002 and 2001, respectively, invested both domestically and globally. Average assets under management were approximately \$279 billion and \$328 billion for 2002 and 2001, respectively. Mutual fund assets aggregated \$164 billion at December 31, 2002 and \$219 billion at December 31, 2001. Institutional account assets aggregated \$87 billion at December 31, 2002 and \$96 billion at December 31, 2001. Assets held in equity securities at December 31, 2002 represented 73% of assets under management, compared with 81% in 2001 and 85% in 2000, while investments in fixed income products represented 27%, compared with 19% in 2001 and 15% in 2000. Assets from non-U.S. investors aggregated approximately \$33 billion and \$30 billion at December 31, 2002 and 2001, respectively.

The investment management services provided to the Putnam Funds and institutional accounts are performed pursuant to advisory contracts, which provide for fees payable to the Putnam company that manages the account. The amount of the fees varies depending on the individual mutual fund or account and is usually based upon a sliding scale in relation to the level of assets under management and, in certain instances, is also based on investment performance. Such contracts automatically terminate in the event of their assignment, generally may be terminated by either party without penalty and, as to contracts with the Putnam Funds, continue in effect only so long as approved, at least annually, by their shareholders or by the Putnam Funds' trustees, including a majority who are not affiliated with Putnam. Amendments to fund advisory contracts must be approved by fund shareholders. "Assignment" includes any direct or indirect transfer of a controlling block of voting stock in Putnam or MMC. The management of Putnam and the trustees of the funds regularly review the fund fee structure in light of fund performance, the level and range of services provided, industry conditions and other relevant factors. The termination of one or more of these contracts could have a material adverse effect on Putnam's results of operations.

PUTNAM FIDUCIARY TRUST COMPANY. A Putnam subsidiary, Putnam Fiduciary Trust Company, a Massachusetts trust company, serves as transfer agent, dividend disbursing agent, registrar and custodian for the Putnam Funds and provides custody services to several external clients. Putnam Fiduciary Trust Company receives compensation from the Putnam Funds for such services pursuant to written investor servicing agreements which may be terminated by either party on 90 days' notice, and pursuant to written custody agreements which may be terminated by either party on 30 days' notice. These contracts generally provide for compensation on the basis of several factors which vary with the type of service being provided. In addition, Putnam Fiduciary Trust Company provides administrative and trustee (or custodial) services, including participant accounting, plan administration and transfer agent services for employee benefit plans (in particular defined contribution 401(k) plans), IRAs and other clients,

for which it receives compensation pursuant to service and trust or custodian contracts with plan sponsors and the Putnam Funds. In the case of employee benefit plans, investment options are usually selected by the plan sponsors and may include Putnam mutual funds and other Putnam managed products, as well as employer stock and other non-Putnam investments.

PUTNAM RETAIL MANAGEMENT LIMITED PARTNERSHIP. Putnam Retail Management Limited Partnership ("PRM"), a Putnam subsidiary and a registered broker dealer and NASD member, acts as principal underwriter of the shares of the open-end Putnam Funds, selling primarily through independent broker/dealers, financial planners and financial institutions, including banks, and directly to certain large 401(k) plans and other institutional accounts. Shares of open-end funds are generally sold to investors at their respective net asset value per share plus a sales charge, which varies depending on the individual fund and the amount and class of shares purchased. In some cases the sales charge is assessed only if the shares are redeemed within a stated time period. In accordance with certain terms and conditions described in the prospectuses for such funds, certain investors are eligible to purchase shares at net asset value or at reduced sales charges, and investors may generally exchange their shares of a fund at net asset value for shares of another Putnam Fund without the payment of additional sales charges.

In lieu of a front-end sales charge, all of the open-end Putnam Funds have adopted distribution plans pursuant to Rule 12b-1 under the Investment Company Act of 1940, pursuant to which Putnam funds are available to investors with a contingent deferred sales charge. Under 12b-1 plans, the Putnam Funds make payments to PRM to cover costs relating to distribution of the Putnam Funds and services provided to shareholders. These payments enable PRM to pay service fees and other continuing compensation to firms that provide services to Putnam Fund shareholders and distribute shares of the Putnam Funds. Some Rule 12b-1 fees are retained by PRM as compensation for the costs of distribution and other services provided by Putnam to shareholders and for commissions advanced by Putnam at the point of sale (and recovered through fees received over time) to firms that distribute shares of the Putnam Funds. These 12b-1 distribution plans, and payments made by the Putnam Funds thereunder, are subject to annual renewal by the trustees of the Putnam Funds and to termination by vote of the shareholders of the Putnam Funds or by vote of a majority of the Putnam Funds' trustees who are not affiliated with Putnam. Failure of the Trustees to approve continuation of the Rule 12b-1 plans for Class B (deferred sales charge) shares would have a material adverse effect on Putnam's business and results of operations. The Trustees also have the ability to reduce the level of 12b-1 fees paid by a fund or to make other changes that would reduce the amount of 12b-1 fees received by Putnam. Such changes could have a material adverse effect on Putnam's business and results of operations.

COMPENSATION FOR SERVICES. Putnam's revenue is derived primarily from investment management and 12b-1 fees received from the Putnam Funds and investment management fees for institutional accounts. Investment advisory revenues depend largely on the total value and composition of assets under management. Assets under management and revenue levels are particularly affected by fluctuations in domestic and international stock and bond market prices, the composition of assets under management and by the level of investments and withdrawals for current and new fund shareholders and clients. U.S. equity markets declined in 2002 for the third



consecutive year after several years of substantial growth prior to 2000. Furthermore, in 2002 the mutual fund industry had net redemptions in equity funds for the first time in 14 years. The volatility in the equity markets contributed to the decline in assets under management and, accordingly, to the reduction of revenue recognized by Putnam. A continued decline in general market levels will reduce future revenue. Items affecting revenue also include, but are not limited to, actual and relative investment performance, service to clients, the development and marketing of new investment products, the relative attractiveness of the investment style under prevailing market conditions, changes in the investment patterns of clients and the ability to maintain investment management and administrative fees at appropriate levels.

Revenue levels are sensitive to all of the factors above, but in particular to significant changes in bond and stock market valuations. Fluctuations in the prices of stocks will have an effect on equity assets under management and may influence the flow of monies to and from equity funds and accounts. Fluctuations in interest rates and in the yield curve have a similar effect on fixed income assets under management and may influence the flow of monies to and from fixed-income funds and accounts.

CONSULTING. Through Mercer Inc., subsidiaries and affiliates of MMC, separately and in collaboration, provide consulting and related services from locations around the world, primarily to business organizations, in the areas of:

- o Retirement Services including retirement consulting, administration and investment consulting;
- o Health Care & Group Benefits consulting;
- o Human Capital consulting including performance, measurement and rewards, communication and human resource operations consulting;
- o Management and Organizational Change consulting comprising strategy, operations, organizational change, leadership and organizational design; and
- o Economic consulting.

Mercer Human Resource Consulting provides professional advice and services to corporate, government and institutional clients in more than 40 countries and territories in North and South America, Europe, Asia, Australia and New Zealand. Consultants help organizations understand, develop, execute and measure retirement, health care and group benefits and human capital programs, policies and strategies. Under the Mercer Investment Consulting name, the firm assists trustees of pension funds and others in the selection of investment managers and investment strategies. Mercer Human Resource Consulting also advises investment managers on product design and positioning. In certain locations outside of the United States, Mercer Human Resource Consulting advises individuals in the investment and disposition of lump sum retirement benefits and other retirement savings and offers a retirement trust service, incorporating plan administration, trustee services and investment manager selection. The firm's Australian retirement trust is responsible for \$2.3 billion of retirement plan assets, representing the interests of about 85,000 participants. Mercer Human Resource Consulting also has a benefits administration practice. In the U.S., Mercer Human Resource Consulting also operates

an NASD registered broker dealer in connection with its investment consulting business to assist investment consulting clients in asset transitions when a new investment manager is selected.

Mercer Risk, Finance and Insurance Consulting provides actuarial consulting services to insurance companies, government entities and other organizations on property-casualty, life and health care risks.

Mercer Management Consulting provides advice and assistance on issues of business strategy and operational execution, primarily to large corporations in North America, Europe and Asia. Consultants help clients anticipate and realize future sources of value growth based on insights into rapidly changing customer priorities, economics and markets. Mercer Management Consulting also assists its clients in the implementation of their strategies. Under the Lippincott Mercer name, Mercer Management Consulting advises leading corporations on issues relating to brand, corporate identity and image.

Mercer Delta Consulting, with offices in North America, Canada and Europe, works with senior executives and chief executive officers of major corporations and other institutions on organizational design and leadership of organizational change.

National Economic Research Associates ("NERA") serves law firms, corporations, trade associations and governmental agencies, from offices in the United States, Europe, Asia and Australia. NERA provides research and analysis of economic and financial issues arising in competition, regulation, finance, public policy, litigation and management. NERA's auction practice advises clients on the structuring and operation of large scale auctions, such as telecommunications spectrum auctions. NERA also advises on transfer pricing.

COMPENSATION FOR SERVICES. The major component of Mercer's revenue is fees paid by clients for advice and services. In addition, commission revenue is received from insurance companies for the placement of individual and group insurance contracts, primarily life, health and accident coverages. The Australian retirement trust business charges asset-based fees on invested assets. A relatively small amount of revenue is derived from brokerage commissions in connection with a registered securities broker dealer.

Revenue in the consulting business is affected by, among other things, economic conditions around the world, including changes in clients' industries and markets. Furthermore, revenue is subject to the introduction of new products and services, broad trends in employee demographics, the effect of government policies and regulations, market valuations, and interest and foreign exchange rate fluctuations.

REGULATION. The activities of MMC are subject to licensing requirements and extensive regulation under the laws of the United States and its various states, territories and possessions, as well as laws of other countries in which MMC's subsidiaries operate. These laws and regulations are primarily intended to benefit clients and mutual fund investors.

MMC's three business segments depend on the validity of, and continued good standing under, the licenses and approvals pursuant to which they operate, as well as compliance with pertinent regulations. MMC therefore devotes significant effort toward maintaining its licenses and to ensuring compliance with a diverse and complex regulatory structure.

In all jurisdictions the applicable laws and regulations are subject to amendment or interpretation by regulatory authorities. Generally, such authorities are vested with relatively broad discretion to grant, renew and revoke licenses and approvals, and to implement regulations. Licenses may be denied or revoked for various reasons, including the violation of such regulations, conviction of crimes and the like. Possible sanctions which may be imposed include the suspension of individual employees, limitations on engaging in a particular business for specified periods of time, revocation of licenses, censures, redress to clients and fines. In some instances, MMC follows practices based on its interpretations, or those generally followed by the industry, of laws or regulations, which may prove to be different from those of regulatory authorities. Accordingly, the possibility exists that MMC may be precluded or temporarily suspended from carrying on some or all of its activities or otherwise fined or penalized in a given jurisdiction.

No assurances can be given that MMC's risk and insurance services, investment management or consulting activities can continue to be conducted in any given jurisdiction as they have been in the past.

**RISK AND INSURANCE SERVICES.** While laws and regulations vary from location to location, every state of the United States and most foreign jurisdictions require an insurance broker or agent (and in some cases a reinsurance broker or intermediary) or insurance consultant, managing general agent or third party administrator to have an individual and/or company license from a governmental agency or self-regulatory organization. In addition, certain of MMC's risk and insurance activities are also governed by investment, securities and futures licensing and other regulatory authorities. A few jurisdictions issue licenses only to individual residents or locally-owned business entities. In some of these jurisdictions, if MMC has no licensed subsidiary, MMC may maintain arrangements with residents or business entities licensed to act in such jurisdiction. Also, in some jurisdictions, various insurance related taxes may also be due either by clients directly or from the broker. In the latter case, the broker customarily looks to the client for payment.

**INVESTMENT MANAGEMENT.** Putnam's securities investment management activities are subject to regulation in the United States by the Securities and Exchange Commission ("SEC"), and other federal, state and self regulatory authorities and in the United Kingdom by the Financial Services Authority, as well as in certain other countries in which it does business. Putnam's officers, directors and employees may from time to time own securities, which are also held by the Putnam Funds or institutional accounts. Putnam's internal policies with respect to individual investments require prior clearance and reporting of transactions and restrict certain transactions so as to reduce the possibility of conflicts of interest.

To the extent that existing or future regulations affecting the sale of Putnam fund shares or other investment products or their investment strategies, cause or contribute to reduced sales of Putnam fund shares or investment products or impair the investment performance of the Putnam Funds or such other investment products, Putnam's aggregate assets under management and its revenues might be adversely affected. Changes in regulations affecting the free movement of international currencies might also adversely affect Putnam.

**CONSULTING.** Mercer's largest service area, retirement-related consulting, is subject to pension law and financial regulation in many countries, including regulation by the Financial Services Authority in the UK. In addition, services related to brokerage activities, merger and acquisition assistance, trustee services, investment matters (including advice to individuals on the investment of personal pension assets) and the placing of individual and group insurance contracts subject Mercer Human Resource Consulting's subsidiaries to insurance, investment or securities regulations and licensing in various jurisdictions.

**COMPETITIVE CONDITIONS.** Principal methods of competition in risk and insurance services and consulting include the quality and types of services and products that a broker or consultant provides its clients and their cost. Putnam competes with other providers of investment products and services primarily on the basis of the range of investment products offered, the investment performance of such products, as well as the manner in which such products are distributed, and the scope and quality of the shareholder and other services provided. Sales of Putnam fund shares are also influenced by general securities market conditions, government regulations, global economic conditions and advertising and sales promotional efforts. All of these businesses also encounter strong competition from both public corporations and private firms in attracting and retaining qualified employees.

**RISK AND INSURANCE SERVICES.** The combined insurance and reinsurance broking services business of MMC is the largest of its type in the world.

MMC encounters strong competition in the risk and insurance services business from other insurance brokerage firms which also operate on a nationwide or worldwide basis, from a large number of regional and local firms in the United States, the European Union and in other countries and regions, from insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or agents and from other businesses, including commercial and investment banks, accounting firms and consultants that provide risk-related services and products.

Certain insureds and groups of insureds have established programs of self insurance (including captive insurance companies), as a supplement or alternative to third-party insurance, thereby reducing in some cases the need for insurance placements. There are also many other providers of affinity group and private client services, including specialized firms as well as insurance companies and other institutions.

MMC Capital competes with other organizations that set up private equity funds to structure and manage investments in the insurance industry. These organizations include insurance companies, brokers and from time to time, other market participants.

INVESTMENT MANAGEMENT. Putnam Investments is one of the largest investment management firms in the United States. The investment management business is highly competitive. In addition to competition from firms already in the investment management business, including public and private firms, commercial banks, stock brokerage and investment banking firms, and insurance companies, there is competition from other firms offering financial services and other investment alternatives. Although Putnam Investments has expanded its marketing and distribution outside the U.S., it competes in non-U.S. markets with local and global firms, many of whom have much larger investment management businesses in their respective non-U.S. markets.

Many securities dealers, whose large retail distribution systems play an important role in the sale of shares in the Putnam Funds, also sponsor competing proprietary mutual funds. To the extent that such securities dealers value the ability to offer customers a broad selection of investment alternatives, they will continue to sell independent funds, notwithstanding the availability of proprietary products. However, to the extent that these firms limit or restrict the sale of Putnam fund shares through their brokerage systems in favor of their proprietary mutual funds, assets under management might decline and Putnam's revenues might be adversely affected. In addition, a number of mutual fund sponsors presently market their funds to the general public without sales charges. Certain firms also offer passively managed funds such as index funds to the general public.

CONSULTING. Mercer, one of the largest global consulting firms, is a leader in many of its businesses. Mercer Human Resource Consulting is the world's largest human resources consulting organization. Mercer Management Consulting is a medium-sized firm, respected in its various practice areas.

MMC's consulting businesses face strong competition from other privately and publicly held worldwide and national consulting companies, as well as regional and local firms. Competitors include independent consulting firms and consulting organizations affiliated with accounting, information systems, technology and financial services firms, some of which provide administrative or consulting services as an adjunct to other primary services. For most of the services provided by Mercer, clients also have the option of handling these issues internally without assistance from outside advisors.

SEGMENTATION OF ACTIVITY BY TYPE OF SERVICE AND GEOGRAPHIC AREA OF OPERATION. Financial information relating to the types of services provided by MMC and the geographic areas of its operations is incorporated herein by reference to Note 16 of the Notes to Consolidated Financial Statements on pages 51 and 52 of the 2002 Annual Report. MMC's non-U.S. operations are subject to the customary risks involved in doing business in other countries, including currency fluctuations and exchange controls.

EMPLOYEES. As of December 31, 2002, MMC and its consolidated subsidiaries employed about 59,500 people worldwide, of whom approximately 38,000 were employed by subsidiaries providing risk and insurance services, approximately 5,600 were employed by subsidiaries providing investment management services, approximately 15,300 were employed by subsidiaries providing consulting services, and approximately 600 were employed by MMC.

#### EXECUTIVE OFFICERS OF MMC.

The executive officers of MMC are elected annually. For information regarding executive officers who are also directors, see Item 10 below. As of March 25, 2003, the following individuals also were executive officers of MMC:

Francis N. Bonsignore, age 56, is Senior Vice President--Executive Resources & Development of MMC. He previously served as Senior Vice President--Human Resources & Administration from 1990 through June 2001. Immediately prior thereto he was partner and National Director--Human Resources for Price Waterhouse.

William L. Rosoff, age 56, is Senior Vice President and General Counsel of MMC. Before joining MMC in 2000, Mr. Rosoff was a partner at the law firm of Davis Polk & Wardwell, having rejoined that firm after serving two years as Senior Vice President and General Counsel of RJR Nabisco, Inc. Mr. Rosoff first joined Davis Polk & Wardwell in 1978 and became a partner in 1985.

John T. Sinnott, age 62, is Chairman of Marsh Inc. and was Chief Executive Officer of Marsh from 1999 through 2002. Mr. Sinnott joined MMC in 1963 and served as Vice Chairman and Chief Executive Officer of J&H Marsh & McLennan, Inc. and as President and Chief Executive Officer of Marsh & McLennan, Incorporated, the predecessors of Marsh Inc. He has been a director of MMC since 1992. Mr. Sinnott is retiring from MMC in July 2003 and will not be standing for re-election as a director at this year's annual meeting.

Sandra S. Wijnberg, age 46, is Senior Vice President and Chief Financial Officer of MMC. Before joining MMC in 2000, Ms. Wijnberg was a Senior Vice President and Treasurer of Tricon Global Restaurants, Inc. from 1997 through 1999. Prior thereto, Ms. Wijnberg spent three years with PepsiCo., last serving as Senior Vice President and Chief Financial Officer of its KFC Corporation division.

#### AVAILABLE INFORMATION.

MMC is subject to the informational reporting requirements of the Securities Exchange Act of 1934, as amended. In accordance with the Exchange Act, MMC files its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to such reports, with the SEC. MMC makes these reports available free of charge through its web site, [www.mmc.com](http://www.mmc.com), as soon as reasonably practicable after they are filed with the SEC.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS. MMC and its subsidiaries and their representatives may from time to time make verbal or written statements (including certain statements contained in this report, MMC's financial statements and other documents incorporated herein by reference and other MMC filings with the SEC) 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 revenues, expenses, earnings, cash flow, capital structure, financial losses and expected insurance recoveries resulting from the September 11, 2001 terrorist attacks on the World Trade Center in New York City, as well as market and industry conditions, premium rates, financial markets, interest rates, foreign exchange rates, contingencies and matters relating to MMC's operations and income taxes. Such forward-looking statements are based on available current market and industry materials, experts' reports and opinions and long-term trends, 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 or incorporated or referred to herein include, in the case of MMC's risk and insurance services and consulting businesses, the amount of actual insurance recoveries and financial losses from the September 11 attack on the World Trade Center, or other adverse consequences from that incident. Other factors that should be considered in the case of MMC's risk and insurance services business are changes in competitive conditions, movements in premium rate levels, the continuation of challenging marketplace conditions for the transfer of commercial risk and other changes in the global property and casualty insurance markets, the impact of terrorist attacks, natural catastrophes, and mergers between client organizations, including insurance and reinsurance companies. Factors to be considered in the case of MMC's investment management business include changes in worldwide and national equity and fixed income markets, actual and relative investment performance, the level of sales and redemptions, and the ability to maintain investment management and administrative fees at appropriate levels; and with respect to all of MMC's activities, changes in general worldwide and national economic conditions, changes in the value of investments made in individual public and private companies and investment funds, fluctuations in foreign currencies, actions of competitors or regulators, changes in interest rates or in the ability to access financial markets, developments relating to claims, lawsuits and contingencies, prospective and retrospective 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. Future actual pension expense or credits with respect to MMC's tax qualified defined benefit retirement plans will depend on plan provisions, future investment performance, future assumptions and various other factors related to the populations participating in the pension plans. Descriptions of certain of these factors are included elsewhere in this Annual Report and are incorporated herein by reference.

Forward-looking statements speak only as of the date on which they are made, and MMC undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events.

MMC is committed to providing timely and materially accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, MMC and its operating companies use their websites to convey meaningful information about their businesses, including the anticipated release of quarterly financial results and the posting of updates of assets under management at Putnam. Monthly updates of assets under management at Putnam will be posted on the first business day following the end of each month, except at the end of March, June, September and December, when such information will be released with MMC's quarterly earnings announcement. Investors can link to MMC and its operating company websites through [www.mmc.com](http://www.mmc.com).

## ITEM 2. PROPERTIES.

MMC and its subsidiaries have major office locations in New York, London and Boston, as well as other offices around the world.

MMC and certain of its subsidiaries, including Marsh USA Inc. and Mercer Human Resource Consulting, Inc., as tenants in common, own a 69% condominium interest covering approximately 1,120,000 square feet in a 44-story building in midtown Manhattan in New York City, which serves as their worldwide headquarters. MMC has a fixed rate nonrecourse mortgage note agreement due in 2009 amounting to \$200 million, bearing an interest rate of 9.8%, with the notes secured by MMC's interest in its worldwide headquarters. In the event the mortgage is foreclosed following a default, MMC would be entitled to remain in the space and would be obligated to pay rent sufficient to cover interest on the notes or at fair market value if greater. MMC leases an additional 276,000 square feet of space in its headquarters building. MMC and its subsidiaries lease an additional 680,000 square feet in various locations around New York City in support of its operations, including a lease covering approximately 420,000 rentable square feet in a building under construction in Hoboken, New Jersey.

The principal offices of the Marsh subsidiaries in the UK currently are located in the City of London in the Marsh Centre. This freehold building, comprising 360,000 square feet, was sold by a subsidiary of MMC in 2001. The office space in the Marsh Centre has been leased back on a temporary basis pending the completion of a move to approximately 340,000 square feet of office space in a new complex in London. Occupation of the new offices is expected to be completed in April 2003. Marsh subsidiaries lease an additional 230,000 square feet of office space in and around London in support of their operations. The principal offices of the Mercer subsidiaries in the UK currently comprise approximately 200,000 square feet of leased space in and around London. Mercer has entered into a lease covering approximately 140,000 rentable square feet in a new building under construction in London.

The principal executive offices of the Putnam subsidiaries comprise approximately 315,000 square feet of leased space located at One Post Office Square, Boston, Massachusetts in Boston's financial district. Putnam leases an additional approximately 890,000 square feet in various locations around the Boston area for investor services and other activities in support of its operations.



The remaining business activities of MMC and its subsidiaries are conducted principally in leased office space in cities throughout the world. In general, no difficulty is anticipated in negotiating renewals as leases expire or in finding other satisfactory space if the premises become unavailable. From time to time, MMC and its subsidiaries may have unused space and may seek to sublet such space to third parties, depending upon the demands for office space in the locations involved.

ITEM 3. LEGAL PROCEEDINGS.

MMC and its subsidiaries are subject to various claims, lawsuits and proceedings consisting principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering investment and consulting services. Some of these matters seek damages, including punitive damages, in amounts which could, if assessed, be significant. Insurance coverage applicable to such matters includes elements of both risk retention and risk transfer.

Sedgwick Group plc, since prior to its acquisition, has been engaged in a review of previously undertaken personal pension plan business as required by United Kingdom regulators to determine whether redress should be made to customers. Other present and former subsidiaries of MMC are engaged in a comparable review of their personal pension plan businesses, although the extent of their activity in this area, and consequently their financial exposure, was proportionally much less than Sedgwick. As of December 31, 2002, settlements and related costs previously paid amount to approximately \$525 million, of which approximately \$200 million is due from or has been paid by insurers. A small percentage of cases remain to be settled at December 31, 2002, and the remaining payments are not expected to be material.

Although the ultimate outcome of the matters referred to above cannot be ascertained and liabilities in indeterminate amounts may be imposed on MMC and its subsidiaries, on the basis of present information, it is the opinion of MMC's management that the disposition or ultimate determination of these claims, lawsuits or proceedings will not have a material adverse effect on MMC's consolidated results of operations or its consolidated financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

## PART II

### ITEM 5. MARKET FOR MMC'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Information regarding dividends paid and the number of holders of MMC's common stock set forth on page 54 of the 2002 Annual Report is incorporated herein by reference.

MMC's common stock is listed on the New York, Chicago, Pacific and London stock exchanges. The high and low stock prices\* for our common stock for each quarterly period in 2002 and 2001 are as follows:

	2002		2001	
	Stock Price Range		Stock Price Range	
	High	Low	High	Low
First Quarter	\$ 56.90	47.20	\$ 59.03	42.63
Second Quarter	\$ 57.30	45.13	\$ 55.90	40.15
Third Quarter	\$ 49.45	38.40	\$ 51.40	39.70
Fourth Quarter	\$ 49.99	34.61	\$ 55.50	47.18
	\$ 57.30	34.61	\$ 59.03	39.70

\* Stock prices have been restated for a two-for-one stock distribution of MMC common stock, which was issued as a stock dividend on June 28, 2002.

### ITEM 6. SELECTED FINANCIAL DATA.

The selected financial data on page 55 of the 2002 Annual Report are incorporated herein by reference.

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

The information on pages 23 through 32 of the 2002 Annual Report is incorporated herein by reference.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The information under the heading "Market Risk" on page 31 of the 2002 Annual Report is incorporated herein by reference.

### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The Consolidated Financial Statements and the Independent Auditors' Report thereto on pages 33 through 53 of the 2002 Annual Report and Selected Quarterly Financial Data (Unaudited) on page 54 of the 2002 Annual Report are incorporated herein by reference. Supplemental Notes to Consolidated Financial Statements are included on page 35 hereof.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE. None.

### PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF MMC.

Information as to the directors and nominees for the Board of Directors of MMC is incorporated herein by reference to the material set forth under the heading "Election of Directors" in our Notice of Annual Meeting of Stockholders and Proxy Statement dated March 27, 2003 (the "2003 Proxy Statement").

The Executive Officers of MMC are Messrs. Cabiallavetta, Coster, Davis, Greenberg, Groves and Lasser, with respect to whom information can be found under the heading "Election of Directors" in the 2003 Proxy Statement, and Messrs. Bonsignore, Rosoff, Sinnott and Ms. Wijnberg, with respect to whom information is provided in Part I above under the heading "Executive Officers of MMC".

The information set forth in the 2003 Proxy Statement in the section "Information Regarding the Board of Directors" under "--Committees--The Audit Committee" and "--Code of Ethics" is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information under the headings "Compensation of Executive Officers", "Compensation Committee Report" and "Stock Performance Graph" in the 2003 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information under the heading "Stock Ownership of Management and Certain Beneficial Owners" in the 2003 Proxy Statement is incorporated herein by reference.

# EQUITY COMPENSATION PLAN INFORMATION TABLE

The following table sets forth information as of December 31, 2002, with respect to compensation plans under which equity securities of MMC are authorized for issuance:

PLAN CATEGORY	(a) NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS(1)(2)	(b) WEIGHTED- AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS(2)	(c) NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN(a))(2)
Equity compensation plan approved by stockholders	26,971,118	\$31.3741	52,821,964 (3)
Equity compensation plans not approved by stockholders	55,159,736	\$45.3190	76,961,579 (4)
TOTAL	82,130,854 (5)	\$40.7396	129,783,543 (5)

(1) This column reflects shares subject to unexercised options granted over the last ten years under MMC's 2000 SENIOR EXECUTIVE INCENTIVE AND STOCK AWARD PLAN, 1997 SENIOR EXECUTIVE INCENTIVE AND STOCK AWARD PLAN, 1992 INCENTIVE AND STOCK AWARD PLAN, 2000 EMPLOYEE INCENTIVE AND STOCK AWARD PLAN and 1997 EMPLOYEE INCENTIVE AND STOCK AWARD PLAN. This column contains information regarding stock options only; there are no warrants or stock appreciation rights outstanding.

(2) The number of shares that may be issued at the close of current offering periods under stock purchase plans, and the weighted-average exercise price of such shares, is uncertain and is consequently not reflected in columns (a) and (b). The number of shares to be purchased will depend on the amount of contributions with interest accumulated under these plans as of the close of the offering periods. The shares remaining available for future issuance in column (c) includes any shares that may be acquired under all current offering periods for these plans. See notes (3) and (4) below.

(3) Includes the following:

- o 35,465,556 shares available for future awards under the 1999 EMPLOYEE STOCK PURCHASE PLAN, a stock purchase plan qualified under Section 423 of the Internal Revenue Code. Employees may acquire shares at a discounted purchase price at the end of a one-year offering period with the proceeds of their contributions plus interest accumulated during the offering period. The purchase price may be no less than 85% of the lesser of the market price of the stock at the beginning or the end of the offering period.
- o 3,998,356 shares that may be issued to settle outstanding restricted stock unit, deferred stock unit and deferred bonus unit awards and other deferred compensation obligations.
- o 12,266,900 shares available for future awards under the 2000 SENIOR EXECUTIVE INCENTIVE AND STOCK AWARD Plan. Awards may consist of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, deferred bonus units, dividend equivalents, stock bonus, performance awards and other unit-based or stock-based awards.

The number of shares that may be issued in the future under the STOCK INVESTMENT SUPPLEMENTAL PLAN is uncertain and consequently is not reflected. The STOCK INVESTMENT SUPPLEMENTAL PLAN is a nonqualified deferred compensation plan providing benefits to employees whose benefits are limited under the tax-qualified STOCK INVESTMENT PLAN, an employee stock ownership plan with a 401(k) feature. The number of shares issued under this

plan depends on participants' voluntary deferral elections, whether deferrals are directed into share units or other notional investments and the market value of a share.

(4) Includes the following:

- o 14,162,885 shares available for future awards under the STOCK PURCHASE PLAN FOR INTERNATIONAL EMPLOYEES, STOCK PURCHASE PLAN FOR FRENCH EMPLOYEES, SAVE AS YOU EARN PLAN (U.K.), and IRISH SAVINGS RELATED SHARE OPTION SCHEME 2001.
- o 7,225,453 shares that may be issued to settle outstanding restricted stock unit, deferred stock unit and deferred bonus unit awards under the 2000 EMPLOYEE INCENTIVE AND STOCK AWARD PLAN and predecessor plans and programs.
- o 52,782,380 shares available for future awards under the 2000 EMPLOYEE INCENTIVE AND STOCK AWARD PLAN. Awards may consist of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, deferred bonus units, dividend equivalents, stock bonus, performance awards and other unit-based or stock-based awards.
- o 231,709 shares available for future awards under the APPROVED SHARE PARTICIPATION SCHEMES FOR MARSH & MCLENNAN IRELAND AND MERCER IRELAND. Awards are made in restricted stock.
- o 2,366,642 shares available for future awards, and 192,510 shares that may be issued to settle outstanding awards, under the SPECIAL SEVERANCE PAY PLAN. Awards consist of stock units and dividend equivalents.

(5) MMC's Board of Directors has authorized the repurchase of common stock, including an ongoing authorization to repurchase shares in connection with awards granted under equity-based compensation plans, subject to market conditions and other factors. Pursuant to that authorization, MMC repurchased 24.2 million shares in 2002. See the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" referenced in Part II, Item 7 of this report.

The material features of MMC's compensation plans that have not been approved by stockholders and under which MMC shares are authorized for issuance are described below. Any such material plans under which awards in MMC shares may currently be granted are included as exhibits to this report.

- o STOCK PURCHASE PLAN FOR INTERNATIONAL EMPLOYEES, STOCK PURCHASE PLAN FOR FRENCH EMPLOYEES, SAVE AS YOU EARN PLAN (U.K.) AND IRISH SAVINGS RELATED SHARE OPTION SCHEME. Eligible employees may elect to contribute to these plans through regular payroll deductions over an offering period which varies by plan from 1 to 5 years. At the end of the offering period, participants may receive their contributions plus interest and, in the case of the U.K. and Irish Plans, a 5% employer contribution, in cash or use that amount to acquire shares of stock at a discounted purchase price. Under the International and French Plans, the purchase price may be no less than 85% of the lesser of the market price of the stock at the beginning or end of the offering period, while under the U.K. and Irish Plans, the purchase price may be no less than 80% of the market price of the stock at the beginning of the offering period.
- o 2000 EMPLOYEE INCENTIVE AND STOCK AWARD PLAN AND PREDECESSOR PLANS AND PROGRAMS. The terms of this plan and the 1997 Employee Incentive and Stock Award Plan are described in Note 8 to the Consolidated Financial Statements referenced in Part II, Item 8 of this report. In addition, the Stock Bonus Award Program provided for the payment of up to 50% of annual bonuses otherwise

payable in cash, in the form of deferred stock units or deferred bonus units which are settled in shares. No future awards may be granted under any predecessor plan or program.

- o APPROVED SHARE PARTICIPATION SCHEMES FOR MARSH & MCLENNAN IRELAND AND MERCER IRELAND. Eligible participants may elect to acquire shares of restricted stock at market price by allocating their bonus, and in the case of the Marsh & McLennan plan, up to 3% of their basic salary. The acquired shares are held in trust and generally may not be transferred for two years following their acquisition. The initial value of any shares held in trust for more than five years is not subject to income tax.
- o SPECIAL SEVERANCE PAY PLAN. Under this plan, certain holders of restricted stock or awards in lieu of restricted stock with at least 10 years of service will receive payment in shares upon forfeiture of their award if their employment with MMC or one of its subsidiaries terminates. The amount of such payment is based on years of service, with the individual receiving up to a maximum of 90% of the value of the restricted shares after 25 years of service and is subject to execution of a non-solicitation agreement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information under the headings "Employment Agreement", "Directors Compensation" and "Transactions with Management and Others; Other Information" in the 2003 Proxy Statement is incorporated herein by reference.

ITEM 14. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation, as of a date within 90 days of the filing of this Annual Report on Form 10-K, MMC's Chief Executive Officer and Chief Financial Officer have concluded that MMC's disclosure controls and procedures (as defined in Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934) are effective in timely alerting them to material information relating to MMC required to be included in our reports filed under the Exchange Act.

(b) Changes in Internal Controls

There have been no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as a part of this report:

1. Consolidated Financial Statements (incorporated herein by reference to pages 33 through 53 of the 2002 Annual Report):

Consolidated Statements of Income for each of the three years in the period ended December 31, 2002

Consolidated Balance Sheets as of December 31, 2002 and 2001

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2002

Consolidated Statements of Stockholders' Equity and Comprehensive Income for each of the three years in the period ended December 31, 2002

Notes to Consolidated Financial Statements

Independent Auditors' Report

Supplemental Notes to Consolidated Financial Statements

Independent Auditors' Report

Other:

Selected Quarterly Financial Data and Supplemental Information (Unaudited) for the three years ended December 31, 2002 (incorporated herein by reference to page 54 of the 2002 Annual Report)

Five-Year Statistical Summary of Operations (incorporated herein by reference to page 55 of the 2002 Annual Report)

2. All required Financial Statement Schedules are included in the Consolidated Financial Statements, the Notes to Consolidated Financial Statements or the Supplemental Notes to Consolidated Financial Statements.

3. The following exhibits are filed as a part of this report:

- (3.1) MMC's restated certificate of incorporation (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1999)

- (3.2) MMC's by-laws
- (4.1) Indenture dated as of June 14, 1999 between MMC and State Street Bank and Trust Company, as trustee (incorporated by reference to MMC's Registration Statement on Form S-3, Registration No. 333-67543)
- (4.2) First Supplemental Indenture dated as of June 14, 1999 between MMC and State Street Bank and Trust Company, as trustee (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999)
- (4.3) Amended and Restated Rights Agreement dated as of January 20, 2000 between MMC and Harris Trust Company of New York (incorporated by reference to MMC's Registration Statement on Form 8-A/A filed on January 27, 2000)
- (4.4) Amendment No. 1 to Amended & Restated Rights Agreement dated as of June 7, 2002, by and between MMC and Harris Trust Company of New York (incorporated by reference to MMC's Registration Statement on Form 8-A/A filed on June 20, 2002)
- (4.5) Indenture dated as of March 19, 2002 between MMC and State Street Bank and Trust Company, as trustee (incorporated by reference to MMC's Registration Statement on Form S-4, Registration No. 333-87510)
- (10.1) \*Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1999)
- (10.2) \*Marsh & McLennan Companies Stock Investment Supplemental Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1994)
- (10.3) \*Amendment to Marsh & McLennan Companies Stock Investment Supplemental Plan dated June 16, 1997 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1997)

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 \* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of Form 10-K.



- (10.4) \*Amendment to Marsh & McLennan Companies Stock Investment Supplemental Plan dated November 20, 1997 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2000)
- (10.5) \*Amendment to Marsh & McLennan Companies Stock Investment Supplemental Plan dated January 1, 2000 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2000)
- (10.6) \*Marsh & McLennan Companies Special Severance Pay Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1996)
- (10.7) \*Putnam Investments, Inc. Executive Deferred Compensation Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1994)
- (10.8) \*Putnam Investments, LLC Executive Deferred Bonus Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2000)
- (10.9) \*Marsh & McLennan Companies Supplemental Retirement Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1992)
- (10.10) \*Marsh & McLennan Companies Senior Management Incentive Compensation Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1994)
- (10.11) \*Marsh & McLennan Companies, Inc. U.S. Employee 2002 Cash Bonus Award Voluntary Deferral Plan
- (10.12) \*Marsh & McLennan Companies, Inc. Directors Stock Compensation Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1997)
- (10.13) \*Employment Agreement between Lawrence J. Lasser and Putnam Investments, Inc. effective as of December 31, 1997 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 1997)

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\* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of Form 10-K.

- (10.14) \*First Amendment effective as of January 1, 2001 to the Employment Agreement between Lawrence J. Lasser and Putnam Investments, Inc. (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2000)
- (10.15) \*Second Amendment effective as of March 22, 2001 to the Employment Agreement between Lawrence J. Lasser and Putnam Investments, LLC (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2000)
- (10.16) \*MMC Capital, Inc. Amended and Restated Long Term Incentive Plan dated as of March 19, 2001 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2000)
- (10.17) \*Consulting Agreement between A.J.C. Smith and MMC effective as of June 1, 2000 (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2000)
- (10.18) \*First Amendment dated as of May 24, 2001 to the Consulting Agreement between A.J.C. Smith and MMC (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2001)
- (10.19) \*Renewal of Consulting Agreement between A.J.C. Smith and MMC dated as of May 16, 2002, (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2002)
- (10.20) \*MMC Capital, Inc. Amended and Restated Deferred Compensation and Profits Limited Partnership Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.21) \*Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.22) \*Amended and Restated Limited Partnership Agreement of Marsh & McLennan Affiliated Fund, L.P. dated October 12, 1999 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)

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 \* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of Form 10-K.

- (10.23) \*Second Amended and Restated Limited Partnership Agreement of Marsh & McLennan Capital Professionals Fund, L.P. dated December 2, 1999 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.24) \*Amended and Restated Limited Partnership Agreement of Marsh & McLennan Capital Technology Professionals Venture Fund, L.P. dated as of December 2, 1999 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.25) \*First Amended and Restated Limited Partnership Agreement of MMC Capital Tech Professionals Fund II, L.P. dated as of October 31, 2000 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.26) \*First Amended and Restated Limited Partnership Agreement of MMC Capital C&I Professionals Fund, L.P. dated as of July 21, 2000 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.27) \*Amended and Restated Limited Partnership Agreement of Trident Capital II, L.P. dated December 2, 1999 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.28) \*Amended and Restated Limited Partnership Agreement of Marsh & McLennan Capital Technology Venture GP, L.P. dated December 2, 1999 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.29) \*Amended and Restated Limited Partnership Agreement of MMC Capital Tech GP II, L.P. dated as of August 22, 2000 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.30) \*Limited Partnership Agreement of Marsh & McLennan Capital C&I GP, L.P. dated as of April 7, 2000 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.31) \*Limited Partnership Agreement of Marsh & McLennan C&I Employees' Securities Company, L.P. dated as of July 21, 2000 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)

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 \* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of Form 10-K.

- (10.32) \*Limited Liability Company Agreement of Putnam Investments Employees' Securities Company I LLC dated as of October 3, 2000 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.33) \*Limited Liability Company Agreement of Putnam Investments Employees' Securities Company II LLC dated as of June 15, 2002 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.34) Form of Waiver dated June 24, 2002 of certain provisions of the MMC Capital Long-Term Incentive Plan executed by Messrs. Greenberg and Davis (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2002)
- (10.35) Representative Fund Advisory Contract with each of the Putnam Funds (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2002)
- (12) Statement Re: Computation of Ratio of Earnings to Fixed Charges
- (13) Annual Report to Stockholders for the year ended December 31, 2002, to be deemed filed only with respect to those portions which are expressly incorporated by reference
- (14) Code of Ethics for Chief Executive and Senior Financial Officers
- (21) list of subsidiaries of MMC (as of 2/28/2003)
- (23) independent auditors' consent
- (24) powers of attorney

(b) No reports on Form 8-K were filed by MMC in the fiscal quarter ended December 31, 2002

- -----  
 \* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(c) of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed this 26th day of March, 2003 on its behalf by the undersigned, thereunto duly authorized.

MARSH & MCLENNAN COMPANIES, INC.

By /s/ Jeffrey W. Greenberg

-----  
Jeffrey W. Greenberg  
Chairman of the Board and  
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated this 26th day of March, 2003.

/s/ Jeffrey W. Greenberg

-----  
Jeffrey W. Greenberg  
Director, Chairman of the Board and  
Chief Executive Officer

Peter Coster\*

-----  
Peter Coster  
Director

/s/ Sandra S. Wijnberg

-----  
Sandra S. Wijnberg  
Senior Vice President and  
Chief Financial Officer

Charles A. Davis\*

-----  
Charles A. Davis  
Director

/s/ Robert J. Rapport

-----  
Robert J. Rapport  
Vice President and Controller  
(Chief Accounting Officer)

Robert F. Erburu\*

-----  
Robert F. Erburu  
Director

Lewis W. Bernard \*

-----  
Lewis W. Bernard  
Director

Oscar Fanjul\*

-----  
Oscar Fanjul  
Director

Mathis Cabiallavetta\*

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Mathis Cabiallavetta  
Director

Ray J. Groves\*

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Ray J. Groves  
Director

Stephen R. Hardis*	Morton O. Schapiro*
-----	-----
Stephen R. Hardis	Morton O. Schapiro
Director	Director
Gwendolyn S. King*	Adele Simmons*
-----	-----
Gwendolyn S. King	Adele Simmons
Director	Director
The Rt. Hon. Lord Lang of Monkton, DL*	John T. Sinnott*
-----	-----
The Rt. Hon. Lord Lang of Monkton, DL	John T. Sinnott
Director	Director
Lawrence J. Lasser*	A.J.C. Smith*
-----	-----
Lawrence J. Lasser	A.J.C. Smith
Director	Director
David A. Olsen*	
-----	
David A. Olsen	
Director	

- -----  
\* William L. Rosoff, pursuant to Powers of Attorney executed by each of the individuals whose name is followed by an (\*) and filed herewith, by signing his name hereto does hereby sign and execute this Form 10-K of Marsh & McLennan Companies, Inc. on behalf of such individual in the capacities in which the names of each appear above.

/s/ William L. Rosoff  
-----  
William L. Rosoff

## CERTIFICATIONS

I, Jeffrey W. Greenberg, certify that:

1. I have reviewed this annual report on Form 10-K of Marsh & McLennan Companies, Inc. (the "registrant");
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures 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 annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 26, 2003  
-----

/s/ Jeffrey W. Greenberg  
-----  
Jeffrey W. Greenberg  
Chief Executive Officer



I, Sandra S. Wijnberg, certify that:

1. I have reviewed this annual report on Form 10-K of Marsh & McLennan Companies, Inc. (the "registrant");

2. Based on my knowledge, this annual 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 annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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 annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 26, 2003  
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/s/ Sandra S. Wijnberg  
-----  
Sandra S. Wijnberg  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders of  
Marsh & McLennan Companies, Inc.:

We have audited the consolidated balance sheets of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2002, and have issued our report thereon dated February 28, 2003; such financial statements and report are included in your 2002 Annual Report to Stockholders and are incorporated herein by reference. Our audits also included the supplemental notes to the consolidated financial statements (the "Supplemental Notes") listed in Item 15. These Supplemental Notes are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such Supplemental Notes, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As described in Notes 1 and 5 to the consolidated financial statements, the Company changed its method of accounting for goodwill amortization to conform to Statement of Financial Accounting Standards No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS.

DELOITTE & TOUCHE LLP

New York, New York  
February 28, 2003

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

17. Information concerning MMC's valuation accounts follows:

An analysis of the allowance for doubtful accounts for the three years ended December 31, 2002 follows (in millions of dollars):

	2002	2001	2000
	----	----	----
Balance at beginning of year.....	\$139	\$135	\$132
Provision charged to operations.....	21	30	18
Accounts written-off, net of recoveries.....	(44)	(24)	(9)
Effect of exchange rate changes.....	8	(2)	(6)
	----	----	----
Balance at end of year.....	\$124	\$139	\$135
	====	====	====

18. Accumulated amortization.

Accumulated amortization related to other intangible assets was \$120 million and \$85 million as of December 31, 2002 and 2001, respectively.

BY-LAWS  
OF  
MARSH & MCLENNAN COMPANIES, INC.

RESTATED AS LAST AMENDED

January 16, 2003

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BY-LAWS  
OF  
MARSH & MCLENNAN COMPANIES, INC.

ARTICLE I  
OFFICES

The principal office of the Corporation in Delaware shall be at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle, in the State of Delaware, and The Corporation Trust Company shall be the resident agent of the Corporation in charge thereof. The Corporation may also have such other offices at such other places as the Board of Directors may from time to time designate or the business of the Corporation may require.

ARTICLE II

MEETINGS OF THE STOCKHOLDERS

SECTION 1. PLACE OF MEETINGS. Meetings of the stockholders may be held at such place as the Board of Directors may determine.

SECTION 2. ANNUAL MEETINGS. The annual meeting of the stockholders shall be held on the third Thursday of May in each year, or such other day in May as may be determined from time to time by the Board of Directors, at such time and place as the Board of Directors may designate. At said meeting the stockholders shall elect a Board of Directors and transact any other business authorized or required to be transacted by the stockholders.

SECTION 3. SPECIAL MEETINGS. Special meetings of the stockholders, except as otherwise provided by law, shall be called by the Chairman of the Board, or whenever the Board of Directors shall so direct, the Secretary.

SECTION 4. NOTICE OF MEETINGS. Except as otherwise provided by law, written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered personally or mailed, postage prepaid, at least ten (10) days but not more than sixty (60) days before such meeting to each stockholder at such address as appears on the stock books of the Corporation.

SECTION 5. FIXING OF RECORD DATE. In order to determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, and no more than sixty (60) days prior to any other action. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close

of business on the day next preceding the day on which notice of the meeting is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and such date for any other purpose shall be the date on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 6. QUORUM. The holders of a majority of the stock issued and outstanding present in person or represented by proxy shall be requisite and shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by law, by the Restated Certificate of Incorporation or by these by-laws. If, however, such majority shall not be present or represented at any meeting of the stockholders, the stockholders present in person or by proxy shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting until the requisite amount of stock shall be represented. At such adjourned meeting at which the requisite amount of stock shall be represented, any business may be transacted which might have been transacted at the meeting as originally called.



SECTION 7. VOTING. Each stockholder entitled to vote in accordance with the terms of the Restated Certificate of Incorporation and in accordance with the provisions of these by-laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. The vote for directors and, upon demand of any stockholder, the vote upon any question before the meeting shall be by ballot. All elections of directors shall be decided by plurality vote; all other questions shall be decided by a majority of the shares present in person or represented by proxy at the meeting of stockholders and entitled to vote on the subject matter, except as otherwise provided in the Restated Certificate of Incorporation or by law or regulation.

SECTION 8. INSPECTORS OF ELECTION. All elections of directors and all votes where a ballot is required shall be conducted by two inspectors of election who shall be appointed by the Board of Directors; but in the absence of such appointment by the Board of Directors, the Chairman of the meeting shall appoint such inspectors who shall not be directors or candidates for the office of director.

SECTION 9. VOTING LIST. The Secretary shall prepare and make, at least ten days before every election of directors, a complete list of the stockholders entitled to vote, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in his name. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 10. STOCKHOLDER NOMINATIONS OF DIRECTORS. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors at a meeting of stockholders. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors, by any person appointed by the Board of Directors or by any stockholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 10. Such nominations, other than those made by or at the direction of the Board of Directors

or by any person appointed by the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary, Marsh & McLennan Companies, Inc. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation, in the case of an Annual Meeting of Stockholders, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the Stockholder in order to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs; and in the case of a special meeting of stockholders called for the purpose of electing directors, not later than the close of business on the 15th day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number

of shares of capital stock of the Corporation which are beneficially owned by the person and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Rule 14a under the Securities Exchange Act of 1934, as amended; and (b) as to the stockholder giving the notice (i) the name and record address of the stockholder and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein.

The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

SECTION 11. ADVANCE NOTICE OF STOCKHOLDER PROPOSED BUSINESS AT ANNUAL MEETINGS. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, otherwise properly brought

before the meeting by or at the direction of the Board of Directors, or otherwise properly brought before the meeting by a stockholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary, Marsh & McLennan Companies, Inc. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the 15th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the stockholder proposing such business, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder, and (iv) any material interest of the stockholder in such business.

Notwithstanding anything in these by-laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 11, provided, however, that nothing in this Section 11 shall be deemed to preclude discussion by any stockholder of any business properly brought before the annual meeting in accordance with said procedure.

The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section, and if he should so determine, he shall so declare to the meeting, and any such business not properly brought before the meeting shall not be transacted.

### ARTICLE III

#### DIRECTORS

##### SECTION 1. POWERS, NUMBER, TENURE, QUALIFICATIONS AND COMPENSATION.

The business and affairs of the Corporation shall be managed by its Board of Directors which shall consist of the number of members set forth in Article FIFTH of the Restated Certificate of Incorporation, none of whom need be stockholders, and directors must retire at the annual meeting following attaining age 72, unless the person has been a non-executive director for less than 10 years, in which case they would retire at the annual meeting following the earlier of 10 years of service or attaining age 75. In addition to the powers and duties by these by-laws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as

are not by statute or by the Restated Certificate of Incorporation or by these by-laws directed or required to be exercised or done by the stockholders. The Board of Directors may provide for compensation of directors who are not otherwise compensated by the Corporation or any subsidiary thereof.

SECTION 2. MEETINGS AND NOTICE. The Board shall, for the purposes of organization, the election and appointment of officers and the transaction of other business, hold a meeting as soon as convenient after the annual meeting of stockholders. Regular meetings of the directors may be held without notice at such places and times as shall be determined from time to time by resolution of the directors. Special meetings of the Board may be called by the Chairman of the Board or, if the Chairman of the Board is unable to act, by the Corporation's General Counsel or any member of the Executive Committee of the Board of Directors on at least twenty-four (24) hours notice to each director, personally or by mail, by telecopy, by e-mail or by telephone. Special meetings of the Board shall also be called in like manner on the written request of any three (3) directors delivered to the Corporation's Secretary. In the case of a meeting of the Board of Directors not attended by the Chairman of the Board, a Vice Chairman, determined in the order of their election if two or more Vice Chairmen are present, shall call the meeting to order and the first item of business shall be to appoint a director to preside at the meeting. Notice of a special meeting of the Board may be waived by any director, either before or after the meeting, by written assent, by telecopy or by e-mail; provided that attendance at the meeting by a director shall constitute waiver of such notice by such director.

The attendance of a director at any meeting shall dispense with notice to him of the meeting. Members of the Board of Directors may participate in a meeting of the Board by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

SECTION 3. OFFICES, BOOKS, PLACE OF MEETING. The Board of Directors may have one or more offices and keep the books of the Corporation outside of Delaware, and may hold its meetings at such places as it may from time to time determine.

SECTION 4. QUORUM. At all meetings of the Board of Directors one-third (1/3) of the total number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Restated Certificate of Incorporation or by these by-laws.

SECTION 5. INFORMAL ACTION. The Board of Directors shall, except as otherwise provided by law, have power to act in the following manner: A resolution in writing, signed by all of the members of the Board of Directors shall be deemed to be action by such Board to the effect therein expressed with the same force and effect as if the same had been duly passed at a duly convened meeting, and it shall be the duty of the Secretary of the Corporation to record any such resolution in the minute book of the Corporation, under its proper date.



## ARTICLE IV

### OFFICERS

SECTION 1. ELECTION. The Board of Directors shall elect officers of the Corporation, including a Chairman of the Board, one or more Vice Chairmen, one or more Vice Presidents, a Secretary, a Treasurer and a Controller.

SECTION 2. TERM AND REMOVAL. Each officer of the Corporation designated in SECTION 1 of this Article IV shall hold office until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may be removed at any time, with or without cause, by the Board of Directors. Any officer who may be elected or appointed by the Executive Committee may also be removed at any time, with or without cause by said Committee.

SECTION 3. CHAIRMAN OF THE BOARD. The Chairman of the Board of Directors shall be the Chief Executive Officer of the Corporation and, subject to the control of the Board of Directors and of the committees exercising functions of the Board of Directors, shall have general supervision over the business and property of the Corporation. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. At any meeting of the stockholders not attended by the Chairman of the Board, the Board shall appoint a director to preside at the meeting. The Chairman of the Board shall review and recommend to the Board of Directors both short-term objectives and

long-term planning for the business. The Chairman of the Board shall also preside at meetings of any committee of which the Chairman of the Board is a member, which is not attended by the chairman of such committee. The Chairman of the Board or an appointed delegate may take any action on behalf of the Corporation with respect to the shares owned by the Corporation in other corporations in such manner as they deem advisable unless otherwise directed by the Board of Directors. The Chairman of the Board shall have full authority to take other action on behalf of the Corporation in respect of shares of stock in other corporations owned by the Corporation, directly or indirectly, including the obtaining of information and reports.

SECTION 4. VICE CHAIRMAN. A Vice Chairman shall, subject to the control of the Board of Directors and of the committees exercising functions of the Board of Directors, perform such duties as may from time to time be assigned to the Vice Chairman by the Chairman.

SECTION 5. VICE PRESIDENTS. A Vice President shall have such powers, duties, supplementary titles and other designations as the Board of Directors may from time to time determine.

SECTION 6. SECRETARY. The Secretary shall attend all meetings of the stockholders and the Board of Directors. The Secretary shall, at the invitation of the chair thereof, attend meetings of the committees elected by the Board or established by these by-laws. The Secretary shall record all votes and minutes of all proceedings, which the Secretary attends, and receive and

maintain custody of all votes and minutes of all such proceedings. Votes and minutes of meetings of each committee shall be placed in the custody of the Secretary or as otherwise determined by the committee. The Secretary shall give or cause to be given notice of meetings of the stockholders, Board of Directors, and committees of the Board of Directors as provided by these By-Laws, and shall have such other powers and duties as may be prescribed by appropriate authority.

SECTION 7. TREASURER. The Treasurer shall have such powers and perform such duties as are usually incident to the office of Treasurer or which may be assigned to the Treasurer by the Board of Directors or other appropriate authority. The Assistant Treasurers shall have such powers and perform such duties as may be prescribed by the chief financial officer or the Treasurer.

SECTION 8. CONTROLLER. The Controller shall be the chief accounting officer of the Corporation. The Controller shall keep or cause to be kept all books of account and accounting records of the Corporation and shall render to the Chairman, the chief financial officer and the Board of Directors whenever they may require it, a report of the financial condition of the Corporation. The Controller shall have such other powers and appropriate authority shall assign duties as to him. The Assistant Controllers shall have such powers and perform such duties as may be prescribed by the chief financial officer or the Controller.

SECTION 9. BOND. The Board of Directors may, or the Chairman may, require any officers, agents or employees of the Corporation to furnish bonds conditioned on the faithful performance of their respective duties with a surety company satisfactory to the Board of Directors or the Chairman as surety. The expenses of such bond shall be paid by the Corporation.

#### ARTICLE V

##### COMMITTEES

SECTION 1. EXECUTIVE COMMITTEE. An Executive Committee, composed of the Chairman of the Board and such other directors as the Board of Directors may determine from time to time shall be elected by the Board of Directors. Except as provided hereinafter or in resolutions of the Board of Directors, the Executive Committee shall have, and may exercise when the Board of Directors is not in session, all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. The Executive Committee shall not, however, have power or authority in reference to (a) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the provisions of the General Corporation Law of Delaware to be submitted to stockholders for approval, (b) adopting, amending or repealing any by-laws of the Corporation, (c) electing or appointing the Chairman of the Board of the Corporation, or (d) declaring a dividend.

SECTION 2. COMPENSATION COMMITTEE. A Compensation Committee, including a chair, having such number of directors, as

the Board of Directors shall determine from time to time, shall be elected by the Board of Directors. The Compensation Committee shall have such duties as may be set forth in the Corporation's Compensation Committee charter as it may exist from time to time, or as otherwise provided by the Board of Directors.

SECTION 3. AUDIT COMMITTEE. An Audit Committee, including a chair, having such number of directors as the Board of Directors may determine from time to time, shall be elected by the Board of Directors. The Audit Committee shall have such duties as may be set forth in the Corporation's Audit Committee charter as it may exist from time to time, or as otherwise provided by the Board of Directors.

SECTION 4. DIRECTORS AND GOVERNANCE COMMITTEE. A Directors and Governance Committee, including a chair, having such number of directors as the Board of Directors may determine from time to time, shall be elected by the Board of Directors. The Directors and Governance Committee shall have such duties as may be set forth in the Corporation's Directors and Governance Committee charter as it may exist from time to time, or as otherwise provided by the Board of Directors.

SECTION 5. REPORTS. The Executive Committee shall report to each regular meeting and, if directed, to each special meeting of the Board of Directors all action taken by such committee subsequent to the date of its last report, and other

committees shall report to the Board of Directors on a regular basis.

SECTION 6. OTHER COMMITTEES. The Board of Directors may appoint such other committee or committees, as it deems desirable.

SECTION 7. ELECTION AND TERM. The chair and each member of every committee shall be a member of and, except as provided in Section 7 of this Article V, elected by the Board of Directors and shall serve until such person shall cease to be a member of the Board of Directors or such person's membership on the committee shall be terminated by the Board.

SECTION 8. MEETINGS, QUORUM AND NOTICE. The chair of any committee shall be the presiding officer thereof. Any committee may meet at such time or times on notice to all the members thereof by the Chairman of this Corporation, by the committee chair or by a majority of the members or, when instructed to do so by any of the foregoing, by the Secretary of the Corporation or the secretary of such committee, and at such place or places as such notice may specify. At least twenty-four (24) hours' notice of the meeting shall be given but such notice may be waived. Such notice may be given by mail, by telecopy, by e-mail, by telephone or personally. Each committee shall cause minutes to be kept of its meetings, which record all actions taken. Such minutes shall be placed in the custody of the Secretary of the Corporation or as otherwise determined by the committee. Any committee may, except as otherwise provided by law, act in its

discretion by a resolution or resolutions in writing signed by all the members of such committee with the same force and effect as if duly passed by a duly convened meeting. Any such resolution or resolutions shall be recorded with the minutes of the committee under the proper date thereof. Members of any committee may also participate in a meeting of such committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other and participation in the meeting pursuant to this provision shall constitute presence in person at such meeting. A majority of the members of each committee shall constitute a quorum. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such members constitute a quorum, may unanimously appoint another member of the Board of Directors who is qualified to serve under the rules of the New York Stock Exchange to act at the meeting in the place of any such absent or disqualified member. The vote of the majority of the members present at a committee meeting at which a quorum is present shall be the act of the committee.

#### ARTICLE VI

##### INDEMNIFICATION

SECTION 1. RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a

"proceeding"), by reason of the fact that, on or after May 21, 1987, he or she is serving or had served as a director, officer or employee of the Corporation or, while serving as such director, officer or employee, is serving or had served at the request of the Corporation as a director, officer, employee or agent of, or in any other capacity with respect to, another corporation or a partnership, joint venture, trust or other entity or enterprise, including service with respect to employee benefit plans (hereinafter, an "indemnatee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer or employee of the Corporation, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by Delaware law, as the same exists or may hereafter be changed or amended (but, in the case of any such change or amendment, only to the extent that such change or amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts to be paid in settlement) reasonably incurred or suffered by an indemnatee in connection therewith and such indemnification shall continue as to an indemnatee who has ceased to be a director, officer or employee of the Corporation and shall inure to the benefit of the indemnatee's heirs, executors and administrators; provided, however, that except as provided in Section 3 of this Article with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify an indemnatee in



connection with a proceeding (or part thereof) initiated by the indemnitee only if such proceeding (or part thereof) was authorized by the board of directors of the Corporation. The right to indemnification conferred in this Article shall be a contract right.

SECTION 2. ADVANCEMENT OF EXPENSES. An indemnitee who is a director or officer of the Corporation, and any other indemnitee to the extent authorized from time to time by the board of directors of the Corporation, shall have the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"); PROVIDED, HOWEVER, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Article or otherwise.

SECTION 3. RIGHT OF INDEMNITEE TO BRING SUIT. If a claim under Section 1 or Section 2 of this Article is not paid in full by the Corporation within sixty days in the case of Section 1 and twenty days in the case of Section 2 after a written claim has

been received by the Corporation, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (other than a suit brought by the indemnitee to enforce a right to an advancement of expenses), it shall be a defense that, and (ii) any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its board of directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its board of directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to the action. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses

hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article or otherwise shall be on the Corporation.

SECTION 4. INDEMNIFICATION OF AGENTS OF THE CORPORATION. The Corporation may, to the extent authorized from time to time by its board of directors, grant rights to indemnification, and to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification of directors, officers and employees of the Corporation and advancement of expenses of directors and officers of the Corporation.

SECTION 5. NON-EXCLUSIVITY OF RIGHTS. The right to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Restated Certificate of Incorporation, these by-laws, any agreement, vote of stockholders or disinterested directors, or otherwise.

SECTION 6. INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against

such expense, liability or loss under the Delaware General Corporation Law.

SECTION 7. SURVIVAL OF PRIOR INDEMNIFICATION PROVISIONS; EFFECT OF SUBSEQUENT CHANGE ON EXISTING RIGHTS. Nothing contained in this Article shall be construed as altering or eliminating the rights to indemnification existing, or based upon service by an indemnitee, prior to May 21, 1987. Any repeal or modification of this Article shall not adversely affect any right or protection of a director, officer or employee of the Corporation existing at the time of such repeal or modification.

#### ARTICLE VII

##### CHECKS, CONTRACTS, OTHER INSTRUMENTS

SECTION 1. DOCUMENTS, INSTRUMENTS NOT REQUIRING SEAL. All checks, notes, drafts, acceptances, bills of exchange, orders for the payment of money, and all written contracts and instruments of every kind which do not require a seal shall be signed by such officer or officers, or person or persons as these by-laws, or the Board of Directors or Executive Committee by resolution, may from time to time prescribe.

SECTION 2. DOCUMENTS, INSTRUMENTS REQUIRING SEAL. All bonds, deeds, mortgages, leases, written contracts and instruments of every kind which require the corporate seal of the Corporation to be affixed thereto, shall be signed and attested by such officer or officers as these by-laws, or the Board of Directors or Executive Committee, by resolution, may from time to time prescribe.

ARTICLE VIII

CAPITAL STOCK

SECTION 1. STOCK CERTIFICATES. The certificates for shares of the capital stock of the Corporation shall be in such form, not inconsistent with the Restated Certificate of Incorporation, as shall be approved by the Board of Directors. Each certificate shall be signed by the Chairman of the Board of Directors or a Vice President and also by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer, provided, however, that any such signature of an officer of the Corporation or of the Transfer Agent, Assistant Transfer Agent, Registrar or Assistant Registrar, or any of them, may be a facsimile. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be issued by the Corporation and be used and delivered as though the officer or officers who signed the said certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be said officer or officers of the Corporation. All certificates shall be consecutively numbered, shall bear the corporate seal and the names and addresses of all persons owning shares of capital stock of the Corporation with the number of shares owned by each; and, the date

or dates of issue of the shares of stock held by each shall be entered in books kept for that purpose by the proper officers or agents of the Corporation.

SECTION 2. RECOGNITION OF HOLDERS OF RECORD. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has actual or other notice thereof, save as expressly provided by the laws of the State of Delaware.

SECTION 3. LOST CERTIFICATES. Except in cases of lost or destroyed certificates, and in that case only after conforming to the requirements hereinafter provided, no new certificates shall be issued until the former certificate for the shares represented thereby shall have been surrendered and cancelled. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate or certificates to be lost or destroyed; and the Board of Directors may, in its discretion and as a condition precedent to the issuance of any such new certificate or certificates, require (i) that the owner of such lost or destroyed certificate or certificates, or his legal representative give the Corporation and its transfer agent or agents, registrar or registrars a bond in such form and amount as the Board of Directors may direct as indemnity against any claim that may be made against the Corporation and its transfer agent or agents, registrar or

registrars, or (ii) that the person requesting such new certificate or certificates obtain a final order or decree of a court of competent jurisdiction as to his right to receive such new certificate or certificates.

SECTION 4. TRANSFER OF SHARES. Shares of stock shall be transferred on the books of the Corporation by the holder thereof or by his attorney thereunto duly authorized upon the surrender and cancellation of certificates for a like number of shares.

SECTION 5. REGULATIONS GOVERNING TRANSFER OF SHARES. The Board of Directors may make such regulations as it may deem expedient concerning the issue, transfer and registration of stock.

SECTION 6. APPOINTMENT OF TRANSFER AGENT, REGISTRAR. The Board may appoint a Transfer Agent or Transfer Agents and Registrar or Registrars for transfers and may require all certificates to bear the signature of either or both.

#### ARTICLE IX

##### MISCELLANEOUS

SECTION 1. INSPECTION OF BOOKS. The Board of Directors or the Executive Committee shall determine from time to time whether and, if allowed, when and under what conditions and regulations the accounts and books of the Corporation (except such as may by statute be specifically open to inspection), or any of them shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted and limited accordingly.

SECTION 2. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, Delaware".

SECTION 3. FISCAL YEAR. The fiscal year shall begin on the first day of January of each year.

SECTION 4. WAIVER OF NOTICE. Whenever by statute, the provisions of the Restated Certificate of Incorporation, or these by-laws, the stockholders, the Board of Directors or any committee established by the Board of Directors in accordance with these by-laws are authorized to take any action after notice, such notice may be waived, in writing, before or after the holding of the meeting at which such action is to be taken, by the person or persons entitled to such notice or, in the case of a stockholder, by his attorney thereunto authorized.

#### ARTICLE X

##### AMENDMENTS

SECTION 1. BY STOCKHOLDERS. These by-laws, or any of them, may be amended, altered, changed, added to or repealed at any regular or special meeting of the stockholders, by the affirmative vote of a majority of the shares of stock then issued and outstanding.

SECTION 2. BY THE BOARD OF DIRECTORS. The Board of Directors, by affirmative vote of a majority of its members, may, at any regular or special meeting, amend, alter, change, add to or repeal these by-laws, or any of them, but any by-laws made by the Directors may be amended, altered, changed, added to or repealed by the stockholders.



THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

MARSH & McLENNAN COMPANIES, INC.  
U.S. EMPLOYEE  
2002 CASH BONUS AWARD VOLUNTARY DEFERRAL PLAN

1. ELIGIBILITY

All active U.S. employees of Marsh & McLennan Companies, Inc. (the "Corporation") and its subsidiaries who are designated as eligible for participation in the MMC Partners Bonus Plan or a Local Bonus Plan, and who are presently in salary grade 15 (or its equivalent) or above, may, at management's discretion, be considered for participation in the Marsh & McLennan Companies, Inc. U.S. Employee 2002 Cash Bonus Award Voluntary Deferral Plan (the "2002 Plan"). Participants in the 2002 Plan may make deferral elections pursuant to the rules outlined in Section 2 below.

2. PROGRAM RULES

Except as otherwise provided herein, the 2002 Plan shall be administered by the Compensation Committee of the Board of Directors of the Corporation (the "Committee"). The Committee shall have authority in its sole discretion to interpret the 2002 Plan and make all determinations, including the determination of bonus awards eligible to be deferred, with respect to the 2002 Plan. All determinations made by the Committee shall be final 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 2002 Plan, and references to the Committee shall be deemed to include any such delegate. Exercise of deferral elections under the 2002 Plan must be made in accordance with the following rules.

a. RIGHTS TO AN AWARD AND TO A DEFERRAL ELECTION

- (i) 2002 CASH BONUS DEFERRAL. The right of an employee to a deferral election currently applies to the annual cash bonus scheduled to be awarded in early 2003 in respect of 2002 services, the payment of which bonus would normally be made by the end of the first quarter of the 2003 calendar year. The granting of such an annual cash bonus award is discretionary, and neither delivery of deferral election materials nor an election to defer shall affect entitlement to such an award. The right to a deferral election does not apply to bonuses (including, but not limited to, sign-on bonuses, commissions or non-annual incentive payments) that are not awarded as part of an annual cash bonus plan.
- (ii) 2003 CASH BONUS DEFERRAL. The right of an employee to a deferral election currently applies to the annual cash bonus scheduled to be awarded in early 2004 in respect of 2003 services, should the employee have a guarantee for the bonus, the payment of which would normally be made by the end of the first quarter of the 2004 calendar year. The deferral of such a bonus will be made pursuant to the U.S. Employee 2003 Cash Bonus Award Voluntary Deferral Plan (the "2003 Plan") and is contingent upon approval of the 2003 Plan by the Committee. The terms and conditions for the 2003 Plan are expected to be essentially the same as for the 2002 Plan.

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b. ELECTION FORMS

In order to ensure that elections to defer bonus amounts (including such amounts for 2003 cash bonuses with a guarantee) are effective under applicable tax laws, please complete and sign the attached election form(s), and return them (postmarked, delivered or faxed) no later than December 2, 2002. Form(s) should be returned, and any questions should be directed, to:

William Palazzo  
Senior Manager, Executive Compensation  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036-2774  
Telephone #: (212) 345-5663  
Facsimile #: (212) 345-4767

c. DEFERRAL OPTIONS

- (i) DEFERRAL AMOUNT. An eligible employee may elect to defer a portion of such employee's bonus award until January of a specific year ("year certain") or until January of the year following retirement in an amount represented by one of the following two choices:
  - 1. 10% to 75% in 1% increments of the employee's cash bonus award, subject to a maximum limit established by the Committee, or

2. the lowest of 10% to 75% in 1% increments of the employee's cash bonus award which results in a deferral of at least \$10,000.

If the percentage selected times the amount of the cash bonus award is less than \$10,000, NO deferral will be made or deducted from the award.

- (ii) 2002 DEFERRED BONUS ACCOUNTS. If a deferral election is made, deferrals may be made into one or both of the two accounts which the Corporation shall make available to the participating employee. The relevant portion of the award deferral will be credited to the relevant account on the first business day following the date on which the bonus payment would have been made had it not been deferred. The available accounts for deferrals of bonuses (the "2002 Deferred Bonus Accounts") shall consist of (a) the 2002 Putnam Fund Account and (b) the 2002 Corporation Stock Account. Amounts may not be transferred between the 2002 Corporation Stock Account and the 2002 Putnam Fund Account.

d. 2002 PUTNAM FUND ACCOUNT

- (i) ACCOUNT VALUATION. The 2002 Putnam Fund Account is a bookkeeping account, the value of which shall be based upon the performance of selected funds of the Putnam mutual fund group. The Corporation will determine, in its sole discretion, the funds of the Putnam mutual fund group into which deferrals may be made. Deferrals among selected funds comprising the 2002 Putnam Fund Account must be made in multiples of 5% of the total amounts deferred into the 2002 Putnam Fund Account. Deferred amounts will be credited to the 2002 Putnam Fund Account with units each reflecting one Class Y share of the elected fund. Fractional units will also be credited to such account, if applicable. The number of such credited units will be determined by dividing the value of the bonus award deferred into the elected fund by the net asset value of such fund of the 2002 Putnam Fund Account as of the close of business on the day on which such bonus payment would have been made had it not been deferred. All dividends paid with respect to an elected fund of a 2002 Putnam Fund Account will be deemed to be immediately reinvested in such fund.
- (ii) FUND REALLOCATIONS. Amounts deferred into a 2002 Putnam Fund Account may be reallocated between eligible funds of these respective accounts pursuant to an election which may be made daily. Such election shall be effective, and the associated reallocation shall be based upon the net asset values of the applicable funds of the 2002 Putnam Fund Account, as of the close of business on the business day the election is received by facsimile or mail, if received by 2:30 p.m. Eastern Time of that day. If received later than 2:30 p.m., the election shall be effective as of the close of business on the following business day.

e. 2002 CORPORATION STOCK ACCOUNT

- (i) ACCOUNT VALUATION. The 2002 Corporation Stock Account is a bookkeeping account, the value of which shall be based upon the performance of the common stock of the Corporation. Amounts deferred into the 2002 Corporation Stock Account will be credited to such account with units each reflecting one share of common stock of the Corporation. Fractional units will also be credited to such account, if applicable. The number of such credited units will be determined by dividing the value of the bonus award deferred into the 2002 Corporation Stock Account (plus the "supplemental amount" referred to in clause (ii) below) by the closing price of the common stock of the Corporation on the New York Stock Exchange on the day on which such bonus payment would have been made had it not been deferred. Dividends paid on the common stock of the Corporation shall be reflected in a participant's 2002 Corporation Stock Account by the crediting of additional units in such account equal to the value of the dividend and based upon the closing price of the common stock of the Corporation on the New York Stock Exchange on the date such dividend is paid. Deferrals into the 2002 Corporation Stock Account must be deferred to a date not earlier than January 1, 2006. (For deferrals relating to 2003 bonuses with a guarantee, such deferrals will be allocated into the 2003 Corporation Stock Account and must be deferred to a date not earlier than January 1, 2007.)

- (ii) SUPPLEMENTAL AMOUNT. With respect to that portion of a bonus award which a participating employee defers into the 2002 Corporation Stock Account, there shall be credited to such participant's 2002 Corporation Stock Account an amount equal to the amount deferred into such account plus an additional amount equal to 15% of the amount so deferred (the "supplemental amount"). The maximum percentage of any participating employee's annual bonus award permitted to be deferred into the 2002 Corporation Stock Account (prior to giving effect to the supplemental amount) is 50% of such award.
- (iii) STOCK DISTRIBUTIONS. Distributions from the 2002 Corporation Stock Account will be deposited automatically via book entry for your personal account with the Corporation's stock transfer agent. If you (or you and your spouse, as joint tenants) already have such an account with the stock transfer agent, then the shares will be deposited into that account. If you do not have such an account, then one will be established in your name, and the shares will be deposited in the account.

f. STATEMENT OF ACCOUNT

The Corporation shall provide periodically to each participant (but not less frequently than once per calendar quarter) a statement setting forth the balance to the credit of such participant in such participant's 2002 Deferred Bonus Accounts.

g. IRREVOCABILITY AND ACCELERATION

Subject to the provisions of paragraphs h. (iii) and h. (vii) below, all deferral elections made under the 2002 Plan (and the 2003 Plan) are irrevocable. However, the Committee may, in its sole discretion, and upon finding that a participant has demonstrated severe financial hardship, direct the acceleration of the payment of any or all deferred amounts then credited to the participant's 2002 Deferred Bonus Accounts.

h. PAYMENT OF DEFERRED AMOUNTS

- (i) YEAR CERTAIN DEFERRALS. If the participant remains employed until the deferral year elected, all amounts relating to "year certain" deferrals will be paid in a single distribution, less applicable withholding taxes, in January of the deferral year elected, or the participant may elect (at the time of the original deferral election) to have distributions from the 2002 Corporation Stock Account or the 2002 Putnam Fund Account, as the case may be, made in up to fifteen (15) annual installments payable each January commencing with the deferral year elected. Annual installments will be paid in an amount, less applicable withholding taxes, determined by multiplying (i) the balance of the 2002 Corporation Stock Account or the 2002 Putnam Fund Account, as the case may be, by (ii) a fraction, the numerator of which is 1 and the denominator of which is a number equal to the remaining unpaid annual installments.

- (ii) RETIREMENT DEFERRALS. For participants who retire, amounts relating to deferrals until the year following retirement will be paid in a single distribution in January of the year following retirement, or the participant may elect (at the time of the original deferral election) to have distributions from the 2002 Corporation Stock Account or 2002 Putnam Fund Account, as the case may be, made in up to fifteen (15) annual installments payable each January commencing with the year following retirement. Annual installments will be paid in an amount, less applicable withholding taxes, determined by multiplying (i) the balance of the 2002 Corporation Stock Account or 2002 Putnam Fund Account, as the case may be, by (ii) a fraction, the numerator of which is 1 and the denominator of which is a number equal to the remaining unpaid annual installments.
- (iii) REDEFERRAL ELECTION. Participants shall be permitted to delay the beginning date of distribution and/or increase the number of annual installments (up to the maximum number permitted under the 2002 Plan) for awards previously deferred or redeferred under the 2002 Plan (and the 2003 Plan), provided that the redeferral election must be made at least one full calendar year prior to the beginning date of distribution.
- (iv) TERMINATION OF EMPLOYMENT PRIOR TO END OF DEFERRAL PERIOD. Subject to the provisions of paragraph (vi) below, in the event of termination of employment for any reason prior to completion of the elected deferral period, all amounts then in the participant's 2002 Deferred Bonus Accounts will be paid to the participant (or the participant's designated beneficiary in the event of death) in a single distribution, less applicable withholding taxes, as soon as practicable after the end of the quarter in which the termination occurred; PROVIDED, HOWEVER, that, subject to the provisions of paragraph (vi) below, upon a participant's retirement or termination for total disability prior to completion of the elected deferral period, all such amounts shall be paid in January of the year following such retirement or termination for total disability, as the case may be.
- (v) DEATH DURING INSTALLMENT PERIOD. If a participant dies after the commencement of payments from his or her 2002 Deferred Bonus Accounts, the designated beneficiary shall receive the remaining installments over the elected installment period.
- (vi) SPECIAL RULES APPLICABLE TO 2002 CORPORATION STOCK ACCOUNT. Notwithstanding any provision in the 2002 Plan to the contrary (other than the second sentence of Section 2.i. above), with respect to a participant's 2002 Corporation Stock Account, in the event that prior to January 1, 2006, a participant's employment terminates for total disability or retirement, all amounts in such account will be paid to the participant, less applicable withholding taxes, in January of 2006. In the event that, prior to January 2006, a participant's employment terminates on account of death, or a participant whose employment was earlier terminated for total disability or retirement should die, the distribution rule in paragraph (iv) above will apply. If, however, the termination of employment prior to January 1, 2006 is on account of a reason other than death, total disability or retirement, the participant will receive, as soon as practicable following the end of the quarter in which the termination occurred, a single distribution, less applicable withholding taxes, of (a) the balance of the participant's 2002 Corporation

Stock Account less (b) the portion of such balance attributable to the supplemental amount (including earnings thereon), which portion shall be forfeited in its entirety. For purposes of determining the portion of the balance of the 2002 Corporation Stock Account attributable to the supplemental amount, the supplemental amount shall be increased or decreased by the respective gain or loss in the 2002 Corporation Stock Account attributable to such supplemental amount.

- (vii) ACCELERATION OF DISTRIBUTION. A participant may elect to accelerate the distribution of all or a portion of the 2002 Deferred Bonus Accounts for any reason prior to the completion of the elected deferral period, subject to the imposition of a significant penalty in accordance with applicable tax rules. The penalty shall be an account forfeiture equal to (i) 6% of the amount that the participant elects to have distributed from the 2002 Deferred Bonus Accounts and (ii) 100% of any unvested supplemental amount as provided in Section 2(e)(ii) above, including related earnings, that the participant elects to have distributed from the 2002 Corporation Stock Account. Amounts distributed to the participant will be subject to applicable tax withholding, but amounts forfeited will not be subject to tax.
- (viii) CHANGE IN CONTROL. Notwithstanding any other provision in the 2002 Plan to the contrary, in the event of a "change in control" of the Corporation, as defined in the Corporation's 2000 Senior Executive Incentive and Stock Award Plan (the "2000 Senior Executive Plan") and 2000 Employee Incentive and Stock Award Plan (the "2000 Employee Plan"), all amounts credited to a participant's 2002 Deferred Bonus Accounts as of the effective date of such change in control will be distributed within five days of such change in control as a lump sum cash payment, less applicable withholding taxes.
- (ix) FORM OF PAYMENT. All payments in respect of the 2002 Putnam Fund Account shall be made in cash and payments in respect of the 2002 Corporation Stock Account shall be made in shares of common stock of the Corporation; provided, however, that in the event of a change in control of the Corporation, payments from the 2002 Corporation Stock Account shall be made in cash based upon (A) the highest price paid for shares of common stock of the Corporation in connection with such change in control or (B) if shares of common stock of the Corporation are not purchased or exchanged in connection with such change in control, the closing price of the common stock of the Corporation on the New York Stock Exchange on the last trading day on the New York Stock Exchange prior to the date of the change in control.

i. TAX TREATMENT

Under present Federal income tax laws, no portion of the balance credited to a participant's 2002 Deferred Bonus Accounts will be includable in income for Federal income tax purposes during the period of deferral. However, FICA tax withholding is required currently on the cash bonus amount (excluding any portion subject to a mandatory deferral) awarded to the participant, and such withholding is required on the supplemental amount in January of 2006. When any part of the 2002 Deferred Bonus Accounts is actually paid to the participant, such portion will be includable in income, and Federal, state and local income tax withholding will

apply. The Corporation may make necessary arrangements in order to effectuate any such withholding, including the mandatory withholding of shares of common stock of the Corporation which would otherwise be distributed to a participant.

j. BENEFICIARY DESIGNATION

Each participant shall have the right, at any time, to designate any person or persons as beneficiary or beneficiaries (both principal and contingent) to whom payment shall be made under the 2002 Plan and every other Cash Bonus Award Voluntary Deferral Plan for which the participant has or will have an account balance (collectively, including the 2002 Plan, "the Plans"), in the event of death prior to complete distribution to the participant of the amounts due under the Plans. Any beneficiary designation may be changed by a participant by the filing of such change in writing on a form prescribed by the Corporation. The filing of a new beneficiary designation form will cancel all beneficiary designations previously filed and apply to all deferrals in the account. A beneficiary designation form is attached for use by a participant who either does not have such form on file or wishes to make a change in the beneficiary designation. Upon completion of the attached form, it should be forwarded to William Palazzo, at the address set forth in Section 2.b. above. If a participant does not have a beneficiary designation in effect, or if all designated beneficiaries predecease the participant, then any amounts payable to the beneficiary shall be paid to the participant's estate. The payment to the designated beneficiary or to the participant's estate shall completely discharge the Corporation's obligations under the Plans.

k. CHANGES IN CAPITALIZATION

If there is any change in the number or class of shares of common stock of the Corporation through the declaration of stock dividend or other extraordinary dividends, or recapitalization resulting in stock splits, or combinations or exchanges of such shares or in the event of similar corporate transactions, each participant's 2002 Corporation Stock Account shall be equitably adjusted by the Committee to reflect any such change in the number or class of issued shares of common stock of the Corporation or to reflect such similar corporate transaction.

3. AMENDMENT AND TERMINATION OF THE 2002 PLAN

The Committee may, at its discretion and at any time, amend the 2002 Plan in whole or in part. The Committee may also terminate the 2002 Plan in its entirety at any time and, upon any such termination, each participant shall be paid in a single distribution, or over such period of time as determined by the Committee (not to extend beyond the earlier of 15 years or the elected deferral period), the then remaining balance in such participant's 2002 Deferred Bonus Accounts.

4. MISCELLANEOUS

- a. A participant under the 2002 Plan is merely a general (not secured) creditor, and nothing contained in the 2002 Plan shall create a trust of any kind or a fiduciary relationship between the Corporation and the participant or the participant's estate. Nothing contained herein shall be construed as conferring upon the participant the right to continued employment with the Corporation or its subsidiaries, or to a cash bonus award. Except as otherwise provided by applicable law, benefits payable under the 2002 Plan may not be assigned or hypothecated, and no such benefits shall be subject to legal process or attachment for the payment of any claim of any person entitled to receive the same. The adoption of the 2002 Plan and any elections made pursuant to the 2002 Plan are subject to approval of the 2002 Plan by the Committee.
- b. Participation in the 2002 Plan is subject to these terms and conditions and to the terms and conditions of (i) the 2000 Senior Executive Plan with respect to those participants hereunder who are subject thereto and (ii) the 2000 Employee Plan with respect to all other participants. Participation in the 2002 Plan shall constitute an agreement by the participant to all such terms and conditions and to the administrative regulations of the Committee. In the event of any inconsistency between these terms and conditions and the provisions of the 2000 Senior Executive Plan or the 2000 Employee Plan, as applicable, the provisions of the latter shall prevail. The 2000 Senior Executive Plan and the 2000 Employee Plan are not subject to any of the provisions of the Employee Retirement Income Security Act Of 1974.
- c. Not more than eight million (8,000,000) shares of the Corporation's common stock, plus such number of shares remaining unused under pre-existing stock plans approved by the Corporation's stockholders, may be issued under the 2000 Senior Executive Plan.
- d. Not more than eighty million (80,000,000) shares of the Corporation's common stock, plus such number of shares authorized and reserved for awards pursuant to certain preexisting share resolutions adopted by the Corporation's Board of Directors, may be issued under the 2000 Employee Plan.

5. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Annual Report on Form 10-K of the Corporation for its last fiscal year, the Corporation's Registration Statement on Form 8 dated February 3, 1987, describing Corporation common stock, including any amendment or reports filed for the purpose of updating such description, and the Corporation's Registration Statement on Form 8-A/A dated January 26, 2000, describing the Preferred Stock Purchase Rights attached to the common stock, including any further amendment or reports filed for the purpose of updating such description, which have been filed by the Corporation under the Securities Exchange Act of 1934, as amended (the Exchange Act), are incorporated by reference herein.



All documents subsequently filed by the Corporation pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, subsequent to the end of the Corporation's last fiscal year and prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents.

Participants may receive without charge, upon written or oral request, a copy of any of the documents incorporated herein by reference and any other documents that constitute part of this Prospectus by contacting Mr. William Palazzo, Senior Manager, Executive Compensation, as indicated above.

	Years Ended December 31,				
	2002	2001	2000	1999(1)	1998
<b>Earnings</b>					
Income before income taxes and minority interest*	\$2,133	\$1,590	\$1,955	\$1,255	\$1,305
Interest expense	160	196	247	233	140
Portion of rents representative of the interest factor	135	122	121	104	88
Amortization of capitalized interest	--	--	--	1	1
	\$2,428	\$1,908	\$2,323	\$1,593	\$1,534
<b>Fixed Charges</b>					
Interest expense	\$ 160	\$ 196	\$ 247	\$ 233	\$ 140
Portion of rents representative of the interest factor	135	122	121	104	88
	\$ 295	\$ 318	\$ 368	\$ 337	\$ 228
Ratio of Earnings to Fixed Charges	8.2	6.0	6.3	4.7	6.7

\* Minority interest has been reclassified in the prior years (1998-1999) to conform to the current year presentation.

(1) For the year ended December 31, 1999, income before income taxes included a \$337 million special charge related to the acquisition and integration of Sedgwick. Excluding that charge, the ratio of earnings to fixed charges would have been 5.5.

MMC [LOGO]  
MARSH o PUTNAM o MERCER  
MARSH & MCLENNAN COMPANIES

ANNUAL REPORT 2002

COVER GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

MMC IS A GLOBAL PROFESSIONAL SERVICES FIRM WITH ANNUAL REVENUES EXCEEDING \$10 BILLION. IT IS THE PARENT COMPANY OF MARSH INC., THE WORLD'S LEADING RISK AND INSURANCE SERVICES FIRM; PUTNAM INVESTMENTS, ONE OF THE LARGEST INVESTMENT MANAGEMENT COMPANIES IN THE UNITED STATES; AND MERCER INC., A MAJOR GLOBAL PROVIDER OF CONSULTING SERVICES. APPROXIMATELY 59,000 EMPLOYEES PROVIDE ANALYSIS, ADVICE AND TRANSACTIONAL CAPABILITIES TO CLIENTS IN OVER 100 COUNTRIES.

# FINANCIAL HIGHLIGHTS

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

	2002	2001	2000
Revenue(a)	\$ 10,440	\$ 9,869	\$ 10,308
Income Before Income Taxes and Minority Interest	\$ 2,133	\$ 1,590	\$ 1,955
Net Income	\$ 1,365	\$ 974	\$ 1,181
Stockholders' Equity	\$ 5,018	\$ 5,173	\$ 5,228
Diluted Net Income Per Share	\$ 2.45	\$ 1.70	\$ 2.05
Diluted Net Income Per Share Excluding Special Items(b)	\$ 2.45	\$ 2.12	\$ 2.05
Dividends Paid Per Share	\$ 1.09	\$ 1.03	\$ .95
Year-end Stock Price	\$ 46.21	\$ 53.73	\$ 58.50

(a) 2001 and 2000 amounts have been reclassified to conform with current year presentation.

(b) 2001 results exclude an investment valuation charge discussed in Note 11 and charges related to September 11 and special credits discussed in Note 12.

[THE DATA PRESENTED BELOW APPEARS IN A BAR CHART IN THE PRINTED DOCUMENT]

		MMC	S&P
		---	---
TOTAL RETURN	1982	\$100	\$100
OF MMC STOCK	1983	127	122
AND S&P 500	1984	157	130
1982-2002	1985	225	171
	1986	344	203
20-Year Compound	1987	291	213
Annual Growth	1988	346	248
	1989	496	327
MMC	1990	514	317
17.6%	1991	554	413
	1992	643	445
S&P 500	1993	589	490
12.7%	1994	595	496
	1995	690	682
	1996	836	839
	1997	1233	1119
	1998	1488	1439
	1999	2494	1742
	2000	3104	1583
	2001	2908	1395
	2002	2556	1087

DEAR SHAREHOLDER

MMC performed well in 2002. Consolidated revenues rose 6 percent to \$10.4 billion. Net income grew 40 percent to \$1.4 billion, and earnings per share increased 44 percent to \$2.45. Excluding special items in 2001, net income grew 12 percent, and earnings per share increased 16 percent.

MMC achieved these results in a year when a slowing global economy, protracted declines in equity markets, and confidence-eroding corporate scandals were features of the business environment. The aftermath of the terrorist attacks on the World Trade Center affected business generally and MMC directly. We miss our 295 colleagues lost in the attacks and continue to assist their families.

Our performance in 2002 is attributable to a business model that provides professional services of considerable breadth with the management of each of our operating companies expected to concentrate on achieving success in its own market. MMC's businesses compete in different fields and have individual identities, but they share a commitment to client service and professional excellence.

MMC's total return to stockholders--share appreciation plus dividends--has outperformed the S&P 500 consistently since the company went public in 1962, including for the last three years. MMC has increased dividends paid to shareholders every year since 1962, a record matched by only 13 of the 2,800 companies listed on the New York Stock Exchange. In 2002 we again raised the dividend rate and split our stock two-for-one.

In the pages that follow, the leaders of our operating companies discuss in detail their business performance in 2002.

Marsh had excellent results. Revenues from risk and insurance services increased 15 percent to \$5.9 billion. Operating income rose 31 percent to \$1.5 billion.

Marsh responded to the needs of clients, who faced new risks, more complex exposures, and an insurance market characterized by reduced underwriting capacity, higher rates, and restricted terms and conditions. In this environment, Marsh's specialized expertise in risk consulting and risk transfer and its longstanding relationships with global insurance and reinsurance markets are a great competitive advantage.

After 40 years of distinguished service, John T. Sinnott, chairman and chief executive officer of Marsh, announced his retirement from the firm, effective July 2003. Jack's leadership of Marsh has been exemplary, and he will continue as a special advisor to MMC. We are fortunate to have an executive as skilled and experienced as Ray J. Groves to succeed Jack. Ray became chief executive officer of Marsh in January 2003 and will become chairman in July 2003.

MMC Capital, our private equity business, had a successful year investing in insurance, reinsurance, and other financial services companies. AXIS Capital Holdings, a company MMC Capital formed to increase underwriting capacity after the terrorist attacks, has established itself as a global provider of insurance and reinsurance. We anticipate that our insurance industry presence and market knowledge will continue to provide MMC Capital with a proprietary advantage in private equity investing.

In 2002 Putnam managed through the downturn in equity markets, which for the first time in 60 years suffered a third straight year of declines. Putnam's revenues declined 10 percent to \$2.2 billion. Operating income was \$560 million. Average assets under management were \$279 billion compared with \$328 billion in 2001. Putnam's institutional business had positive asset flows for the seventh consecutive year. And despite difficult markets, the assets Putnam managed for international clients grew to a record \$33 billion.

The bear market has undermined some investors' faith in stocks, but it has not reduced the need to save for the future. People expect to live longer and better in retirement. By providing a range of retail mutual funds, tax-deferred savings plans, and retirement plans, Putnam can help meet these aspirations. The fundamentals of Putnam's strategy--multiple distribution channels, unmatched customer service, consistent investment results over time, and style discipline across a broad array of funds--are sound and should continue to provide the basis for its long-term business success.

Mercer's revenues rose 2 percent in 2002 to \$2.4 billion. Operating income increased 4 percent to \$326 million. Retirement services, which represent 50 percent of Mercer's business, showed consistent growth throughout the year, as did health care and economic consulting. This was partly

offset by lower revenues from other practices, principally business strategy, which declined 19 percent compared with 2001.

Mercer is the global leader in retirement and human resource consulting. In industrialized economies, aging populations pose challenges for government pension plans, which should increase the emphasis on private retirement provisions and the need for retirement consulting.

With 59,000 employees operating in 100 countries, MMC is well positioned to deliver professional services wherever clients need them. The growth of open, deregulated markets is creating new demand in continental Europe, Latin America, and Asia for the advice and services provided by MMC.

Collaboration is an essential element in the delivery of professional services. By drawing on the range of MMC's capabilities, professionals in our operating companies can provide the variety of advice and services that many clients require. Collaboration enhances the quality of service to clients, increases efficiency, and makes the firm a more interesting and attractive place for talented people to work--all adding to shareholder value. MMC country managers have a particular role in encouraging collaborative business development around the world.

In a year when corporate scandals and allegations of accounting and financial abuses made headlines, I am grateful for the strength of MMC's ethics, culture, and commitment to client service and professional standards. These qualities serve our shareholders well.

MMC has always aspired to a system of corporate governance that is appropriate to the company and serves the long-term interests of its shareholders. Effective oversight of the company requires independent directors who are dedicated, skilled, and experienced. For MMC, we believe that a board combining a majority of such directors with a number of well-qualified executive directors is the best approach to corporate governance.

In 2002 Morton O. Schapiro was elected to the Board of Directors. The president of Williams College, Mort is a distinguished economics professor and academic administrator who will contribute significantly to the deliberations of the Board.

Rob White-Cooper retired from MMC at the end of 2002. His contributions to the successful integration of Sedgwick and to collaborative efforts across MMC's operating companies have been substantial. Saxon Riley, a former MMC director and retired chairman of Lloyd's of London, retired from MMC's International Advisory Board in 2002.

When the year 2002 began, barely three months had passed since the terrorist attacks at the World Trade Center claimed the lives of 295 members of our corporate family. We have continued our efforts to ease the suffering of families of lost colleagues. MMC's Family Relationship Program has helped people get answers to questions and access resources. Psychological and emotional counseling has been available through MMC's employee assistance program. And independent financial advisors have provided counseling about investment, tax, and related issues. In early 2002 The MMC Victims Relief Fund paid out virtually all of its \$22 million in contributions. MMC hosted a commemoration for families in September. A permanent memorial honoring our lost colleagues will be completed in the summer of 2003 and located in the plaza adjacent to our corporate headquarters.

PHOTOGRAPH OF JEFFREY W. GREENBERG,  
CHAIRMAN, MMC.

The uncertainty in the business landscape in early 2003 is troubling, but it does not alter our confidence in the future of MMC. Clients need specialized advice and services, and all of our businesses have excellent global growth prospects. We have a profitable company with strong cash flow, good earnings growth, and a healthy balance sheet.

It is my privilege to work with a talented, experienced, and diverse group of colleagues well able to achieve MMC's goals. We remain grateful for your confidence and trust.

/s/ Jeffrey W. Greenberg

Jeffrey W. Greenberg

March 3, 2003

GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

## RISK AND INSURANCE SERVICES

A conversation with John T. Sinnott, chairman, and  
Ray J. Groves, president and chief executive officer, of Marsh Inc.

JOHN T. SINNOTT IS RETIRING IN 2003 AFTER MORE THAN 40 YEARS WITH MARSH.  
RAY J. GROVES SUCCEEDED HIM AS CEO IN JANUARY AND WILL BECOME CHAIRMAN IN JULY.  
MR. GROVES WAS NAMED PRESIDENT AND CHIEF OPERATING OFFICER OF MARSH IN  
OCTOBER 2001, SHORTLY AFTER BECOMING A SENIOR ADVISOR TO MMC.  
HE HAS BEEN A MEMBER OF MMC'S BOARD OF DIRECTORS SINCE 1994 AND IS THE FORMER  
CHAIRMAN AND CHIEF EXECUTIVE OF ERNST & YOUNG.

MR. GROVES, BEFORE WE DISCUSS MARSH WITH YOU AND MR.  
SINNOTT, TELL US BRIEFLY ABOUT THE EXPERIENCE YOU  
BRING TO THIS LARGE, COMPLEX ORGANIZATION.

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Most of my career has been with professional services firms, dealing closely  
with clients and leading professionals. This has meant devoting a great deal of  
time to identifying the best ways to organize, motivate, and mobilize people  
with high intellectual capacity and excellent technical skills. These  
characteristics describe Marsh's professionals very well. I have worked on how  
to communicate these capabilities to clients, build resources internally, and  
encourage professionals to collaborate--all to bring the highest quality  
services and advice to the client.

WHAT DISTINGUISHES MARSH'S APPROACH  
TO SERVING CLIENTS?

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Two key characteristics are Marsh's ability to deliver excellent service to  
clients around the world and the breadth and scope of our knowledge and  
specialization. Marsh is a large global institution of 38,000 people serving  
clients in more than 100 countries. Our clients can access more than 400 offices  
worldwide, which are staffed by professionals who speak the native language,  
understand local and regional risk issues, and are experts in creating programs  
tailored to clients' needs. These offices serve as the link to the knowledge and  
expertise of Marsh's risk, insurance, and reinsurance specialists--no matter  
where these experts may be located. An equally important characteristic that  
flows from our global client service and specialized strengths is our commitment  
to teamwork.



[THE DATA PRESENTED BELOW APPEARS IN A PIE CHART IN THE PRINTED DOCUMENT]

2002 REVENUE  
\$5.9 BILLION  
-----

RISK MANAGEMENT & INSURANCE BROKING	75%
UNITED STATES	41%
EUROPE	23%
ASIA PACIFIC	5%
LATIN AMERICA	3%
CANADA	3%
REINSURANCE BROKING & SERVICES	11%
RELATED INSURANCE SERVICES	14%

PLEASE ELABORATE ON MARSH'S APPROACH  
TO SPECIALIZATION.  
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Specialization is one of the main strategic components of our services for clients. Segmenting our business according to client size is an initial level of specialization. The approach is based largely on the way our clients have told us how they want to receive our services. Our specialists in global risk practices develop solutions in all the major categories of risk, such as property, casualty, and directors and officers liability. Marsh's more than 20 industry practices provide yet another level of expertise in specific fields. The specialists in our risk consulting practice collaborate with clients to identify, quantify, and reduce the potential effect of risks they face in today's changing, more complex business environment.

Marsh's reinsurance operation, Guy Carpenter, uses its expertise in a dozen specialty practices to deliver solutions in areas such as property, workers compensation, professional liability, environmental liability, and life, accident and health. Carpenter's specialists draw on the most advanced quantitative modeling tools in the industry, local knowledge, and extensive market relationships to develop effective reinsurance approaches such as catastrophe bonds and government pools.

The specialists in our Global Broking practice concentrate on insurance placements by industry, line of insurance coverage, and specific insurance companies. These brokers know the global insurance markets well and have relationships with the senior decision makers in insurance companies around the world. This approach makes risk transfer more efficient and less costly for all the participants in the process. It gives our clients unique access to the insurance markets and underwriters the opportunity to work with brokers who understand their individual requirements and risk tolerance.

WHAT ARE THE GROWTH OPPORTUNITIES  
FOR MARSH?  
-----

Marsh's results in 2002 were outstanding. Revenues rose 15 percent to \$5.9 billion, and operating income increased 31 percent to \$1.5 billion, including the change in accounting for goodwill. This performance reflects the strong contribution of our business units in all the geographies where Marsh operates. We see opportunities for continued

GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

growth in today's world where risk is a greater concern. For example, as a result of the terrorist attacks and recent corporate governance crises in the United States, risk is now on the agenda of nearly all boards of directors--something that was not true just a few years ago. Given Marsh's "360-degree" view and understanding of risk--that is, our ability to analyze risk from multiple perspectives--our advice on a wider range of issues will be needed.

Our services are in demand as countries around the world privatize industries, liberalize trade policies, ease barriers to international investment, and deregulate insurance markets. As our clients access new markets globally and begin new commercial relationships, they appreciate Marsh's ability to provide advice on analyzing, reducing, and transferring risk. Marsh is continuing to expand into markets with high, long-term potential such as China and India, and to make acquisitions when they fit a geographic or product niche.

Marsh has excellent prospects to build its business with new and existing clients in midsize businesses and small enterprises, where no company has commanding market share. Marsh currently serves less than 10 percent of the midsize client market in the United States, leaving plenty of room to grow.

[THE DATA PRESENTED BELOW APPEARS IN A BAR CHART IN THE PRINTED DOCUMENT]

REVENUE (BILLIONS)	
-----	
FIVE-YEAR COMPOUND ANNUAL GROWTH 16%	
1998	= \$3.351
1999	= 4.523
2000	= 4.780
2001	= 5.152
2002	= 5.910

In our continuous effort to raise the bar in service for clients, we see opportunities to make incremental improvements in the processes we use to transfer risk, serve clients, and make our operations more efficient. These changes should lead to continued earnings growth and margin improvement without major reengineering of our business models.

Finally, current insurance market conditions are such that businesses of all sizes are seeking answers to a difficult set of issues concerning the availability and cost of insurance. This increases the demand for Marsh's global risk consulting and risk transfer capabilities. Evidence of these expanding client requirements is seen in the strong growth of our risk consulting practice in 2002.

GIVE US AN UPDATE ON INSURANCE  
MARKET CONDITIONS.

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An unusual confluence of events has created very difficult insurance marketplace conditions for our clients. The 13-year-long "soft" insurance market, which was marked by year-after-year declines in commercial insurance prices in the United States, began to reverse in early 2000. Prices rose gradually until September 11, 2001, after which increases accelerated sharply. Corporate governance issues followed, causing insurance prices to increase even more. Low interest rates, a depressed stock market, and claims for mass tort liabilities such as asbestos are also contributing to marketplace conditions. As a result, for the first time since the mid-1980s, clients have been dealing with reduced capacity for risks, restrictive terms and conditions, coverage exclusions, and sharply higher prices in almost every line of commercial insurance.

These conditions have continued through the first part of 2003, although there are wide variations by line of coverage, the client's exposures and prior loss experience.

HOW IS MARSH HELPING CLIENTS IN  
THIS ENVIRONMENT?

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Challenges in the current market have made a high level of response from our professionals even more critical. This has included finding capacity for difficult risks, helping clients provide the more detailed information now required by underwriters, conducting more extensive

negotiations with the markets, and keeping our clients abreast of developments.

Since September 11, 2001, underwriters' exclusion of terrorism coverage from policies has been a particularly severe problem for clients. Marsh has been continuously at the forefront of developing a solution to this issue. The Terrorism Risk Insurance Act of 2002, which was signed into law in the United States last November, requires insurers to offer terrorism coverage to all businesses, with the federal government acting as a reinsurer for terrorism risks. Since passage of the legislation, skilled collaboration among our clients, our professionals, and the insurance markets has been necessary to weave through the complexities of the new risks and exposures and the requirements of the new law.

Clients value what we bring to the table as risk advisors, but they also expect us to make a difference in the marketplace. We look constantly for ways to ensure that our clients--businesses and other institutions--have a reasonable opportunity to transfer risks they are not retaining themselves. We have helped clients develop alternative risk transfer solutions such as captives and policy-holder-owned insurance companies.

Serving our clients can also mean working with existing insurance markets to consider new areas of risk underwriting where we see opportunity for both our clients and the underwriters. Assessing each market's current and future capacity to assume risks is essential in advising our insurance and reinsurance clients. We devote a great amount of time and effort to this function.

PLEASE UPDATE US ON THE ACTIVITIES OF  
MMC CAPITAL.

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Marsh has always taken a leading and innovative role in insurance market-making in order to create additional capacity for our clients. In fact, since the 1980s, we have helped form 13 insurance and reinsurance companies for this purpose, including ACE, XL, Centre Re, Mid Ocean, and AXIS. In 1992 MMC formalized this market-making role by establishing MMC Capital. MMC's sponsorship of the first Trident investment fund in 1994 and the \$1.4 billion Trident II fund in 1999 has enabled MMC Capital to react quickly to market dislocations and other investment opportunities.

MMC Capital led the formation of AXIS in November 2001 in response to the significant supply and demand imbalances in the worldwide insurance marketplace following the World Trade Center attacks. MMC Capital used the enormous advantage in market knowledge it derives from its access to the entire Marsh network to create AXIS quickly and efficiently. AXIS has established itself as a global provider of specialty insurance and treaty reinsurance. In its first full year of operations, it reported gross written premiums in excess of \$1 billion and strong profitability. The first Trident fund has performed well for its investors, and the second fund, Trident II, of which AXIS is a portfolio company, is making strong progress.

WHAT IS THE OUTLOOK FOR MARSH?

- - - - -

We are approaching the years ahead from a position of strength. We have strong revenues, good operating margins, a global presence, an excellent management team, and world-class professional talent--all of which will serve us well through changing insurance marketplace conditions. We are "bullish" on future growth for Marsh within the world of risk and insurance services. []

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OPERATING INCOME (BILLIONS)	
-----	
FIVE-YEAR COMPOUND ANNUAL GROWTH 25%	
1988	= \$0.613
1999	= 0.806
2000	= 0.944
2001	= 1.139
2002	= 1.490

GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

## INVESTMENT MANAGEMENT

A conversation with Lawrence J. Lasser,  
president and chief executive officer of Putnam Investments

### PLEASE GIVE US YOUR ASSESSMENT OF THE EQUITY MARKET ENVIRONMENT.

-----

Last year was a difficult year for the economy, markets, investors, and most investment management companies. The United States experienced a continuation of the most severe bear market since 1932, with the S&P 500 and Nasdaq down 23 percent and 32 percent, respectively. U.S. stock mutual funds had \$27 billion in net redemptions, the first time since 1988 that stock funds had net redemptions.

There have been 11 bear markets since the 1930s. Bear markets are painful, but most people believe that current conditions show that investment and economic history is being repeated, not rewritten. Three consecutive years of down markets are unusual. We hope stock market declines are behind us, and there are factors that support a better outlook in 2003. Still, it's important to remember that although equity markets rise and fall, long-term growth has been strong, with a 10 percent total return on a compound basis for U.S. equities over the last 40 years. This is why stocks remain a necessary part of diversified investment portfolios.

### WHAT WAS THE EFFECT ON PUTNAM'S PERFORMANCE?

-----

We entered 2002 with \$315 billion in assets under management, approximately 80 percent in equities, and ended the year with \$251 billion. Putnam's revenues declined 10 percent to \$2.2 billion, and operating income declined to \$560 million.

Putnam's results for 2002 were clearly affected by the weakness in the equity markets. Yet, again, one needs to step back and look at performance over a longer period of time. Putnam's average assets over the last 10 years grew at a compound annual rate of 17 percent, revenues

grew at a rate of 18 percent, and operating income at 16 percent. Putnam entered the 1990s as the tenth largest mutual fund company in the United States and is today the fifth largest.

HAVE RECENT CONDITIONS LED PUTNAM TO  
CHANGE ITS STRATEGY?

Putnam has a history of continuously reengineering to improve performance. As difficult as it has been to endure the downturn in equities, we continue to believe in our business model, which rests on long-term, consistent investment performance, breadth and depth of investment product, first-class investor service, and strong distribution. This model has taken us years to build, and we feel it positions us well for the future.

Twenty years ago, Putnam was a traditional institutional investment management company with a growth equity focus, few fixed-income products, and a small number of mutual funds. We believed Putnam had to be larger to capture economies of scale and to attract and retain

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AVERAGE  
ASSETS UNDER  
MANAGEMENT  
(BILLIONS)  
-----  
FIVE-YEAR COMPOUND ANNUAL GROWTH 6%

1998	=	\$264
1999	=	322
2000	=	397
2001	=	328
2002	=	279

investment talent. We rebuilt investor services. We changed our sales organization into a first-rate force and developed new channels of distribution. We expanded our investment product line to be comprehensive across asset classes. We developed a defined benefit institutional business and became a major competitor in the defined contribution market. We added an international business that is growing and profitable.

COULD YOU ELABORATE ON PUTNAM'S  
INVESTMENT PROCESS.

The overarching priority of Putnam investment management is to achieve yearly performance that is consistently above median in every product category, against benchmarks and peers, building to a superior long-term record. We recognize that to achieve this result each product must have a strategy designed for the long term and be managed by experienced investment professionals who make solid, informed decisions in a disciplined, repeatable manner, according to Putnam's style-consistent, truth-in-labeling approach.

Team management is a hallmark of Putnam's investment process. The recent appointment of co-heads of investment exemplifies that strategy. The experience and judgment of our portfolio teams is critical. We want to continue to develop, train, and hire those who will distinguish Putnam in its ability to make informed judgments on a stock-by-stock basis. The goal is to combine all our skills in a culture of shared vision, teamwork, and high achievement.

In the last year, we have implemented many changes in our investment decision-making process, including the approaches we take and the application of risk management and portfolio construction tools. As always, we manage our funds relative to explicit benchmarks. At the same time, Putnam's investment professionals leverage all of the resources available to them: risk management and portfolio construction tools, integrated research, trading, performance attribution, and first-rate technology.

WHAT WERE THE BUSINESS  
SUCCESES IN 2002?

We had success in our institutional business, which now represents about one third of Putnam. Institutional accounts had positive asset flows in 2002, as they have for the last seven years. We were pleased to have won a \$2 billion defined contribution plan account, our largest ever, and the second \$1 billion-plus success last year.

Growth from international sources, including mutual fund and institutional assets, was excellent. The assets Putnam manages for international clients reached a record \$33 billion in 2002, making Putnam one of the largest foreign competitors in non-U.S. markets. Our international team landed the biggest piece of new business ever for Putnam--the assignment to manage \$2.5 billion in international assets in pension funds for one of Australia's largest banks. In Europe, we continue to focus on existing partnerships while expanding into new relationships, including an alliance with the fund management company of the Talanx/HDI Group, Germany's third largest insurer.

We are a leader in investor services, having continuously enhanced the quality of service we provide to mutual fund shareholders. In 2002 Putnam was once again awarded the DALBAR "Triple Crown" for service excellence to mutual fund investors, financial advisors, and annuity holders. It received the highest award in all three categories, continuing the recognition of outstanding service Putnam has provided over the past decade.

HOW DID YOU CHANGE YOUR PRODUCT LINE?

As markets have changed in the last few years, investors have sought less volatile products and a simplified, easier-to-understand product line. As investors' preferences have moved from equity to fixed income, Putnam's fixed-income assets have grown from \$60 billion at the end of 2001 to \$67 billion in 2002. Fixed income now represents 27 percent of our assets under management.

Last year, we edited our mutual fund family product line by combining 10 smaller funds and eliminating one. Through this consolidation in our fund lineup, we will be able to concentrate our investment resources and talent better and deliver stronger performance.

In an ongoing effort to develop new products that meet the needs of investors, we made product enhancements to the Putnam CollegeAdvantage plan, which has a nearly 10 percent share of the 529 college savings plan market and excellent growth prospects. We also added a stable value fund option to CollegeAdvantage as an alternative for investors who want stability in their principal investment, combined with potentially higher returns than the average money market fund.

WHAT ARE THE OPPORTUNITIES FOR PUTNAM?

Internationally, we see attractive opportunities as governments implement retirement reforms and move to private solutions for retirement planning. Putnam offers retirement savings for individuals, tax-deferred savings

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DALBAR  
INVESTOR SERVICE AWARDS

For the fifth time in six years, Putnam won the DALBAR "Triple Crown" for service excellence in three categories--the highest achievement of any investment management company.

	Mutual Fund Shareholders	Financial Intermediaries	Annuity Contract Holders
2002	Highest Award	Highest Award	Highest Award
2001	Highest Award	Highest Award	Highest Award
2000	Highest Award	Highest Award	Highest Award
1999	Highest Award	Highest Award	Honorable Mention
1998	Highest Award	Highest Award	Highest Award
1997	Highest Award	Highest Award	Highest Award



GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

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YEAR-END 2002  
ASSETS UNDER MANAGEMENT  
\$251 BILLION

MUTUAL FUND BLEND EQUITY	13%
MUTUAL FUND FIXED INCOME	18%
MUTUAL FUND VALUE EQUITY	16%
MUTUAL FUND GROWTH EQUITY	18%
INSTITUTIONAL FIXED INCOME	9%
INSTITUTIONAL EQUITY	26%

plans for individuals through their employment, and pension management. Having done this historically in the United States, we now provide new retirement products for investors throughout the world.

It is also important to remember that while returns have declined, people still save for the same things. People are living longer and expecting to live better in retirement. Between their personal savings, pensions, and other retirement accounts, they are primarily responsible for their own needs and want to pass on assets to the next generation. And again, this is true not only in America; it is true across the developed world. People can invest individually, or, as tens of millions have, they can invest through mutual fund accounts and benefit from full-time professional management and diversification.

WHAT IS THE OUTLOOK FOR 2003?

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Markets are difficult to predict. They are dependent not only on the health of the economy and corporate profits but also on worldwide political events. This is why we believe most long-term investors should invest in a diversified portfolio rather than try to time the markets. Our equity strategists anticipate moderate returns from the major indexes over the next three to five years. It is also clear that the ingredients of a modest rebound are now in place: low interest rates, low inflation, a growing economy, and sharply lower stock prices.

WHAT ARE YOUR ASPIRATIONS  
FOR PUTNAM?

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My aspirations for Putnam have never changed. I want Putnam to continue to be a great company defined by great people doing great work for customers, a company respected by its competitors, its people admired in the community, MMC's shareholders rewarded by Putnam's success. Putnam is a strong company in an industry with excellent long-term growth prospects. We will succeed by resisting the temptation to focus on the short term and by focusing instead in a disciplined manner on our longer-term objectives. []

GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

## CONSULTING

A conversation with Peter Coster,  
president and chief executive officer of Mercer Inc.

### HOW DO YOU VIEW MERCER'S PERFORMANCE IN 2002?

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Mercer continued to grow in a difficult environment for the consulting industry. We finished the year with a 2 percent increase in revenues and a 4 percent increase in operating income, including the change in accounting for goodwill. Retirement services, health care and group benefits, and economic consulting performed well. Management and organizational change consulting revenues declined. Viewed from a geographic perspective, revenue growth tended to be stronger outside North America.

We completed several acquisitions to support international growth and fill gaps in service offerings, continued to invest in our intellectual capital and people, and rolled out a new identity program that communicates Mercer's ability to provide expert advice across a range of key management issues. Most importantly, we continued to deliver top-flight service to our clients.

### TELL US MORE ABOUT HOW MERCER MANAGED IN THIS ENVIRONMENT.

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The market downturn we are now experiencing began in the middle of 2000, primarily as a result of slowing economies in which corporations deferred spending for certain types of consulting. Mercer's ability to maintain its profitability through this period reflects our view that downturns are both inevitable and unpredictable as to timing and depth, and we should therefore manage our business in good times to ensure we are not overextended

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2002 REVENUE  
BY CONSULTING PRACTICE  
\$2.4 BILLION

ECONOMIC	6%
HUMAN CAPITAL	15%
MANAGEMENT & ORGANIZATIONAL CHANGE	13%
HEALTH CARE & GROUP BENEFITS	16%
RETIREMENT SERVICES	50%

when markets inevitably weaken. In the current downturn, we cut expenses early in affected practices and have managed costs tightly. At the same time, we have continued to invest in intellectual capital, geographic expansion, and new capabilities to strengthen our franchise and position ourselves for growth.

WHAT TYPES OF CONSULTING SERVICES ARE IN  
GREATEST DEMAND?

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Demand for retirement consulting was strong in 2002, as it has been for the last several years. Mercer is the global market leader in this area. With strong operations in all major markets, we are well positioned to serve our many clients and particularly to advise multinationals who increasingly want to address human resource and benefit issues throughout their organizations in a coordinated way. The combination of the slide in stock markets and low interest rates has placed many retirement plans in underfunded positions. Clients find themselves making difficult decisions about plan funding and investments at a time when their businesses are reporting lower earnings and cash flow. Mercer's retirement and investment consulting practices are helping them model risks and select the right investment strategy, funding policy, and plan design to manage these risks and align their benefit programs with the needs of their businesses.

Health care consulting is much in demand as clients are faced with managing more complex programs and increasing costs. U.S. employers' average health care costs increased nearly 15 percent in 2002 and have risen more than 50 percent over the past five years. We are supporting clients in a variety of ways, including helping them form medical and pharmaceutical purchasing coalitions and working on their behalf to encourage health care organizations to adopt more rigorous medical quality standards.

GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

The increasing need of corporations and government entities for economic consulting advice on complex issues in litigation, regulation, and privatization is generating growth for NERA. Its global scale is a source of competitive advantage in assignments such as multinational mergers or antitrust litigation. NERA economists are advising on fundamental management issues worldwide, including new ways to value directors and officers exposures, employee stock options, and exotic financial instruments.

With demands on corporate leaders greater than ever, senior executives of large organizations continue to seek advice from Mercer Delta Organizational Consulting on issues of leadership and organization. For example, corporate governance is currently high profile for clients, driven by intense investor and regulatory attention. Mercer Delta helps its clients move beyond merely satisfying the new governance rules to actually improving how boards of directors and CEOs work together.

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REVENUE (BILLIONS)	
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FIVE-YEAR COMPOUND ANNUAL GROWTH 11%	
1998	= \$1.658
1999	= 2.086
2000	= 2.286
2001	= 2.308
2002	= 2.364

WHAT IS MERCER DOING TO STRENGTHEN ITS  
BUSINESS FOR THE FUTURE?

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I'll touch on a few highlights.

We continue to invest in new capabilities and intellectual capital. NERA added a transfer pricing practice, which performed strongly in its first year. Mercer Delta acquired the intellectual capital of Sorcher Associates, a leader in executive assessment. Mercer Human Resource Consulting continued to develop its market-leading thinking on productivity and human resource metrics. Many companies are coming to realize that their employees are their most important asset--and the one they know the least about. Mercer Human Resource Consulting has unmatched capabilities to measure the bottom-line outcomes of human resource strategies and practices, and this helps our clients understand and benefit from their investment in people.

Our financial strength as part of MMC has enabled us to acquire some very attractive businesses at a time when competitors may lack the resources to do so. During 2002 we acquired organizational change consulting firms in Canada and France to support our strategy of building Mercer Delta Organizational Consulting from its U.S. roots into the leading global firm advising on leadership, organization, and change. We also acquired a London- and New York-based media consulting operation to add media industry expertise to Mercer Management Consulting and a London-based competition policy firm to strengthen NERA's capabilities in the fast-growing area of antitrust/competition policy. Several acquisitions for Mercer Human Resource Consulting in Europe added scale and capabilities to our operations.

In early 2003 we reached agreement for two further acquisitions, subject to regulatory review and customary contract terms. One of these is KPMG's actuarial services business in Germany, which we see as a key market. With more and more clients asking us to advise them on pension benefit strategy throughout the world, this acquisition strengthens significantly our pension consulting resources

in a country where many multinationals are headquartered and most large ones have operations. The second and larger acquisition is Oliver, Wyman & Company, the leading firm specializing in strategy consulting to the financial services industry. This New York-headquartered firm also has strong operations across western Europe as well as in Canada and Singapore. The integration of Oliver, Wyman with our existing financial services consulting groups will create a global financial services strategy practice second to none in quality and in its capability to address risk-adjusted capital issues. This acquisition will position Mercer as the major force in financial services consulting, add a risk analysis dimension to our other industry-focused business strategy consulting, and enhance MMC's position in the field of enterprise risk.

As I've said before, Mercer's acquisition strategy is to gain market position, not market share. Expense savings may be involved in some acquisitions, but that doesn't drive our strategy. Our aim is to acquire outstanding businesses with outstanding people who share our vision and values, with the goal of driving our organic growth.

YOU MENTIONED THAT MERCER INTRODUCED A  
NEW IDENTITY PROGRAM DURING 2002.  
WHAT PROMPTED THIS?

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For some time, Mercer's strategy has been to develop a family of global consulting operations offering best-in-class specialist advice addressing the most important issues faced by clients. This structure allows Mercer to provide consulting solutions that are both broad and deep, based on industry-leading intellectual capital and world-class talent in each specialist area. We deliver our services and advice in the way that best fits each client's specific need, whether that need is limited to a single specialist area or calls for an integrated approach across several disciplines. Our new identity program clearly signals the capabilities represented by our individual operating companies and, at the same time, identifies the connections and linkages among them. In this way, it supports our strategy, communicates the special advantages of our organization, and helps each of Mercer's business units build on the reputations and goodwill of the others.

WHAT IS THE OUTLOOK FOR 2003  
AND BEYOND?

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In a tough economy, Mercer has continued to grow, invest, and generate profits. We are in an excellent position to take advantage of opportunities as they arise.

Consulting has been a successful and rewarding business for MMC for many years, and I'm confident that organizations will continue to demand specialist advice attuned to their particular needs. The focus of consulting advice may shift over time, but the major themes tend to remain constant: What is the best business design for a company? How should the company be organized and led? How can it best attract, retain, and motivate employees to achieve its strategy? Mercer is well qualified to help clients answer these questions and many more. We have an excellent platform for future growth. [ ]

[THE DATA PRESENTED BELOW APPEARS IN A BAR CHART IN THE PRINTED DOCUMENT]

OPERATING INCOME  
(MILLIONS)

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FIVE-YEAR COMPOUND ANNUAL GROWTH 17%

1998	=	\$202
1999	=	260
2000	=	312
2001	=	313
2002	=	326



## MMC WORLDWIDE

### RISK AND INSURANCE SERVICES

MARSH INC. is the world leader in delivering risk and insurance services and solutions to clients. Global risk management consulting, insurance broking, financial solutions, and insurance program management services are provided for businesses, public entities, associations, professional services organizations, and private clients under the MARSH name. Reinsurance broking, financial modeling services, and related advisory functions are conducted worldwide for insurance and reinsurance companies, principally under the GUY CARPENTER name. Underwriting management services are performed for a wide range of clients.

MMC CAPITAL is a global private equity firm with over \$2 billion of committed capital under management. MMC Capital invests in industries where MMC possesses specialized knowledge and proprietary deal flow.

### INVESTMENT MANAGEMENT

PUTNAM INVESTMENTS, one of the oldest and largest money management organizations in the United States, offers a full range of both equity and fixed-income products, invested domestically and globally, for individual and institutional investors. Putnam, which manages over 100 mutual funds, has over 700 institutional clients and more than 13 million individual shareholder accounts. It had \$251 billion in assets under management at year-end 2002.

### CONSULTING

MERCER INC., one of the world's largest consulting firms, operates as a family of specialist firms, each a leader in its field. MERCER HUMAN RESOURCE CONSULTING helps employers understand, develop, implement, and measure the effectiveness of their retirement, benefit, rewards, and other human resource programs with the goal of creating measurable business results through their people. MERCER INVESTMENT CONSULTING provides advice and solutions to institutional investors. MERCER MANAGEMENT CONSULTING helps leading enterprises develop, build, and operate strong businesses that deliver sustained shareholder value growth. MERCER DELTA ORGANIZATIONAL CONSULTING works with CEOs and executive teams of major companies on the design and leadership of large-scale transformation. NATIONAL ECONOMIC RESEARCH ASSOCIATES (NERA), a firm of consulting economists, applies economics to complex business and legal issues arising from competition, regulation, public policy, strategy, finance, and litigation. LIPPINCOTT MERCER, which consults on brand strategy and identity, helps clients create, develop, and manage their brands. MERCER RISK, FINANCE & INSURANCE CONSULTING, a firm of consulting actuaries, advises insurance companies, government entities, and other organizations on all aspects of property-casualty, life, and health care risks.

Marsh & McLennan Companies, Inc. and Subsidiaries

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

Marsh & McLennan Companies, Inc. and Subsidiaries ("MMC") is a 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, a major global provider of consulting services. Approximately 59,000 employees worldwide provide analysis, advice and transactional capabilities to clients in over 100 countries.

MMC operates in three principal business segments based on the services provided. Segment performance is evaluated based on operating income, which is after deductions for directly related expenses and minority interest but before charges related to September 11 and special credits. The accounting policies of the segments are identical to those used for the consolidated financial statements.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") 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" in MMC's 2002 Annual Report on Form 10-K.

The consolidated results of operations follow:

(IN MILLIONS, EXCEPT PER SHARE FIGURES)	2002	2001	2000
REVENUE:			
Service Revenue	\$10,373	\$10,011	\$10,232
Investment Income (Loss)	67	(142)	76
Operating Revenue	10,440	9,869	10,308
EXPENSE:			
Compensation and Benefits	5,199	4,877	4,941
Other Operating Expenses	2,967	3,055	3,190
Charges Related to September 11 and Special (Credits)	--	174	(2)
Operating Expenses	8,166	8,106	8,129
OPERATING INCOME	\$ 2,274	\$ 1,763	\$ 2,179
NET INCOME	\$ 1,365	\$ 974	\$ 1,181
NET INCOME PER SHARE:			
BASIC	\$ 2.52	\$ 1.77	\$ 2.18
DILUTED	\$ 2.45	\$ 1.70	\$ 2.05
AVERAGE NUMBER OF SHARES OUTSTANDING:			
BASIC	541	550	543
DILUTED	557	572	569

In 2002, operating revenue, derived primarily from commissions and fees, rose 6%. The increase resulted from a higher volume of business in the risk and insurance services segment, partially offset by a decline in revenue in the investment management segment due to lower assets under management on which fees are earned. In addition, an investment valuation charge recorded in 2001 related to Gruppo Bipop-Carire S.p.A. ("Bipop") resulted in a favorable variance for investment income in the current year compared to 2001. Excluding the effect of such items as foreign exchange, acquisitions and dispositions, underlying service revenue increased 3%. The risk and insurance services segment experienced underlying revenue growth of 15% primarily due to net new business and the effect of higher commercial insurance premium rates, partially offset by lower fiduciary interest income. Underlying consulting revenue increased 1% reflecting a higher volume of business in retirement services partially offset by a decline in management consulting. Underlying revenue declined 18% in the investment management segment primarily due to a reduction in average assets under management which declined 15% from 2001.

Operating expenses increased 1% in 2002 compared to 2001, which included charges related to September 11 and amortization of goodwill. Excluding these items, as well as the effect of foreign exchange, acquisitions and dispositions, underlying expenses increased 4% from the prior year. The increase is primarily due to increased compensation and benefits costs in the risk and insurance services segment commensurate with operating performance partially offset by reduced incentive compensation and lower volume related expenses in the investment management segment.

In 2001, operating revenue declined 4%. The decrease resulted from a decline in revenue in the investment management segment due largely to lower assets under management on which fees are earned and an investment valuation charge related to an other than temporary decline in Putnam's investment in Bipop, partially offset by a higher volume of business in the risk and insurance services segment. Excluding the effect of such items as foreign exchange, acquisitions and dispositions, underlying service revenue declined approximately 1% compared with 2000. Underlying revenue decreased 19% in the investment management segment as the level of average assets under management declined in 2001, primarily as a result of a reduction in the equity market levels. The risk and insurance

services segment experienced underlying revenue growth of approximately 10% primarily due to the impact of higher commercial insurance premium rates and net new business development, partially offset by lower fiduciary interest income. Underlying consulting revenue grew 3% for the year reflecting a higher volume of business in retirement services, health care and group benefits and economic consulting offset by a decline in management consulting.

Operating expenses were essentially unchanged in 2001 compared to 2000. Underlying expenses, excluding the effect of foreign exchange, acquisitions and dispositions, and the impact of charges related to September 11, decreased 2% from the prior year. The decrease relates primarily to lower incentive compensation in the investment management segment and a reduction in discretionary expenses in all segments partially offset by expenses associated with a higher volume of business in the risk and insurance services segment. Expenses were also reduced by approximately \$40 million of incremental net consolidation savings associated with the Sedgwick Group plc ("Sedgwick") integration, primarily in risk and insurance services.

In 2001, MMC recorded pretax charges of \$187 million, net of insurance recoveries, related to the events of September 11 and the subsequent impact on business conditions. The components of this charge are discussed further in the section of this MD&A entitled Charges Related to September 11 and Special Credits.

## RISK AND INSURANCE SERVICES

The operations within this segment consist of risk and insurance services as broker, agent or consultant for insureds, insurance underwriters and other brokers on a worldwide basis. These services are provided by Marsh Inc. ("Marsh"), which delivers risk and insurance services and solutions to clients through its various subsidiaries and affiliates. Risk management, insurance broking, financial solutions and insurance program management services are provided for businesses, public entities, associations, professional services organizations and private clients under the Marsh name. Reinsurance broking, catastrophe and financial modeling services and related advisory functions are conducted for insurance and reinsurance companies, principally under the Guy Carpenter name. Underwriting management services are performed for a wide range of clients under various names. In addition, MMC Capital provides services principally in connection with originating, structuring and managing insurance, financial services and other industry-focused investments.

The services provided within this segment include the identification, analysis, estimation, mitigation, financing and transfer of risks that arise from client operations. These risks relate to damage to property, various liability exposures, and other factors that could result in financial loss, including large and complex risks that require access to world insurance and financial markets. The risks addressed by Marsh's operating units go beyond traditional property-liability areas to include a widening range of exposures. Major examples of these risks include employment practices liability, the launch and operation of rockets and spacecraft, the development and operation of technology resources (such as computers, communications networks and websites), the theft or loss of intellectual property, copyright infringement, the remediation of environmental pollution, merger and acquisition issues, the interruption of revenue streams derived from leasing and credit operations, political risks and various other financial, strategic and operating exposures.

Marsh's subsidiaries provide a broad spectrum of services requiring expertise in multiple disciplines: risk identification, estimation and mitigation; conducting negotiations and placement transactions with the worldwide insurance and capital markets; gaining knowledge of specific insurance product lines and technical aspects of client operations, industries and fields of business; actuarial analysis; and understanding the regulatory and legal environments of various countries. Marsh provides advice on addressing client exposures, which includes structuring programs for retaining, mitigating, financing, and transferring the risks in combinations that vary according to the risk profiles, requirements and preferences of clients. Specific professional functions provided in this process include loss-control services, the placement of client risks with the worldwide insurance and capital markets (risk transfer), the development of alternative risk financing methods, establishment and management of specialized insurance companies owned by clients ("captive insurance companies"), claims collection, injury management and other insurance and risk related services.

Reinsurance services are provided to insurance and reinsurance companies and other risk assumption entities by Guy Carpenter and primarily involve acting as a broker or intermediary on all classes of reinsurance. The predominant lines addressed are property and casualty. In addition, reinsurance activities include specialty lines such as professional liability, medical malpractice, accident, life and health. Services include providing advice, placing coverages with reinsurance markets, arranging risk-transfer financing with capital markets, and furnishing related services such as actuarial, financial and regulatory consulting, portfolio analysis, catastrophe modeling and claims services. An insurance or reinsurance company may seek reinsurance or other risk-transfer financing on all or a portion of the risks it insures.

Marsh provides underwriting management services to insurers in the United States, Canada and the United Kingdom, primarily for professional liability coverages. These services are provided under various names apart from Marsh.

Marsh's Affinity and Private Client Practices unit provides advice and program services to corporate, association and individual clients in North America and Europe. Marsh Affinity provides associations with the design, marketing and administration of a variety of insurance-related products purchased by the association members. Marsh Affinity offers services and administration to corporations for employee voluntary payroll deduction programs and insurance- and benefit-related programs. Marsh's Private Client Services practice markets specialized risk and insurance programs to high net worth individuals.

MMC Capital, Inc. is a private equity investment firm that manages fund families focused on distinct industry sectors. It is an advisor to The Trident Partnership L.P., a private investment partnership formed in 1994 with capital commitments of \$660 million, and Trident II, L.P. formed in 1999 with \$1.4 billion in capital commitments for investments in insurance, financial services and related industries. MMC Capital also is the advisor to funds which invest in technology, communications and information companies primarily that support the financial services sector. Investors in these funds include MMC Capital's corporate parent and other investors. In response to Marsh's client needs, MMC Capital helped develop an additional source of insurance and reinsurance capacity after September 11 through the formation of AXIS Capital Holdings ("AXIS"). AXIS had an initial capitalization of \$1.6 billion, which included a \$250 million investment by Trident II and a \$100 million direct investment by MMC, and began underwriting in Bermuda during the fourth quarter of 2001.

Revenue attributable to the risk and insurance services segment consists primarily of fees paid by clients; commissions and fees paid by insurance and reinsurance companies; compensation for billing and related services, in the form of interest income on funds held in a fiduciary capacity for others, such as premiums and claims proceeds; placement service revenue from insurers; and compensation for services provided in connection with the organization, structuring and management of insurance, financial services and other industry-focused investments, including fees and dividends, as well as

appreciation or depreciation that has been realized on sales of holdings in such entities.

Revenue generated by the risk and insurance services segment is fundamentally derived from the value of the services provided to clients and insurance markets. These revenues are affected by premium rate levels in the property and casualty and employee benefits insurance markets and available insurance capacity, since compensation is frequently related to the premiums paid by insureds. In many cases, compensation may be negotiated in advance based upon the estimated value of the services to be performed. Revenue is also affected by fluctuations in the amount of risk retained by insurance and reinsurance clients themselves and by insured values, the development of new products, markets and services, new and lost business, merging of clients and the volume of business from new and existing clients, as well as by the level of interest realized on the investment of fiduciary funds. Revenue and fees also may be received from originating, structuring and managing insurance, financial services and other industry-focused investments, as well as income derived from investments made by MMC. Placement service revenue includes payments or allowances by insurance companies based upon such factors as the overall volume of business placed by the broker with that insurer, the aggregate commissions paid by the insurer for that business during specific periods, or the profitability or loss to the insurer of the risks placed. This revenue reflects compensation for services provided by brokers to the insurance market. These services include new product development, the development and provision of technology, administration, and the delivery of information on developments among broad client segments and the insurance markets.

Revenues vary from quarter to quarter as a result of the timing of policy renewals, the net effect of new and lost business, achievement of contingent compensation thresholds, interest and foreign exchange rate fluctuations and the realization of revenue from investments, whereas expenses tend to be more uniform throughout the year.

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

(IN MILLIONS OF DOLLARS)	2002	2001	2000
REVENUE	\$5,910	\$5,152	\$4,780
EXPENSE(a)	4,420	4,013	3,836
OPERATING INCOME	\$1,490	\$1,139	\$ 944
OPERATING INCOME MARGIN	25.2%	22.1%	19.7%

(a) 2001 expense excludes charges related to September 11 and special credits which are detailed below.

#### REVENUE

Revenue for the risk and insurance services segment grew 15% over 2001. In 2002, revenue includes \$18 million resulting from an increase in the valuation of an investment in AXIS Capital Holdings held by Trident II, a private equity fund. Excluding the effect of such items as foreign exchange, acquisitions and dispositions and investment gains and losses, underlying revenue grew 15% primarily reflecting net new business and higher premium rates, offset by lower fiduciary interest income. In 2002, underlying revenue grew 16% in risk management and insurance broking, which represents approximately three quarters of risk and insurance services segment revenue, 21% in reinsurance broking and services, and 6% in related insurance services.

Within risk management and insurance broking underlying revenue increased 17% in the United States, 15% in Europe and 19% in other geographies resulting from net new business and the effect of higher premium rates partially offset by lower fiduciary interest income. Over the past several years, the transfer of commercial risk has become more difficult and costly with proportionate increases in premiums. Since the terrorist attacks in 2001, insurance and reinsurance markets worldwide have tightened, capacity has been reduced and rates have increased. The size of the increases varies according to product line and clients' loss experience, which reflects a dynamic and changing marketplace. While some moderation in insurance rate increases is occurring in property lines, the difficult market is expected to continue in 2003, particularly for many liability coverages.

Revenue for the risk and insurance services segment increased 8% in 2001 over 2000. Excluding the effects of such items as foreign exchange, acquisitions and dispositions and investment gains and losses, underlying revenue rose 10% reflecting net new business and the effect of higher premium rates offset by lower fiduciary interest income. Underlying revenue for risk management and insurance broking services, which represented about three quarters of risk and insurance services, grew approximately 9% over 2000 and increased 13% in the reinsurance broking and services business, and 12% in related insurance services.

#### EXPENSE

In 2002, risk and insurance services expenses increased 10% over prior year. Excluding the effect of such items as foreign exchange, acquisitions and dispositions and the change in accounting for goodwill, underlying expenses increased 12% from 2001 primarily reflecting increased incentive compensation, higher benefit costs and increased costs due to a higher volume of business.

Risk and insurance services expenses increased 5% in 2001. Underlying expenses increased approximately 7% from 2000 primarily reflecting staff growth and other costs associated with a higher volume of business, partially offset by the realization of \$40 million of incremental net integration savings related to the Sedgwick transaction.

Expenses in 2001 exclude compensation and benefit costs of \$15 million related to employees who were unable to report to work or were involved directly in the recovery efforts resulting from the September 11, 2001 attacks. These costs were recorded as part of the charges related to September 11 and are not included in the segment's operating expenses.

#### INVESTMENT MANAGEMENT

The operations within the investment management segment consist of services primarily under the Putnam name. The services, which are performed principally in the United States, include securities investment advisory and management services consisting of investment research and management, and accounting and related services for a group of publicly held investment companies (the "Putnam Funds"). A number of the open-end funds serve as funding vehicles for variable insurance contracts. Investment management services are also provided on a separately managed or commingled basis to individuals, corporate profit-sharing and pension funds, state and other governmental and public employee retirement funds, university endowment funds, charitable foundations, collective investment vehicles (both U.S. and non-U.S.) and other domestic and foreign institutional accounts. Putnam serves as transfer agent, dividend disbursing agent, registrar and custodian for the Putnam Funds and provides custody services to several external clients. In addition, Putnam provides administrative and trustee (or custodial) services including participant accounting, plan administration and transfer agent services for employee benefit plans (in particular defined contribution 401(k) plans), IRAs and other clients for which it receives compensation pursuant to service and trust or custodian contracts with plan sponsors and the Putnam Funds. Putnam also acts as principal underwriter of the shares of the open-end Putnam Funds, selling primarily through independent broker/dealers, financial planners and financial institutions, including banks, and directly to certain large 401(k) plans and other institutional accounts.

Shares of open-end funds are generally sold at their respective net asset value per share plus a sales charge, which varies depending on the individual fund and the amount and class of shares purchased. Essentially all Putnam Funds are available with a contingent deferred sales charge in lieu of a front-end load. The related prepaid dealer commissions initially paid by Putnam to broker/dealers for distributing such funds can be recovered through charges and fees received over a number of years.

Putnam's revenue is derived primarily from investment management and 12b-1 fees received from the Putnam Funds and investment management fees for institutional accounts. The investment management services provided by Putnam are performed pursuant to advisory contracts. The amount of the fees varies depending on the individual mutual fund or account and is usually based upon a sliding scale in relation to the level of assets under management and, in certain instances, is also based on investment performance. The management of Putnam and the trustees of the Putnam Funds regularly review the fund fee structure in light of fund performance, the level and range of services provided, industry conditions and other relevant factors. Contracts with the Putnam Funds continue in effect only so long as approved, at least annually, by their shareholders or by the Putnam Funds' trustees. The termination of one or more of these contracts, or other advisory contracts, could have a material adverse effect on Putnam's results of operations. Putnam also receives compensation for providing certain shareholder and custody services.

Putnam has a minority interest in Thomas H. Lee Partners ("THL"), a private equity investment firm. In addition, Putnam and THL formed a joint venture entity, TH Lee, Putnam Capital ("THLPC") of which Putnam owns 25%. THL and THLPC offer private equity and alternative investment funds for institutional and high net worth investors.

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

(IN MILLIONS OF DOLLARS)	2002	2001	2000
REVENUE(a)	\$2,166	\$2,409	\$3,242
EXPENSE(b)	1,606	1,825	2,215
OPERATING INCOME	\$ 560	\$ 584	\$1,027
OPERATING INCOME MARGIN	25.9%	24.2%	31.7%

(a) Includes investment valuation charge of \$222 million in 2001, recorded as a reduction of revenue. Excluding this charge, operating income margin was 30.5%.

(b) 2001 expense excludes charges related to September 11, which are detailed below.

#### REVENUE

In 2002, Putnam's revenue decreased 10% compared with prior year. Underlying revenue, which excludes a contractual payment from Putnam's Italian joint venture partner and investment gains and losses, declined 18% reflecting a decline in the level of average assets under management on which management fees are earned. Assets under management averaged \$279 billion in 2002, a 15% decrease compared with \$328 billion managed in 2001. Assets under management aggregated \$251 billion at December 31, 2002 compared with \$315 billion at December 31, 2001. The decline in assets under management during 2002 resulted from market declines as well as net redemptions of \$10.3 billion, which includes reinvested dividends.

Putnam's revenue decreased 26% in 2001 reflecting an investment valuation charge and a decline in the level of average assets under management on which management fees are earned. Underlying revenue declined 19%. Assets under management averaged \$328 billion in 2001, a 17% decrease compared with the \$397 billion managed in 2000. Assets under management aggregated \$315 billion at December 31, 2001 compared with \$370 billion at December 31, 2000, as a \$66.5 billion decrease resulting from a reduction in equity market levels was partially offset by \$11.5 billion of net new sales, including reinvested dividends.

In 2000, MMC entered into an agreement to purchase a minority investment in the publicly traded common stock of Bipop as part of a new agreement that expanded the companies' existing joint venture in Italy, and Putnam became the exclusive investment management partner for Bipop's planned expansion into other parts of Western Europe. The Bipop common shares subsequently declined in value. MMC determined this decline was other than temporary, and in the fourth quarter of 2001, recorded a pretax charge of \$222 million to write down the cost basis of the investment to its fair value. In 2002, Bipop was merged with Banca di Roma, the combined businesses were reorganized and the names of the successor companies were changed. As a result of these actions Putnam's initial holding in Bipop is now comprised of common shares in Fineco S.p.A. ("Fineco") and Capitalia S.p.A. In the fourth quarter of 2002, MMC recorded a pretax investment valuation charge of \$20 million for an other than temporary decline in the value of Fineco.

#### EXPENSE

Putnam's expenses declined 12% in 2002 and 17% in 2001 primarily due to lower incentive compensation reflecting the current operating environment. In 2002, the expense reductions were partially offset by the write-down of certain assets from Putnam's acquisition of a minority interest in Thomas H. Lee Partners, L.P. ("TH Lee"), a private equity business. TH Lee is the general partner of Thomas H. Lee Private Equity Fund IV, L.P. ("Fund IV"). In the third quarter of 2002, Putnam determined that the acquired performance fee assets related to Fund IV may not be fully recoverable based on expected cash flows from Fund IV. The net impact of the write-down on Putnam's expenses was \$32 million.

Expenses in 2001 exclude compensation and benefit costs of \$6 million related to recovery efforts that were recorded as part of the charges related to September 11 and are not included in the segment's operating expenses.

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

(IN BILLIONS OF DOLLARS)	2002	2001	2000
MUTUAL FUNDS:			
Growth Equity	\$ 45	\$ 77	\$115
Blend Equity	33	45	57
Value Equity	40	54	57
Fixed Income	46	43	40
	164	219	269
INSTITUTIONAL:			
Equity	66	79	86
Fixed Income	21	17	15
	87	96	101
YEAR-END ASSETS	\$251	\$315	\$370
YEAR-END ASSETS FROM			



NON-U.S. INVESTORS	\$ 33	\$ 30	\$ 31
AVERAGE ASSETS	\$279	\$328	\$397

The categories of mutual fund assets reflect style designations aligned with each fund's prospectus. All prior year amounts have been reclassified to conform with the current investment mandate for each product.

The assets under management and revenue levels are particularly affected by fluctuations in domestic and international stock and bond market prices, the composition of assets under management and by the level of investments and withdrawals for current and new fund shareholders and clients. U.S. equity markets declined in 2002 for the third consecutive year after several years of substantial growth prior to 2000. Furthermore, in 2002, the mutual fund industry had net redemptions in equity funds for the first time in 14 years. The volatility in the equity markets contributed to the decline in assets under management and, accordingly, to the reduction of revenue recognized by Putnam. A continued decline in general market levels will reduce future revenue. Items affecting revenue also include, but are not limited to, actual and relative investment performance, service to clients, the development and marketing of new investment products, the relative attractiveness of the investment style under prevailing market conditions, changes in the investment patterns of clients and the ability to maintain investment management and administrative fees at appropriate levels. 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 both equity and fixed income investment products and services, invested domestically and globally, designed to meet varying investment objectives and which afford its clients the opportunity to allocate their investment resources among various investment products as changing worldwide economic and market conditions warrant.

At the end of 2002, assets held in equity securities represented 73% of assets under management, compared with 81% in 2001 and 85% in 2000, while investments in fixed income products represented 27%, compared with 19% in 2001 and 15% in 2000.

## CONSULTING

Through Mercer Inc. ("Mercer") the operations within this segment provide consulting and related services from locations around the world, primarily to business organizations, in the areas of:

Retirement Services including retirement consulting, administration and investment consulting;

Health Care & Group Benefits consulting;

Human Capital consulting including performance, measurement and rewards, communication and human resource operations;

Management and Organizational Change consulting comprising strategy, operations, organizational change, leadership and organizational design; and

Economic consulting.

Mercer Human Resource Consulting provides professional advice and services to corporate, government and institutional clients in more than 40 countries and territories in North and South America, Europe, Asia, Australia and New Zealand. Consultants help organizations understand, develop, execute and measure retirement, health care and group benefits and human capital programs, policies and strategies.

Mercer Management Consulting provides advice and assistance on issues of business strategy and operational execution, primarily to large corporations in North America, Europe and Asia. Consultants help clients anticipate and realize future sources of value growth based on insights into rapidly changing customer priorities, economics and markets. Mercer Management Consulting also assists its clients in the implementation of their strategies. Under the Lippincott Mercer name, Mercer Management Consulting advises leading corporations on issues relating to brand, corporate identity and image.

Mercer Delta Consulting works with senior executives and CEOs of major corporations and other institutions on organizational design and the leadership of organizational change.

National Economic Research Associates ("NERA") serves law firms, corporations, trade associations and governmental agencies. NERA provides research and analysis of economic and financial issues arising in competition, regulation, finance, public policy, litigation and management. NERA's auction practice advises clients on the structuring and operation of large scale auctions, such as telecommunications spectrum auctions. NERA also advises on transfer pricing.

The major component of Mercer revenue is fees paid by clients for advice and services. In addition, commission revenue is received from insurance companies for the placement of individual and group insurance contracts, primarily life, health and accident coverages. The Australian retirement trust business charges asset-based fees on invested assets. A relatively small amount of revenue is derived from brokerage commissions in connection with a registered securities broker dealer.

Revenue in the consulting business is affected by, among other things, economic conditions around the world, including changes in clients' industries and markets. Furthermore, revenue is subject to the introduction of new products and services, broad trends in employee demographics, the effect of government policies and regulations, market valuations and interest and foreign exchange rate fluctuations.

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

(IN MILLIONS OF DOLLARS)	2002	2001(b)	2000(b)
REVENUE	\$2,364	\$2,308	\$2,286
EXPENSE(a)	2,038	1,995	1,974
OPERATING INCOME	\$ 326	\$ 313	\$ 312
OPERATING INCOME MARGIN	13.8%	13.6%	13.6%

(a) 2001 expense excludes charges related to September 11 and special credits, which are detailed below.

(b) Revenue and expense for 2001 and 2000 reflect the reclassification of reimbursed (out-of-pocket) expenses to conform with current year presentation.

## REVENUE

Consulting services revenue increased 2% in 2002, reflecting consistent growth from retirement services along with improving trends from other practices. Excluding the effect of such items as foreign exchange, acquisitions and dispositions, underlying consulting revenue increased 1% in 2002. Underlying revenue from retirement services, Mercer's largest practice, grew by 7% over 2001 primarily due to an increased provision of advice on retirement issues and greater interest by clients in managing retirement programs on a global basis. Underlying revenue also grew 15% in economic consulting and 4% in health care and group benefits consulting. These increases were partially offset by decreases of 19% in management consulting and 9% in human capital consulting.

Consulting services revenue increased 1% in 2001 reflecting mixed results in the group's practices amid difficult market conditions. Excluding the effect of

foreign exchange, acquisitions and dispositions, consulting revenue increased approximately 3% in 2001. Retirement services revenue grew by 10% over 2000 primarily due to a higher volume of business in this practice line in 2001. Underlying revenue also grew 11% in economic consulting and 7% in health care and group benefits consulting. These increases were offset by a 21% decline in management consulting.

#### EXPENSE

Consulting services expenses increased 2% in 2002. Excluding the effect of such items as foreign exchange, acquisitions and dispositions and the change in accounting for goodwill, expenses increased 2% due primarily to increased compensation costs.

Consulting services expenses increased 1% in 2001. Excluding the effect of foreign exchange, acquisitions and dispositions, expenses increased 3% in 2001 reflecting the effect of staff increases in the growing practices principally outside the United States, offset in part by lower discretionary spending.

Expenses in 2001 exclude compensation and benefit costs of \$3 million related to the recovery efforts that were recorded as part of the charges related to September 11 and are not included in the segment's operating expenses.

Effective January 1, 2002, expense reimbursements received from clients within the consulting segment are recorded as revenue, rather than an offset to expense, in accordance with guidance provided in EITF Issue 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred." Revenue and expense for prior periods reflect the reclassification of reimbursed expenses as follows:

=====		
(IN MILLIONS OF DOLLARS)	2001	2000
-----		
REVENUE:		
As Previously Reported	\$2,160	\$2,135
Reimbursements	148	151
-----		
After Reclassification	\$2,308	\$2,286
-----		
EXPENSE:		
As Previously Reported	\$1,847	\$1,823
Reimbursements	148	151
-----		
After Reclassification	\$1,995	\$1,974
-----		
OPERATING INCOME	\$ 313	\$ 312
=====		
OPERATING INCOME MARGIN:		
As Previously Reported	14.5%	14.6%
After Reclassification	13.6%	13.6%
=====		

## CORPORATE EXPENSES

Corporate expenses increased to \$123 million in 2002 from \$116 million in 2001 due to increased compensation costs and an increase in headcount.

Corporate expenses decreased to \$116 million in 2001 from \$127 million in 2000 due to nonrecurring costs incurred in 2000 associated with certain corporate initiatives as well as nonrecurring fees related to the integration of Sedgwick. Compensation and benefits of \$1 million related to the recovery efforts that were recorded as part of the charges related to September 11 and are not included in corporate expenses.

## CHARGES RELATED TO SEPTEMBER 11 AND SPECIAL CREDITS

MMC was directly and profoundly impacted by the September 11, 2001 terrorist attacks. As a result of the destruction of the World Trade Center ("WTC"), 295 MMC colleagues were lost. MMC occupied a combined total of fifteen floors in the two towers of the WTC, that housed approximately 1,900 employees and outside consultants. The risk and insurance services segment was the most directly impacted by this event. The WTC housed the center for information technology and finance support of Marsh, where most of the lost colleagues were employed. The WTC also served as the headquarters for Guy Carpenter, Marsh's reinsurance intermediary. Employees were relocated to various sites in midtown Manhattan and the New York metropolitan area. In addition, certain support functions previously performed in the WTC were distributed among regional processing centers throughout the United States. A small number of colleagues from the consulting business were located at the WTC, all of whom were relocated to other sites. Boston-based Putnam Investments, MMC's investment management subsidiary, suffered disruptions due to building evacuations and the closing of the equity markets. MMC successfully implemented long-standing disaster recovery plans. All critical business functions and systems were recovered.

As a result of the events of September 11 and the subsequent business environment, MMC recorded pretax charges totaling \$187 million in 2001. Services and benefits provided to victims' families and employees, such as compensation and benefit continuance, counseling and a commitment to the MMC Victims Relief Fund, amounted to \$69 million of the charges. Write-offs or impairments of intangibles and other assets were \$32 million and charges related to disruption of business operations amounted to \$25 million. The remaining liability related to these charges was \$3 million at December 31, 2002, primarily related to providing continued access to MMC's health and benefit plans for victims' families. The above charges are net of insurance recoveries of \$126 million, which were collected prior to December 31, 2002.

As a result of weakening business conditions, which were exacerbated by the events of September 11, a charge of \$61 million was recorded to provide for staff reductions and office consolidations, primarily in the consulting segment. The charge is comprised of \$44 million for severance and related benefits affecting approximately 750 people and \$17 million for future rent under noncancelable leases. Actions under the plan were completed by September 30, 2002. Utilization of these charges is summarized in Note 12 to the consolidated financial statements.

In the fourth quarter of 2001, MMC recorded a special credit of \$13 million attributable to changes in estimates in connection with integration and restructuring plans provided for in prior years. Changes in estimated costs resulted in a reversal of reserves of \$5 million for employee termination costs and \$2 million related to office consolidations associated with the Sedgwick transaction and a \$6 million reversal of reserves related to office consolidation costs associated with the Johnson & Higgins ("J&H") combination.

The combined impact of the charges related to September 11 and the special credit was a \$.19 reduction in diluted net income per share for the year.

In the fourth quarter of 2000, MMC recorded a net special credit of \$2 million attributable to changes in estimates in connection with integration and restructuring plans from prior years. Changes in estimated costs resulted in a special charge of \$7 million for employee termination costs associated with the Sedgwick transaction and a reversal of reserves of \$9 million related to office consolidation costs, of which \$7 million represented lease abandonment costs in London and \$2 million represented office consolidation costs associated with the J&H combination. The resulting net special credit had no effect on diluted net income per share.

## INTEREST

Interest income earned on corporate funds was \$19 million in 2002 compared with \$23 million in 2001. Interest expense decreased to \$160 million in 2002 from \$196 million in 2001. The decrease in interest income was primarily due to lower average interest rates in 2002 compared with 2001. The decrease in interest expense was primarily due to lower average interest rates, partially offset by an increase in the average debt outstanding. MMC's March 2002 issuance of long-term debt is discussed in detail under the Financing Cash Flows of the Liquidity and Capital Resources section of this MD&A.

Interest income earned on corporate funds was \$23 million in 2001, unchanged from 2000. Interest expense decreased to \$196 million in 2001 from \$247 million in 2000. The decrease in interest expense was primarily due to lower average interest rates in 2001 and a reduced level of outstanding debt compared with 2000.

## INCOME TAXES

MMC's consolidated effective tax rate was 35.0% in 2002 compared with 37.7% in 2001. In 2001, the underlying tax rate, excluding the effect of the special credit, charges related to September 11 and the investment valuation charge, was 37.5%. The decrease in the effective rate in 2002 compared to 2001 results from

a combination of the change in accounting for goodwill and the geographic mix of MMC's businesses. The reduction in the underlying 2001 tax rate compared with the 2000 rate of 38.5% primarily reflects lower state and non-U.S. taxes from implementing tax efficient structures worldwide. The overall tax rates in 2001 and 2000 are higher than the U.S. Federal statutory rate primarily because of the non-deductibility of goodwill and provisions for state and local income taxes. Due to the events of September 11 and the government's subsequent directives, MMC's estimated tax payments related to the third quarter of 2001 were paid in the first quarter of 2002, resulting in a larger balance of Accrued income taxes at December 31, 2001 compared to the current year.

## LIQUIDITY AND CAPITAL RESOURCES

### OPERATING CASH FLOWS

MMC anticipates that funds generated from operations will be sufficient to meet its foreseeable recurring working capital requirements as well as to fund dividends, capital expenditures and scheduled repayments of long-term debt. MMC's ability to generate cash flow from operations is subject to the business risks inherent in each operating segment. These risks are discussed in the operating segment sections of this MD&A and the Business section of Part I of Form 10-K.

MMC's cash and cash equivalents aggregated \$546 million at the end of 2002, an increase of \$9 million from the end of 2001.

MMC generated \$1.3 billion of cash from operations in 2002. Cash flow from operations includes the impact of contributions to retirement plans of \$460 million as well as rental payments of \$406 million under operating leases. MMC's commitment for future payments under operating leases is disclosed in Note 9 to the consolidated financial statements. MMC generated \$1.5 billion of cash from operations in 2001. Cash flow from operations includes \$367 million of net rental payments under operating leases during 2001.

Included in the cash flows from operations are the net cash payments related to the 1999 and 1997 merger-related charges. These charges were related to business combinations with Sedgwick and J&H. Related cash outlays of \$34 million, \$82 million and \$179 million were made in 2002, 2001 and 2000, respectively.

As a result of the events of September 11, 2001 and the subsequent business environment, MMC recorded pretax charges in 2001 totaling \$187 million. The net charges included asset impairments of approximately \$32 million and restructuring costs of \$61 million. The impact of the events of September 11 on MMC's cash flow after the effect of insurance recoveries and tax benefits has not been significant. MMC does not expect any material uninsured cash outflow related to this event in excess of the charges recognized in the consolidated financial statements at December 31, 2001. Recoveries under certain provisions of MMC's insurance policies are contingent upon the occurrence of future events. Such provisions include replacement value coverage of fixed assets and leasehold improvements, which is contingent on actual replacement of the lost assets and reimbursement of incremental rent cost for replacement office facilities. Such recoveries are not recorded in the financial statements until all contingencies have been satisfied and the amount can be reasonably estimated.

### RETIREMENT PLAN FUNDING

Information about MMC's pension obligations, plan assets and net periodic pension costs are discussed in Note 7 to the consolidated financial statements. The amounts included in this disclosure are dependent upon the use of estimates as discussed under Management's Discussion of Critical Accounting Policies of this MD&A. During 2002, due primarily to negative returns on plan assets and lower discount rates, the net funded status of the U.S. and significant non-U.S. pension plans declined by \$273 million and \$475 million, respectively. Benefit obligations of the U.S. and significant non-U.S. pension plans exceeded the fair value of plan assets by \$264 million and \$742 million, respectively, at December 31, 2002. The funded status at December 31, 2002 includes the effects of contributions made during the year and the plan amendments discussed below. During 2002, MMC contributed approximately \$144 million to the U.S. plans and \$316 million to the significant non-U.S. plans, compared with \$26 million for U.S. plans and \$52 million for significant non-U.S. plans in 2001. These contributions resulted in an increase in prepaid pension expense for certain plans, which is included in Other assets in the Consolidated Balance Sheets. The minimum pension liability related to any plan is recorded in Other liabilities in the Consolidated Balance Sheets. There currently is no ERISA funding requirement for the U.S. plan in 2002 or in 2003. Funding requirements for non-U.S. plans vary country by country. Contribution rates are determined by the local foreign actuaries based on local funding practices and requirements. Funding amounts may be influenced by future asset performance, discount rates and other variables impacting the assets and/or liabilities of the plan. In addition, amounts funded in the future, to the extent not required under regulatory requirements, may be affected by alternative uses of MMC's cash flows, including dividends, investments and share repurchases.

The assets and liabilities of the U.S. defined pension plans were re-measured at July 1, 2002 to reflect a change in substantive plans as defined by SFAS No. 87, "Employers' Accounting for Pensions" and a reduction of the expected rate of return on plan assets to 9.25% from 10%. Discretionary cost of living increases have been excluded from the substantive plans for accounting purposes because MMC no longer has the intention of granting such increases. The change in the substantive plans reduced the projected benefit obligation by approximately \$273 million. Effective January 1, 2003, MMC has further reduced the expected rate of return for its U.S. pension plans from 9.25% to 8.75% and the weighted average rate of return for the significant non-U.S. plans declined from 8.9% to approximately 8.3%.

The unrecognized actuarial losses for U.S. plans were \$784 million and \$175 million as of December 31, 2002 and 2001, respectively. The unrecognized actuarial losses for the non-U.S. plans were \$1,241 million and \$423 million as of December 31, 2002 and 2001, respectively. These unrecognized net actuarial losses may result in increases in the future net periodic pension costs, depending on several factors, including whether such losses at each measurement date exceed the corridor in accordance with SFAS No. 87. MMC does not expect the change in net periodic pension cost to have a material effect on the overall results of operations in 2003.

The target asset allocation for the U.S. plans is 65% equities, 30% bonds and 5% real estate and for the U.K. plans is 60% equities and 40% bonds which approximates the actual portfolio allocation in 2002 and 2001. MMC uses

threshold based portfolio rebalancing to ensure the actual portfolio remains consistent with target allocations.

#### FINANCING CASH FLOWS

Net cash used for financing activities amounted to \$1.0 billion in 2002, compared with \$536 million in 2001, resulting primarily from share repurchases and the payment of dividends to shareholders.

MMC uses commercial paper borrowing to manage its short-term liquidity. MMC currently maintains and expects to continue to maintain revolving credit facilities in excess of 100% of expected commercial paper borrowing levels to ensure liquidity is maintained in the event of market disruptions. Commercial paper borrowings of \$750 million at December 31, 2002 and \$1.0 billion at December 31, 2001 have been classified as Long-term debt in the Consolidated Balance Sheets based on MMC's intent and ability to refinance these obligations on a long-term basis. The revolving credit facilities are discussed below.

During 2002, MMC improved liquidity and extended the average maturity of outstanding debt through the issuance of \$750 million of long-term senior notes which were used to pay down commercial paper borrowings. At December 31, 2002, commercial paper balances decreased \$484 million compared to the prior year, resulting from the issuance of the senior notes, partially offset by approximately \$266 million of additional borrowing.

During 2001, commercial paper borrowing increased by \$410 million to fund investments and share repurchases. Debt repayments amounted to \$26 million in 2001. Other borrowings amounted to \$23 million in 2001, for a net increase in debt of approximately \$407 million during the year.

In June 2002, MMC arranged a \$1.4 billion revolving credit facility. The new credit facility replaced a similar facility that expired during 2002. Borrowing under the new facility, which expires in June 2003, is at market rates of interest. The facility supports MMC's commercial paper borrowing. No amounts were outstanding under this facility at December 31, 2002.

During 2002, MMC executed a revolving credit facility with several banks to support its commercial paper borrowing. This noncancelable facility, which expires in June 2007, provides that MMC may borrow up to \$1.0 billion at market rates of interest, which vary depending upon the level of usage of the facility and MMC's credit ratings. No amounts were outstanding under this facility at December 31, 2002.

MMC also maintains other credit facilities with various banks, primarily related to operations located outside the United States, aggregating \$274 million at December 31, 2002 and \$214 million at December 31, 2001. Approximately \$35 million was outstanding under these facilities at December 31, 2002.

MMC's revolving credit and other debt agreements contain covenants which include, in some cases, restrictions on consolidations or mergers, the sale or pledging of assets and minimum net worth requirements. MMC must maintain a consolidated net worth of at least \$3.5 billion under the most restrictive of its net worth covenants.

In March 2002, MMC issued \$500 million of 5.375% Senior Notes due in 2007 and \$250 million of 6.25% Senior Notes due in 2012 (the "Notes"). The net proceeds from the Notes were used to pay down commercial paper borrowings.

Concurrent with the issuance of the Notes, MMC entered into interest rate swap transactions to hedge 100% of its exposure to changes in the fair value of the Notes. The swap transactions effectively converted the fixed rate obligations into floating rate obligations. Under the terms of the swaps, the swap counterparties pay MMC a fixed rate equal to the coupon rate on the bonds. MMC pays the swap counterparties a floating rate of 6-month Libor plus 9.25 bps for the five-year swap and 6-month Libor plus 25.45 bps for the ten-year swap. In July 2002, MMC dedesignated 50% of the fair value hedge on each of the Notes and settled 50% of each of the related swaps. The portion of the Notes no longer hedged ceased being marked to market, and the cumulative amount of fair value adjustments previously recognized is being amortized over the remaining life of the related Notes. MMC redesignated the remaining portion of the swaps as a fair value hedge of 50% of the Notes. The redesignated swaps carry the identical terms and conditions as the original swaps and under SFAS No. 133 qualify for hedge accounting and meet all criteria necessary to conclude the hedge will be perfectly effective. In January 2003, MMC dedesignated the remaining fair value hedge on each of the Notes and settled the remaining swaps. The cumulative amount of fair value adjustments previously recognized is being amortized over the remaining life of the related Notes. As a result of these transactions, the effective interest rate over the remaining life of the Notes, including the amortization of the fair value adjustments, is 4.0% for the Notes due in 2007 and 5.1% for the Notes due in 2012.

In February 2003, MMC issued \$250 million of 3.625% Senior Notes due 2008 and \$250 million of 4.85% Senior Notes due 2013. The net proceeds from these notes was used to pay down commercial paper.

In 2002, MMC continued to repurchase shares of its common stock for treasury as well as to meet requirements for issuance of shares for its various stock compensation and benefit programs. During 2002, MMC repurchased 24.2 million shares for total consideration of \$1.2 billion, compared with 15.6 million shares for total consideration of \$763 million in 2001.

MMC repurchases shares subject to market conditions, including from time to time pursuant to the terms of a 10b5-1 plan. A 10b5-1 plan allows a company to purchase shares during a blackout period, provided the company communicates its share purchase instructions to the broker prior to the blackout period, pursuant to a written plan that may not be changed. MMC currently plans to continue to repurchase shares in 2003, subject to market conditions.

Dividends paid by MMC amounted to \$593 million in 2002 (\$1.09 per share) and \$567 million in 2001 (\$1.03 per share).

#### INVESTING CASH FLOWS

Cash used for investing activities amounted to \$273 million in 2002 and \$655 million in 2001. Cash used for acquisitions amounted to \$92 million in 2002, primarily related to several consulting businesses and \$53 million in 2001, primarily related to insurance brokerage businesses and the THL transaction. MMC's additions to fixed assets and capitalized software, which amounted to \$423 million in 2002 and \$433 million in 2001, primarily related to computer equipment purchases, the refurbishing and modernizing of office facilities and software development costs.

In the second quarter of 2001, MMC sold certain of its London properties and simultaneously entered into a two and one-half year leaseback arrangement for a significant portion of the properties. Total proceeds of approximately \$135 million were received.

MMC has committed to potential future investments of approximately \$490 million in connection with various MMC Capital funds and other MMC investments. Approximately \$40 million was invested in 2002 and approximately \$475 million was invested in 2001. Of the amount in 2001, \$286 million was paid to purchase a minority investment in Bipop and \$100 million was used to acquire a minority



interest in AXIS. MMC expects to fund its future investment commitments, in part, with sales proceeds from existing investments.

#### COMMITMENTS AND OBLIGATIONS

MMC's commitments and obligations consist of future rent payments under operating leases (discussed in Note 9) and repayments of long-term debt (discussed in Note 10) as well as the commitments discussed above.

MARKET 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

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 used to manage MMC's exposure to interest rate movements on its cash and investments as well as interest expense on borrowings and are only executed with counterparties of high creditworthiness.

MMC had the following investments and debt instruments subject to variable interest rates:

=====	
Year Ended December 31,	
(IN MILLIONS OF DOLLARS)	2002
-----	
Cash and cash equivalents invested in certificates of deposit and time deposits (Note 1)	\$ 458
Fiduciary cash and investments (Note 1)	\$4,010
Variable rate debt outstanding (Note 10)	\$1,256
Notional amount of interest rate swaps (Note 10)	\$ 375
=====	

These investments and debt instruments are discussed more fully in the above-indicated notes to the consolidated financial statements.

Based on the above balances, if short-term interest rates increase by 10% or 16 basis points, annual interest income would increase by approximately \$7 million; however, this would be partially offset by a \$3 million increase in interest expense resulting in a net increase to income before income taxes and minority interest of \$4 million.

FOREIGN CURRENCY RISK

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.

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

At December 31, 2002, MMC had investments of approximately \$410 million which are carried at market value under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The investments are subject to risk of changes in market value, which if determined to be other than temporary, could result in realized impairment losses. The gross unrealized gains and losses on the available for sale investments are discussed in Note 11. In addition, approximately \$284 million of investments primarily comprise MMC's investments in TH Lee and certain funds managed by MMC Capital which are accounted for using the equity method under APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." MMC periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

In 2001, MMC entered into a series of option contracts to hedge the variability of cash flows from forecasted sales of certain available for sale investments. The sales are forecasted to occur over the next eight quarters. The hedge is achieved through the use of European style put and call options, which mature on the dates of the forecasted sales. Gains or losses on the option contracts are deferred in other comprehensive loss until the related forecasted sales occur. At December 31, 2002, the net increase in fair value of the option contracts of \$7 million was recorded as an asset and a reduction of Accumulated other comprehensive loss in the Consolidated Balance Sheets.

OTHER

The insurance coverage for potential liability resulting from alleged errors and omissions in the professional services provided by MMC includes elements of both risk retention and risk transfer. MMC believes it has adequately reserved for the self-insurance portion of the contingencies. Payments related to the respective self-insured layers are made as legal fees are incurred and claims are resolved and generally extend over a considerable number of years. The amounts paid in that regard vary in relation to the severity of the claims and the number of claims active in any particular year. The long-term portion of this liability is included in Other liabilities in the Consolidated Balance Sheets.

MANAGEMENT'S DISCUSSION OF CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. Management considers the policies discussed below to be critical to understanding MMC's financial statements because their application places the most significant demands on management's judgment, and estimation about the effect of matters that are inherently uncertain. Actual results may differ from

those estimates.

#### LEGAL AND OTHER LOSS CONTINGENCIES

MMC and its subsidiaries are subject to various claims, lawsuits and proceedings consisting principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering investment and consulting services. GAAP requires that liabilities for contingencies be recorded when it is probable that a liability has been incurred before the balance sheet date and the amount can be reasonably estimated. Significant management judgment is required to comply with this guidance. MMC analyzes its litigation exposure based on available information, including consultation with outside counsel handling the defense of these matters, to assess its potential liability.

#### 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 in U.S. and international laws.

The determination of net periodic pension cost is based on a number of actuarial assumptions, including an expected long-term rate of return on plan assets, the discount rate and assumed rate of salary increase. The long-term rate of return assumption is selected for each plan based on the facts and circumstances that exist as of the measurement date, and the specific portfolio mix of each plan's assets. MMC utilizes a model developed by its actuaries to assist in the setting of this assumption. The model takes into account several factors including: actual and target portfolio allocation; investment, administrative and trading expenses incurred directly by the plan trust; historical portfolio performance; relevant forward-looking economic analysis; and expected returns, variances, and correlations for different asset classes. All returns utilized and produced by the model are geometric averages. These measures are used to determine probabilities using standard statistical techniques to calculate a range of expected returns on the portfolio. MMC generally does not adjust the rate of return assumption from year to year if, at the measurement date, it is within the best estimate range, defined as between the 25th and 75th percentile of the expected long-term annual returns in accordance with the "American Academy of Actuaries Pension Practice Council Note May 2001 Selecting and Documenting Investment Return Assumptions" and consistent with Actuarial Standards of Practice No. 27. The historical five- and ten-year average asset returns of each plan are also reviewed to ensure they are consistent and reasonable compared with the best estimate range. The expected return on plan assets is determined by applying the assumed long-term rate of return to the market-related value of plan assets as defined by SFAS No. 87. This market-related value recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market value of assets. Since the market-related value of assets recognizes gains or losses over a five-year period, the future market-related value of the assets will be impacted as previously deferred gains or losses are recorded.

The discount rate selected for each U.S. plan is based on Moody's Aa Long-Term Bond yield index. This index is tested to ensure it is correlated to the plan liabilities using a bond model with durations that match the expected payment patterns of the plan. Discount rates for non-U.S. plans are also based on appropriate bond indices such as the IBoxx (pound) Corporates 15-year index in the U.K. Significant assumptions used in the calculation of net periodic pension costs and pension liabilities are disclosed in Note 7 to the consolidated financial statements. MMC believes the assumptions for each plan are reasonable and appropriate and will continue to evaluate actuarial assumptions at least annually and adjust as appropriate.

Future pension expense or credits will depend on plan provisions, future investment performance, future assumptions and various other factors related to the populations participating in the pension plans. Holding all other assumptions constant, a half-percentage point change in the rate of return and discount rate assumptions would affect net periodic pension cost for the U.S. and U.K. plans, which comprise approximately 90% of total pension plan liabilities, as follows:

	0.5 Percentage Point Increase		0.5 Percentage Point Decrease	
(IN MILLIONS OF DOLLARS)	U.S.	U.K.	U.S.	U.K.
Assumed Rate of Return	\$(14)	\$(13)	\$14	\$13
Discount Rate	\$(25)	\$(11)	\$16	\$13

Changing the discount rate and leaving the other assumptions constant, may not be representative of the impact on expense because the long-term rates of inflation and salary increases are correlated with the discount rate.

MMC contributes to certain health care and life insurance benefits provided to its retired employees. The cost of these postretirement benefits for employees in the United States is accrued during the period up to the date employees are eligible to retire, but is funded by MMC as incurred. This postretirement liability is included in Other liabilities in the Consolidated Balance Sheets. The key assumptions and sensitivity to changes in the assumed health care cost trend rate are discussed in Note 7 to the consolidated financial statements.

INCOME TAXES

MMC records the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts recorded in the Consolidated Balance Sheets as well as operating losses and tax credit carryforwards. MMC bases its estimate of deferred tax assets and liabilities on current laws and rates and in certain cases, business plans and other expectations about future outcomes. Changes in existing tax laws and rates and future business results may affect the amount of deferred tax liabilities or the valuation of deferred tax assets over time.

INVESTMENT VALUATION

MMC holds investments in both public and private companies, as well as certain private equity funds managed by MMC Capital. The majority of these investments are accounted for as available for sale securities under SFAS No. 115. Where applicable, certain investments are accounted for under APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." MMC periodically reviews the carrying value of its investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements. MMC bases its review on the facts and circumstances as they relate to each investment. In those instances where quoted market prices are not available, particularly for equity holdings in private companies, significant management judgment is required to determine the appropriate value of MMC's investments.

#### PREPAID DEALER COMMISSIONS

Sales commissions paid by MMC to selling brokers at the time of sale of back-end load mutual funds (Class B shares) are capitalized and amortized over the period that the shareholder is subject to contingent deferred sales charge (typically over six years). Distribution fees (12b-1) and contingent deferred sales charges are recorded as revenue as earned. Should MMC lose its ability to recover prepaid dealer commissions through distribution fees and contingent deferred sales charges, the value of the prepaid dealer commission asset would immediately decline. MMC periodically reviews the expected undiscounted cash flows against the carrying value of the prepaid dealer commission balance. If the cash flows are not sufficient to recover the carrying value of the asset, the asset is adjusted to fair value. No such impairments were recorded in the periods presented.

#### NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements are discussed in Note 1 to the consolidated financial statements.

Marsh & McLennan Companies, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF INCOME

=====			
For the Years Ended December 31,			
(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)			
	2002	2001	2000
-----			
Revenue:			
Service revenue	\$ 10,373	\$ 10,011	\$ 10,232
Investment income (loss)	67	(142)	76
-----			
Operating revenue	10,440	9,869	10,308
-----			
Expense:			
Compensation and benefits	5,199	4,877	4,941
Other operating expenses	2,967	3,055	3,190
Charges related to September 11 and special (credits)	--	174	(2)
-----			
Operating expenses	8,166	8,106	8,129
-----			
Operating income	2,274	1,763	2,179
Interest income	19	23	23
Interest expense	(160)	(196)	(247)
-----			
Income before income taxes and minority interest	2,133	1,590	1,955
Income taxes	747	599	753
Minority interest, net of tax	21	17	21
-----			
Net income	\$ 1,365	\$ 974	\$ 1,181
=====			
Basic net income per share	\$ 2.52	\$ 1.77	\$ 2.18
=====			
Diluted net income per share	\$ 2.45	\$ 1.70	\$ 2.05
=====			
Average number of shares outstanding--Basic	541	550	543
=====			
Average number of shares outstanding--Diluted	557	572	569
=====			

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

Marsh & McLennan Companies, Inc. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS

December 31, (IN MILLIONS OF DOLLARS)	2002	2001
=====		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 546	\$ 537
Receivables		
Commissions and fees	2,178	2,288
Advanced premiums and claims	119	188
Other	305	355
	2,602	2,831
Less--allowance for doubtful accounts and cancellations	(124)	(139)
	2,478	2,692
Prepaid dealer commissions--current portion	226	308
Other current assets	414	255
Total current assets	3,664	3,792
Goodwill and intangible assets	5,404	5,327
Fixed assets, net	1,308	1,235
Long-term investments	578	826
Prepaid dealer commissions	292	528
Other assets	2,609	2,061
	\$13,855	\$13,769
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 543	\$ 757
Accounts payable and accrued liabilities	1,406	1,347
Accrued compensation and employee benefits	1,568	1,564
Accrued income taxes	194	600
Dividends payable	152	146
Total current liabilities	3,863	4,414
Fiduciary liabilities	4,010	3,630
Less--cash and investments held in a fiduciary capacity	(4,010)	(3,630)
	--	--
Long-term debt	2,891	2,334
Other liabilities	2,083	1,848
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1 par value, authorized 6,000,000 shares, none issued	--	--
Common stock, \$1 par value, authorized 800,000,000 shares, issued 560,641,640 shares in 2002 and 2001	561	561
Additional paid-in capital	1,426	1,620
Retained earnings	4,490	3,723
Accumulated other comprehensive loss	(452)	(227)
	6,025	5,677
Less--treasury shares, at cost 22,441,817 shares in 2002 and 11,988,096 shares in 2001	(1,007)	(504)
Total stockholders' equity	5,018	5,173
	\$13,855	\$13,769
=====		

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

Marsh & McLennan Companies, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS

=====			
For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	2002	2001	2000
-----			
Operating cash flows:			
Net income	\$ 1,365	\$ 974	\$ 1,181
Adjustments to reconcile net income to cash generated from operations:			
Depreciation of fixed assets and capitalized software	324	325	305
Amortization of goodwill and other intangible assets	35	195	183
Provision for deferred income taxes	176	(67)	175
(Gains) losses on investments	(67)	142	(76)
Changes in assets and liabilities:			
Net receivables	215	122	(484)
Prepaid dealer commissions	317	289	(38)
Other current assets	(96)	9	10
Other assets	(611)	(244)	(174)
Accounts payable and accrued liabilities	135	(190)	(97)
Accrued compensation and employee benefits	4	(199)	276
Accrued income taxes	(445)	394	226
Other liabilities	(123)	(248)	(163)
Effect of exchange rate changes	51	(3)	(26)
Net cash generated from operations	1,280	1,499	1,298
Financing cash flows:			
Net (decrease) increase in commercial paper	(484)	410	(696)
Proceeds from issuance of debt	791	23	197
Other repayments of debt	(25)	(26)	(303)
Purchase of treasury shares	(1,184)	(763)	(49)
Issuance of common stock	490	387	364
Dividends paid	(593)	(567)	(514)
Net cash used for financing activities	(1,005)	(536)	(1,001)
Investing cash flows:			
Additions to fixed assets and capitalized software	(423)	(433)	(512)
Proceeds from sales and insurance recoveries related to fixed assets	18	182	81
Acquisitions	(92)	(53)	(99)
Other, net	224	(351)	66
Net cash used for investing activities	(273)	(655)	(464)
Effect of exchange rate changes on cash and cash equivalents	7	(11)	(21)
Increase (decrease) in cash and cash equivalents	9	297	(188)
Cash and cash equivalents at beginning of year	537	240	428
Cash and cash equivalents at end of year	\$ 546	\$ 537	\$ 240
=====			

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



Marsh & McLennan Companies, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
AND COMPREHENSIVE INCOME

For the Years Ended December 31, (IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)	2002	2001	2000
<b>COMMON STOCK</b>			
Balance, beginning of year	\$ 561	\$ 559	\$ 551
Issuance of shares under stock compensation plans and employee stock purchase plans	--	2	8
Balance, end of year	\$ 561	\$ 561	\$ 559
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Balance, beginning of year	\$ 1,620	\$ 1,637	\$ 1,214
Acquisitions	--	5	17
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax benefits	(194)	(22)	406
Balance, end of year	\$ 1,426	\$ 1,620	\$ 1,637
<b>RETAINED EARNINGS</b>			
Balance, beginning of year	\$ 3,723	\$ 3,323	\$ 2,674
Net income(a)	1,365	974	1,181
Dividends declared--(per share amounts: \$1.11 in 2002, \$1.05 in 2001 and \$0.98 in 2000)	(598)	(574)	(532)
Balance, end of year	\$ 4,490	\$ 3,723	\$ 3,323
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>			
Balance, beginning of year	\$ (227)	\$ (149)	\$ (75)
Foreign currency translation adjustments(b)	131	(34)	(127)
Unrealized investment holding (losses) gains, net of reclassification adjustments(c)	(106)	(44)	56
Minimum pension liability adjustment(d)	(257)	2	(3)
Net deferred gain (loss) on cash flow hedges(e)	7	(2)	--
Balance, end of year	\$ (452)	\$ (227)	\$ (149)
<b>TREASURY SHARES</b>			
Balance, beginning of year	\$ (504)	\$ (142)	\$ (194)
Purchase of treasury shares	(1,184)	(763)	(49)
Acquisitions	10	10	--
Issuance of shares under stock compensation plans and employee stock purchase plans	671	391	101
Balance, end of year	\$(1,007)	\$ (504)	\$ (142)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 5,018</b>	<b>\$ 5,173</b>	<b>\$ 5,228</b>
<b>TOTAL COMPREHENSIVE INCOME (a+b+c+d+e)</b>	<b>\$ 1,140</b>	<b>\$ 896</b>	<b>\$ 1,107</b>

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

Marsh & McLennan Companies, Inc. and Subsidiaries  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies

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**NATURE OF OPERATIONS:** Marsh & McLennan Companies, Inc. ("MMC"), a professional services firm, is organized based on the different services that it offers. Under this organizational structure, MMC operates in three principal business segments: risk and insurance services, investment management and consulting. 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. It also provides services principally in connection with originating, structuring and managing insurance, financial services and other industry-focused investments. The investment management segment primarily provides securities investment advisory and management services and administrative services for a group of publicly held investment companies and institutional accounts. The consulting segment provides advice and services to the managements of organizations primarily in the areas of retirement services, human capital, health care and group benefit programs, management consulting, organizational change and organizational design, economic consulting and corporate identity.

**PRINCIPLES OF CONSOLIDATION:** The accompanying consolidated financial statements include all wholly-owned and majority-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

**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 are held in a fiduciary capacity. Interest income on these fiduciary funds, included in revenue, amounted to \$118 million in 2002, \$165 million in 2001, and \$195 million in 2000. Since fiduciary assets are not available for corporate use, they are shown in the balance sheet as an offset to fiduciary liabilities.

Net uncollected premiums and claims and the related payables were \$11.7 billion and \$10.8 billion at December 31, 2002 and 2001, respectively. 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.

**REVENUE:** Risk and Insurance Services revenue includes insurance commissions, fees for services rendered, placement service revenue from insurance carriers, and interest income on fiduciary funds. Revenue also includes compensation for services provided in connection with the organization, structuring and management of insurance, financial and other industry-focused investments. Insurance commissions and fees for risk transfer services generally are recorded as of the effective date of the applicable policies or, in certain cases (primarily in MMC's reinsurance and London market operations), as of the effective date or billing date, whichever is later. Commissions are net of policy cancellation reserves, which are estimated based on historic and current data on cancellations.

Fees for non-risk transfer services provided to clients are recognized over the period in which the services are provided or on a percentage of completion basis. Fees resulting from achievement of certain performance thresholds are recorded when such levels are attained and such fees are not subject to forfeiture.

Investment Management revenue is derived primarily from investment management fees and 12b-1 fees. Investment management fees are recognized as services are provided. Mutual fund distribution fees are recognized over the period in which the fees can be collected from the related funds, or when a contingent deferred sales charge is triggered by a redemption. Sales of mutual fund shares are recorded on a settlement date basis and commissions thereon are recorded on a trade date basis. Fees resulting from achievement of specified performance thresholds are recorded when such levels are attained and such fees are not subject to forfeiture.

Consulting revenue includes fees paid by clients for advice and services and commissions from insurance companies for the placement of individual and group contracts. Fee revenue is recognized as services are provided based on the amount of time consulting professionals expend on the engagement plus out-of-pocket expenses, or on a percentage of completion basis for engagements with contractual fixed fees. Insurance commissions are recorded as of the effective date of the applicable policies.

**CASH AND CASH EQUIVALENTS:** Cash and cash equivalents primarily consist of certificates of deposit and time deposits, generally with original maturities of three months or less.

**FIXED ASSETS:** Fixed assets are stated at cost less accumulated depreciation and amortization. Expenditures for improvements are capitalized. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is reflected in income. Expenditures for maintenance and repairs are charged to operations as incurred.

Depreciation of buildings, building improvements, furniture and equipment is provided on a straight-line basis over the estimated useful lives of these assets. Leasehold improvements are amortized on a straight-line basis over the periods covered by the applicable leases or the estimated useful life of the improvement, whichever is less. MMC periodically reviews long-lived assets for impairment whenever events or changes indicate that the carrying value of assets may not be recoverable.

The components of fixed assets are as follows:

=====		
December 31,		
(IN MILLIONS OF DOLLARS)	2002	2001
-----		
Furniture and equipment	\$ 1,323	\$ 1,142
Land and buildings	466	447
Leasehold and building improvements	794	668
-----		
	2,583	2,257
Less--accumulated depreciation and amortization	(1,275)	(1,022)
-----		
	\$ 1,308	\$ 1,235
=====		

**GOODWILL AND OTHER INTANGIBLE ASSETS:** MMC adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangibles" ("SFAS No. 142") effective January 1, 2002. Goodwill represents acquisition costs in excess of the fair value of net assets acquired. SFAS No. 142 changed the accounting for goodwill from an amortization method to an impairment only approach. Goodwill is reviewed at least annually for impairment. Other intangible assets that are not deemed to have an indefinite life are amortized on a straight-line basis over their estimated lives and reviewed for impairment upon the occurrence of certain triggering events in accordance with SFAS No. 142.

**PREPAID DEALER COMMISSIONS:** Essentially all of the mutual funds marketed by MMC's investment management segment are made available with a contingent deferred sales charge in lieu of a front-end load. The related prepaid dealer commissions, initially paid by MMC to broker/dealers for distributing such funds, can be recovered through charges and fees received over a number of years. The prepaid dealer commissions are generally amortized over a six-year period adjusted for early termination in the form of contingent deferred sales charges. MMC assesses the recoverability of prepaid dealer commissions by comparing the expected future cash flows with recorded balances.

**CAPITALIZED SOFTWARE COSTS:** MMC capitalizes certain costs to develop, purchase or modify software for the internal use of MMC. These costs are amortized on a straight-line basis over periods ranging from three to ten years. Computer software costs of \$251 million and \$227 million, net of accumulated amortization of \$319 million and \$226 million at December 31, 2002 and 2001, respectively, are included in Other assets in the Consolidated Balance Sheets.

**INCOME TAXES:** Income taxes provided reflect the current and deferred tax consequences of events that have been recognized in MMC's financial statements or tax returns. U.S. Federal income taxes are provided on unremitted foreign earnings except those that are considered permanently reinvested, which at December 31, 2002 amounted to approximately \$1.2 billion. However, if these earnings were not considered permanently reinvested, the incremental tax liability which otherwise might be due upon distribution, net of foreign tax credits, would be approximately \$100 million.

**DERIVATIVE INSTRUMENTS:** All derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the income statement when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

**CONCENTRATIONS OF CREDIT RISK:** Financial instruments which potentially subject MMC to concentrations of credit risk consist primarily of cash and cash equivalents and commissions and fees receivable. MMC maintains a policy providing for the diversification of cash and cash equivalent investments and places its investments in an extensive number of high quality financial institutions to limit the amount of credit risk exposure. Concentrations of credit risk with respect to receivables are generally limited due to the large number of clients and markets in which MMC does business, as well as the dispersion across many geographic areas.

**PER SHARE DATA:** Basic net income per share is calculated by dividing net income by the weighted average number of shares of MMC's common stock outstanding. Diluted net income per share is calculated by reducing net income for the potential minority interest expense associated with unvested shares under the Putnam Equity Partnership Plan, as discussed further in Note 8, and adding back dividend equivalent expense related to common stock equivalents. This result is then divided by the weighted average common shares outstanding, which have been adjusted for the dilutive effect of potentially issuable common shares. The following reconciles net income to net income for diluted earnings per share and basic weighted average common shares outstanding to diluted weighted average common shares outstanding:

=====			
For the Years Ended December 31, (IN MILLIONS)	2002	2001	2000
-----			
Net income	\$ 1,365	\$ 974	\$ 1,181
Less: Potential minority interest expense associated with Putnam Class B Common Shares	(2)	(6)	(17)
Add: Dividend equivalent expense related to common stock equivalents	2	2	2
-----			
Net income for diluted earnings per share	\$ 1,365	\$ 970	\$ 1,166
=====			
Basic weighted average common shares outstanding	541	550	543
Dilutive effect of potentially issuable common shares	16	22	26
-----			
Diluted weighted average common shares outstanding	557	572	569
=====			

**ESTIMATES:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from those estimates.

**NEW ACCOUNTING PRONOUNCEMENTS:** In November 2002, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 45, "Guarantor's Accounting

and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 interprets SFAS No. 5, "Accounting for Contingencies," SFAS No. 57, "Related Party Disclosures," SFAS No. 107, "Disclosure about Fair Value of Instruments" and nullifies FIN 34, "Disclosure of Indirect Guarantees of Indebtedness of Others." This interpretation expands the disclosure requirements for certain guarantors of debt. It also clarifies that certain guarantors are required to recognize, at the inception of the guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions are applied on a prospective basis to guarantees issued or modified after December 31, 2002 and the disclosure requirements are currently effective. The adoption of this standard is not anticipated to have a material impact on MMC's consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 interprets Accounting Research Bulletin No. 51, "Consolidated Financial Statements" and addresses consolidation by business enterprises qualifying as variable interest entities ("VIE"). FIN 46 defines a VIE as a corporation, partnership, trust or other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN 46 applies immediately to VIEs created after January 31, 2003 in which the company obtains an interest after that date. FIN 46 applies to the first fiscal year or interim period beginning after June 15, 2003 for VIEs in which MMC holds a variable interest that it acquired before February 1, 2003.

MMC through Putnam, manages \$2.3 billion in the form of Collateralized Debt Obligations ("CDO") and Collateralized Bond Obligations ("CBO"). The CDOs and CBOs were created prior to February 1, 2003. Separate limited liability companies were established to issue the notes and to hold the

underlying collateral, which consists of high-yield bonds and other securities. Putnam serves as the collateral manager for the CDOs and CBOs. The maximum loss exposure related to the CDOs and CBOs is limited to Putnam's investment totaling \$3.5 million, reflected in Long-term investments in the Consolidated Balance Sheets at December 31, 2002. MMC is assessing the overall impact of this pronouncement and does not expect the implementation of FIN 46 to have a significant impact on its consolidated results of operations.

RECLASSIFICATIONS: Certain reclassifications have been made to the prior year amounts to conform with current year presentation.

## 2 Supplemental Disclosure to the Consolidated Statements of Cash Flows

The following schedule provides additional information concerning acquisitions, interest and income taxes paid:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	2002	2001	2000
Purchase acquisitions:			
Assets acquired, excluding cash	\$ 99	\$ 79	\$201
Liabilities assumed	(2)	--	(8)
Issuance of debt and other obligations	(5)	(26)	(77)
Shares issued	--	--	(17)
Net cash outflow for acquisitions	\$ 92	\$ 53	\$ 99
Interest paid	\$154	\$192	\$244
Income taxes paid	\$931	\$175	\$305

## 3 Other Comprehensive Loss

The components of other comprehensive loss are as follows:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	2002	2001	2000
Foreign currency translation adjustments	\$ 131	\$ (34)	\$(127)
Unrealized investment holding (losses) gains, net of income tax (benefit) liability of \$(35), \$(60) and \$63 in 2002, 2001 and 2000, respectively	(70)	(116)	125
Less: Reclassification adjustment for realized (gains) losses included in net income, net of income tax (liability) benefit of \$(21), \$39 and \$(38) in 2002, 2001 and 2000, respectively	(36)	72	(69)
Minimum pension liability adjustment, net of income tax (benefit) liability of \$(110) in 2002, \$3 in 2001 and \$(2) in 2000	(257)	2	(3)
Deferred gain (loss) on cash flow hedges, net of income tax liability (benefit) of \$3 and \$(1) in 2002 and 2001, respectively	7	(2)	--
	\$ (225)	\$ (78)	\$ (74)

The components of accumulated other comprehensive loss, net of taxes, are as follows:

December 31, (IN MILLIONS OF DOLLARS)	2002	2001
Foreign currency translation adjustments	\$(292)	\$(423)
Net unrealized investment gains	120	226
Minimum pension liability adjustment	(285)	(28)
Net deferred gain (loss) on cash flow hedges	5	(2)
	\$(452)	\$(227)

## 4 Acquisitions

During 2002, MMC acquired several insurance and reinsurance broking, consulting and investment management businesses in transactions accounted for as purchases for a total cost of \$99 million. The cost of the transactions exceeded the fair value of assets acquired, which included \$18 million of identified intangible assets, by \$42 million. During 2001, MMC increased its investment in an investment management business and acquired other insurance broking and consulting businesses. The transactions were accounted for as purchases for a total cost of \$79 million. The cost of these investments exceeded the fair value of assets acquired, which included \$48 million of identified intangible assets, by \$29 million.

## 5 Goodwill and Other Intangibles

In accordance with SFAS No. 142, MMC discontinued the amortization of goodwill effective January 1, 2002. A reconciliation of previously reported net income and net income per share to the amounts adjusted for the exclusion of goodwill amortization net of the pro forma effect of directly related expenses and income taxes is as follows:

For the Years Ended December 31, (IN MILLIONS, EXCEPT PER SHARE FIGURES)			
	2002	2001	2000
Reported net income	\$1,365	\$ 974	\$1,181
Net amortization adjustment	--	131	136
Adjusted net income	\$1,365	\$1,105	\$1,317
Reported net income per share--Basic	\$ 2.52	\$ 1.77	\$ 2.18
Adjusted net income per share--Basic	\$ 2.52	\$ 2.00	\$ 2.42
Reported net income per share--Diluted	\$ 2.45	\$ 1.70	\$ 2.05
Adjusted net income per share--Diluted	\$ 2.45	\$ 1.93	\$ 2.29

Changes in the carrying amount of goodwill are as follows:

(IN MILLIONS OF DOLLARS)	
Balance as of January 1, 2002	\$5,069
Goodwill acquired	42
Other adjustments (primarily foreign exchange)	40
Balance as of December 31, 2002	\$5,151

The goodwill balance at December 31, 2002 includes approximately \$121 million of equity method goodwill.

MMC completed the transitional goodwill impairment test and determined that there is no impairment of goodwill.

Amortized intangible assets consist of the cost of client lists and client relationships acquired and the rights to future revenue streams from certain existing private equity funds. MMC has no intangible assets with indefinite lives. The gross cost and accumulated amortization by major intangible asset class at December 31, 2002 are as follows:

(IN MILLIONS OF DOLLARS)	Gross Cost	Accumulated Amortization	Net Carrying Amount
Client lists and client relationships acquired	\$148	\$ 50	\$ 98
Future revenue streams related to existing private equity funds	216	70	146
Total amortized intangibles	\$364	\$120	\$244

Aggregate amortization expense for the year ended December 31, 2002 was \$35 million and the estimated future aggregate amortization expense is as follows:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	Estimated Expense
2003	\$35
2004	\$35
2005	\$31
2006	\$25
2007	\$23

## 6 Income Taxes

Income before income taxes and minority interest shown below is based on the geographic location to which such income is attributable. Although income taxes related to such income may be assessed in more than one jurisdiction, the income tax provision corresponds to the geographic location of the income.

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)			
	2002	2001	2000
Income before income taxes and minority interest:			
U.S.	\$1,346	\$1,070	\$1,415
Other	787	520	540
	\$2,133	\$1,590	\$1,955

Income taxes:  
Current--

U.S. Federal	\$ 424	\$ 490	\$ 436
Other national governments	111	131	82
U.S. state and local	36	45	60
-	571	666	578
-			
Deferred--			
U.S. Federal	17	(128)	79
Other national governments	130	52	87
U.S. state and local	29	9	9
-	176	(67)	175
-			
Total income taxes	\$ 747	\$ 599	\$ 753
=====			

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

December 31, (IN MILLIONS OF DOLLARS)	2002	2001
-----		
DEFERRED TAX ASSETS:		
Accrued expenses not currently deductible	\$595	\$703
Differences related to non-U.S. operations	206	188
Accrued retirement benefits	--	57
Other	27	22
-		
	\$828	\$970
=====		
DEFERRED TAX LIABILITIES:		
Prepaid dealer commissions	\$ 96	\$233
Unrealized securities holding gains	67	121
Differences related to non-U.S. operations	87	59
Depreciation and amortization	99	74
Accrued retirement benefits	26	--
Other	5	19
-		
	\$380	\$506
=====		
BALANCE SHEET CLASSIFICATIONS:		
Current assets	\$105	\$ 41
Other assets	\$343	\$423
=====		



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

For the Years Ended December 31,	2002	2001	2000
U.S. Federal statutory rate	35.0%	35.0%	35.0%
U.S. state and local income taxes--net of U.S. Federal income tax benefit	2.0	2.2	2.3
Differences related to non-U.S. operations	(1.6)	(1.1)	(1.0)
Other	(.4)	1.6	2.2
Effective tax rate	35.0%	37.7%	38.5%

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

#### 7 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 in the U.S. and international laws.

The weighted average actuarial assumptions utilized for the U.S. and significant non-U.S. defined benefit plans as of the end of the year were as follows:

	Pension Benefits		Postretirement Benefits	
	2002	2001	2002	2001
Weighted average assumptions:				
Discount rate	6.1%	6.5%	6.6%	7.0%
Expected return on plan assets	8.5%	9.4%	--	--
Rate of compensation increase	3.8%	4.1%	--	--

The components of the net periodic (income) benefit cost for combined U.S. and significant non-U.S. defined benefit and other postretirement plans are as follows:

For the Years Ended December 31,	Pension Benefits			Postretirement Benefits		
(IN MILLIONS OF DOLLARS)	2002	2001	2000	2002	2001	2000
Service cost	\$ 171	\$ 156	\$ 154	\$ 7	\$ 6	\$ 4
Interest cost	337	310	295	19	17	15
Expected return on plan assets	(519)	(492)	(460)	--	--	--
Amortization of prior service (credit) cost	(17)	1	4	(2)	(1)	(1)
Amortization of transition asset	(5)	(4)	(11)	--	--	--
Recognized actuarial loss (gain)	11	(20)	(19)	3	--	(1)
	\$ (22)	\$ (49)	\$ (37)	\$ 27	\$ 22	\$ 17

The following schedules provide information concerning MMC's U.S. defined benefit pension plans and postretirement benefit plans:

December 31, (IN MILLIONS OF DOLLARS)	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2002	2001	2002	2001
Change in benefit obligation:				
Benefit obligation at beginning of year	\$2,307	\$2,115	\$ 209	\$ 170
Service cost	67	63	6	5
Interest cost	160	154	16	15
Actuarial loss	167	105	24	37
Benefits paid	(119)	(125)	(5)	(8)
Plan amendments	(273)	(5)	--	(10)
Benefit obligation at end of year	2,309	2,307	250	209
Change in plan assets:				
Fair value of plan assets at beginning of year	2,316	2,584	--	--
Actual return on plan assets	(216)	(169)	--	--
Non-qualified plan assets held in segregated trusts	(80)	--	--	--
Employer contributions	144	26	5	8
Benefits paid	(119)	(125)	(5)	(8)
Fair value of plan assets at end of year	2,045	2,316	--	--
Funded status	(264)	9	(250)	(209)
Unrecognized net actuarial loss	784	175	47	18
Unrecognized prior service credit	(259)	(4)	(9)	(11)
Unrecognized transition asset	(10)	(14)	--	--
Net asset (liability) recognized	\$ 251	\$ 166	\$ (212)	\$ (202)
Amounts recognized in the Consolidated Balance Sheets consist of:				
Prepaid benefit cost	\$ 475	\$ 324	\$ --	\$ --
Accrued benefit liability	(235)	(203)	(212)	(202)
Accumulated other comprehensive loss	11	45	--	--
Net asset (liability) recognized	\$ 251	\$ 166	\$ (212)	\$ (202)

The weighted average actuarial assumptions utilized in determining the above amounts for the U.S. defined benefit and other postretirement plans as of the end of the year were as follows:

	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2002	2001	2002	2001
Weighted average assumptions:				
Discount rate	6.75%	7.25%	6.75%	7.25%
Expected return on plan assets	8.75%	9.63%	--	--
Rate of compensation increase	3.5%	4.0%	--	--

The U.S. defined benefit pension plans do not have any direct or indirect ownership of MMC stock. Plan assets of approximately \$1.5 billion and \$1.6 billion at December 31, 2002 and 2001, respectively, were managed by Putnam, which includes both separately managed and publicly available investment funds.

The discount rate used to value the liabilities of the U.S. defined benefit pension plans and postretirement benefit plans reflects current interest rates of high quality fixed income debt securities. Projected compensation increases reflect current expectations as to future levels of inflation.

The assets and liabilities of the U.S. defined benefit pension plans were re-measured at July 1, 2002 to reflect a change in substantive plans as defined by SFAS No. 87, "Employers' Accounting for Pensions" and a reduction of the expected rate of return on plan assets to 9.25% from 10%. Discretionary cost of living increases have been excluded from the substantive plans for accounting purposes because MMC no longer has the intention of granting such increases. The change in the substantive plans reduced the projected benefit obligation by approximately \$273 million.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the U.S. pension plans with accumulated benefit obligations in excess of plan assets were \$261 million, \$231 million and \$0, respectively, as of December 31, 2002 and \$294 million, \$248 million and \$80 million, respectively, as of December 31, 2001.

The components of the net periodic (income) benefit cost for the U.S. defined benefit and other postretirement benefit plans are as follows:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	U.S. Pension Benefits			U.S. Postretirement Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	\$ 67	\$ 63	\$ 59	\$ 6	\$ 5	\$ 3
Interest cost	160	154	143	16	15	12
Expected return on plan assets	(241)	(238)	(217)	--	--	--
Amortization of prior service (credit) cost	(17)	1	3	(2)	(1)	(1)
Amortization of transition asset	(5)	(4)	(5)	--	--	--
Recognized actuarial loss (gain)	9	(18)	(19)	3	--	(1)
	\$ (27)	\$ (42)	\$ (36)	\$ 23	\$ 19	\$ 13

The assumed health care cost trend rate was approximately 12.5% in 2002 gradually declining to 5% in the year 2018. Assumed health care cost trend rates have a significant effect on the amounts reported for the U.S. health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

(IN MILLIONS OF DOLLARS)	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total of service and interest cost components	\$ 3	\$ (3)
Effect on postretirement benefit obligation	\$36	\$ (30)

The following schedules provide information concerning MMC's significant non-U.S. defined benefit pension plans and postretirement benefit plans:

December 31, (IN MILLIONS OF DOLLARS)	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
	2002	2001	2002	2001
Change in benefit obligation:				
Benefit obligation at beginning of year	\$2,997	\$2,692	\$ 41	\$ 38
Service cost	104	93	1	1
Interest cost	177	156	3	2
Employee contributions	19	17	--	--
Actuarial loss	173	181	6	3
Benefits paid	(123)	(109)	(2)	(2)
Foreign currency changes	313	(36)	3	(1)
Plan amendments	--	3	--	--
Benefit obligation at end of year	3,660	2,997	52	41
Change in plan assets:				
Fair value of plan assets at beginning of year	2,730	3,024	--	--
Actual return on plan assets	(271)	(206)	--	--
Effect of settlement	(8)	--	--	--
Company contributions	316	52	2	2
Employee contributions	19	17	--	--
Benefits paid	(123)	(109)	(2)	(2)
Foreign currency changes	255	(48)	--	--
Fair value of plan assets at end of year	2,918	2,730	--	--
Funded status	(742)	(267)	(52)	(41)
Unrecognized net actuarial loss	1,241	423	9	2
Unrecognized prior service cost	10	9	--	--
Net asset (liability) recognized	\$ 509	\$ 165	\$(43)	\$(39)
Amounts recognized in the Consolidated Balance Sheets consist of:				
Prepaid benefit cost	\$ 526	\$ 195	\$ --	\$ --
Accrued benefit liability	(420)	(30)	(43)	(39)
Intangible asset	9	--	--	--
Accumulated other comprehensive loss	394	--	--	--
Net asset (liability) recognized	\$ 509	\$ 165	\$(43)	\$(39)
Weighted average assumptions:				
Discount rate	5.7%	5.8%	5.9%	6.2%
Expected return on plan assets	8.3%	8.9%	--	--
Rate of compensation increase	4.0%	4.2%	--	--

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the non-U.S. pension plans with accumulated benefit obligations in excess of plan assets were \$2,074 million, \$1,850 million and \$1,489 million, respectively, as of December 31, 2002 and \$42 million, \$34 million and \$22 million, respectively, as of December 31, 2001.

The components of the net periodic benefit cost (income) for the significant non-U.S. defined benefit and other postretirement benefit plans are as follows:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	Non-U.S. Pension Benefits			Non-U.S. Postretirement Benefits		
	2002	2001	2000	2002	2001	2000
Service cost	\$ 104	\$ 93	\$ 95	\$ 1	\$ 1	\$ 1
Interest cost	177	156	152	3	2	3
Expected return on plan assets	(278)	(254)	(243)	--	--	--
Amortization of prior service cost	--	--	1	--	--	--
Amortization of transition asset	--	--	(6)	--	--	--
Recognized actuarial loss (gain)	2	(2)	--	--	--	--
	\$ 5	\$ (7)	\$ (1)	\$ 4	\$ 3	\$ 4

The assumed health care cost trend rate was approximately 7.3% in 2002, gradually declining to 4.5% in the year 2010. Assumed health care cost trend rates have a significant effect on the amounts reported for the non-U.S. health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

(IN MILLIONS OF DOLLARS)	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total of service and interest cost components	\$1	\$ --
Effect on postretirement benefit obligation	\$7	\$ (6)

CONTRIBUTION PLANS: MMC maintains certain defined contribution plans for its employees, including the Marsh & McLennan Companies Stock Investment Plan ("SIP") and the Putnam Investments, LLC Profit Sharing Retirement Plan (the "Putnam Plan"). Under these plans, eligible employees may contribute a percentage of their base salary, subject to certain limitations. For the SIP, MMC matches a portion of the employees' contributions, while under the Putnam Plan the contributions are at the discretion of MMC subject to IRS limitations. The SIP is an Employee Stock Ownership Plan under U.S. tax law and plan assets of approximately \$1.3 billion and \$1.5 billion at December 31, 2002 and 2001, respectively, were invested in MMC stock. In addition, SIP plan assets of approximately \$418 million and \$455 million at December 31, 2002 and 2001, respectively, were managed by Putnam. The cost of these defined contribution plans was \$92 million, \$83 million and \$79 million for 2002, 2001 and 2000, respectively.

#### 8 Stock Benefit Plans

MMC has stock-based benefit plans under which employees are awarded grants of restricted stock, stock options or other forms of awards. As provided under SFAS No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") MMC has elected to continue to account for stock-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and has provided the required additional pro forma disclosures.

MMC INCENTIVE AND STOCK AWARD PLANS: In 2000, the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (the "2000 Employee Plan") and the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (the "2000 Executive Plan") were adopted. The 2000 Employee and Executive plans (the "2000 Plans") replaced the 1997 Employee Incentive and Stock Award Plan and the 1997 Senior Executive Incentive and Stock Award Plans (the "1997 Plans"). The types of awards permitted under these plans include stock options, restricted stock, stock bonus units, restricted and deferred stock units payable in MMC common stock or cash, and other stock-based and performance-based awards. The Compensation Committee of the Board of Directors (the "Compensation Committee") determines, at its discretion, which affiliates may participate in the plans, which eligible employees will receive awards, the types of awards to be received and the terms and conditions thereof. The right of an employee to receive an award may be subject to performance conditions as specified by the Compensation Committee. The 2000 Plans contain provisions which, in the event of a change in control of MMC, may accelerate the vesting of the awards. Awards relating to not more than 80,000,000 shares of common stock may be made over the life of the 2000 Employee Plan plus shares remaining unused under preexisting stock plans. Awards relating to not more than 8,000,000 shares of common stock may be made over the life of the 2000 Executive Plan plus shares remaining unused under preexisting stock plans. There were 65,049,280, 87,067,422 and 104,301,742 shares available for awards under the 2000 Plans and prior plans at December 31, 2002, 2001 and 2000, respectively.

STOCK OPTIONS: Options granted under the 2000 Plans may be designated as incentive stock options or as non-qualified stock options. The Compensation Committee determines the terms and conditions of the option, including the time or times at which an option may be exercised, the methods by which such exercise price may be paid and the form of such payment. Except under certain limited

circumstances, no stock option may be granted with an exercise price of less than the fair market value of the stock at the time the stock option is granted.

Stock option transactions under the 2000 Plans and prior plans are as follows:

	2002		2001		2000	
	SHARES	WEIGHTED AVERAGE EXERCISE PRICE	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance at beginning of period	70,067,916	\$34.58	62,270,030	\$30.21	60,036,872	\$24.45
Granted	21,006,580	\$55.78	15,734,408	\$46.42	14,368,260	\$45.67
Exercised	(7,216,142)	\$23.16	(6,521,510)	\$19.95	(10,798,938)	\$17.84
Forfeited	(1,727,500)	\$47.51	(1,415,012)	\$41.25	(1,336,164)	\$35.40
Balance at end of period	82,130,854	\$40.74	70,067,916	\$34.58	62,270,030	\$30.21
Options exercisable at year-end	42,009,798	\$31.49	36,649,040	\$26.48	31,221,060	\$21.44

The following table summarizes information about stock options at December 31, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Outstanding at 12/31/02	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable at 12/31/02	Weighted Average Exercise Price
\$13.08-\$25.36	13,898,726	2.7 years	\$17.09	13,898,726	\$17.09
\$25.37-\$37.30	8,790,010	5.0 years	\$30.14	8,695,260	\$30.12
\$37.31-\$50.94	35,933,038	7.1 years	\$42.84	17,565,514	\$41.36
\$50.95-\$62.33	23,509,080	8.9 years	\$55.47	1,850,298	\$52.36
\$13.08-\$62.33	82,130,854	6.6 years	\$40.74	42,009,798	\$31.49

RESTRICTED STOCK: Restricted shares of MMC's common stock may be awarded and are subject to such restrictions on transferability and other restrictions, if any, as the Compensation Committee may impose. The Compensation Committee may also determine when and under what circumstances the restrictions may lapse and whether the participant shall have the rights of a stockholder, including, without limitation, the right to vote and receive dividends. Unless the Compensation Committee determines otherwise, restricted stock that is still subject to restrictions shall be forfeited upon termination of employment.

There were 249,421, 245,800 and 255,600 restricted shares granted in 2002, 2001 and 2000, respectively. MMC recorded compensation expense of \$13 million in 2002, \$11 million in 2001 and \$13 million in 2000, related to these shares. Shares that have been granted generally become unrestricted at the earlier of: (1) January 1 of the eleventh year following the grant or (2) the later of the recipient's normal or actual retirement date.

RESTRICTED STOCK UNITS: Restricted stock units, may be awarded under the plans. The Compensation Committee shall determine the restrictions on such units, when the restrictions shall lapse, when the units shall vest and be paid, and upon what terms the units shall be forfeited.

There were 760,749, 393,382 and 274,782 restricted stock units awarded during 2002, 2001 and 2000, respectively. The total value of the restricted stock units at the time of the award was \$40 million, \$19 million and \$14 million in 2002, 2001 and 2000, respectively. The cost of the awards is amortized over the vesting period, which is generally three years.

DEFERRED STOCK UNITS: Deferred stock units may be awarded under the plans. The Compensation Committee shall determine the restrictions on such units, when the restrictions shall lapse, when the units shall vest and be paid, and upon what terms the units shall be forfeited.

There were 1,669,680, 1,447,230 and 1,297,452 deferred stock units awarded during 2002, 2001 and 2000, respectively. The total value of the deferred stock unit awards was \$85 million, \$76 million and \$60 million in 2002, 2001 and 2000, respectively. The cost of the awards is amortized over the vesting period, which is generally three years.

PUTNAM INVESTMENTS EQUITY PARTNERSHIP PLAN: In 1997, Putnam adopted the Putnam Investments Equity Partnership Plan (the "Equity Plan") pursuant to which Putnam is authorized to grant or sell to certain employees of Putnam or its subsidiaries restricted shares of a new class of common shares of Putnam Investments Trust, the parent of Putnam Investments, LLC ("Class B Common Shares") and options to acquire the Class B Common Shares. Such awards or options generally vest over a four-year period. Holders of Putnam Class B Common Shares are not entitled to vote and have no rights to convert their shares into any other securities of Putnam. In certain circumstances, Class B Common Shares will be converted into Class A Common Shares. Awards of restricted stock and/or options may be made under the Equity Plan with respect to a maximum of 12,000,000 shares of Class B Common Shares, which would represent approximately 12% of the outstanding shares on a fully diluted basis, as increased for certain issuances of Putnam Class A Common Stock to MMC. Through December 31, 2002,

Putnam made awards pursuant to the Equity Plan of 1,051,400, 1,712,000 and 2,041,000 Class B Common Shares and shares subject to options in 2002, 2001 and 2000, respectively. These awards included 525,700, 856,000 and 1,020,500 restricted shares with a value of \$39 million, \$91 million and \$90 million in

2002, 2001 and 2000, respectively. These awards also included 525,700, 856,000 and 1,020,500 shares subject to options in 2002, 2001 and 2000, respectively. There were 3,419,893 shares available for grant related to the Equity Plan at December 31, 2002. In addition, the MMC Board of Directors has authorized an increase in the number of shares that can be made available to Putnam employees by 4,000,000 shares.

Pursuant to an executive compensation agreement, Putnam awarded 100,000 restricted stock units in 2001 with a value of \$11 million and 50,000 options in 2002 and 2001, related to Class B Common Shares to an executive of Putnam.

MMC STOCK PURCHASE PLANS: In May 1999, MMC's stockholders approved an employee stock purchase plan (the "1999 Plan") to replace the 1994 Employee Stock Purchase Plan (the "1994 Plan") which terminated on September 30, 1999 following its fifth annual offering. Under these plans, eligible employees may purchase shares of MMC's common stock, subject to certain limitations, at prices not less than 85% of the lesser of the fair market value of the stock at the beginning or end of any offering period. Under the 1999 Plan, no more than 40,000,000 shares of MMC's common stock plus the remaining unissued shares in the 1994 Plan may be sold. Employees purchased 3,744,190, 2,855,072 and 4,199,980 shares in 2002, 2001 and 2000, respectively. At December 31, 2002, 35,465,556 shares were available for issuance under the 1999 Plan. In July 2002, MMC Board of Directors approved an additional 5,000,000 shares of common stock for issuance under the 1995 MMC Stock Purchase Plan for International Employees (the "International Plan"). With the additional shares under the International Plan, no more than 8,000,000 shares of MMC's common stock may be sold. Employees purchased 717,696, 556,326 and 769,014 shares in 2002, 2001 and 2000, respectively. At December 31, 2002, 4,347,068 shares were available for issuance under the International Plan.

PRO FORMA INFORMATION: In accordance with the intrinsic value method allowed by APB 25, no compensation cost has been recognized in the Consolidated Statements of Income for MMC's stock option and stock purchase plans and the stock options awarded under the Putnam Investments Equity Partnership Plan. Had compensation cost for MMC's stock-based compensation plans been determined consistent with the fair value method prescribed by SFAS No. 123, MMC's net income and net income per share for 2002, 2001 and 2000 would have been reduced to the pro forma amounts indicated in the table below.

(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)			
	2002	2001	2000
NET INCOME:			
As reported	\$1,365	\$ 974	\$1,181
Adjustment for fair value method, net of tax	(152)	(114)	(81)
Pro forma	\$1,213	\$ 860	\$1,100
NET INCOME PER SHARE:			
BASIC:			
As reported	\$ 2.52	\$ 1.77	\$ 2.18
Pro forma	\$ 2.24	\$ 1.57	\$ 2.03
DILUTED:			
As reported	\$ 2.45	\$ 1.70	\$ 2.05
Pro forma	\$ 2.18	\$ 1.50	\$ 1.91

The pro forma information reflected above includes stock options issued under MMC incentive and stock award plans and the Putnam Investments Equity Partnership Plan and stock issued under MMC stock purchase plans.

The estimated fair value of options granted was calculated using the Black-Scholes option pricing valuation model. The weighted average assumptions used in the valuation models is as follows:

	Stock Options			Stock Purchase Plans		
	2002	2001	2000	2002	2001	2000
MMC INCENTIVE AND STOCK AWARD PLANS						
Dividend yield	2.3%	2.0%	2.0%	2.3%	2.0%	2.0%
Expected volatility	33.2%	32.7%	26.3%	31.4%	37.3%	26.3%
Risk-free interest rate	4.9%	4.6%	6.5%	1.2%	2.4%	6.1%
Weighted-average fair value	\$16.82	\$13.99	\$13.35	\$11.18	\$14.09	\$17.20
Expected life	5 YEARS	5 years	5 years	1 YEAR	1 year	1 year
PUTNAM INVESTMENTS EQUITY PARTNERSHIP PLAN						
Dividend yield	5.0%	5.0%	5.0%			
Expected volatility	44.4%	42.4%	38.3%			
Risk-free interest rate	4.9%	4.6%	6.5%			
Weighted-average fair value	\$21.63	\$29.66	\$24.43			
Expected life	5 YEARS	5 years	5 years			



## 9 Long-term Commitments

MMC leases office facilities, equipment and automobiles under noncancelable operating leases. These leases expire on varying dates; in some instances contain renewal and expansion options; do not restrict the payment of dividends or the incurrence of debt or additional lease obligations; and contain no significant purchase options. In addition to the base rental costs, occupancy lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. Approximately 96% of MMC's lease obligations are for the use of office space.

The Consolidated Statements of Income include net rental costs of \$406 million, \$367 million and \$359 million for 2002, 2001 and 2000, respectively, after deducting rentals from subleases (\$20 million in 2002, \$8 million in 2001 and 2000).

At December 31, 2002, the aggregate future minimum rental commitments under all noncancelable operating lease agreements are as follows:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	Gross Rental Commitments	Rentals from Subleases	Net Rental Commitments
2003	\$ 416	\$ 26	\$ 390
2004	382	23	359
2005	350	22	328
2006	312	21	291
2007	275	19	256
Subsequent years	2,134	212	1,922
	\$3,869	\$ 323	\$3,546

MMC has entered into agreements with various service companies to outsource certain information systems activities and responsibilities. Under these agreements, MMC is required to pay minimum annual service charges. Additional fees may be payable depending upon the volume of transactions processed with all future payments subject to increases for inflation. At December 31, 2002, the aggregate fixed future minimum commitments under these agreements are as follows:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	Future Minimum Commitments
2003	\$35
2004	19
2005	7
Subsequent years	14
	\$75

## 10 Debt

MMC's outstanding debt is as follows:

December 31, (IN MILLIONS OF DOLLARS)	2002	2001
<b>SHORT-TERM:</b>		
Commercial paper	\$ 506	\$ 741
Bank loans	35	--
Current portion of long-term debt	2	16
	\$ 543	\$ 757
<b>LONG-TERM:</b>		
Commercial paper	\$ 750	\$1,000
Senior notes--6.625% due 2004	598	597
Senior notes--7.125% due 2009	398	398
Senior notes--5.375% due 2007(a)	530	--
Senior notes--6.25% due 2012(a)	275	--
Mortgage--9.8% due 2009	200	200
Notes payable--8.62% due 2005	73	76
Notes payable--7.68% due 2006	62	62
Other	7	17
	2,893	2,350
Less current portion	2	16
	\$2,891	\$2,334

(a) See discussion of these notes.

The weighted average interest rates on MMC's outstanding short-term debt at December 31, 2002 and 2001 are 1.6% and 2.1%, respectively.

In June 2002, MMC arranged two revolving credit facilities to support its commercial paper borrowings. These credit facilities replaced similar facilities that expired during 2002. MMC may borrow up to \$1.4 billion under the 364-day

facility that expires in June 2003 with commitment fees of 5 basis points payable on any unused portion. Repayment of any outstanding borrowing under this facility can be extended up to one year from the expiration date. MMC may borrow up to \$1.0 billion under the noncancelable 5-year facility that expires in June 2007 with commitment fees of 8 basis points payable on any unused portion. The interest rates on these facilities vary based upon the level of usage of the facility and MMC's credit ratings. Each of the facilities requires MMC to maintain consolidated net worth of at least \$3.5 billion and contains certain other restrictions relating to consolidations, mergers and the sale or pledging of assets. No amounts were outstanding under these facilities at December 31, 2002.

Commercial paper borrowings of \$750 million and \$1.0 billion at December 31, 2002 and 2001, respectively, have been classified as long-term debt based on MMC's intent and ability to maintain and refinance the obligations on a long-term basis.

Additional credit facilities are maintained with various banks, primarily related to operations located outside the United States, aggregating \$274 million at December 31, 2002 and \$214 million at December 31, 2001. Amounts outstanding under these facilities at December 31, 2002 were \$35 million and no amounts were outstanding at December 31, 2001.

In March 2002, MMC issued \$500 million of 5.375% Senior Notes due 2007 and \$250 million of 6.25% Senior Notes due 2012 (the "Notes"). Interest is payable semi-annually on March 15 and September 15 of each year. The proceeds of these Notes were used to repay a portion of commercial paper borrowings. Concurrent with the issuance of the Notes, MMC entered into interest rate swap transactions to hedge 100% of its exposure to changes in the fair value of the Notes. The swap transactions effectively converted the fixed rate obligations into floating rate obligations. Under the terms of the swaps, the swap counterparties pay MMC a fixed rate equal to the coupon rate on the bonds. MMC pays the swap counterparties a floating rate of 6-month Libor plus 9.25 bps for the five-year swap and 6-month Libor plus 25.45 bps for the ten-year swap. In July 2002, MMC dedesignated 50% of the fair value hedge on each of the Notes and settled 50% of each of the related swaps. The portion of the Notes no longer hedged ceased being marked to market, and the cumulative amount of fair value adjustments previously recognized is being amortized over the remaining life of the related Notes. MMC redesignated the remaining portion of the swaps as a fair value hedge of 50% of the Notes. The redesignated swaps carry the identical terms and conditions as the original swaps and under SFAS No. 133 qualify for hedge accounting and meet all criteria necessary to conclude the hedge will be perfectly effective. In January 2003, MMC dedesignated the remaining fair value hedge on each of the Notes and settled the remaining swaps. The cumulative amount of fair value adjustments previously recognized is being amortized over the remaining life of the related Notes. As a result of these transactions, the effective interest rate over the remaining life of the Notes, including the amortization of the fair value adjustments, is 4.0% for the Notes due in 2007 and 5.1% for the Notes due in 2012.

In February 2003, MMC issued \$250 million of 3.625% Senior Notes due 2008 and \$250 million of 4.85% Senior Notes due 2013. The net proceeds from the notes were used to pay down commercial paper borrowings.

MMC has a fixed rate non-recourse mortgage note agreement due in 2009 amounting to \$200 million, bearing an interest rate of 9.8%, in connection with its interest in its worldwide headquarters building in New York City. In the event the mortgage is foreclosed following a default, MMC would be entitled to remain in the space and would be obligated to pay rent sufficient to cover interest on the notes or at fair market value if greater.

Scheduled repayments of long-term debt in 2003 and in the four succeeding years are \$2 million, \$1.4 billion, \$65 million, \$60 million and \$500 million, respectively.

11 Financial Instruments

The estimated fair value of MMC's significant financial instruments is provided below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that MMC would realize upon disposition nor do they indicate MMC's intent or ability to dispose of the financial instrument.

December 31, (IN MILLIONS OF DOLLARS)	2002		2001	
	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 546	\$ 546	\$ 537	\$ 537
Long-term investments	578	578	826	826
Short-term debt	543	543	757	758
Long-term debt	2,891	3,116	2,334	2,455

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

LONG-TERM INVESTMENTS: Long-term investments primarily consist of available for sale securities recorded at quoted market prices. MMC also has certain additional long-term investments, for which there are no readily available market prices, amounting to \$168 million and \$179 million at December 31, 2002 and 2001, respectively, which are carried on a cost basis. MMC monitors these investments for impairment and makes appropriate reductions in carrying values when necessary.

MMC had investments with an aggregate fair value of \$410 million and \$647 million at December 31, 2002 and 2001, respectively, which are carried at market value under SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Gross unrealized gains amounting to \$209 million and \$360 million and gross unrealized losses of \$23 million and \$16 million at December 31, 2002 and 2001, respectively, have been excluded from earnings and reported, net of deferred income taxes, as accumulated other comprehensive loss which is a component of stockholders' equity.

MMC recorded net gains (losses) associated with its long-term investments of \$57 million, \$(111) million and \$107 million, in 2002, 2001 and 2000, respectively. Proceeds from the sale of available for sale securities for the years ended December 31, 2002, 2001 and 2000 were \$161 million, \$155 million and \$237 million, respectively. Gross realized gains on available for sale securities sold during 2002, 2001 and 2000 amounted to \$100 million, \$112 million and \$108 million, respectively. In 2002, 2001 and 2000, MMC recorded losses of \$43 million, \$223 million and \$1 million respectively, related to the decline in

value of certain long-term investments that were other than temporary. The cost of securities sold is determined using the average cost method for equity securities.

In 2000, MMC entered into an agreement to purchase a minority investment in the publicly traded common stock of Gruppo Bipop-Carire S.p.A. ("Bipop") as part of a new agreement that expanded the companies' existing joint venture in Italy, and Putnam became the exclusive investment management partner for Bipop's planned expansion into other parts of Western Europe. The Bipop common shares subsequently declined in value. MMC determined this decline was other than temporary, and in the fourth quarter of 2001, recorded a pretax \$222 million charge to write down the cost basis of the investment to its fair value. This amount was reclassified as a charge against revenue to conform with current year presentation. In 2002, Bipop was merged with Banca di Roma, the combined businesses were reorganized and the names of the successor companies were changed. As a result of these actions, Putnam's initial holding in Bipop is now comprised of common shares in Fineco S.p.A. ("Fineco") and Capitalia S.p.A. In the fourth quarter of 2002, MMC recorded a pretax investment valuation charge of \$20 million for an other than temporary decline in the value of Fineco.

MMC also holds investments in certain private equity fund partnerships which are accounted for using the equity method. MMC's share of gains (losses) from such investments of \$10 million, \$(31) million and \$(31) million in 2002, 2001 and 2000, respectively, are included in Investment income (loss) in the Consolidated Statements of Income.

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

**SHORT-TERM AND LONG-TERM DEBT:** The fair value of MMC's short-term debt, which consists primarily of commercial paper borrowings, approximates its carrying value. The estimated fair value of MMC's long-term debt is based on discounted future cash flows using current interest rates available for debt with similar terms and remaining maturities.

**OPTION CONTRACTS:** In 2001, MMC entered into a series of option contracts to hedge the variability of cash flows from forecasted sales of certain available for sale equity investments. The sales are forecasted to occur over the next eight quarters. The hedge is achieved through the use of European style put and call options, which mature on the dates of the forecasted sales. Gains or losses on the option contracts are deferred in Other Comprehensive Loss until the related forecasted sales occur. The hedging relationship is considered perfectly effective because all critical terms of the hedge and the forecasted sales match. As a result no hedge ineffectiveness will be recognized in earnings. At December 31, 2002, the net increase in fair value of the option contracts of \$7 million was recorded as an asset and a reduction of Accumulated Other Comprehensive Loss on the balance sheet. MMC expects approximately \$3 million to be reclassified into earnings over the next year as the related forecasted sales occur.

12 Integration and Restructuring Costs,  
Charges Related to September 11 and Special Credits

**INTEGRATION COSTS:** In 1999, as part of the integration of Sedgwick Group plc ("Sedgwick"), MMC adopted a plan to reduce staff and consolidate duplicative offices. The estimated cost of this plan relating to employees and offices of Sedgwick ("1999 Sedgwick Plan") amounted to \$285 million and was included in the cost of the acquisition. Merger-related costs for employees and offices of MMC ("1999 MMC Plan") amounted to \$266 million and were recorded as part of the 1999 special charge.

The utilization of the 1999 charges is summarized as follows:

(IN MILLIONS OF DOLLARS)	Initial Balance	Utilization and Changes in Estimates through 2001	2002 Utilization	BALANCE DECEMBER 31, 2002
<b>1999 SEDGWICK PLAN:</b>				
Termination payments to employees	\$ 183	\$ (180)	\$ (1)	\$ 2
Other employee-related costs	5	(5)	--	--
Future rent under noncancelable leases	48	(28)	(5)	15
Leasehold termination and related costs	49	(30)	(2)	17
	\$ 285	\$ (243)	\$ (8)	\$34
Number of employee terminations	2,400	(2,400)	--	--
Number of office consolidations	125	(125)	--	--
<b>1999 MMC PLAN:</b>				
Termination payments to employees	\$ 194	\$ (187)	\$ (3)	\$ 4
Future rent under noncancelable leases	31	(19)	(2)	10
Leasehold termination and related costs	16	(13)	--	3
Other integration related costs	25	(25)	--	--
	\$ 266	\$ (244)	\$ (5)	\$17
Number of employee terminations	2,100	(2,100)	--	--
Number of office consolidations	50	(50)	--	--

Changes in estimates are attributable to differences in actual cost from initial estimates in implementing the original plan of integration. As a result of changes in estimates during the fourth quarter of 2001, reserves related to the 1999 Sedgwick Plan of \$3 million were reversed and recorded as a reduction of goodwill. MMC also recorded a special credit of \$7 million related to the 1999 MMC Plan, representing reductions of estimated costs of \$5 million for employee termination costs and \$2 million related to office

consolidations. This \$7 million was included in the net special credit of \$13 million in 2001, discussed below.

During the fourth quarter of 2000, reserves related to the 1999 Sedgwick Plan of \$10 million were reversed and recorded as a reduction of goodwill. MMC also recorded a special charge of \$7 million representing changes in estimated employee termination costs related to the 1999 MMC Plan. This \$7 million special charge was included in the net special credit of \$2 million in 2000, as discussed below.

The other integration costs primarily consist of consulting fees and system conversion costs incurred in 1999 as a result of the restructuring and merging of MMC and Sedgwick operations.

The actions contemplated by these plans were completed by year-end 2000. Some accruals, primarily for future rent under noncancelable leases, costs to restore leased properties to contractually agreed upon condition and salary continuance arrangements, are expected to be paid over several years.

**CHARGES RELATED TO SEPTEMBER 11:** As a result of the events of September 11 and the subsequent business environment, MMC recorded a pretax charge of \$187 million in 2001. Services and benefits provided to victims' families and employees, such as salary and benefit continuance, counseling and a commitment to the MMC Victims Relief Fund, represent \$69 million of the charges. Write-offs or impairments of intangibles and other non-cash assets were \$32 million and charges related to disruption of business operations amounted to \$25 million. The above charges are net of insurance recoveries of \$126 million, which were collected prior to December 31, 2002.

**RESTRUCTURING COSTS:** As a result of weakening business conditions, which were exacerbated by the events of September 11, MMC adopted a plan to provide for staff reductions and office consolidations, primarily in the consulting segment. The 2001 charge of \$61 million is comprised of \$44 million for severance and related benefits affecting 750 people and \$17 million for future rent under noncancelable leases. Actions under the plan were completed by September 30, 2002. Some accruals primarily for future rent under noncancelable leases and salary continuance arrangements, are expected to be paid over several years. Utilization of the charges is summarized as follows:

(IN MILLIONS OF DOLLARS)	Initial Balance	Utilization		BALANCE DECEMBER 31,
		2001	2002	2002
Termination payments to employees	\$ 44	\$ (14)	\$ (25)	\$ 5
Future rent under noncancelable leases	17	--	(4)	13
	\$ 61	\$ (14)	\$ (29)	\$18
Number of employee terminations	750	(506)	(244)	--
Number of office consolidations	9	(2)	(7)	--

**SPECIAL CREDITS:** In the fourth quarter of 2001, MMC recorded a special credit of \$13 million attributable to changes in estimates in connection with integration and restructuring plans provided for in prior years. Changes in estimated costs resulted in a reversal of reserves of \$5 million for employee termination costs and \$2 million related to office consolidations associated with the Sedgwick transaction and a \$6 million reversal of reserves related to office consolidation costs associated with MMC's 1997 combination with Johnson & Higgins ("J&H"). The combined impact of the charges related to September 11 and the special credit was a \$.19 reduction in diluted net income per share in 2001.

During 2000, MMC recorded a net special credit of \$2 million. This included a special charge of \$7 million representing a change in the estimates related to the 1999 reserve for employee termination costs associated with the Sedgwick transaction and reserves of \$9 million for office consolidation costs which were reversed in 2000. Of the \$9 million, \$7 million represented lease abandonment costs in London and \$2 million represented office consolidation costs associated with the combination with J&H. The resulting net special credit had no effect on diluted net income per share.

#### 13 Common Stock

On May 16, 2002, the Board of Directors authorized a two-for-one stock distribution of MMC common stock, which was issued as a stock dividend on June 28, 2002. All capital accounts and references to per share amounts have been restated for this stock distribution.

In 2002, MMC repurchased shares of its common stock for treasury as well as to meet requirements for issuance of shares for its various stock compensation and benefit programs. During 2002, MMC repurchased 24.2 million shares for total consideration of \$1.2 billion, compared with 15.6 million shares for total consideration of \$763 million in 2001.

MMC repurchases shares subject to market conditions, including from time to time pursuant to the terms of a 10b5-1 plan. A 10b5-1 plan allows a company to purchase shares during a blackout period, provided the company communicates its share purchase instructions to the broker prior to the blackout period, pursuant to a written plan that may not be changed. MMC currently plans to continue to repurchase shares in 2003, subject to market conditions.

#### 14 Stockholder Rights Plan

On September 18, 1997, MMC's Board of Directors approved the extension of the benefits afforded by MMC's previously existing rights plan by adopting a new stockholder rights plan, which was amended and restated as of January 20, 2000 and further amended on June 7, 2002. Under the current plan, Rights to purchase stock, at a rate of one Right for each common share held, were distributed to shareholders of record on September 29, 1997 and automatically attach to shares issued thereafter. Under the plan, the Rights generally become exercisable after a person or group (i) acquires 15% or more of MMC's outstanding common stock or (ii) commences a tender offer that would result in such a person or group owning 15% or more of MMC's common stock. When the Rights first become exercisable, a holder will be entitled to buy from MMC a unit consisting of one six-hundredth of a share of Series A Junior Participating Preferred Stock of MMC at a purchase price of \$200. If any person acquires 15% or more of MMC's common stock or if a 15% holder acquires MMC by means of a reverse merger in which MMC and its stock survive, each Right not owned by a 15% or more shareholder would become exercisable for common stock of MMC (or in certain circumstances, other consideration) having a market value equal to twice the exercise price of the Right. The Rights expire on September 29, 2007, except as otherwise provided in the plan.

# 15 Claims, Lawsuits and Other Contingencies

MMC and its subsidiaries are subject to various claims, lawsuits and proceedings consisting principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering investment and consulting services. Some of these matters seek damages, including punitive damages, in amounts which could, if assessed, be significant. Insurance coverage applicable to such matters includes elements of both risk retention and risk transfer.

Sedgwick Group plc, since prior to its acquisition, has been engaged in a review of previously undertaken personal pension plan business as required by United Kingdom regulators to determine whether redress should be made to customers. Other present and former subsidiaries of MMC are engaged in a comparable review of their personal pension plan businesses, although the extent of their activity in this area, and consequently their financial exposure, was proportionally much less than Sedgwick. As of December 31, 2002, settlements and related costs previously paid amount to approximately \$525 million, of which approximately \$200 million is due from or has been paid by insurers. A small percentage of cases remain to be settled at December 31, 2002, and the remaining payments are not expected to be material.

As part of the combination with Sedgwick, MMC acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited ("River Thames"), which was sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters by River Thames ("ILU Guarantee"). The policies covered by the ILU Guarantee are reinsured up to (pound)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 December 31, 2002, the reinsurance coverage exceeded the best estimate of the projected liability of the policies covered by the ILU Guarantee. To the extent River Thames or the reinsurer are unable to meet their obligations under those policies, a claimant may seek to recover from MMC under the guarantee. MMC does not expect any material net impact on its consolidated financial position or results of operations related to this guarantee.

Although the ultimate outcome of all matters referred to above cannot be ascertained and liabilities in indeterminate amounts may be imposed on MMC and its subsidiaries, on the basis of present information, it is the opinion of MMC's management that the disposition or ultimate determination of these claims, lawsuits, proceedings or guarantees will not have a material adverse effect on MMC's consolidated results of operations or its consolidated financial position.

## 16 Segment Information

MMC operates in three principal business segments based on the services provided. Segment performance is evaluated based on operating income, which includes investment income and losses attributable to each segment, directly related expenses and minority interest, but excludes special credits and charges related to September 11. The accounting policies of the segments are the same as those used for the consolidated financial statements described in Note 1. Revenues are attributed to geographic areas on the basis of where the services are performed.

Selected information about MMC's operating segments and geographic areas of operation follow:

For the Years Ended December 31, (IN MILLIONS OF DOLLARS)	Revenue	Segment Operating Income	Total Assets	Depreciation and Amortization	Capital Expenditures
2002--					
Risk and Insurance Services	\$ 5,910(a)	\$1,490	\$ 8,571	\$183	\$257
Investment Management	2,166	560	2,144	108	82
Consulting	2,364	326	2,080	58	53
	\$10,440	\$2,376	\$12,795	\$349	\$392
2001--					
Risk and Insurance Services	\$ 5,152(a)	\$1,139	\$ 7,859	\$307	\$202
Investment Management	2,409(b)	584(b)	3,001	124	102
Consulting	2,308	313	1,904	72	86
	\$ 9,869	\$2,036	\$12,764	\$503	\$390
2000--					
Risk and Insurance Services	\$ 4,780(a)	\$ 944	\$ 8,745	\$304	\$244
Investment Management	3,242	1,027	2,651	100	139
Consulting	2,286	312	1,717	65	89
	\$10,308	\$2,283	\$13,113	\$469	\$472



A reconciliation of the totals for the operating segments to the applicable line items in the consolidated financial statements is as follows:

(IN MILLIONS OF DOLLARS)	2002	2001	2000
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST:			
Total segment operating income	\$ 2,376	\$ 2,036	\$ 2,283
Charges related to September 11 and special credits (see Note 12)	--	(174)	2
Corporate expense	(123)	(116)	(127)
Reclassification of minority interest	21	17	21
Operating income	2,274	1,763	2,179
Interest income	19	23	23
Interest expense	(160)	(196)	(247)
Total income before income taxes and minority interest	\$ 2,133	\$ 1,590	\$ 1,955

(IN MILLIONS OF DOLLARS)	Total Operating Segments	Corporate/ Eliminations	Total Consolidated
OTHER SIGNIFICANT ITEMS:			
2002--			
Total assets	\$12,795	\$1,060(c)	\$13,855
Depreciation and amortization	349	10	359
Capital expenditures	392	31	423
2001--			
Total assets	\$12,764	\$1,005(c)	\$13,769
Depreciation and amortization	503	17	520
Capital expenditures	390	43	433
2000--			
Total assets	\$13,113	\$1,031(c)	\$14,144
Depreciation and amortization	469	19	488
Capital expenditures	472	40	512

Operating Segment Revenue by Product is as follows:

(IN MILLIONS OF DOLLARS)	2002	2001	2000
RISK & INSURANCE SERVICES			
Risk Management and Insurance Broking	\$ 4,411	\$3,829	\$ 3,595
Reinsurance Broking and Services	632	523	470
Related Insurance Services	867	800	715
Total Risk & Insurance Services	5,910	5,152	4,780
INVESTMENT MANAGEMENT	2,166	2,409	3,242
CONSULTING			
Retirement Services	1,115	1,022	951
Health Care & Group Benefits	358	343	324
Human Capital	340	361	378
Management and Organizational Change	280	322	380
Economic	130	112	102
Reimbursed Expenses	2,223	2,160	2,135
Total Consulting	141	148	151
Total	2,364	2,308	2,286
Total	\$10,440	\$9,869	\$10,308

Information by geographic area is as follows:

(IN MILLIONS OF DOLLARS)	2002	2001	2000
GEOGRAPHIC AREA:			
EXTERNAL REVENUE--			
United States	\$ 7,005	\$ 6,811	\$ 7,324
United Kingdom	1,499	1,325	1,314
Continental Europe	950	843	787
Other	986	890	883
Total	\$10,440	\$ 9,869	\$10,308
FIXED ASSETS--			
United States	\$ 914	\$ 912	\$ 916
United Kingdom	261	192	310
Continental Europe	64	55	52
Other	69	76	82
Total	\$ 1,308	\$ 1,235	\$ 1,360

(a) Includes interest income on fiduciary funds (\$118 million in 2002, \$165

million in 2001 and \$195 million in 2000).

- (b) Includes charge of \$222 million related to an other than temporary decline in value of the common stock of Gruppo Bipop-Carire S.p.A.
- (c) Corporate assets primarily include unallocated goodwill, insurance recoverables, prepaid pension and a portion of MMC's headquarters building.

## Report of Management

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The management of Marsh & McLennan Companies, Inc. has prepared and is responsible for the accompanying financial statements and other related financial information contained in this annual report. MMC's financial statements were prepared in accordance with generally accepted accounting principles, applying certain estimates and informed judgments as required. Deloitte & Touche LLP, independent auditors, have audited the financial statements and have issued their report thereon.

MMC maintains a system of internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's authorization, that assets are safeguarded and that proper financial records are maintained. Key elements of MMC's internal controls include securing the services of qualified personnel and proper segregation of duties. Internal auditors monitor the control system by examining financial reports, by testing the accuracy of transactions and by otherwise obtaining assurance that the system is operating in accordance with MMC's objectives.

The Audit Committee of the Board of Directors is composed entirely of independent outside directors and is responsible for recommending to the Board the independent auditors to be engaged to audit MMC's financial statements, subject to stockholder ratification. In addition, the Audit Committee meets periodically with internal auditors and the independent auditors, both with and without management, to discuss MMC's internal accounting controls, financial reporting and other related matters. The internal auditors and independent auditors have full and unrestricted access to the Audit Committee.

/s/ Sandra S. Wijnberg

Sandra S. Wijnberg  
Senior Vice President and  
Chief Financial Officer  
February 28, 2003

## Independent Auditors' Report

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The Board of Directors and Stockholders of  
Marsh & McLennan Companies, Inc.:

We have audited the accompanying consolidated balance sheets of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 1 and 5 to the consolidated financial statements, the Company changed its method of accounting for goodwill amortization to conform to Statement of Financial Accounting Standards No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS.

/s/ Deloitte & Touche LLP

New York, New York  
February 28, 2003

Marsh & McLennan Companies, Inc. and Subsidiaries  
SELECTED QUARTERLY FINANCIAL DATA AND  
SUPPLEMENTAL INFORMATION (UNAUDITED)

(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)	Revenue	Operating Income	Net Income	Net Income (Loss) Per Share(a)		Dividends Paid Per Share
				-----		
				Basic	Diluted	
-----						
2002:						
First quarter	\$ 2,635	\$ 687	\$ 418	\$ .76	\$ .73	\$ .265
Second quarter	2,612	565	336	.62	.60	.265
Third quarter	2,553	512	299	.56	.55	.28
Fourth quarter	2,640	510	312	.58	.57	.28
-----						
	\$10,440	\$2,274	\$1,365	\$2.52	\$2.45	\$1.09
=====						
2001:						
First quarter	\$ 2,631(e)	\$ 645	\$ 369	\$ .67	\$ .63	\$ .25
Second quarter	2,541(e)	526	293	.53	.51	.25
Third quarter	2,407(e)	312(b)	168(b)	.31	.29(b)	.265
Fourth quarter	2,290(e)(f)	280(c)	144(c)	.26	.26(c)	.265
-----						
	\$ 9,869(e)(f)	\$1,763(d)	\$ 974(d)	\$1.77	\$1.70(d)	\$1.03
=====						
2000:						
First quarter	\$ 2,701(e)	\$ 619	\$ 337	\$ .63	\$ .59	\$ .225
Second quarter	2,515(e)	514	276	.51	.48	.225
Third quarter	2,575(e)	526	282	.52	.48	.25
Fourth quarter	2,517(e)	520	286	.52	.49	.25
-----						
	\$10,308(e)	\$2,179	\$1,181	\$2.18	\$2.05	\$ .95
=====						

- (a) Net income per share is computed independently for each of the periods presented. Accordingly, the sum of the quarterly net income per share amounts does not equal the total for the year in 2001 and 2000.
- (b) Excluding one-time items of \$173 for the third quarter of 2001, operating income, net income and diluted net income per share are \$485, \$274 and \$.48, respectively.
- (c) Excluding one-time items of \$223 for the fourth quarter of 2001, operating income, net income and diluted net income per share are \$503, \$286 and \$.50, respectively.
- (d) Excluding one-time items of \$396 for the full year 2001, operating income, net income and diluted net income per share are \$2,159, \$1,222 and \$2.12, respectively.
- (e) In accordance with EITF Issue 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," revenue includes reclassification of expense reimbursements received from clients.
- (f) Reflects reclassification of a pretax \$222 million investment write-down related to an other than temporary decline in value of the common stock of Gruppo Bipop-Carire S.p.A. as a charge against revenue to conform with current year presentation.

All per share amounts have been restated for a two-for-one stock distribution of MMC common stock, which was issued as a stock dividend on June 28, 2002.

As of February 28, 2003, there were 10,666 stockholders of record.

Marsh & McLennan Companies, Inc. and Subsidiaries  
FIVE-YEAR STATISTICAL SUMMARY OF OPERATIONS

For the Years Ended December 31, (IN MILLIONS OF DOLLARS, EXCEPT PER SHARE FIGURES)	2002	2001	2000	1999(b)	1998	Compound Growth Rate 1997-2002
Revenue:						
Risk and Insurance Services	\$ 5,910	\$ 5,152	\$ 4,780	\$ 4,523	\$ 3,351	16%
Investment Management	2,166	2,409	3,242	2,684	2,296	3%
Consulting	2,364	2,308	2,286	2,086	1,658	11%
Total Revenue	10,440	9,869	10,308	9,293	7,305	11%
Expenses:						
Compensation and Benefits	5,199	4,877	4,941	4,574	3,561	11%
Other Operating Expenses	2,967	3,229	3,188	3,252	2,324	6%
Total Expenses	8,166	8,106	8,129	7,826	5,885	9%
Operating Income	2,274	1,763(a)	2,179	1,467(c)	1,420	23%
Interest Income	19	23	23	21	25	
Interest Expense	(160)	(196)	(247)	(233)	(140)	
Income Before Income Taxes and Minority Interest	2,133	1,590	1,955	1,255	1,305	24%
Income Taxes	747	599	753	524	509	
Minority Interest, Net of Tax	21	17	21	5	--	
Net Income	\$ 1,365	\$ 974	\$ 1,181	\$ 726	\$ 796	26%
Basic Net Income Per Share Information:						
Net Income Per Share	\$ 2.52	\$ 1.77	\$ 2.18	\$ 1.38	\$ 1.56	23%
Average Number of Shares Outstanding	541	550	543	526	512	
Diluted Net Income Per Share Information:						
Net Income Per Share	\$ 2.45	\$ 1.70	\$ 2.05	\$ 1.31	\$ 1.49	23%
Average Number of Shares Outstanding	557	572	569	543	527	
Dividends Paid Per Share	\$ 1.09	\$ 1.03	\$ .95	\$ .85	\$ .73	12%
Return on Average Stockholders' Equity	27%	19%	25%	19%	23%	
Year-end Financial Position:						
Working capital	\$ (199)	\$ (622)	\$ (855)	\$(1,405)	\$(1,903)(d)	
Total assets	\$13,855	\$13,769	\$14,144	\$13,503	\$12,117	
Long-term debt	\$ 2,891	\$ 2,334	\$ 2,347	\$ 2,357	\$ 1,590	
Stockholders' equity	\$ 5,018	\$ 5,173	\$ 5,228	\$ 4,170	\$ 3,659	
Total shares outstanding (excluding treasury shares)	538	548	552	534	514	
Other Information:						
Number of employees	59,400	57,800	57,000	52,900	54,300	
Stock price ranges--						
U.S. exchanges--High	\$ 57.30	\$ 59.03	\$ 67.85	\$ 48.38	\$32.16	
--Low	\$ 34.61	\$ 39.70	\$ 35.25	\$ 28.57	\$21.69	

(a) Includes one-time items of \$396 million.

(b) Includes full year results for Sedgwick, which was acquired in November 1998.

(c) Includes a special charge of \$337 million.

(d) Includes \$2.2 billion of commercial paper borrowings made to initially finance the acquisition of Sedgwick.

See Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion of significant items affecting the results of operations in 2002 and 2001.

BOARD OF DIRECTORS AND CORPORATE OFFICERS

BOARD OF DIRECTORS

JEFFREY W. GREENBERG  
Chairman

MATHIS CABIALLAVETTA  
Vice Chairman, MMC  
Chairman, MMC Global Development

CHARLES A. DAVIS  
Vice Chairman, MMC  
Chairman and Chief Executive Officer,  
MMC Capital, Inc.

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

PETER COSTER  
President and Chief Executive Officer,  
Mercer Inc.

ROBERT F. ERBURU  
Former Chairman,  
The Times Mirror Company

OSCAR FANJUL  
Vice Chairman and Chief Executive  
Officer, Omega Capital  
Honorary Chairman, Repsol, S.A.

RAY J. GROVES  
President and Chief Executive Officer,  
Marsh Inc.

STEPHEN R. HARDIS  
Chairman, Axcelis Technologies, Inc.  
Former Chairman, Eaton Corporation

GWENDOLYN S. KING  
President, Podium Prose  
Former Commissioner,  
Social Security Administration

THE RT. HON. LORD LANG OF MONKTON, DL  
Former British Secretary of  
State for Trade & Industry

LAWRENCE J. LASSER  
President and Chief Executive Officer,  
Putnam Investments, LLC

DAVID A. OLSEN  
Former Chairman, Johnson & Higgins

MORTON O. SCHAPIRO  
President, Williams College

ADELE SIMMONS  
Vice Chair, Chicago Metropolis 2020  
Former President,  
John D. and Catherine T. MacArthur  
Foundation

JOHN T. SINNOTT  
Chairman, Marsh Inc.

A.J.C. SMITH  
Former Chairman, MMC

ADVISORY DIRECTORS

RICHARD E. HECKERT  
Former Chairman,  
E.I. du Pont de Nemours and Company

RICHARD M. MORROW  
Former Chairman, Amoco Corporation

GEORGE PUTNAM  
Chairman Emeritus, The Putnam Funds

FRANK J. TASCO  
Former Chairman, MMC

COMMITTEES OF THE BOARD

AUDIT  
Stephen R. Hardis, CHAIRMAN  
Oscar Fanjul  
Gwendolyn S. King

David A. Olsen  
Morton O. Schapiro  
Adele Simmons

COMPENSATION  
Lewis W. Bernard, CHAIRMAN  
Robert F. Erburu  
The Rt. Hon. Lord Lang of Monkton, DL

DIRECTORS AND GOVERNANCE  
Robert F. Erburu, CHAIRMAN  
Gwendolyn S. King  
The Rt. Hon. Lord Lang of Monkton, DL

EXECUTIVE  
Jeffrey W. Greenberg, CHAIRMAN  
Lewis W. Bernard  
Stephen R. Hardis  
The Rt. Hon. Lord Lang of Monkton, DL  
Adele Simmons  
A.J.C. Smith

#### OTHER CORPORATE OFFICERS

SANDRA S. WIJNBERG  
Senior Vice President and  
Chief Financial Officer

WILLIAM L. ROSOFF  
Senior Vice President and  
General Counsel

FRANCIS N. BONSIGNORE  
Senior Vice President,  
Executive Resources and Development

BARBARA S. PERLMUTTER  
Senior Vice President, Public Affairs

#### INTERNATIONAL ADVISORY BOARD

A.J.C. SMITH  
INTERNATIONAL ADVISORY BOARD CHAIRMAN  
Former Chairman, MMC

ABDLATIF Y. AL-HAMAD (Middle East)  
Chairman, Arab Fund for Economic  
and Social Development

RAYMOND BARRE (France)  
Former Prime Minister

ROLF E. BREUER (Germany)  
Chairman, Deutsche Bank AG

MATHIS CABIALAVETTA (Switzerland)  
Vice Chairman, MMC  
Chairman, MMC Global Development

JOHN R. EVANS (Canada)  
Chairman, Torstar Corporation

OSCAR FANJUL (Spain)  
Vice Chairman and Chief Executive  
Officer, Omega Capital  
Honorary Chairman, Repsol, S.A.

TOYOO GYOHTEN (Japan)  
President, Institute for  
International Monetary Affairs  
Former Chairman, The Bank of Tokyo

MARCILIO MARQUES MOREIRA (Brazil)  
Senior International Advisor,  
Merrill Lynch  
Former Finance Minister and  
Former Ambassador to the United States

PAUL F. OREFFICE (United States)  
Former Chairman and  
Chief Executive Officer,  
The Dow Chemical Company

JESUS SILVA-HERZOG (Mexico)  
Institute for Monetary Affairs  
Former Finance Minister and  
Former Ambassador to the United States

WEI MING YI (China)  
Chairman, International Advisory Council,  
China International Trust and  
Investment Corporation

## SHAREHOLDER INFORMATION

### ANNUAL MEETING

The 2003 annual meeting of shareholders will be held at 10 a.m., Thursday, May 15, in the 2nd floor auditorium of the McGraw-Hill Building, 1221 Avenue of the Americas, New York City. At the time of the mailing of this annual report, the notice of the annual meeting and proxy statement, together with a proxy card, is scheduled to be sent to each shareholder.

### ANTICIPATED 2003 DIVIDEND PAYMENT DATES

February 14 (paid), May 15, August 15, November 14

### FINANCIAL AND INVESTOR INFORMATION

Shareholders and prospective investors inquiring about reinvestment and payment of dividends, consolidation of accounts, changes of registration and stock certificate holdings should contact:

The Bank of New York  
Shareholder Relations Department  
P.O. Box 11258  
Church Street Station  
New York, NY 10286  
Telephone: (800) 457-8968  
(610) 312-5238

Certificates for transfer and address changes should be sent to:

The Bank of New York  
Receive and Deliver Department  
P.O. Box 11002  
Church Street Station  
New York, NY 10286

The Bank of New York  
c/o Computershare Services  
Registrar's Department  
P.O. Box 82, The Pavilions  
Bridgewater Road, Bristol BS99 7NH  
England  
Telephone: 0870-7020000

The Bank of New York's website: [www.stockbny.com](http://www.stockbny.com)  
E-mail inquiries: [shareowner-svcs@bankofny.com](mailto:shareowner-svcs@bankofny.com)

Copies of our annual reports and Forms 10-K and 10-Q are available on MMC's website and also may be requested by contacting:

Corporate Development  
Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036  
Telephone: (212) 345-5475  
MMC's website: [www.mmc.com](http://www.mmc.com)

### STOCK LISTINGS

MMC's common stock (ticker symbol: MMC) is listed on the New York, Chicago, Pacific, and London stock exchanges.

### CAUTIONARY LANGUAGE REGARDING FORWARD-LOOKING STATEMENTS

THIS ANNUAL REPORT TO SHAREHOLDERS CONTAINS FORWARD-LOOKING STATEMENTS, WHICH BY THEIR NATURE INVOLVE RISKS AND UNCERTAINTIES. PLEASE REFER TO MARSH & MCLENNAN COMPANIES' 2002 ANNUAL REPORT ON FORM 10-K FOR "INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS" AND A DESCRIPTION OF CERTAIN FACTORS THAT MAY CAUSE ACTUAL RESULTS TO DIFFER FROM GOALS REFERRED TO HEREIN OR CONTEMPLATED BY SUCH STATEMENTS.

SELECTED IMAGERY: COVER: NEW EXCHANGE IN THE STRAND, LONDON, INIGO JONES.

PAGE 4: TOP, TEATRO OLIMPICO, VICENZA, ANDREA PALLADIO;  
CENTER, COURT OPERA, VIENNA, E. VAN DER NULL AND A. SICARD  
VON SICARDSBURG.

PAGE 7: TOP, GATEWAY FOR HATTON HOUSE, LONDON, INIGO JONES;  
BOTTOM, THE TEMPIETTO, ROME, DONATO BRAMANTE.

PAGE 10: CENTER, DETAIL OF CORINTHIAN COLUMN; BOTTOM,  
ACADEMY OF SCIENCE, ATHENS.

PAGE 14: TOP, MERCHANT'S HOUSE, CANTON; CENTER, ADAPTATION  
OF INDIAN ARCHITECTURE; BOTTOM, PHOENIX HALL, KYOTO.

PAGE 16: TOP LEFT, VILLA ROTONDA, VICENZA, ANDREA PALLADIO;  
TOP RIGHT, PLAN AND ELEVATION OF VILLA TRISSINO, MELEDO,  
ANDREA PALLADIO; BOTTOM, SECTION OF THE PANTHEON, ROME.

PAGE 19: TOP, DRAWING OF A PALACE, ITALY, ROBERT ADAM;  
BOTTOM, MONTICELLO, VIRGINIA, THOMAS JEFFERSON.





GRAPHIC OMITTED: ILLUSTRATION, ARCHITECTURE

MMC [LOGO]  
MARSH o PUTNAM o MERCER  
MARSH & MCLENNAN COMPANIES

Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036  
[www.mmc.com](http://www.mmc.com)

CODE OF ETHICS  
FOR CHIEF EXECUTIVE AND SENIOR FINANCIAL OFFICERS

Marsh & McLennan Companies, Inc., including its operating companies, ("MMC" or the "Company") is committed to conducting its business in accordance with applicable laws, rules and regulations, to the highest standards of business ethics and with full and accurate financial disclosure. This Code of Ethics for Chief Executive and Senior Financial Officers ("Code of Ethics"), applicable to the Company's Chief Executive Officer, Chief Financial Officer and Controller (together, "Senior Officers"), sets forth specific policies as a guide in the performance of their duties.

Senior Officers of MMC must not only comply with applicable laws, rules and regulations, they also have a responsibility to conduct themselves in an honest and ethical manner. They have leadership responsibilities that include creating a culture of high ethical standards and commitment to compliance, and maintaining a work environment that deters wrongdoing, encourages employees to raise concerns, and promptly addresses employee compliance concerns.

All MMC employees are subject to MMC's General Business Conduct Guidelines, which set forth the fundamental principles and key policies and procedures that govern the conduct of all of us in our business. In addition, Senior Officers are bound by the requirements and standards set forth in this Code of Ethics.

#### COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Senior Officers are required to comply with all applicable laws, rules and regulations governing the conduct of our business and to report any suspected violations to the General Counsel.

#### CONFLICTS OF INTEREST

A conflict of interest occurs when a Senior Officer's private interests interfere in any way, with the interests of the Company as a whole. Senior Officers should conduct the Company's business in an honest and ethical manner, which includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

Before making any investment, accepting any position or benefits, participating in any transaction or business arrangement or otherwise acting in a manner that creates or appears to create a conflict of interest, Senior Officers must make full disclosure to the General Counsel and obtain prior approval from the General Counsel or the Audit Committee of the Board of Directors.

#### DISCLOSURES

As a public company, MMC is required to file various periodic and other reports with the

Securities and Exchange Commission ("SEC"). It is Company policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Company files with, or submits to, the SEC and in all other public communications made by the Company. Senior Officers are required to promote compliance with this policy in their area of responsibility and amongst their colleagues and to abide by all Company standards, policies and procedures designed to promote compliance with this policy.

#### COMPLIANCE WITH THE CODE

Should a Senior Officer have questions about this Code of Ethics, they should seek guidance from the General Counsel or the Head of MMC Compliance. If a Senior Officer knows of or suspects a violation of applicable laws or regulations or the Code of Ethics, they must immediately report that information to the General Counsel or the Head of MMC Compliance. NO ONE WILL BE SUBJECT TO RETALIATION BECAUSE OF A GOOD FAITH REPORT OF A SUSPECTED VIOLATION.

Violations of this Code of Ethics may result in disciplinary action, up to and including discharge.

#### WAIVERS OF THE CODE

Should a Senior Officer wish to seek a waiver of the Code of Ethics they must make full disclosure of their particular circumstances to the General Counsel. Only the Audit Committee of the Board of Directors may grant waivers of the Code. Changes in and waivers of this Code of Ethics will be disclosed as required under applicable laws and regulations.

MMC SUBSIDIARY LIST  
AS OF 2-28-2003

122306 Canada Inc	Canada
1302318 Ontario Inc.	Canada
A. Constantinidi & CIA. S.C.	Uruguay
Actuarios Consultores Asociados	Portugal
Administradora de Inmuebles Fin, S.A. de C.V.	Mexico
Admiral Holdings Limited	England
Admiral Ireland Limited	Ireland
Admiral Underwriting Agencies (Ireland) Limited	Ireland
Admiral Underwriting Agencies Limited	England
AFCO Premium Acceptance Inc.	California
AFCO Premium Credit LLC	Delaware
Affinity Financial Incorporated	Iowa
Affinity Groups Advantage Limited	England
Albert Willcox & Co. of Canada Ltd.	Canada
Aldgate Investments Limited	Bermuda
Aldgate US Investments	England
Alfram Consultores S.A.C.	Peru
All Asia Sedgwick Insurance Brokers Corporation	Philippines
Allied Medical Assurance Services Limited	England
America Surplus Lines Insurance Company	Mississippi
American Overseas Management Corporation (Canada)	Canada
Am-Grip, Inc.	Texas
Antah Sedgwick Insurance Brokers Sdn. Bhd.	Malaysia
Anthony Lumsden & Company Limited	England
Anthony Lumsden Group Limited	England
APRIMAN, Inc.	California
Assivalo Comercial E Representacoes Ltda.	Brazil
Assur Conseils Cekar & Jutheu S.A.	Senegal
Australian World Underwriters Pty Ltd.	Australia
Aviation Risk Management Services Limited	England
Avongrove Limited	England
Ayba SA	Argentina
B.K. Thomas & Partners Limited	England
Baden-Wurttemberg mbH	Germany
Balis & Co., Inc.	Pennsylvania
Bargheon US LLC	Delaware
Bau Assekuranz Vermittlungs GmbH	Germany
Beneficios Ltda.	Colombia
Bland Payne (South Aust.) Pty Limited	Australia
Bonnor Holding A/S	Denmark
Border Insurance Services, Inc.	California
Bowring Marine Limited	England
Bowring Reinsurance Brokers Limited	England
Bowring Risk Management Limited	England
BRW Insurance & Financial Services Limited	Ireland
BRW Insurance Brokers Limited	Ireland

BRW Pensions & Financial Consultants Limited	Ireland
ByS Servicios Especiales, Agente de Seguros, S.A. de C.V.	Mexico
C.T. Bowring & Co. (Insurance) Limited	England
C.T. Bowring and Associates (Private) Limited	Zimbabwe
C.T. Bowring Ireland Limited	Ireland
C.T. Bowring Limited	England
C.T. Bowring Trading (Holdings) Limited	England
California Insurance Services, Inc.	California
Capatho AB	Sweden
Caribbean Marine Associates, Inc.	Florida
CarLease Luxembourg SA	Luxembourg
Carpenter Bowring (UK) Limited	England
Casualty Insurance Company Services, Inc.	California
CBH Limited	England
Cecar Brasil Administracao e Corretagem de Seguros Ltda.	Brazil
Cecar Tunisie	Tunisia
Charbonneau, Dulude & Associes (1985) Limitee/Charbonneau,U	Canada
Claims, Inc	Texas
Cofast SA	France
Combined Performance Measurement Services Limited	Ireland
Companias DeLima S.A.	Colombia
Confidentia Life Insurance Agency Ltd.	Israel
Confidentia Marine Insurance Agency (1983) Ltd.	Israel
Constantinidi Marsh SA	Uruguay
Consulmercer-Consultores de Gestao, Sociedade Unipessoal, Ltda.	Portugal
Consultores 2020	Venezuela
Consultores en Garantias, S.A. de C.V.	Mexico
Corporate Pensions & Financial Services Limited	Scotland
Corporate Resources Group (Holdings) Ltd.	British Virgin Islands
Corporate Resources Group (UK) Limited	England
Corporate Risk Limited	Scotland
Countryside, Inc	Tennessee
CRG (India) Private Ltd.	India
CRG (Singapore) Pte Ltd	Singapore
CRG (Thailand) Ltd.	Thailand
CRG A/S	Denmark
CRG Finland OY	Finland
CRG Holdings, Inc.	Philippines
CRG HR SDN BHD	Malaysia
CRG Iberica, SL	Spain
CRG Ltd.	Hong Kong
CRG Sverige AB	Sweden
Crown Court Trust Limited	England
Cruiselook Limited	England
Crump E&S of California Insurance Services, Inc.	California
Crump E&S of Sacramento Insurance Services, Inc.	California
Crump E&S of San Francisco Insurance Services, Inc.	California
Crump Financial Services, Inc.	Tennessee

Crump Group, Inc.	Delaware
Crump Insurance Services Northwest, Inc.	Washington

-	-
Crump Insurance Services of Atlanta, Inc.	Georgia
-	-
Crump Insurance Services of Boston, Inc.	Massachusetts
-	-
Crump Insurance Services of Colorado, Inc.	Colorado
-	-
Crump Insurance Services of Florida, Inc.	Florida
-	-
Crump Insurance Services of Houston, Inc.	Texas
-	-
Crump Insurance Services of Illinois, Inc.	Illinois
-	-
Crump Insurance Services of Louisiana, Inc.	Louisiana
-	-
Crump Insurance Services of Memphis, Inc.	Tennessee
-	-
Crump Insurance Services of Michigan	Michigan
-	-
Crump Insurance Services of Texas, Inc.	Texas
-	-
Crump Insurance Services, Inc.	Texas
-	-
Crump of New Jersey, Inc.	New Jersey
-	-
Crump of New York, Inc.	New York
-	-
Cumberland Brokerage Limited	Bermuda
-	-
CVA Consultants, Inc.	Nevada
-	-
Danish Re (Bermuda) Limited	Bermuda
-	-
Decision Research Corporation	Massachusetts
-	-
DeLima Marsh S.A. - Los Corredores de Seguros S.A.	Colombia
-	-
DeLima Mercer Agencia de Seguros Ltda.	Colombia
-	-
DeLima Mercer Consultoria de Recursos Humanos Ltda.	Colombia
-	-
Deutsche Post Assekuranz Vermittlungs GmbH	Germany
-	-
Digitsuper Limited	England
-	-
Don A. Harris & Associates, Inc.	Nevada
-	-
Dupuis, Parizeau, Tremblay, Inc.	Canada
-	-
E.W. Payne & Co. (Marine) Limited	England
-	-
Elysees Prevoyance Gestion	France
-	-
Encon Group Inc.	Canada
-	-
Encon Holdings, Inc.	Canada
-	-
Encon Holdings, Inc. (Texas)	Texas
-	-
Encon Management Services, Inc.	Canada
-	-
Encon Reinsurance Managers Inc.	Canada
-	-
Encon Title Insurance Managers Inc.	Canada
-	-
Encon Underwriting Agency, Inc.	Texas
-	-
Encon Underwriting Limited	England
-	-
English Pension Trustees Limited	England
-	-
Epsilon Insurance Company, Ltd.	Cayman Islands
-	-
Espana Cinco, Inc.	Delaware
-	-
Espana Cuatro, Inc.	Delaware
-	-
Espana Dos, Inc.	Delaware
-	-
Espana Ocho, Inc.	Delaware
-	-
Espana Seis, Inc.	Delaware
-	-
Espana Siete, Inc.	Delaware
-	-
Espana Tres, Inc.	Delaware
-	-
Espana Uno, Inc.	Delaware
-	-
Excess and Treaty Management Corporation	New York
-	-
Exmoor Management Company Limited	Bermuda
-	-
Fenchurch Insurance Brokers Pty. Limited	Australia
-	-

Fernando Mesquida y Asociados SA	Argentina
Flexifund Limited	England
FMV - Flughafen Munchen Versicherungsvermittlungsgesellschaft mbH	Germany



G. E. Freeman Insurance Agency Limited	Canada
Gaelarachas Teoranta	Ireland
Galbraith & Green, Inc of Ohio	Ohio
Gem Insurance Company Limited	Bermuda
Gradmann & Holler GbR	Germany
GSC Grupo de Servicios a Cortoes de Credito S/C Ltda.	Brazil
Guy Bergeron & Associates Inc.	Canada
Guy Carpenter & Cia., S.A.	Spain
Guy Carpenter & Co. Labuan Ltd.	Malaysia
Guy Carpenter & Company (Asia) Limited	Hong Kong
Guy Carpenter & Company (Canada) Limited	Canada
Guy Carpenter & Company (Pty) Limited	South Africa
Guy Carpenter & Company AB	Sweden
Guy Carpenter & Company B.V.	Netherlands
Guy Carpenter & Company Corredores de Reaseguros Ltda	Chile
Guy Carpenter & Company GmbH	Germany
Guy Carpenter & Company Limited	England
Guy Carpenter & Company Limited (Ireland)	Ireland
Guy Carpenter & Company Peru Corredores de Reaseguros S.A.	Peru
Guy Carpenter & Company Private Limited	Singapore
Guy Carpenter & Company Pty. Limited	Australia
Guy Carpenter & Company S.r.l.	Italy
Guy Carpenter & Company Venezuela, C.A.	Venezuela
Guy Carpenter & Company, Inc.	Delaware
Guy Carpenter & Company, Inc. of Pennsylvania	Pennsylvania
Guy Carpenter & Company, Ltda.	Brazil
Guy Carpenter & Company, S.A. (Argentina)	Argentina
Guy Carpenter & Company, S.A. (Belgium)	Belgium
Guy Carpenter & Company, S.A. (France)	France
Guy Carpenter Broking, Inc.	Delaware
Guy Carpenter Colombia Corredores de Reaseguros Ltda.	Colombia
Guy Carpenter Facultative Pty. Ltd.	Australia
Guy Carpenter Facultatives S.A.S.	France
Guy Carpenter Insurance Strategy, Inc.	Delaware
Guy Carpenter Reinmex Corredores de Reaseguros Ltda	Colombia
Guy Carpenter Reinmex Intermediario de Reaseguros, S.A. De C.V.	Mexico
Guy Carpenter Reinsurance Brokers Philippines, Inc.	Philippines
Hansen International Limited	Delaware
Healthcare Agencies Limited	England
Healthcare Risk Management Services, Inc.	Washington
Henry Ward Johnson & Company Insurance Services, Inc.	California
Industrial Risks Protection Consultants	Nigeria
Informed Sources Holdings Limited	England
Informed Sources International Limited	England
Insbrokers Ltda.	Uruguay
Insurance Brokers of Nigeria Limited	Nigeria
Insurance Management Services Limited	Ireland

Inter-Ocean Management (Cayman) Limited	Cayman Islands
Inverbys, S.A. de C.V.	Mexico
Invercol Ltd.	Bermuda

IPT Actuarial Services Limited	Ireland
Irish & Maulson Limited	Canada
Irish Pension Trustees Limited	Ireland
Irish Pensions Trust Limited	Ireland
Ivoiriennes Assurances Conseil	Ivory Coast
J&H Benefits Plus Inc.	Philippines
J&H Global Risk Management Consultancy Limited	England
J&H Intermediaries (Barbados) Limited	Barbados
J&H Marsh & McLennan (Colombia) Ltda.	Colombia
J&H Marsh & McLennan (UK) Limited	England
J&H Marsh & McLennan Intermediaries of Washington, Inc.	Washington
J&H Marsh & McLennan Ireland Limited	Ireland
J&H Marsh & McLennan Limited (HK)	Hong Kong
J&H Marsh & McLennan Management, Inc.	New York
J&H Marsh & McLennan Managment (Barbados) Limited	Barbados
J&H Marsh & McLennan Norway A.S.	Norway
J&H UNISON Holdings B.V.	Netherlands
James Wigham Poland International Limited	England
JHM Holdings, Inc.	New York
Johnson & Higgins (Bermuda) Limited	Bermuda
Johnson & Higgins (Peru) S.A. Corredores De Seguro	Peru
Johnson & Higgins (USVI) Ltd.	Virgin Islands
Johnson & Higgins Chile S.A.	Chile
Johnson & Higgins Consulting (Far East) Ltd.	Hong Kong
Johnson & Higgins Holdings Limited	England
Johnson & Higgins Intermediaries (Cayman) Ltd.	Cayman Islands
Johnson & Higgins Ireland Limited	Ireland
Johnson & Higgins Limited	England
Johnson & Higgins Managment Services, Ltd.	Bermuda
Johnson & Higgins Securities, Inc.	Montana
Johnson & Higgins UK Limited	England
Johnson & Higgins Willis Faber (U.S.A.) Inc.	New York
Johnson & Higgins Willis Faber Holdings, Inc.	New York
JWP Overseas Holdings Limited	England
Kessler & Co	Switzerland
Lamarre, Caty, Houle Ltee	Canada
Legal & Commercial Insurances Limited	Ireland
Les Conseillers Dpt. Inc.	Canada
Liberty Place Underwriters, Inc.	Delaware
Lippincott & Margulies, Inc.	New York
Llenrup Participaues S.C. Ltda.	Brazil
Lynch Insurance Brokers Limited	Barbados
M&M Insurance Management Canada Ltd.	Canada
M&M Vehicle, L.P.	Delaware
M.B. Fitzpatrick Limited	Ireland
Mactras (Bermuda) Limited	Bermuda
Marclen Holdings, Inc.	Delaware

Marclen LLC	Delaware
Mariners Insurance Agency, Inc.	Massachusetts

-	
Maritime Adjusters, Inc.	Massachusetts
-	
Marsh - Insurance Brokers ZAO	Russia
-	
Marsh & Co. S.p.A.	Italy
-	
Marsh & McLennan (PNG) Limited	Papua New Guinea
-	
Marsh & McLennan (Singapore) Pte Ltd	Singapore
-	
Marsh & McLennan (South Australia) Pty Ltd	Australia
-	
Marsh & McLennan (WA) Pty. Ltd.	Australia
-	
Marsh & McLennan Agencies Pty. Ltd.	Australia
-	
Marsh & McLennan Agency, Incorporated	Colombia
-	
Marsh & McLennan Argentina SA Corredores de Reaseguros	Argentina
-	
Marsh & McLennan C&I, GP, Inc.	Delaware
-	
Marsh & McLennan Co. Inc.	Liberia
-	
Marsh & McLennan Companies UK Limited	England
-	
Marsh & McLennan Financial Markets, Inc.	Delaware
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Marsh & McLennan Finland Oy	Finland
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Marsh & McLennan GbR Holdings, Inc.	Delaware
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Marsh & McLennan Global Broking Ltd.	Bermuda
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Marsh & McLennan GP I, Inc.	Delaware
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Marsh & McLennan GP II, Inc.	Delaware
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Marsh & McLennan Holdings GmbH	Germany
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Marsh & McLennan Holdings II, Inc.	Delaware
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Marsh & McLennan Holdings Limited	England
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Marsh & McLennan Holdings, Inc.	Delaware
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Marsh & McLennan Limited	Hong Kong
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Marsh & McLennan Management Services (Bermuda) Limited	Bermuda
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Marsh & McLennan Management Services (Guernsey) Limited	Guernsey
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Marsh & McLennan Nederland B.V.	Netherlands
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Marsh & McLennan of Puerto Rico, Inc.	Puerto Rico
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Marsh & McLennan Pallas Holdings GmbH	Germany
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Marsh & McLennan Pallas Holdings, Inc.	Delaware
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Marsh & McLennan Properties (Bermuda) Ltd.	Bermuda
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Marsh & McLennan Properties, Inc.	Delaware
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Marsh & McLennan Real Estate Advisors, Inc.	Delaware
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Marsh & McLennan Risk Capital Holdings, Ltd.	Delaware
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Marsh & McLennan Securities Corporation	Delaware
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Marsh & McLennan Securities Group Limited	England
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Marsh & McLennan Securities International, Ltd.	Bermuda
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Marsh & McLennan Services Limited	England
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Marsh & McLennan Sweden AB	Sweden
-	
Marsh & McLennan Tech GP II, Inc.	Delaware
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Marsh & McLennan, Incorporated	Virgin Islands
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Marsh (Bahrain) Co WLL	Bahrain
-	
Marsh (Charities Fund) Limited	England
-	
Marsh (Hong Kong) Limited	Hong Kong
-	
Marsh (Insurance Brokers) LLP	Kazakhstan
-	
Marsh (Insurance Services) Limited	England
-	
Marsh (Isle of Man) Limited	Isle of Man
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Marsh (Jersey) Limited	Jersey
Marsh (Middle East) Limited	England

Marsh (Namibia) (Proprietary) Limited	Namibia
Marsh (Pty) Limited	Botswana
Marsh (South Africa) (Proprietary) Limited	South Africa
Marsh A/S	Denmark
Marsh AB	Sweden
Marsh Advanced Risk Services Limited	England
Marsh Advanced Risk Solutions Limited	England
Marsh AG	Switzerland
Marsh Argentina SRL	Argentina
Marsh Asia Pacific Management Pty. Ltd.	Australia
Marsh Assessoria e Consultoria Empresarial S/C Ltda.	Brazil
Marsh Assistencia e Administracao S/C Ltda.	Brazil
Marsh Austria G.m.b.H.	Austria
Marsh B.V.	Netherlands
Marsh Brockman y Schuh Agente de Seguros y de Fianzas, S.A. de C.V.	Mexico
Marsh Broker Japan, Inc.	Japan
Marsh Canada Limited/Marsh Canada Limitee	Canada
Marsh Captive Management Services Pty. Ltd.	Australia
Marsh Caspian Services LLC	Azerbaijan
Marsh CIS0 Limited	England
Marsh Claims Management Services (Canada) Limited	Canada
Marsh Cobranzas S.A.	Argentina
Marsh Commercial Insurance Agencies Pty Ltd.	Australia
Marsh Conseil S.A.S.	France
Marsh Corporate Services (Barbados) Limited	Barbados
Marsh Corporate Services Limited	England
Marsh Corretora de Seguros Ltda.	Brazil
Marsh d.o.o. za posredovanje u osiguranju	Croatia
Marsh Direct	Korea
Marsh E00D	Bulgaria
Marsh Employee Benefit Services Limited	England
Marsh Eurofinance BV	Netherlands
Marsh Europe S.A.	Belgium
Marsh Financial Insurance Services of Massachusetts, Inc.	Massachusetts
Marsh Financial Services (Guernsey) Limited	Guernsey
Marsh Financial Services International Ltd.	Bermuda
Marsh Financial Services Limited	England
Marsh Financial Services Limited (Ireland)	Ireland
Marsh Financial Services of Texas, Inc.	Texas
Marsh Financial Services, Inc.	Indiana
Marsh Financial Services, Inc.	New York
Marsh Georgia Limited	England
Marsh Global Broking (Bermuda) Ltd.	Bermuda
Marsh Global Broking (Dublin) Limited	Ireland
Marsh Global Broking GmbH	Germany
Marsh Global Broking Inc. (Connecticut)	Connecticut
Marsh Global Broking Inc. (Illinois)	Illinois

Marsh Global Broking Inc. (Missouri)	Missouri
Marsh Global Broking Inc. (New Jersey)	New Jersey
Marsh Global Broking Inc. (Texas)	Texas



Marsh GmbH	Germany
Marsh Holding AB	Sweden
Marsh Holdings (Proprietary) Limited	South Africa
Marsh Holdings B.V.	Netherlands
Marsh Holdings Limited	England
Marsh Inc.	Delaware
Marsh Independent Financial Advisers Limited	England
Marsh India Private Limited	India
Marsh Insurance & Investments Corp.	Delaware
Marsh Insurance and Risk Management Consultants Co. Ltd.	The People's Republic of China
Marsh Insurance Brokers (Malaysia) Sdn Bhd	Malaysia
Marsh Insurance Brokers (Private) Limited	Zimbabwe
Marsh Insurance Brokers Limited	England
Marsh Insurance Services Spolka z.o.o.	Poland
Marsh Intermediaries, Inc.	New York
Marsh International Broking Holdings Limited	England
Marsh International Holdings (Korea) Inc.	Delaware
Marsh International Holdings II, Inc.	Delaware
Marsh International Holdings, Inc.	Delaware
Marsh International Limited	England
Marsh Investment Consultants Limited	Ireland
Marsh Ireland Holdings Limited	Ireland
Marsh Ireland Limited	Ireland
Marsh Israel (1999) Ltd.	Israel
Marsh Israel (Holdings) Ltd.	Israel
Marsh Israel Consultants Ltd.	Israel
Marsh Israel Insurance Agency Ltd.	Israel
Marsh Japan, Inc.	Japan
Marsh Kft.	Hungary
Marsh Kindlustusmaakler AS	Estonia
Marsh Korea, Inc.	Korea
Marsh Life & Pension Oy	Finland
Marsh Limited	England
Marsh Limited (Fiji)	Fiji
Marsh Limited (New Zealand)	New Zealand
Marsh Link Limited	England
Marsh LLC	Ukraine
Marsh LLC Insurance Brokers	Greece
Marsh Ltd.	Wisconsin
Marsh Ltd. Taiwan Branch	Taiwan
Marsh Luxembourg SA	Luxembourg
Marsh Management Services (Barbados), Ltd.	Barbados
Marsh Management Services (Bermuda) Ltd.	Bermuda
Marsh Management Services (Cayman) Ltd.	Cayman Islands
Marsh Management Services (Dublin) Limited	Ireland
Marsh Management Services (Labuan) Limited	Malaysia
Marsh Management Services (Luxembourg) SA	Luxembourg

Marsh Management Services (USVI) Ltd.	Virgin Islands
Marsh Management Services Guernsey Limited	Guernsey
Marsh Management Services Inc.	New York

Marsh Management Services Isle of Man Limited	Isle of Man
Marsh Management Services Jersey Limited	Japan
Marsh Management Services Singapore Pte. Ltd.	Singapore
Marsh Marine & Energy AB	Sweden
Marsh Marine & Energy AS	Norway
Marsh Marine & Energy Limited	England
Marsh Mercer Holdings Australia Pty Ltd	Australia
Marsh Mercer Investment Trustee Limited	England
Marsh Mercer Pension Fund Trustee Limited	England
Marsh Norway AS	Norway
Marsh Oy	Finland
Marsh PB Co., Ltd.	Thailand
Marsh Peru SA Corredores de Seguros	Peru
Marsh Philippines, Inc.	Philippines
Marsh Placement Services Limited	England
Marsh Privat, A.I.E.	Spain
Marsh Professional Risk Consultants (Pty) Limited	South Africa
Marsh Pty. Ltd.	Australia
Marsh Risk Consulting B.V.	Netherlands
Marsh Risk Consulting Services S.r.l.	Italy
Marsh S.A.	Belgium
Marsh S.A. (France)	France
Marsh S.A. Corredores De Seguros	Chile
Marsh S.p.A.	Italy
Marsh S.R.L.	Romania
Marsh s.r.o. (Czech Republic)	Czech Republic
Marsh s.r.o. (Slovakia)	Slovak Republic
Marsh SA (Argentina)	Argentina
Marsh SA (Luxembourg)	Luxembourg
Marsh San Sigorta Ve Reasurans Brokerligi A.S.	Turkey
Marsh Services Limited	England
Marsh Services S.A.S.	France
Marsh Singapore Pte Ltd.	Singapore
Marsh Space Projects Limited	England
Marsh Specialty Operations Limited	England
Marsh Spolka z.o.o.	Poland
Marsh Treasury Services (Dublin) Limited	Ireland
Marsh Treasury Services Limited	England
Marsh Tunisia	Tunisia
Marsh UK Group Limited	England
Marsh UK Limited	England
Marsh Ukraine Limited	England
Marsh USA (India) Inc.	Delaware
Marsh USA Agency Inc. (Texas)	Texas
Marsh USA Benefits Inc. (Texas)	Texas
Marsh USA Inc. (Alabama)	Alabama
Marsh USA Inc. (Alaska)	Alaska

Marsh USA Inc. (Arkansas)	Arkansas
Marsh USA Inc. (Connecticut)	Connecticut
Marsh USA Inc. (Delaware)	Delaware

Marsh USA Inc. (Idaho)	Idaho
Marsh USA Inc. (Illinois)	Illinois
Marsh USA Inc. (Indiana)	Indiana
Marsh USA Inc. (Kentucky)	Kentucky
Marsh USA Inc. (Louisiana)	Louisiana
Marsh USA Inc. (Massachusetts)	Massachusetts
Marsh USA Inc. (Michigan)	Michigan
Marsh USA Inc. (Mississippi)	Mississippi
Marsh USA Inc. (Nevada)	Nevada
Marsh USA Inc. (Ohio)	Ohio
Marsh USA Inc. (Oklahoma)	Oklahoma
Marsh USA Inc. (Pennsylvania)	Pennsylvania
Marsh USA Inc. (Rhode Island)	Rhode Island
Marsh USA Inc. (Texas)	Texas
Marsh USA Inc. (Utah)	Utah
Marsh USA Inc. (Virginia)	Virginia
Marsh USA Inc. (West Virginia)	West Virginia
Marsh USA Risk Services Inc. (Maine)	Maine
Marsh USA, Inc.	The People's Republic of China
Marsh Venezuela C.A.	Venezuela
Marsh, Lda.	Portugal
Marsh, S.A. Mediadores de Seguros	Spain
Marsh-Assureurs Conseils Tchadiens SARL	Chad
Matchgrange Holdings Limited	England
Matchgrange Limited	England
Mathews Mulcahy & Sutherland Limited	Ireland
Matthiessen Assurans AB	Sweden
Matthiessen Reinsurance Ltd AB	Sweden
Mearbridge LLC	Delaware
Media Reinsurance Corporation	Barbados
Mediservice Administradora De Planos De Saude Ltda.B	Brazil
Medisure Affinity Services Limited	England
Medisure Corporate Services Limited	England
Medisure Marketing and Management Limited	England
Mees & Zoonen Argentina SA	Argentina
Members Insurance Club Agency, Inc.	Louisiana
Members Insurance Club Agency, Inc.	Ohio
Mercer Asesores de Seguros SA	Argentina
Mercer Australia Limited	Australia
Mercer Broking Ltd.	Taiwan
Mercer Consulting Group Verwaltungs GmbH	Germany
Mercer Consulting Holdings Sdn. Bhd.	Malaysia
Mercer Corredores de Seguros Ltda.	Chile
Mercer Corretora de Seguros Ltda	Brazil
Mercer Cullen Egan Dell Limited	New Zealand
Mercer Delta Consulting Limited	Canada
Mercer Delta Consulting Limited	England

Mercer Delta Consulting LLC	Delaware
Mercer Delta Consulting SAS	France
Mercer Holdings Canada, Inc.	Delaware

Mercer Holdings, Inc.	Delaware
Mercer Human Resource Consulting	Turkey
Mercer Human Resource Consulting (S) Pte Ltd	Singapore
Mercer Human Resource Consulting a.s.	Czech Republic
Mercer Human Resource Consulting A/S	Denmark
Mercer Human Resource Consulting and Insurance Brokers Limited	Hungary
Mercer Human Resource Consulting AS	Norway
Mercer Human Resource Consulting B.V.	Netherlands
Mercer Human Resource Consulting CA	Venezuela
Mercer Human Resource Consulting GmbH	Austria
Mercer Human Resource Consulting GmbH	Germany
Mercer Human Resource Consulting Korea Ltd.	Korea
Mercer Human Resource Consulting Lda.	Portugal
Mercer Human Resource Consulting Limited	Canada
Mercer Human Resource Consulting Limited	China
Mercer Human Resource Consulting Limited	England
Mercer Human Resource Consulting Limited	Hong Kong
Mercer Human Resource Consulting Limited	Ireland
Mercer Human Resource Consulting Limited	The People's Republic of China
Mercer Human Resource Consulting LLC	Delaware
Mercer Human Resource Consulting Ltd	Japan
Mercer Human Resource Consulting Ltd	Thailand
Mercer Human Resource Consulting Ltd.	New Zealand
Mercer Human Resource Consulting Ltd.	Taiwan
Mercer Human Resource Consulting Ltda	Brazil
Mercer Human Resource Consulting of Indiana, Inc.	Indiana
Mercer Human Resource Consulting of Kentucky, Inc.	Kentucky
Mercer Human Resource Consulting of Louisiana, Inc.	Louisiana
Mercer Human Resource Consulting of Massachusetts, Inc.	Massachusetts
Mercer Human Resource Consulting of Michigan, Inc.	Michigan
Mercer Human Resource Consulting of Ohio, Inc.	Ohio
Mercer Human Resource Consulting of Oklahoma, Inc.	Oklahoma
Mercer Human Resource Consulting of Puerto Rico, Inc.	Puerto Rico
Mercer Human Resource Consulting of Texas, Inc.	Texas
Mercer Human Resource Consulting of Virginia, Inc.	Virginia
Mercer Human Resource Consulting OY	Finland
Mercer Human Resource Consulting PT	Indonesia
Mercer Human Resource Consulting Pty Ltd	Australia
Mercer Human Resource Consulting Pvt Ltd	India
Mercer Human Resource Consulting S.A.	France
Mercer Human Resource Consulting SA	Argentina
Mercer Human Resource Consulting SA	Switzerland
Mercer Human Resource Consulting SA de CV	Mexico
Mercer Human Resource Consulting SA-NV	Belgium
Mercer Human Resource Consulting SP. Z.O.O.	Poland
Mercer Human Resource Consulting Srl	Italy
Mercer Human Resource Consulting, Inc.	Delaware

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Mercer Human Resource Consulting, Inc.	Philippines
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Mercer Human Resource Consulting, S.L.	Spain
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Mercer Human Resources Consulting Ltda.	Chile
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Mercer Inc.	Delaware
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Mercer Insurance Services, Inc.	Massachusetts
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Mercer Investment Consulting Limited	Ireland
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Mercer Investment Consulting, Inc.	Kentucky
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Mercer Investment Nominees Ltd	Australia
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Mercer Ireland Holdings Limited	Ireland
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Mercer Legal (NSW) Pty Ltd	Australia
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Mercer Legal (Queensland) Pty Ltd	Australia
-	
Mercer Limited	England
-	
Mercer Management Consulting AG	Switzerland
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Mercer Management Consulting GmbH	Germany
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Mercer Management Consulting Group GmbH & Co. KG	Germany
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Mercer Management Consulting Limited	Canada
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Mercer Management Consulting S.L.	Spain
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Mercer Management Consulting Servicios, S. de R.L. De C.V.	Mexico
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Mercer Management Consulting SNC	France
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Mercer Management Consulting, Inc.	Delaware
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Mercer Management Consulting, Limited	England
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Mercer Management Consulting, Ltd.	Bermuda
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Mercer Management Consulting, S. De R.L. De C.V.	Mexico
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Mercer Pensionsraadgivning A/S	Denmark
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Mercer Personenversicherungs-makler GmbH	Austria
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Mercer R.H. SARL	France
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Mercer Risk, Finance & Insurance Consulting, Inc.	Delaware
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Mercer Risk, Finance and Insurance Consulting Limited	Canada
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Mercer SA	France
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Mercer Securities, Inc.	Delaware
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Mercer Services B.V.	Netherlands
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Mercer Sweden AB	Sweden
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Mercer Tax Agents Pty Ltd	Australia
-	
Mercer Trustees Limited	England
-	
Mercer Trustees Limited	Ireland
-	
Mercer Zainal Consulting Sdn Bhd	Malaysia
-	
Mercer-Faugere & Jutheau SA	France
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MercerHR.com LLC	Delaware
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MercerHR.com, Inc.	Delaware
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Microsafe Limited	England
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MMC Capital C&I GP, Inc.	Delaware
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MMC Capital Limited	England
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MMC Capital Tech GP II, Inc.	Delaware
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MMC Capital, Inc.	Delaware
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MMC Enterprise Risk (UK) Limited	England
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MMC Enterprise Risk Advisors, Inc.	Delaware
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MMC Enterprise Risk Consulting (UK) Limited	England
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MMC Enterprise Risk Services, Inc.	Delaware
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MMC Enterprise Risk, Inc.	Delaware
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MMC Executive Services, Inc.	Delaware
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MMC France S.A.	France
MMC Realty, Inc.	New York
MMRC LLC	Delaware

MMRCH LLC	Delaware
MMSC Holdings, Inc.	Delaware
MMSC Risk Advisors, Inc.	Delaware
MPA (International) Limited	England
Muir Beddal (Zimbabwe) Limited	Zimbabwe
MVM Versicherungsberatungs Gesellschaft m.b.H.	Austria
MVM Versicherungsmakler AG	Switzerland
N.V. Algemene Verzekeringsmaatschappij "De Zee"	Netherlands
National Economic Research Associates KK	Japan
National Economic Research Associates, Inc. (California)	California
National Economic Research Associates, Inc. (Delaware)	Delaware
National Medical Audit	California
NERA do Brasil Ltda.	Brazil
NERA S.R.L.	Italy
NERA UK Limited	England
Neuburger Noble Lowndes GmbH	Germany
New S.A.	Peru
Niu Marsh Limited	Papua New Guinea
Noble Lowndes Personal Financial Services Limited	England
Normandy Reinsurance Company Limited	Bermuda
OCR Ltd.	Australia
Omega Indemnity (Bermuda) Limited	Bermuda
Organizacion Brockman y Schuh, S.A. de C.V.	Mexico
Overseas Reinsurance Corporation Limited	Bermuda
P.I.C. Advisory Services Limited	Ireland
Paladin Reinsurance Corporation	New York
Palamerican Corporation	Delaware
Pallas Marsh Corretagem de Seguros Ltda.	Brazil
Pan Agora Asset Management, Inc.	Delaware
Panhandle Insurance Agency, Inc.	Texas
Paul Napolitan, Inc.	Delaware
Payment Protection Services Limited	Ireland
Penguin Investments (Pty) Limited	Botswana
Pension Trustees Limited	England
Peter Smart Associates Limited	England
PFT Limited	England
Philadelphia Insurance Management Company	Delaware
PI Financial Risk Services (Proprietary) Limited	South Africa
PI Indemnity Company, Limited	Ireland
PII Holdings, Inc.	Massachusetts
Potomac Insurance Managers, Inc.	Delaware
Pratte-Morrisette, Inc.	Canada
Price Forbes Australia Limited	Australia
Price Forbes Limited	England
PRIESTIM SCI	France
PT. Marsh Indonesia	Indonesia
PT. Peranas Agung	Indonesia

Putnam Aviation Holdings, LLC	Delaware
Putnam Capital, LLC	Delaware
Putnam Fiduciary Trust Company	Massachusetts

Putnam Futures Advisors, Inc.	Massachusetts
Putnam International Advisory Company S.A.	Luxembourg
Putnam International Distributors, Ltd.	Cayman Islands
Putnam Investment Holdings, LLC	Delaware
Putnam Investment Management, LLC	Delaware
Putnam Investments Argentina, S.A.	Argentina
Putnam Investments Inc.	Canada
Putnam Investments Limited (Ireland)	Ireland
Putnam Investments Limited (UK)	England
Putnam Investments Securities Co., Ltd.	Japan
Putnam Investments Trust	Massachusetts
Putnam Investments, LLC	Delaware
Putnam Investor Services, Inc.	Massachusetts
Putnam Retail Management GP, Inc.	Massachusetts
Putnam Retail Management Limited Partnership	Massachusetts
R. Mees & Zoonen Holdings B.V.	Netherlands
R.I.A.S. Insurance Services Limited	Scotland
R.W. Gibbon & Son (Underwriting Agencies) Limited	England
Racal Insurance Services Limited	England
Reclaim Consulting Services Limited	England
Reinmex	Mexico
Reinmex de Colombia Corredores de Reaseguos, Ltda.	Mexico
Reinmex Florida, Inc.	Florida
Reinsurance and Insurance Management Services Limited	Bermuda
Reinsurance Solutions International, L.L.C.	Delaware
ReSolutions International Limited	England
Resolutions International Limited (Delaware)	Delaware
Resource Benefit Associates	Nigeria
Retach Corporation	Delaware
Retirement Pension Trustee's Limited	Zimbabwe
RG Serv. Philippines Inc.	Philippines
Rhone Limited	England
RIC Management Services Limited	Ireland
Richard Sparrow and Company (International Non Marine) Limited	England
Richard Sparrow and Company Limited	England
Richard Sparrow Holdings Limited	England
Rivers Group Limited	England
RMB-Risk Management Beratungs-GmbH	Germany
Rockefeller Risk Advisors of Florida, Inc.	Florida
Rockefeller Risk Advisors, Inc.	New York
Route 413 Associates, Inc.	Pennsylvania
Sackville House Limited	England
SAFCAR Cekar & Jutheau	Mali
Saldana & Associates, Inc.	Puerto Rico
SCIB (Bermuda) Limited	Bermuda
SCMS Administrative Services, Inc.	Illinois
Seabury & Smith Agency, Inc.	Ohio

Seabury & Smith Group Limited	England
Seabury & Smith Limited	England
Seabury & Smith of Georgia, Inc.	Georgia

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Seabury & Smith of Idaho, Inc.	Idaho
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Seabury & Smith of Illinois, Inc.	Illinois
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Seabury & Smith, Inc. (Delaware)	Delaware
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Seabury & Smith, Inc. (Indiana)	Indiana
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Seabury & Smith, Inc. (Louisiana)	Louisiana
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Seabury & Smith, Inc. (Massachusetts)	Massachusetts
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Seabury & Smith, Inc. (Michigan)	Michigan
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Seabury & Smith, Inc. (Nevada)	Nevada
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Seabury & Smith, Inc. (Oklahoma)	Oklahoma
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Seabury & Smith, Inc. (Texas)	Texas
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Seabury & Smith, Inc. (Virginia)	Virginia
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SEDFEMA Insurance Brokers, Inc.	Philippines
-	
Sedgwick (Bermuda) Limited	Bermuda
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Sedgwick (Deutschland) GmbH	Germany
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Sedgwick (Fiji) Limited	Fiji
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Sedgwick (Holdings) Pty. Limited	Australia
-	
Sedgwick (Isle of Man) Limited	Isle of Man
-	
Sedgwick (Northern Ireland) Limited	England
-	
Sedgwick (PNG) Limited	Papua New Guinea
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Sedgwick Affinity Group Services Limited	England
-	
Sedgwick Africa Holdings (Proprietary) Limited	South Africa
-	
Sedgwick Alpha Limited	England
-	
Sedgwick Asia Pacific Limited	Australia
-	
Sedgwick Asia Pacific Pte Ltd	Singapore
-	
Sedgwick Aviation Limited	England
-	
Sedgwick Azeri Limited	England
-	
Sedgwick Benefits, Inc.	Utah
-	
Sedgwick Bergvall Holdings AS	Norway
-	
Sedgwick Brimex (Guernsey) Limited	Guernsey
-	
Sedgwick Claims Management Services Limited	Ireland
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Sedgwick Claims Management Services, Inc.	Illinois
-	
Sedgwick CMS Holdings, Inc.	Delaware
-	
Sedgwick Computer & Network Service Company Limited	England
-	
Sedgwick Construction Asia Limited	Hong Kong
-	
Sedgwick Consulting Group Limited	England
-	
Sedgwick Corporate and Employee Benefits Limited	Australia
-	
Sedgwick Corporate Services Limited	Isle of Man
-	
Sedgwick Dineen Consulting Group Limited	Ireland
-	
Sedgwick Dineen Employee Benefits Limited	Ireland
-	
Sedgwick Dineen Group Limited	Ireland
-	
Sedgwick Dineen Ireland Limited	Ireland
-	
Sedgwick Dineen Limited	Ireland
-	
Sedgwick Dineen Personal Financial Management Limited	Ireland
-	
Sedgwick Dineen Trustees Limited	Ireland
-	
Sedgwick Energy & Marine Limited	England
-	
Sedgwick Energy (Insurance Services) Inc.	Texas
-	
Sedgwick Energy Limited	England
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Sedgwick Epsilon Limited	England
Sedgwick Europe Benefit Consultants B.V.	Netherlands
Sedgwick Far East Limited	England



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Sedgwick Financial Services (Deutschland) GmbH	Germany
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Sedgwick Financial Services Consulting Division BV	Netherlands
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Sedgwick Financial Services Limited	England
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Sedgwick Financial Services, Inc	Delaware
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Sedgwick Forbes Middle East Limited	Japan
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Sedgwick Global Reinsurance Services Limited	England
-	-
Sedgwick Group (Australia) Pty. Limited	Australia
-	-
Sedgwick Group (Bermuda) Limited	Bermuda
-	-
Sedgwick Group (Netherlands) B.V.	Netherlands
-	-
Sedgwick Group (Zimbabwe) Limited	Zimbabwe
-	-
Sedgwick Group Limited	England
-	-
Sedgwick Group Nominees Limited	England
-	-
Sedgwick Group Pension Scheme Trustee Limited	England
-	-
Sedgwick Holding A/S	Denmark
-	-
Sedgwick Holdings (Private) Limited	Zimbabwe
-	-
Sedgwick Hung Kai Insurance & Risk Management Consultants Limited	Hong Kong
-	-
Sedgwick Inc. (New York)	New York
-	-
Sedgwick Insurance Agencies Pty Limited	Australia
-	-
Sedgwick Internationaal BV	Netherlands
-	-
Sedgwick International Broking Services Limited	England
-	-
Sedgwick International Marketing Services Inc	Delaware
-	-
Sedgwick International Risk Management, Inc.	Delaware
-	-
Sedgwick Investment Services Limited	England
-	-
Sedgwick James of Puerto Rico, Inc.	Puerto Rico
-	-
Sedgwick Japan Limited	England
-	-
Sedgwick Kassman Limited	Papua New Guinea
-	-
Sedgwick Kazakhstan Limited	England
-	-
Sedgwick Life and Benefits, Inc.	Texas
-	-
Sedgwick Limited	England
-	-
Sedgwick Ltd.	Australia
-	-
Sedgwick Ltd.	Canada
-	-
Sedgwick Management Services (Antigua) Limited	Antigua
-	-
Sedgwick Management Services (Barbados) Limited	Barbados
-	-
Sedgwick Management Services (Bermuda) Limited	Bermuda
-	-
Sedgwick Management Services (Cayman) Limited	Cayman Islands
-	-
Sedgwick Management Services (Guernsey) Limited	Guernsey
-	-
Sedgwick Management Services (Ireland)	Ireland
-	-
Sedgwick Management Services (Isle of Man) Limited	Isle of Man
-	-
Sedgwick Management Services (London) Limited	England
-	-
Sedgwick Management Services (Private) Limited	Zimbabwe
-	-
Sedgwick Management Services (Singapore) Pte Limited	Singapore
-	-
Sedgwick Management Services (U.S.) Ltd.	Vermont
-	-
Sedgwick Managing General Agency, Inc.	Texas
-	-
Sedgwick Noble Lowndes (Europe) Limited	England
-	-
Sedgwick Noble Lowndes (NZ) Ltd.	New Zealand
-	-
Sedgwick Noble Lowndes (PNG) Limited	Papua New Guinea
-	-
Sedgwick Noble Lowndes (UK) Limited	England
-	-

Sedgwick Noble Lowndes Actuarial Limited	Australia
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Sedgwick Noble Lowndes Asia Pacific Limited	Australia
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Sedgwick Noble Lowndes B.V.	Netherlands
Sedgwick Noble Lowndes Conseil SA	France
Sedgwick Noble Lowndes Financial Planning Limited	Australia
Sedgwick Noble Lowndes Group Limited	England
Sedgwick Noble Lowndes Insurance Division BV	Netherlands
Sedgwick Noble Lowndes Limited	England
Sedgwick Noble Lowndes Limited	Hong Kong
Sedgwick Noble Lowndes Limited (Ireland)	Ireland
Sedgwick Noble Lowndes North America, Inc.	Delaware
Sedgwick Noble Lowndes Trusteeship Services Limited	Australia
Sedgwick Northern Ireland Limited	Northern Ireland
Sedgwick Northern Ireland Risk Services Limited	Northern Ireland
Sedgwick of New Orleans, Inc.	Louisiana
Sedgwick Omega Limited	England
Sedgwick OS Limited	England
Sedgwick Overseas Investments Limited	England
Sedgwick Oy	Finland
Sedgwick Parekh Health Management (Private) Limited	India
Sedgwick Professional Services Limited	New Zealand
Sedgwick Pte Ltd	Singapore
Sedgwick Re Asia Pacific (Consultants) Private Limited	Singapore
Sedgwick Re Asia Pacific Limited	Australia
Sedgwick Re Holdings, Inc.	Delaware
Sedgwick Reinsurance Brokers Limited	England
Sedgwick Risk Consulting Limited	Ireland
Sedgwick Risk Management & Consultants (Private) Limited	Zimbabwe
Sedgwick Risk Services AB	Sweden
Sedgwick Russia Limited	England
Sedgwick Slovakia a.s.	Slovak Republic
Sedgwick Superannuation Pty Limited	Australia
Sedgwick Sweden Aktiebolag	Sweden
Sedgwick Theta Limited	England
Sedgwick Trustees Limited	England
Sedgwick Turkey Limited	England
Sedgwick UK Risk Services Limited	England
Sedgwick Ulster Pension Trustees Limited	Northern Ireland
Sellon Associates, Inc.	New York
Sepakat James Insurance Brokers Sdn Bhd	Malaysia
Settlement Trustees Limited	England
Shariffuddin-Sedgwick (B) Sdn Bhd	Brunei Darussalam
SIMS Nominees Limited	England
Societe Bargheon S.A.	France
Societe Conseil Mercer Limitee	Canada
Societe Internationale de Courtage d'Assurances et de Reassurances Cekar & Jutheau	Burkina Faso
Southampton Place Trustee Company Limited	England
Southern Marine & Aviation Underwriters, Inc.	Louisiana
Southern Marine & Aviation, Inc.	Louisiana



-	-
Sudzucker Versicherungs-Vermittlungs GmbH	Germany
-	-
Sundance B.V.	Netherlands
-	-
Syndicate and Corporate Management Services Inc.	Delaware
-	-
Syndicate and Corporate Management Services Limited	Bermuda
-	-
Technical Insurance Management Services Pty Limited	Australia
-	-
TH Lee Putnam Equity Managers Trust	Massachusetts
-	-
The Carpenter Management Corporation	Delaware
-	-
The Financial & Insurance Advice Centre Limited	England
-	-
The Marsh Centre Limited	England
-	-
The Medisure Group Limited	England
-	-
The Putnam Advisory Company, LLC	Delaware
-	-
The Schinnerer Group, Inc.	Delaware
-	-
Tobelan S.A.	Uruguay
-	-
Tower Hill Holdings B.V.	Netherlands
-	-
Tower Hill Limited	England
-	-
Tower Hill Property Company Limited	England
-	-
Tower Place Developments (West) Limited	England
-	-
Tower Place Developments Limited	England
-	-
Tower Place Holdings Limited	England
-	-
Transbrasil Ltda.	Brazil
-	-
Transglobe (Guernsey) Limited	Guernsey
-	-
Transglobe Management (Bermuda) Ltd.	Bermuda
-	-
Travelgold Mexico, S.A. de C.V.	Mexico
-	-
Triad Services, Inc.	Delaware
-	-
Triad Underwriting Management Agency, Inc.	Delaware
-	-
Troika Insurance Company Limited	England
-	-
U.T.E. Marsh - Aon Gil y Carvajal	Spain
-	-
U.T.E. Marsh - Disbrok	Spain
-	-
U.T.E. Marsh - Eurobrok	Spain
-	-
U.T.E. Marsh McLennan - Cobian & Cobian	Spain
-	-
U.T.E. Marsh McLennan - Cobian & Cobian - La Coruna	Spain
-	-
U.T.E. Marsh-Chang	Spain
-	-
UABDB Marsh Lietuva	Lithuania
-	-
UBM Consulting France International Management ConsultantsFr	France
-	-
UBM Consultoria Internacional S/C Ltda.	Brazil
-	-
Ulster Insurance Services Limited	Northern Ireland
-	-
Uniservice Insurance Service Limited	Bermuda
-	-
Unison Management (Bermuda) Limited	Bermuda
-	-
Unison Management (Dublin) Limited	Ireland
-	-
Unison Management (Finland) Oy	Finland
-	-
Unison Management (Scandinavia) AB	Sweden
-	-
Unison n.v./s.a.	Belgium
-	-
Unison Technical Services s.c.r.l.	Belgium
-	-
Universal Ray S.A.	Uruguay
-	-
Unused Subsidiary, Inc.	New York
-	-
Unused Subsidiary, Inc.	Texas
-	-
Van Vugt & Beukers B.V.	Netherlands
-	-

Versicherungs-Vermittlungsgesellschaft für die Energieversorgung	Germany
VIC Corporation	Maine

-	-
Victor O. Schinnerer & Company Limited	England
-	-
Victor O. Schinnerer & Company, Inc.	Ohio
-	-
Victor O. Schinnerer & Company, Inc. (Delaware)	Delaware
-	-
Victor O. Schinnerer of Illinois, Inc.	Illinois
-	-
Victoria Hall Company Limited	Bermuda
-	-
Vikela Marsh (Proprietary) Limited	South Africa
-	-
VW Versicherungsvermittlungs-GmbH	Germany
-	-
W.M. Mercer SA	Switzerland
-	-
White Kennett Limited	England
-	-
Wigham Poland (Hellas) Limited	Greece
-	-
Wigham Poland Australia Pty. Limited	Australia
-	-
Wigham Poland Aviation Limited	England
-	-
Wigham Poland Limited	England
-	-
Wigham Poland Reinsurance Brokers Hellas Limited	Greece
-	-
Wigham Poland Reinsurance Brokers Limited	England
-	-
Willcox Johnson & Higgins Limited	England
-	-
Willcox, Barringer & Co. (California) Inc.	California
-	-
William M. Mercer (Aust) Limited	Australia
-	-
William M. Mercer (Isle of Man) Limited	Isle of Man
-	-
William M. Mercer Cullen Egan Dell Limited	Australia
-	-
William M. Mercer Europe	France
-	-
William M. Mercer Fraser (Irish Pensioneer Trustees) Limited	Ireland
-	-
William M. Mercer Fraser Limited	England
-	-
William M. Mercer Limited	England
-	-
William M. Mercer Limited (NZ)	New Zealand
-	-
William M. Mercer Philippines, Incorporated	Philippines
-	-
William M. Mercer-Faugere & Jutheau (S.A.R.L.)	France
-	-
William M. Mercer-MPA Limited	Hong Kong
-	-
Wilson McBride, Inc.	Ohio
-	-
Winchester Bowring Limited	England
-	-
WMM Haneveld Investment Consulting B.V.N	Netherlands
-	-
WMM Services, Inc.	Delaware
-	-
World Insurance Network Limited	England
-	-
Worldwide Energy Insurance Services, Inc.	Wisconsin
-	-
Yarmouth Insurance Limited	Bermuda
-	-

## INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in the previously filed Registration Statements of Marsh & McLennan Companies, Inc. on Form S-8 (Registration File Nos. 2-58660, 33-32880, 33-48803, 33-48804, 33-48807, 33-54349, 33-59603, 33-63389, 333-35741, 333-35739, 333-29627, 333-41828, 333-41830, 333-41832, 333-69778, 333-69776, and 333-69774) and previously filed Registration Statement on Form S-3 (Registration File No.333-67543) and the previously filed Registration Statements on Form S-4 (Registration File Nos. 33-24124 and 333-87510) of our reports dated February 28, 2003 (which expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS) appearing in, and incorporated by reference in, this Annual Report on Form 10-K of Marsh & McLennan Companies, Inc. for the year ended December 31, 2002.

DELOITTE & TOUCHE LLP

New York, New York  
March 26, 2003



## POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

I. To sign or to transmit electronically in the name and on behalf of the undersigned, as a Director and/or Officer of MMC, and file with the Securities and Exchange Commission on behalf of MMC:

A. an Annual Report on Form 10-K for the year ended December 31, 2002 and any amendments or supplements to such Annual Report on Form 10-K;

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11. the Directors Stock Compensation Plan;

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II. To execute and deliver, either through a paper filing or electronically, any agreements, instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report on Form 10-K, registration statements and prospectuses and amendments or supplements thereto described in I. above and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Lewis W. Bernard

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Lewis W. Bernard

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Mathis Cabiallavetta  
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Mathis Cabiallavetta

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Peter Coster

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Peter Coster

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Charles A. Davis

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Charles A. Davis

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Robert F. Erburu

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Robert F. Erburu

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Oscar Fanjul

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Oscar Fanjul

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Ray J. Groves

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Ray J. Groves

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

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II. To execute and deliver, either through a paper filing or electronically, any agreements, instruments, certificates or other documents which they shall deem necessary or proper in connection with the filing of such Annual Report on Form 10-K, registration statements and prospectuses and amendments or supplements thereto described in I. above and generally to act for and in the name of the undersigned with respect to such filings as fully as could the undersigned if then personally present and acting.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Stephen R. Hardis  
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Stephen R. Hardis

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

I. To sign or to transmit electronically in the name and on behalf of the undersigned, as a Director and/or Officer of MMC, and file with the Securities and Exchange Commission on behalf of MMC:

A. an Annual Report on Form 10-K for the year ended December 31, 2002 and any amendments or supplements to such Annual Report on Form 10-K;

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3. the Canadian Stock Investment Plan,
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9. the 1997 and 2000 Senior Executive Incentive and Stock Award Plan,



10. the Special Severance Pay Plan, and

11. the Directors Stock Compensation Plan;

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Gwendolyn S. King  
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Gwendolyn S. King

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ The Rt. Hon. Lord Lang of Monkton, DL

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The Rt. Hon. Lord Lang of Monkton, DL

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Lawrence J. Lasser

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Lawrence J. Lasser

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ David A. Olsen

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David A. Olsen

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Morton O. Schapiro

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Morton O. Schapiro

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ Adele Simmons

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Adele Simmons

POWER OF ATTORNEY

The undersigned, a Director and/or Officer of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Jeffrey W. Greenberg, William L. Rosoff and Sandra S. Wijnberg to be the undersigned's agent and attorney-in-fact, each with the power to act fully hereunder without the other and with full power of substitution, to act in the name and on behalf of the undersigned:

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ John T. Sinnott

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John T. Sinnott

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 20th day of March, 2003.

/s/ A.J.C. Smith

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A.J.C. Smith