
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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, 2004

Commission File No. 1-5998
Marsh & McLennan Companies, Inc.
(Exact name of Registrant as Specified in Its Charter)

Delaware 36-2668272
(State or Other Jurisdiction of (I.R.S. Employer Identification No.)
Incorporation or Organization)
1166 Avenue of the Americas
New York, New York 10036-2774
(Address of Principal Executive Offices; Zip Code)

Registrant's telephone number, including area code: (212) 345-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class -----	Name of each exchange on which registered -----
Common Stock (par value \$1.00 per share)	New York Stock Exchange 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, 2004, the aggregate market value of the voting stock held by non-affiliates of the registrant was approximately \$23,503,586,889.

As of February 18, 2004, there were outstanding 528,922,434 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)

Notice and Proxy Statement for the 2005 Annual Meeting of Stockholders to be filed within 120 days after December 31, 2004..... Part III

MARSH & MCLENNAN COMPANIES, INC.

ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2004

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 and human resource services.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations" under Item 7 on pages 27 through 50 of this report 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,
- o risk consulting and technology services, and
- o related insurance services.

Risk management and consulting, insurance broking 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. Various risk consulting and technology services are provided to businesses, governments and individuals throughout the world primarily under the Kroll name. Underwriting management and wholesale broking services are performed for a wide range of clients under various names, the largest of which is Crump. Claims and associated productivity services are provided by Sedgwick Claims Management Services. In addition, MMC Capital provides services principally in connection with originating, structuring and managing insurance, financial services and other industry-focused investments. On February 28, 2005, MMC signed a letter of intent providing for the transfer of MMC Capital's business, including the management of the Trident Funds, to a company to be formed by MMC Capital's senior management, including its chairman and chief executive officer. The transfer is expected to close by the end of the second quarter 2005.

Marsh. Marsh serves clients with risk and insurance services in more than 100 countries in all principal regions of the world where insurance business is conducted. 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 individuals 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 and assets. These client 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: identifying, estimating and mitigating risk; 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; performing actuarial analyses; and understanding the regulatory and legal environments of various countries. Once client risks are identified, Marsh provides advice on addressing those 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 by Marsh in the risk management and mitigation process include loss-control services, placement of client risks with the worldwide insurance and capital markets (risk transfer), development of alternative risk financing methods and establishment and management of specialized insurance companies owned by clients ("captive insurance companies"). Marsh and its subsidiaries also provide insurance support services such as claims collection, claims advocacy, injury management, claims administration, and other insurance and risk related services.

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

Marsh's Affinity and Private Client Practices business unit provides advice and program services to corporate and association clients globally and to individual clients in the United States. Marsh's Affinity practice provides associations with the design, marketing, and administration of a variety of insurance-related products purchased by the association members. The Affinity practice also 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's Financial Services practice offers key-person and executive benefit programs, as well as planning and wealth preservation solutions for affluent individuals.

Marsh provides underwriting management services to insurers in the United States, Canada and the United Kingdom, primarily for professional liability coverages. Marsh also provides wholesale broking services, consisting of specialized placement services for affiliated and unaffiliated brokers, in the United States and United Kingdom. These underwriting management and wholesale broking services are provided under various names apart from Marsh.

Sedgwick Claims Management Services, a majority-owned subsidiary of Marsh, is a leading provider of various claims and productivity management solutions to North American clients. It provides claims administration and related services principally for workers' compensation, employers' liability, general liability, automobile liability, and short and long term disability claims.

Guy Carpenter. Guy Carpenter, its subsidiaries and affiliates provide reinsurance services to insurance and reinsurance companies and other risk assumption entities. An insurance or reinsurance company client may seek reinsurance or other risk-transfer financing on all or a portion of the risks it insures. Acting as a broker or intermediary on all classes of reinsurance, Guy Carpenter principally addresses treaty reinsurance, which concerns an entire class of business, and facultative reinsurance, which focuses selectively on individual risks, for property and casualty lines. Guy Carpenter also provides reinsurance solutions in various specialty practice areas such as professional liability, medical malpractice, agriculture, marine, accident & health, life & annuity, and alternative risk transfer. These reinsurance services include providing advice, placing coverages with reinsurance markets, arranging risk-transfer financing with capital markets, claims and run-off services. Guy Carpenter also provides its clients with numerous related services such as actuarial, financial and regulatory consulting, portfolio analysis, advanced catastrophe modeling through its Instrat(R) unit. Guy Carpenter's offices are located principally in North and South America, Europe and Asia Pacific.

Kroll. MMC acquired Kroll Inc. in July 2004. Kroll provides various risk consulting and related risk mitigation services to corporate, government, institutional and individual clients. These risk consulting services fall into three main business groups: (1) corporate advisory and restructuring services, (2) consulting services and (3) technology services. Kroll provides corporate advisory and restructuring services to financially troubled companies throughout North America and Europe. These services are provided in the areas of corporate restructuring and operational turnaround, strategic advice, financial crisis management and corporate finance. Kroll provides independent consulting services that are free from the audit conflicts incurred by major accounting firms. These services include business and financial investigations, forensic accounting, business valuation, litigation consulting, due diligence, litigation intelligence, asset tracing and analysis, market intelligence, intellectual property and infringement investigations, corporate security consulting and emergency management. In its technology services business area, Kroll provides electronic discovery, data recovery and computer forensics services, risk technologies, along with related software solutions. Finally, Kroll works closely with Marsh's Risk Consulting practice in providing Marsh clients with a broad range of consulting and technology services.

MMC Capital. MMC Capital is a private equity firm that manages investments and committed capital of more than \$2 billion. During the past ten years, MMC Capital has targeted investments in the insurance and financial services industries as the investment manager of the Trident Funds, which consist of The Trident Partnership formed in 1994, Trident II formed in 1999 and Trident III formed in 2003. Investors in these funds include MMC Capital's corporate parent and other investors.

MMC Capital's investment activities date back to the mid-1980s when MMC was instrumental in sponsoring several Bermuda-based insurance and reinsurance companies, including ACE Limited, XL Capital Ltd., Centre Reinsurance Holdings Limited and Mid Ocean Limited. More recently, MMC Capital helped to develop an additional source of insurance and reinsurance capacity after the September 11, 2001 terrorist attacks through the formation of AXIS Capital Holdings Limited.

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.

On February 28, 2005, MMC signed a letter of intent providing for the transfer of MMC Capital's business, including the management of the Trident Funds, to a company to be formed by MMC Capital's senior management, including its chairman and chief executive officer. MMC will maintain a strategic alliance with the acquisition company and continue certain of its investments in the Trident funds. In addition, MMC may maintain its investments in certain insurance and reinsurance companies.

Compensation for Services.

The revenue attributable to MMC's risk and insurance services consisted primarily of fees paid by clients, commissions and fees paid by insurance and reinsurance companies, and 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. Revenue in 2004 also included market service fees from insurers earned prior to October 1, 2004.

Revenue generated by risk and insurance services depends on the value to clients of the services provided. These revenues are affected by premium rate levels in the property and casualty and employee benefits insurance markets, since compensation is frequently related to the premiums paid by insureds. In many cases, compensation may be negotiated in advance on the basis of 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, and foreign exchange rate fluctuations.

Market services revenue had been part of the overall compensation for Marsh's services in 2004. Effective October 1, 2004, Marsh agreed to eliminate contingent compensation

agreements with insurers. No such compensation will be earned for placements made after October 1, 2004.

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, clients pay Marsh fees for brokerage or advisory services. Occasionally, commissions are shared with other brokers that have participated in placing insurance or servicing insureds.

The investment of fiduciary funds 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 govern the manner in which such funds must be segregated and 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.

Compensation for the various risk consulting and related risk mitigation services provided by Kroll subsidiaries consists of fees paid by clients. Kroll charges such fees typically on an hourly, project, or fixed fee basis, and sometimes on a per service or per unit basis. Compensation for risk and insurance services also was received by MMC Capital 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 recognized on holdings in such entities.

Investment Management

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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, 2004, there were 110 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.

Putnam has a minority interest in Thomas H. Lee Partners ("THL"), a private equity investment firm, from which Putnam receives transactions fees. 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.

During 2004, Putnam acquired an additional 30% of the voting stock of PanAgora Asset Management, Inc. ("PanAgora"), increasing its voting ownership to 80%. PanAgora, which was established in 1989, manages quantitative and fixed-income investments for institutional clients. As a direct result of this transaction, Putnam's reported assets under management increased by approximately \$8 billion.

Assets managed by Putnam, on which management fees are earned, aggregated approximately \$213 billion and \$240 billion as of December 31, 2004 and 2003, respectively, invested both domestically and globally. Average assets under management were approximately \$217 billion and \$258 billion for 2004 and 2003, respectively. Mutual fund assets aggregated \$143 billion at December 31, 2004 and \$163 billion at December 31, 2003. Institutional account assets aggregated \$70 billion at December 31, 2004 and \$77 billion at December 31, 2003. Assets held in equity securities at December 31, 2004 represented 69% of assets under management, compared with 72% in 2003 and 73% in 2002, while investments in fixed income products represented 31%, compared with 28% in 2003 and 27% in 2002. Assets from non-U.S. investors aggregated approximately \$38 billion and \$39 billion at December 31, 2004 and 2003, 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 Mutual Funds' Trustees ("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 regularly review the fund fee structure in light of fund performance, the level and range of services provided, industry conditions and other relevant factors. A reduction in management fees payable under these contracts and/or 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 ("PFTC"), 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. PFTC 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. Effective July 1, 2004, the compensation paid under the contracts for transfer agent services was amended from a cost of service structure to a fixed fee structure for the remainder of 2004. An additional amendment, effective January 1, 2005, changes the transfer agent servicing fee to a fixed rate per retail shareholder account and a fixed rate service fee based on assets under management for mutual fund defined contribution shareholders. Included in the amendments, PFTC will incur certain expenses, including sub-transfer agent fees and communications costs, previously borne directly by the Putnam Funds. PFTC assumes the financial responsibility and risks associated with changes in these expenses. In addition, PFTC provides administrative and trustee (or custodial) services, including transfer agent services for individual retirement accounts and other clients, for which it receives compensation pursuant to service and trust or custodian contracts with plan participants and the Putnam Funds.

Through December 31, 2004, PFTC also provided administrative and trustee (or custodial) services consisting of participant accounting and plan administration services for certain qualified contribution employee benefit plans (in particular 401(k) plans, certain defined benefit plans (cash-balance plans), employee stock purchase plans and certain non-qualified compensation plans), for which it received compensation pursuant to service and trust or custodian contracts with plan sponsors. 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. Effective January 1, 2005, this defined contribution plan servicing business was transferred to newly-formed subsidiaries of Mercer, Inc., where it will operate under the names Mercer HR Services and Mercer Trust Company. Plan sponsors may continue to include Putnam mutual funds and other Putnam managed products as investment options for the employee benefit plans serviced by Mercer HR Services.

Putnam Retail Management Limited Partnership. Putnam Retail Management Limited Partnership ("PRM"), a Putnam subsidiary and a registered broker dealer and member of the National Association of Securities Dealers ("NASD"), 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 these 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 paying additional sales charges.

All open-end Putnam Funds other than a money market fund have adopted and put in place distribution plans pursuant to Rule 12b-1 under the Investment Company Act of 1940. Pursuant to these distribution plans, the Putnam Funds make payments to PRM to cover costs relating to distribution of the Putnam Funds and services provided to shareholders at rates that differ by class of shares. 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 and its affiliates 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 and to termination by vote of the shareholders of the Putnam Funds or by vote of a majority of the 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 management 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 showed modest appreciation in 2004, following substantial growth in the second half of 2003. Prior to the second half of 2003, US equity markets declined steadily for over three years. In 2004, assets under management continued to be adversely affected by, and may continue to be adversely affected in the future by, increased redemptions in response to the underperformance of certain Putnam funds relative to competing products in the mutual fund marketplace and the market timing related issues and other events that gave rise to the administrative proceedings brought by the Securities and Exchange Commission ("SEC") and the Massachusetts Secretary of the Commonwealth in the fourth quarter of 2003. These proceedings and the settlement thereof are discussed in more detail in Note 15 to the Consolidated Financial Statements included under Item 8 of this report. 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 current levels.

Revenue levels are sensitive to all of the factors above, but in particular to significant changes in bond and stock market valuations and net flows into and out of Putnam's funds. 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 and HR Services

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Under the Mercer name, subsidiaries and affiliates of MMC, separately and in collaboration, provide consulting and human resource ("HR") outsourcing services from locations around the world, primarily to business organizations, in the areas of:

- o Retirement Services including retirement consulting, administration and investment consulting and discretionary investment management;
- o Health Care & Group Benefits consulting and administration;
- o Human Capital consulting and administration including performance, measurement and rewards, communication and HR technology & operations consulting;
- o Management and Organizational Change consulting comprising risk and strategy, operations, organizational change, leadership, organizational design and corporate branding; and
- o Economic consulting.

Mercer Human Resource Consulting professionals provide consulting advice and services to corporate, government and institutional clients in more than 40 countries throughout the world. These consultants help their client organizations to develop, execute and measure their retirement and health care and group benefits programs, policies and strategies. Consultants similarly help clients understand their human capital, or workforce, practices in a systemic way and develop strategies and programs to utilize their human capital to their competitive advantage. During 2004 it was announced that the health care and group benefit activities of Marsh and Mercer will be combined under varying organizational structures and time tables globally. We currently anticipate that the combination will be substantially completed during 2005, but that timing is dependent on local legal requirements, including insurance licensing. When complete, Mercer's Health and Benefits business is expected to operate in approximately 60 countries.

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 which incorporates plan administration, trustee services and investment manager selection. As of December 31, 2004, retirement plan assets invested through the firm's Australian retirement trust totaled US\$6.4 billion, representing the interests of about 146,000 participants.

Under the Mercer Investment Consulting name, the firm assists trustees of pension funds and other institutional investors in the selection of investment managers and investment strategies. In the U.S., Mercer Investment Consulting, through an NASD registered broker dealer affiliate and in connection with its investment consulting business, assists investment consulting clients in asset transitions when a new investment manager is selected. Mercer has announced to clients that it will close this broker-dealer business in the first half of 2005.

During 2004 Mercer in the U.S. established a "funds-of-managers" business marketed initially as Mercer Directed Investment Services and now known as Mercer Global Investments. A funds-of-managers business entails utilizing multiple third party investment managers selected by Mercer to invest client assets. Commencing in 2005, most client assets are expected to be invested in either investment companies subadvised by multiple investment managers or in a group trust maintained by Mercer Trust Company, described below. During

2005, Mercer plans to extend its funds-of-managers business to countries other than the U.S. In Australia, Mercer already operates funds-of-managers as part of its Mercer retirement trust offering. Total assets under management as of December 31, 2004 in the funds-of-managers structure were approximately \$309 million in the U.S. and US\$6.4 billion in Australia.

Mercer Human Resource Consulting also has an HR outsourcing business that helps clients administer their retirement, group benefits and other human resource programs. Effective December 31, 2004, Mercer's U.S. defined benefit plan and human resource administration business was combined with the administrative and trustee (or custodial) services previously conducted by Putnam Fiduciary Trust Company, a sister company, consisting of participant accounting and plan administration services for certain qualified contribution employee benefit plans (in particular 401(k) plans, certain defined benefit plans (cash-balance plans), employee stock purchase plans and certain non-qualified compensation plans). These businesses will be operated by newly-formed subsidiaries of Mercer, Inc. and will operate under the names Mercer HR Services and Mercer Trust Company. Compensation for these HR outsourcing services is received pursuant to service and trust or custodian contracts with plan sponsors. 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.

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 Mercer Oliver Wyman name, Mercer Management Consulting provides risk and strategy consulting, primarily to clients in the financial services sector, as well as actuarial consulting services to insurance companies, government entities and other organizations. Under the Lippincott Mercer name, Mercer Management Consulting advises leading corporations on issues relating to brand, corporate identity and image.

Mercer Delta Organizational Consulting, with offices in North America 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. A smaller percentage of revenue is in the form of commissions received from insurance companies for the placement of individual and group insurance contracts, primarily life, health and accident coverages. The investment consulting practice receives compensation based on fees for service and sometimes is compensated based on assets under management. Revenue for the discretionary investment management business (Mercer Global Investments and the Australian trust business) is based principally on fees calculated as a percentage of assets under management. A relatively small amount of revenue

was derived in 2004 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. Revenues from the provision of discretionary investment management services and retirement trust and administrative services are significantly affected by changes in bond and stock market valuations.

Regulation

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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.

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 similar matters. Possible sanctions that 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.

Certain risk consulting and investigative activities engaged in by Kroll are licensed and regulated at the federal, state and local level in the U.S. and abroad. Many of these activities also involve the use of data from outside sources including third party vendors and governmental records. Changes in, or the implementation of new, laws and regulations, particularly relating to privacy, could interfere with access to and use of such data. A substance abuse testing laboratory owned by a Kroll subsidiary is certified on the federal level and licensed in a number of states.

Investment Management. Putnam's securities investment management activities are subject to regulation in the United States by the SEC and other federal, state and self regulatory authorities, in the United Kingdom and Japan by their respective national securities regulatory authorities, and in certain other countries in which it does business. Investment advisers with mutual fund and institutional clients are subject to extensive new SEC regulations, and may become subject to additional SEC regulations in the future, which might entail substantial new administrative obligations and associated costs and compliance risks for Putnam.

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 or regulatory actions 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 and HR Services. 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, the provision of 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 assumption of discretionary investment management responsibilities) and the placing of individual and group insurance contracts subjects Mercer Human Resource Consulting 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, the manner in which such products are distributed, the scope and quality of the shareholder and other services provided, and its general reputation in the marketplace.

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.

Kroll competes with other national and international firms that provide similar services in the fields of accounting, corporate advisory and restructuring services, investigative and security services, consulting and technology services.

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 other market participants. As disclosed above, on February 28, 2005, MMC signed a letter of intent providing for the transfer of MMC Capital's business, including the management of the Trident Funds, to a company to be formed by MMC Capital's senior management. The transfer is expected to close by the end of the second quarter 2005.

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. Putnam's competitive position continued to be adversely affected in 2004, and may continue to be adversely affected in the future, by the underperformance of certain Putnam funds relative to competing products in the mutual fund marketplace.

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.

In 2004, Putnam's competitive position was adversely affected, and may continue to be adversely affected in the future, by the market timing related issues and other events that gave rise to the administrative proceedings brought by the SEC and the Massachusetts Secretary of the Commonwealth in the fourth quarter of 2003. These proceedings and the settlement thereof are discussed in more detail in Note 15 to the Consolidated Financial Statements included under Item 8 of this report. The management team at Putnam is committed to restoring Putnam's reputation for reliability and integrity. Any further damage to Putnam's reputation could have a material adverse effect on Putnam.

Consulting and HR Services. 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.

MMC's consulting and HR outsourcing businesses face strong competition from other privately and publicly held worldwide and national companies, as well as regional and local firms. Competitors include independent consulting and outsourcing firms as well as consulting and outsourcing operations affiliated with accounting, information systems, technology and financial services firms. The employee benefit plan administrative and trustee business of Putnam Fiduciary Trust Company that was recently combined with Mercer's HR outsourcing business was adversely affected in 2004 by the market timing related issues and other events that gave rise to the administrative proceedings brought by the SEC and the Massachusetts Secretary of the Commonwealth in the fourth quarter of 2003. These events, as well as continued underperformance of certain Putnam funds relative to competing products in the mutual fund marketplace, may continue to adversely affect the combined HR outsourcing businesses in the future. Mercer's investment services face competition from many sources, including funds-of-managers operated by other investment consulting firms and financial institutions. Mercer's recently established funds-of-managers business, in particular, faces significant competition from entrenched rivals with greater experience in that market. 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 below under Item 8 on pages 95 to 97 of this 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

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As of January 31, 2005, MMC and its consolidated subsidiaries employed about 61,800 people worldwide, of whom approximately 39,750 were employed by subsidiaries providing risk and insurance services, approximately 3,450 were employed by subsidiaries providing investment management services, approximately 18,000 (including approximately 1,300 employees transferred to Mercer HR Services and Mercer Trust Company on January 1, 2005) were employed by subsidiaries providing consulting services, and approximately 600 were employed by MMC.

Executive Officers of MMC

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The executive officers of MMC are elected annually. As of February 28, 2005, the following individuals were executive officers of MMC:

Michael A. Beber, age [45], is senior vice president and chief strategic development officer of MMC, a position he has held since early January 2005. From February 1999 through December 2004, Mr. Beber was executive vice president for strategic development and president of the Background Screening Group of Kroll Inc., which MMC acquired in July 2004. From August 1991 to January 1999, Mr. Beber was a principal with Kroll Lindquist Avey, which Kroll acquired in June 1998. Prior to joining Lindquist Avey, Mr. Beber was a partner with BDO LLP, a senior manager with KPMG Peat Marwick, and a senior accountant with PriceWaterhouse (now PriceWaterhouseCoopers).

Peter J. Beshar, age 43, is senior vice president, general counsel and corporate secretary of MMC. Before joining MMC in November of 2004, Mr. Beshar was a litigation partner in the law firm of Gibson, Dunn & Crutcher LLP. Mr. Beshar joined Gibson, Dunn & Crutcher in 1995 after serving as an Assistant Attorney General in the New York Attorney General's office.

Francis N. Bonsignore, age 58, 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.

Mathis Cabiallavetta, age 60, is chairman of MMC International and a member of MMC's International Advisory Board. Prior to joining MMC in 1999, Mr. Cabiallavetta was chairman of the board of UBS A.G., a company he joined in 1971. Mr. Cabiallavetta is a director of Altria Group, Inc., HBM BioVentures AG and the Swiss American Chamber of Commerce.

Michael G. Cherkasky, age 54, is president and chief executive officer of MMC. He is also chairman and chief executive officer of Marsh Inc., MMC's risk and insurance services subsidiary. Prior to being named to his current positions in October 2004, Mr. Cherkasky was president and chief executive officer of Kroll Inc., the global risk consulting company acquired by MMC in July 2004. Since then, he had also been responsible for Marsh's Risk Consulting Practice. Mr. Cherkasky joined Kroll in 1994, rising to the position of president and chief executive officer in 2001. Prior to joining Kroll, Mr. Cherkasky spent 16 years in the criminal justice system, including serving as chief of the Investigations Division for the New York County District Attorney's Office.

Charles A. Davis, age 56, is chairman and chief executive officer of MMC Capital. He joined MMC Capital as president in 1998, was named chief executive officer in 1999 and chairman in 2002. He was vice chairman of MMC from 1999 to 2004. Prior to joining MMC, Mr. Davis was a partner of Goldman Sachs Group L.P., a firm he joined in 1975. Mr. Davis is a director of Axis Capital Holdings Limited, Media General, Inc., Progressive Corporation and Merchants Bancshares, Inc.

Simon Freakley, age 43, is president and chief executive officer of Kroll Inc., a position he has held since October 2004. Mr. Freakley was previously a director of Kroll Inc. since June 2003 and head of Kroll's Consulting Group since April 2004. He was president of Kroll's Corporate Advisory & Restructuring Group from September 2002 until its consolidation with Kroll's Consulting Services Group in April 2004. From 1996 until his appointment as Kroll's CEO, Mr. Freakley was also managing partner of Kroll Ltd. (previously Kroll Buchler Phillips and Buchler Phillips), Kroll's U.K.-based corporate advisory and restructuring subsidiary. Mr. Freakley joined Buchler Phillips in 1992, and in 1999, the firm was acquired by Kroll.

E. Scott Gilbert, age 49, is senior vice president and chief compliance officer of MMC. Prior to joining MMC in January 2005, he was the chief compliance counsel of the General Electric Company since September 2004. Prior thereto, he was counsel, litigation and legal policy at GE. Between 1986 and 1992, when he joined GE, he served as an Assistant United States Attorney for the Southern District of New York.

Charles E. Haldeman, age 56, is president and chief executive officer of Putnam Investments. Mr. Haldeman joined Putnam in October 2002 as senior managing director and co-head of Investments. He was named president and chief executive officer in November 2003. Before joining Putnam, Mr. Haldeman was president and chief executive officer of Delaware Investments from 2000 to 2002, president and chief operating officer of United Asset Management Corporation from 1998 to 2000, and a partner and director of Cooke & Bieler, Inc. from 1974 to 1998.

David J. Morrison, age 57, is president and chief executive officer of Mercer Management Consulting ("Mercer MC"). Prior to assuming his current position in November 2002, he was vice chairman of Mercer MC since January 2000. From July 1998 to December 1999 he served as head of Mercer MC's Strategic Capabilities Group. Mr. Morrison joined Mercer MC as vice president in December 1997 when Mercer acquired Corporate Decisions, Inc., of which he was the president and a significant shareholder. Mr. Morrison has been a member of the Mercer, Inc. board of directors since January 2000.

Michael A. Petrullo, age 36, is senior vice president and chief administrative officer of MMC. After MMC's acquisition of Kroll in July 2004, Mr. Petrullo became chief financial officer for the risk consulting businesses of Marsh and Kroll until assuming his current position with MMC in January 2005. Mr. Petrullo was chief operating officer and executive vice president of Kroll Inc. from December 2002 to July 2004. Prior thereto, he was deputy chief operating officer of Kroll from June through December of 2002, the acting chief financial officer of Kroll from November 2001 to June 2002, and vice president and controller of Kroll from August 2001 to November 2001. He was vice president-finance of Kroll's Investigations and Intelligence Group from February 1999

until August 2001. He joined Kroll Associates in 1995, serving as assistant controller through February 1998.

Brian M. Storms, age 50, is president and chief executive officer of Mercer Human Resource Consulting, which he joined in August of 2004 as vice chairman. Prior to joining Mercer, he served as president since 2001 and then as chief executive officer since July 2002 of UBS Global Asset Management, Americas. Prior thereto, he was president of Mitchell Hutchins, the asset management subsidiary of PaineWebber, from 1999 until UBS AG's acquisition of Paine Webber Group Inc. in November 2000. From 1996 through 1999 Mr. Storms was president of Prudential Investments.

Sandra S. Wijnberg, age 48, is senior vice president and chief financial officer of MMC, a position she has held since joining the Company in January 2000. From 1997 through 1999, Ms. Wijnberg was senior vice president and treasurer of Yum! Brands, Inc. (formerly Tricon Global Restaurants, Inc.). Prior thereto, Ms. Wijnberg spent three years with PepsiCo, Inc., last serving as senior vice president and chief financial officer of its KFC Corporation division.

Salvatore D. Zaffino, age 60, is chairman and chief executive officer of Guy Carpenter & Company, Inc. Prior to becoming chairman in 1999, Mr. Zaffino served as chairman and chief executive officer of Sedgwick Re North America from 1993 to 1998, when Sedgwick Group plc, its parent company, was acquired by MMC. From 1985 to 1993, he was chairman of Crump Re, an organization he founded and continued to manage until its merger with Sedgwick Re.

Available Information.

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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 website, www.mmc.com, as soon as reasonably practicable after they are filed with the SEC. The public may read and copy such materials at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC, 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC, such as MMC; the address of that site is <http://www.sec.gov>.

MMC also posts on its website the following documents with respect to corporate governance:

- o Guidelines for Corporate Governance;
- o Code of Business Conduct and Ethics;
- o Procedures for addressing complaints and concerns of employees and others; and
- o the charters of the Audit Committee, Compensation Committee and Directors & Governance Committee of the Board of Directors.

All of the above documents are available in printed form to any MMC stockholder upon request.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Marsh & McLennan Companies, Inc. and its subsidiaries ("MMC") and their representatives may from time to time make oral or written statements (including certain statements contained in this report and other MMC filings with the Securities and Exchange Commission and in our reports to stockholders) 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 the matters raised in the complaint filed by the New York Attorney General's Office stating a claim for, among other things, fraud and violations of New York State antitrust and securities laws, the complaint filed by the Connecticut Attorney General and numerous other investigations being conducted by other state attorneys general and state superintendents or commissioners of insurance, elimination of market services agreements ("MSA"), the new business model of MMC or Marsh Inc., expected synergies from business combinations, cost savings from reductions in staff levels, the adverse consequences arising from market-timing issues at Putnam, including fines and restitution, revenues, expenses, earnings and cash flow, capital structure, existing credit facilities, and access to public capital markets including commercial paper markets, pension funding, market and industry conditions, premium rates, financial markets, interest rates, foreign exchange rates, claims, lawsuits and other 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 current and 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 forward-looking statements that we make include:

- o the impact of litigation and regulatory proceedings brought by the New York Attorney General's Office, other state attorneys general and state insurance regulators,
- o the impact of class actions, derivative actions and individual suits brought by policyholders and shareholders (including MMC employees) asserting various claims, including claims under U.S. securities laws, ERISA, unfair business practices and other common law or statutory claims,
- o loss of clients,
- o loss of producers or key managers,
- o inability to negotiate satisfactory new arrangements for Marsh's compensation with insurance carriers or clients,
- o inability to reduce expenses to the extent necessary to achieve desired levels of profitability,
- o inability to collect previously accrued MSA revenue,
- o changes in competitive conditions,
- o movements in premium rate levels,

- o changes in the availability of, and the market conditions and the premiums insurance carriers charge for, insurance products,
- o mergers between client organizations,
- o insurance or reinsurance company insolvencies,
- o the impact of litigation and other matters stemming from market-timing issues at Putnam,
- o changes in worldwide and national equity and fixed income markets,
- o actual and relative investment performance of the Putnam mutual funds,
- o the level of sales and redemptions of Putnam mutual fund shares,
- o the ability to maintain investment management and administrative fees at current levels at Putnam,
- o the ability of MMC to successfully access the public capital markets to meet long term financing needs,
- o the continued strength of MMC's relationships with its employees and clients,
- o the ability to successfully integrate acquired businesses and realize expected synergies,
- o changes in general worldwide and national economic conditions,
- o the impact of terrorist attacks,
- o natural catastrophes,
- o changes in the value of investments made in individual companies and investment funds,
- o fluctuations in foreign currencies,
- o actions of regulators,
- o changes in interest rates,
- o developments relating to claims, lawsuits and contingencies,
- o prospective and retrospective changes in the tax or accounting treatment of MMC's operations, and
- o the impact of tax and other legislation and regulation in the jurisdictions in which MMC operates.

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 total assets under management at Putnam will be posted to the MMC website the first business day following the end of each month. Putnam posts mutual fund and performance data to its website regularly. Assets for most Putnam retail mutual funds are posted approximately two weeks after each month-end. Mutual fund net asset value (NAV) is posted daily. Historical performance and Lipper rankings are also provided. Investors can link to MMC and its operating company websites through www.mmc.com.

Item 2. Properties.

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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 315,000 square feet of space in its headquarters building. MMC and its subsidiaries lease an additional 735,000 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 in Hoboken, New Jersey.

The principal offices of the Marsh subsidiaries in the UK currently are located in the City of London in Tower Place, comprising 354,000 square feet under a long term lease. Marsh subsidiaries lease an additional 214,000 square feet of office space in and around London in support of their operations. The principal offices of the Mercer subsidiaries in the UK comprise approximately 200,000 square feet of leased space in and around London. Mercer also has entered into a lease covering approximately 150,000 rentable square feet in a new building close to Tower Place.

The principal executive offices of the Putnam subsidiaries comprise approximately 332,000 square feet of leased space located at One Post Office Square, Boston, Massachusetts in Boston's financial district. Putnam leases an additional approximately 917,000 square feet (including approximately 261,000 square feet transferred to Mercer HR Services on January 1, 2005) 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.

Information regarding legal proceedings is set forth in Note 15 to the financial statements on pages 82 to 94 of this report.

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

None.

PART II

Item 5. Market for MMC's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

For information regarding dividends paid and the number of holders of MMC's common stock, see the table entitled "Selected Quarterly Financial Data and Supplemental Information (Unaudited)" below under Item 8 on page 99 of this report.

MMC's common stock is listed on the New York, Chicago, Pacific and London stock exchanges. The high and low stock prices (NYSE composite quotations) for our common stock for each quarterly period in 2004 and 2003 are as follows:

		2004		2003	
		Stock Price Range		Stock Price Range	
		High	Low	High	Low
First Quarter	\$	49.69	45.67	\$	49.50
Second Quarter	\$	47.51	42.05	\$	54.97
Third Quarter	\$	46.66	42.10	\$	53.98
Fourth Quarter	\$	47.35	22.75	\$	49.48
	\$	49.69	22.75	\$	54.97
					38.27

On February 25, 2004 the closing price of MMC's common stock was \$31.63.

The following table sets forth information regarding MMC's purchases of its common stock on a monthly basis during the fourth quarter of 2004. Share repurchases are recorded on a trade date basis.

Issuer Repurchases of Equity Securities

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2004 - October 31, 2004	405,000	\$34.44	405,000	49,904,636
November 1, 2004 - November 30, 2004	0	--	0	49,904,636
December 1, 2004 - December 31, 2004	0	--	0	49,904,636
Total	405,000	\$34.44	405,000	49,904,636

(1) As set forth in its public filings from time to time, MMC engages in a share repurchase program. On March 18, 1999, MMC's board of directors authorized the repurchase of up to 40 million shares of MMC's common stock and on May 18, 2000 the board further authorized the repurchase of up to an additional 88 million shares. There is no expiration date specified under either of these authorizations and MMC may repurchase its shares under each of these authorizations in the future. MMC periodically purchases shares of its common stock, in the open market or otherwise, subject to market conditions, for treasury as well as to meet requirements for issuance of shares for its various stock compensation and benefit programs.

Sales of Unregistered Securities

On March 31, 2004, Mercer Delta Consulting, LLC, an indirect, wholly-owned subsidiary of MMC, acquired substantially all of the assets of CDR International, LLC ("CDR") for \$7,041,500 in cash to be paid over 4 years, and the issuance of 158,409 shares of MMC common stock in three equal installments beginning on the second anniversary of the acquisition closing date. The stock consideration was deemed issued on March 31, 2004 to CDR and its members in reliance upon the private placement exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On April 7, 2003, Mercer Management Consulting, Inc., an indirect, wholly-owned subsidiary of MMC, acquired substantially all of the assets of Oliver, Wyman & Company LLC ("OWC") for \$159,000,000 in cash to be paid over 4 years, and the issuance of 2,540,809 shares of MMC common stock in three equal installments beginning on the second anniversary of the acquisition closing date. The stock consideration was deemed issued on April 7, 2003 to OWC and its members in reliance upon the private placement exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

Equity Compensation Plan Information Table

The following table sets forth information as of December 31, 2004, 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 plans approved by stockholders	20,984,390	\$37.2723	45,347,560 (3)
Equity compensation plans not approved by stockholders	65,226,297	\$45.1287	56,281,539 (4)
Total	86,210,687 (5)	\$43.2164	101,629,099 (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 28,186,972 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 on four quarterly purchase dates within the one-year offering period with the proceeds of their contributions plus interest accumulated during the respective quarter. The purchase price may be no less than 85% of the market price of the stock on the purchase date.
- o 3,774,881 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 9,198,404 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.
- o 3,183,741 shares available for future deferrals directed into share units under the Stock Investment Supplemental Plan, 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.

- o 1,003,562 shares available for future awards under the Directors Stock Compensation Plan. Awards may consist of shares, deferred stock units and dividend equivalents.

(4) Includes the following:

- o 11,311,995 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 10,398,783 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 32,270,144 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 148,810 shares available for future awards under the Approved Share Participation Schemes for employees in Ireland. Awards are made in shares of stock.
- o 1,835,327 shares available for future awards, and 316,480 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 11.4 million shares in 2004. See the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" below under Item 7 on pages 43 to 47 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. On each purchase date, generally the end of the offering period, participants may receive their contributions plus interest in cash or use that amount to acquire shares of stock at a discounted purchase price. Under the International Plan, the purchase price may be no less than 85% of the market price of the stock on each of four quarterly purchase dates within the one-year offering period. Under the French Plan, the purchase price may be no less than 85% of the market price of the stock at the end of the offering period. 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

included below under 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 Employees in Ireland. Eligible participants may elect to acquire shares of stock at market price by allocating their bonus and up to an equivalent amount 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 three 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 6. Selected Financial Data.

MARSH & MCLENNAN COMPANIES, INC. AND SUBSIDIARIES
FIVE-YEAR STATISTICAL SUMMARY OF OPERATIONS

For the Years Ended December 31, (In millions except per share figures)	2004	2003	2002	2001	2000	Compound Growth Rate 1999-2004
Revenue:						
Risk and Insurance Services	\$ 7,391	\$ 6,868	\$ 5,910	\$ 5,152	\$ 4,780	10%
Investment Management	1,757	2,001	2,166	2,409	3,242	(8)%
Consulting	3,070	2,719	2,364	2,308	2,286	8%
Corporate/ Eliminations (c)	(59)	(44)	(52)	(43)	(45)	
Total Revenue	12,159	11,544	10,388	9,826	10,263	6%
Expenses:						
Compensation and Benefits	6,714	5,926	5,199	4,877	4,941	8%
Other Operating Expenses	3,887	3,156	2,967	3,229	3,188	4%
Regulatory and Other Settlements	969	10	--	--	--	
Corporate/ Eliminations (c)	(59)	(44)	(52)	(43)	(45)	
Total Expenses	11,511	9,048	8,114	8,063	8,084	8%
Operating Income	648(b)	2,496	2,274	1,763(a)	2,179	(15)%
Interest Income	21	24	19	23	23	
Interest Expense	(219)	(185)	(160)	(196)	(247)	
Income Before Income Taxes and Minority Interest	450	2,335	2,133	1,590	1,955	(19)%
Income Taxes	259	770	747	599	753	
Minority Interest, Net of Tax	15	25	21	17	21	
Net Income	\$ 176	\$ 1,540	\$ 1,365	\$ 974	\$ 1,181	(25)%
Basic Net Income Per Share Information:						
Net Income Per Share	\$.33	\$ 2.89	\$ 2.52	\$ 1.77	\$ 2.18	(25)%
Average Number of Shares Outstanding	526	533	541	550	543	
Diluted Net Income Per Share Information:						
Net Income Per Share	\$.33	\$ 2.81	\$ 2.45	\$ 1.70	\$ 2.05	(24)%
Average Number of Shares Outstanding	535	548	557	572	569	
Dividends Paid Per Share	\$ 1.30	\$ 1.18	\$ 1.09	\$ 1.03	\$.95	9%
Return on Average Stockholders' Equity	3%	29%	27%	19%	25%	
Year-end Financial Position:						
Working capital	\$ 152	\$ 189	\$ (199)	\$ (622)	\$ (855)	
Total assets	\$18,337	\$15,053	\$13,855	\$13,769	\$14,144	
Long-term debt	\$ 4,691	\$ 2,910	\$ 2,891	\$ 2,334	\$ 2,347	
Stockholders' equity	\$ 5,056	\$ 5,451	\$ 5,018	\$ 5,173	\$ 5,228	
Total shares outstanding (excluding treasury shares)	527	527	538	548	552	
Other Information:						
Number of employees	63,900	60,400	59,400	57,800	57,000	
Stock price ranges-						
U.S. exchanges - High	\$ 49.69	\$ 54.97	\$ 57.30	\$ 59.03	\$ 67.85	
- Low	\$ 22.75	\$ 38.27	\$ 34.61	\$ 39.70	\$ 35.25	

(a) Includes charges related to September 11 and restructuring costs of \$396 million.

(b) Includes restructuring costs of \$337 million.

(c) Certain balances have been reclassified to conform with current presentation.

See Management's Discussion and Analysis of Financial Condition and Results of Operations for discussion of significant items affecting the results of operations in 2004 and 2003.

Item 7. Management's Discussion and Analysis of Financial Condition and

Results of Operations.

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 Inc. ("Marsh"), the world's leading risk and insurance services firm; Putnam Investments ("Putnam"), one of the largest investment management companies in the United States; and Mercer Inc. ("Mercer"), a major global provider of consulting services. Over 60,000 employees worldwide provide analysis, advice and transactional capabilities to clients in over 100 countries.

In 2004, MMC operated in three principal business segments based on the services provided. Segment performance is evaluated on the basis of segment operating income, which is after deductions for directly related expenses and minority interest, but before corporate expenses. A reconciliation of segment operating income to total operating income is included in Note 16 to the Consolidated Financial Statements. The accounting policies of the segments are identical to those used for the Consolidated Financial Statements. A complete description of each of MMC's business segments is included in Part 1, Item 1 of this report. The financial results presented and this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are based on MMC's business segments as they existed in 2004. MMC has announced several organizational changes that will change its reportable business segments effective January 1, 2005.

This 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 Part 1, Item 1 of this report on pages 18 to 20.

RECENT DEVELOPMENTS

The historical financial results presented below should be viewed in light of recent developments, which have significantly impacted MMC's results of operations, liquidity and financial condition.

Marsh Developments

On October 14, 2004, the New York State Attorney General's Office ("NYAG") filed a Civil Complaint (the "NYAG Lawsuit") in state court against MMC and Marsh (collectively "Marsh") asserting claims under New York law for fraudulent business practices, antitrust violations, securities fraud, unjust enrichment and common law fraud. On October 21, 2004, the New York State Insurance Department ("NYSID") issued a citation, amended on October 24, 2004, (the "Amended Citation") that ordered MMC and a number of its subsidiaries and affiliates that hold New York insurance licenses to appear at a hearing and show cause why regulatory action should not be taken against them. These issues are discussed more fully in Note 15 to the Consolidated Financial Statements.

On January 30, 2005, MMC entered into an agreement (the "Settlement Agreement") with the NYAG and the NYSID to settle the NYAG Lawsuit and the Amended Citation. Pursuant to the Settlement Agreement, Marsh will establish a fund of \$850 million (the "Fund"), payable over four years, for Marsh policyholder clients. MMC recorded a \$232 million charge in the third quarter of 2004 and an additional \$618 million charge in the fourth quarter of 2004 for the amount to be paid into the Fund in accordance with the Settlement Agreement. In addition, MMC recorded a charge of \$16 million for estimated costs to calculate and administer payments out of the Fund. The total amount of the settlement will be paid into the Fund as follows: on or before each of June 1, 2005 and 2006, \$255 million, and on or before each of June 1, 2007 and 2008, \$170 million.

Marsh has changed its business model to require complete transparency to clients of all fees and remuneration to be received by Marsh for performing its services. Effective October 1, 2004, Marsh agreed to eliminate contingent compensation agreements with insurers. As a result, market services revenue ("MSAs") declined to \$541 million in 2004 from \$845 million in the prior year. Due to the filing of the Attorney General's civil complaint, Marsh was unable to complete the normal process to verify amounts earned or determine that collection of these amounts is reasonably assured for certain contracts. As a result, Marsh did not accrue a significant portion of market services revenue related to placement activity in the third quarter. Although some insurance companies have indicated they may delay payments until the issues concerning market services agreements are clarified, Marsh intends to collect market services revenue earned prior to October 1, 2004. Any such revenue earned but not accrued at September 30, 2004 will be recognized when collected or when confirmation of the amount of payment is received from the carriers. Market services revenue of \$73 million was recorded in the fourth quarter of 2004. No market services revenue will be earned for placements made after October 1, 2004. Marsh is refining the details of its new business model and does not anticipate realizing the benefits from its implementation until later in 2005. Although MMC expects to be fairly and fully compensated for the services it provides, there is no assurance that revenues under the new model will be sufficient to achieve operating margins and cash flows that are comparable to historical levels. In addition, client revenue may also be reduced due to negative reaction to the issues raised in the complaint.

MMC Developments

On October 25, 2004, Michael Cherkasky was named President and Chief Executive Officer of MMC and was elected to MMC's Board of Directors. Robert Erburu was named lead director of the MMC Board of Directors.

On November 18, 2004, MMC announced that five members of its Board of Directors, who were also executives of the company, stepped down from their positions on the Board. After this action, MMC's Board consists of Michael Cherkasky, the company's president and chief executive officer, and ten outside members.

In addition to these changes, MMC has taken a number of steps to enhance the control and compliance environment.

Across all of its businesses, MMC must preserve its capabilities to serve clients and the capacity to support staff development. Retention of employees is critical to the organization. As a result, MMC has developed compensation programs to retain, motivate, and reward certain key employees. These programs resulted in \$12 million of additional compensation

expense in the fourth quarter of 2004 and will potentially increase compensation costs in 2005 by approximately \$110 million.

MMC is conducting an ongoing examination of all parts of its cost structure to identify areas where expenses can be reduced appropriately. On a global basis, MMC has reduced headcount by 2,750 in the fourth quarter, 2004 through staff reductions and attrition. These actions are expected to result in annual savings of approximately \$400 million when fully implemented in mid-2005. As a result of these actions, pre-tax costs of \$337 million were incurred in the fourth quarter of 2004, primarily related to severance and other termination benefits and future rent under non-cancelable leases and lease termination costs, as well as \$14 million for costs related to accelerated amortization or abandonment of leasehold improvements and other assets. Additional costs of \$14 million are expected to be incurred in the first half of 2005 related to the 2004 restructuring activity. Marsh Inc. continues to restructure its operations, improve efficiencies, and eliminate unprofitable accounts. This could affect approximately 2,500 people throughout its global operations and, when fully implemented, should lead to annual expense savings exceeding \$375 million. This will result in additional restructuring charges.

Following the filing of the NYAG Lawsuit, uncertainty regarding changes in Marsh's business model, the impact of eliminating contingent compensation agreements and potential fines and/or penalties resulted in credit rating downgrades and the inability to access commercial paper markets. The matters raised in the NYAG Lawsuit may have prohibited MMC from borrowing under its revolving facilities. The required lenders under each of the facilities agreed to waive the effect of such matters until December 30, 2004. During the period from October 14 to December 15, 2004, the revolving credit facilities were drawn upon to refinance approximately \$1.7 billion of maturing commercial paper. On December 15, 2004, MMC completed financing with respect to a \$1.3 billion, two-year term loan facility and the amendment of its existing \$1 billion revolving credit facility which expires in June 2007, and \$700 million revolving credit facility which expires in June 2009. The term loan was used to pay down balances on the revolving credit facilities. MMC's debt and credit facilities are discussed in more detail in the Liquidity and Capital Resources section of this MD&A.

Putnam Developments

On November 13, 2003, pursuant to an agreement with Putnam, the Securities and Exchange Commission ("SEC") entered findings of fact which Putnam neither admitted nor denied, that Putnam had violated the Investment Advisors Act of 1940 and the Investment Company Act of 1940.

On April 8, 2004, Putnam entered into a settlement of those charges under which Putnam was required to pay \$5 million in restitution plus a civil monetary penalty of \$50 million. The settlement provided that if the restitution calculated by the independent assessment consultant under the SEC order exceeded \$10 million, Putnam would be responsible for paying the excess.

On April 8, 2004, simultaneously and in conjunction with the settlement of the above-referenced SEC proceeding, the Massachusetts Secretary of the Commonwealth ("Massachusetts Security Division") entered a Consent Order in final settlement of charges filed against Putnam and two of its employees on October 28, 2003 by the Massachusetts Security Division alleging violations of the state's securities law anti-fraud provision. That Consent Order provided that if the

restitution calculated by the independent assessment consultant under the Massachusetts order exceeded \$15 million, Putnam would be responsible for paying the excess. The restitution called for by the Consent Order will be distributed by the same independent assessment consultant appointed pursuant to the November 13, 2003 and April 8, 2004 SEC orders, acting in his capacity as the independent distribution consultant under the Orders.

On March 3, 2005, the independent assessment consultant issued his assessment reports (dated March 2, 2005) under the SEC orders and the Massachusetts Consent Order. In the reports, the independent assessment consultant concluded that \$108.5 million is the total amount of restitution payable by Putnam to fund shareholders. Putnam will pay \$25 million of this amount from the amounts previously made available for restitution under the SEC and Massachusetts orders, and has recorded a charge for the additional \$83.5 million in the fourth quarter of 2004. In addition to the \$108.5 million in restitution, Putnam fund shareholders will also receive a distribution of \$45 million, which will be taken from the civil penalty Putnam previously paid to the SEC and does not reflect an additional payment. The independent assessment consultant, in his capacity as the independent distribution consultant under April 8, 2004 SEC order and the Massachusetts Consent Order, is continuing his work on a distribution plan that will provide for the distribution of the restitution amounts described above to Putnam fund shareholders. Putnam will incur additional costs in connection with the implementation of the distribution plan.

CONSOLIDATED RESULTS OF OPERATIONS

MMC's results of operations in 2004 have been impacted significantly by the developments discussed above, as well as the changing business environment in which MMC operates. Consolidated results of operations are as follows:

(In millions, except per share figures)	2004	2003	2002
REVENUE:			
Service Revenue	\$11,959	\$11,444	\$10,321
Investment Income (Loss)	200	100	67
Operating Revenue	12,159	11,544	10,388
EXPENSE:			
Compensation and Benefits	6,714	5,926	5,199
Other Operating Expenses	3,828	3,112	2,915
Regulatory and Other Settlements	969	10	--
Operating Expenses	11,511	9,048	8,114
OPERATING INCOME	\$ 648	\$ 2,496	\$ 2,274
NET INCOME	\$ 176	\$ 1,540	\$ 1,365
NET INCOME PER SHARE:			
BASIC	\$ 0.33	\$ 2.89	\$ 2.52
DILUTED	\$ 0.33	\$ 2.81	\$ 2.45
AVERAGE NUMBER OF SHARES OUTSTANDING:			
BASIC	526	533	541
DILUTED	535	548	557

Operating income in 2004 declined 74% to \$648 million, reflecting costs of regulatory settlements at Marsh and Putnam and costs related to restructuring MMC's businesses. Results in risk and insurance services include an \$850 million charge related to the settlement agreement reached with the NYAG and NYSID, the impact of a \$304 million decrease in MSA revenue, and \$231 million of restructuring charges. Investment Management results reflect a decline in revenue resulting from lower assets under management, charges of \$224 million for regulatory settlements with the SEC and Commonwealth of Massachusetts, related legal costs and costs related to restructuring and repositioning Putnam's business that were incurred throughout 2004 and fourth quarter restructuring charges of \$26 million. Results for Consulting include \$62 million of restructuring charges. Corporate results include an expense credit of \$105 million from final settlements with insurers for claims related to the September 11, 2001 attack on the World Trade Center ("WTC") partially offset by \$18 million of restructuring charges.

An analysis of MMC's operating revenue by segment and the impact of foreign currency translation, acquisitions and dispositions is as follows:

(IN MILLIONS, EXCEPT PERCENTAGE FIGURES)	TWELVE MONTHS ENDED DECEMBER 31,		% CHANGE GAAP REVENUE	COMPONENTS OF REVENUE CHANGE		
	2004	2003		UNDERLYING REVENUE (A)	ACQUISITIONS/ DISPOSITIONS IMPACT	CURRENCY IMPACT
RISK AND INSURANCE SERVICES						
Risk Management and Insurance Broking	\$ 4,805	\$ 4,881	(2)%	(6)%	1%	3%
Reinsurance Broking and Services	842	797	6%	3%	--	3%
Risk Consulting and Technology (b)	716	300	139%	9%	130%	--
Related Insurance Services (c)	1,028	890	16%	12%	3%	1%
	-----	-----	---	---	---	---
Total Risk and Insurance Services (d)	7,391	6,868	8%	(2)%	7%	3%
	-----	-----	---	---	---	---
INVESTMENT MANAGEMENT	1,757	2,001	(12)%	(12)%	--	--
	-----	-----	---	---	---	---
CONSULTING						
Retirement Services (d)	1,356	1,203	13%	--	5%	8%
Management and Organizational Change	585	449	30%	13%	12%	5%
Health Care and Group Benefits	397	388	2%	1%	--	1%
Human Capital (d)	407	384	6%	1%	--	5%
Economic	166	150	11%	9%	--	2%
	-----	-----	---	---	---	---
	2,911	2,574	13%	3%	4%	6%
Reimbursed Expenses	159	145				
	-----	-----	---	---	---	---
Total Consulting	3,070	2,719	13%	3%	4%	6%
	-----	-----	---	---	---	---
Total Operating Segments	\$12,218	\$11,588	5%	(3)%	5%	3%
Corporate/Eliminations	(59)	(44)				
	-----	-----	---	---	---	---
Total	\$12,159	\$11,544	5%	(3)%	5%	3%
	=====	=====	===	===	===	===

(IN MILLIONS, EXCEPT PERCENTAGE FIGURES)	TWELVE MONTHS ENDED DECEMBER 31,		% CHANGE GAAP REVENUE	COMPONENTS OF REVENUE CHANGE	
	2003	2002		UNDERLYING REVENUE (A)	CURRENCY/ ACQUISITIONS IMPACT
Risk and Insurance Services	\$ 6,868	\$ 5,910	16%	13%	3%
Investment Management	2,001	2,166	(8)%	(8)%	--
Consulting	2,719	2,364	15%	3%	12%
Total Operating Segments	\$11,588	\$10,440	11%	6%	5%
Corporate/Eliminations	(44)	(52)			
Total Revenue	\$11,544	\$10,388	11%	6%	5%

(a) Underlying revenue measures the change in revenue before the impact of acquisitions and dispositions using constant currency exchange rates.

(b) Includes the operations of Kroll, acquired in 2004 and Marsh risk consulting, previously reported in Risk and Insurance broking.

(c) Includes U.S. affinity, wholesale broking, underwriting management, claims management and MMC Capital businesses.

(d) Certain reclassifications have been made to prior year amounts to conform with current presentation.

Revenue, derived mainly from commissions and fees, increased 5% from 2003. The increase in revenue was primarily due to the impact of acquisitions and foreign exchange. Consolidated revenue decreased 3% on an underlying basis, which measures the change in revenue before the impact of acquisitions and dispositions and using constant currency exchange rates. Underlying revenue growth in consulting was more than offset by a decrease in investment management revenue due to a decline in average assets under management and a decrease in risk and insurance services revenue resulting from the elimination of MSAs.

Revenue increased 8% in risk and insurance services. Acquisitions, including the acquisition of Kroll, contributed 7% to the segment's revenue growth. Revenue in this segment declined 2% on an underlying basis in 2004 resulting primarily from the \$304 million decline in MSA revenues which more than offset a 3% increase in client revenue and fiduciary income. Related insurance services reflects growth in claims management and higher investment income at MMC Capital. Consulting revenue grew 3% on an underlying basis. Higher demand for strategic advice generated an increase in management and organizational change consulting. Acquisitions contributed 4% to the revenue growth of consulting largely reflecting the acquisition of Synhrgy HR Technologies (completed in January, 2004) and Oliver Wyman (completed in April, 2003). Revenue decreased 12% in the investment management segment due to a decline in the amount of average assets under management on which fees are earned and lower 12b-1 fees, partially offset by higher investment income related to the sale of Putnam's interest in its Italian joint venture and related securities and by transaction fees related to private equity funds. Average assets under management declined 16% in 2004 compared with 2003.

Operating expenses increased 27% in 2004 over 2003, of which 10% was due to the effects of acquisitions and foreign exchange. Expenses in 2004 also include an \$850 million charge related to the settlement agreement with the NYAG and the NYSID, charges of \$224 million related to Putnam's settlement agreements with the SEC and the Massachusetts Security Division, costs of \$337 million related to restructuring MMC's businesses partly offset by a credit of \$105 million from the final settlement with insurers for claims related to the September 11, 2001 attack on the WTC. Combined, these items increased expenses by 14%. Underlying expenses excluding these items increased 3% due to higher compensation and benefits costs which includes severance of \$108 million incurred prior to implementation of the restructuring plan in the fourth quarter and increased pension costs of \$93 million, as well as other costs related to regulatory issues. These increases were partially offset by a decrease in amortization expense for prepaid dealer commissions and a credit to compensation expense related to the settlement with Putnam's former chief executive officer.

The 6% growth in underlying revenue in 2003 was primarily driven by higher renewal revenue and market services revenue and the impact of higher premiums in the risk and insurance services segment combined with growth in each of the practices of the consulting segment. Offsetting this growth was an 8% decrease in the investment management segment due to a decline in the amount of assets under management on which fees are earned and a decline in underwriting and distribution fees.

Operating expenses increased 11% in 2003, 5% on an underlying basis. The increase in underlying expenses was driven by higher compensation and benefit costs in risk and insurance services as well as higher facility and insurance costs, partially offset by a decrease in amortization expense for prepaid dealer commissions.

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 risk management and insurance broking, reinsurance broking and services, risk consulting and technology services, and related insurance services. Risk management and consulting, insurance broking 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. Risk consulting and technology services are provided to businesses, governments and individuals throughout the world, primarily under the Kroll name. Underwriting management and wholesale broking services are performed for a wide range of clients under various names, the largest of which is Crump. Claims and associated productivity services are provided by Sedgwick Claims Management Services. In addition, MMC Capital provides services principally in connection with originating, structuring and managing insurance, financial services, and other industry-focused investments.

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 and 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. Results in 2004 also include MSA revenue earned prior to October 1, 2004. MMC eliminated MSAs effective October 1, 2004. Compensation for the various risk consulting and related risk mitigation services provided by Kroll subsidiaries consists of fees paid by clients, typically charged on an hourly, project, or fixed fee basis, and sometimes on a per service or per unit basis. Revenue also includes compensation for services provided by MMC Capital 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 recognized on holdings in such entities.

Revenue generated by the risk and insurance services segment depends on the value to clients of the services provided. These revenues are affected by premium rate levels in the property and casualty and employee benefits insurance markets, since compensation is frequently related to the premiums paid by insureds. In many cases, compensation may be negotiated in advance on the basis of 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 and foreign exchange rate fluctuations.

As previously discussed, MMC is making several changes to its risk and insurance business model. These changes include complete transparency to clients of all fees and remuneration to be received by Marsh and effective October 1, agreed to eliminate contingent compensation agreements with insurers. Although MMC expects to be fairly and fully compensated for the services it provides, there is no assurance that revenues under the new model will be sufficient to achieve operating margins and cash flows that are comparable to historical levels. In addition, client revenue may also be reduced due to negative reaction to the issues raised in the complaint.

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

(In millions of dollars)	2004	2003	2002
REVENUE	\$7,391	\$6,868	\$5,910
EXPENSE	7,139	5,117	4,420
OPERATING INCOME	\$ 252	\$1,751	\$1,490
OPERATING INCOME MARGIN	3.4%	25.5%	25.2%

REVENUE

Revenue for the risk and insurance services segment grew 8% in 2004 over 2003. Acquisitions, principally Kroll, along with other smaller acquisitions, contributed 7% to revenue growth. Underlying revenue declined 2%. In risk management and insurance broking, underlying revenue decreased 6% primarily due to a reduction in MSAs, discussed in more detail below. Client revenue increased 1%, reflecting a 3% growth in Europe and 4% growth in other international markets, partially offset by a 2% decline in North America. Underlying revenue in reinsurance broking increased 3%. Related insurance services revenue increased 12%, on an underlying basis, resulting from an increase in claims management and higher investment income at MMC Capital.

Effective October 1, 2004, Marsh agreed to eliminate contingent compensation agreements with insurers. As a result, market services revenue declined to \$541 million in 2004 from \$845 million in the prior year. Due to the filing of the NYAG Lawsuit, MMC was unable to complete the normal process to verify amounts earned or determine that collection of these amounts is reasonably assured for certain contracts. As a result, MMC did not accrue a significant portion of market services revenue related to placement activity in the third quarter. Although some insurance companies have indicated they may delay payments until the issues concerning market services agreements are clarified, MMC intends to collect market services revenue earned prior to October 1, 2004. Any such revenue earned but not accrued at September 30, 2004 will be recognized when collected or when confirmation of the amount of payment is received from the carriers. No market services revenue will be earned for placements made after October 1, 2004. The following table provides quarterly MSA revenue for 2003 and 2004:

Quarter Ended	2004	2003
March 31	\$211	\$173
June 30	211	202
September 30	46	177
December 31	73	293
Total	\$541	\$845

Revenue for the risk and insurance services segment grew 16% in 2003 over 2002, 13% on an underlying basis, reflecting an increase in renewal business, higher market services revenues, and the effect of higher premiums. Fiduciary interest income in 2003 declined 3% compared to 2002. Demand for Marsh's services was strong as the risks faced by clients grew in number, complexity and severity. Although premium rates increased during 2003 in most casualty lines, the rate of premium increases moderated during the year and some property coverage rates declined. In 2003, the underlying revenue in risk management and insurance broking, which is approximately 75% of this segment's revenues, grew 13%. Within risk management and insurance broking, underlying revenue grew 15% in the United States, 10% in Europe, and 15% in other geographies. Reinsurance broking and services grew 21% on an underlying basis due

to increased new business and renewals. Related insurance services grew 5% as increases in the underwriting management and claims management businesses were partially offset by a decrease in affinity business and lower investment income at MMC Capital.

EXPENSE

In 2004, risk and insurance services expenses increased 40% over 2003. Approximately 16% of the increase is due to an \$850 million charge for the settlement agreement with the NYAG and the NYSID and legal and other costs of \$31 million related to this matter. Expenses in 2004 include restructuring charges of \$231 million, including severance and other termination benefits, future rent under non-cancellable leases and lease termination costs and incremental amortization of \$7 million related to accelerated amortization or abandonment of leasehold improvements. Annual cost savings of \$271 million are expected when the restructuring is fully implemented. Expenses in 2004 also include \$8 million for employee retention programs, which will increase 2005 compensation expenses by \$75 million. In connection with accounting guidance issued by the Institute of Chartered Accountants in the U.K., MMC reassessed its obligation to provide future claims handling and certain administrative services for brokerage clients in the European marketplace. MMC has determined that under certain circumstances it is obligated to provide such services based on its current business practices. In the fourth quarter, MMC recorded a pre-tax charge of approximately \$65 million to reflect the change in estimated cost to provide these services. This charge does not result in any incremental cash outflow for the Company. The effects of acquisitions and foreign exchange increased expenses by 14%. On an underlying basis, excluding the items previously discussed, expenses increased 4%. Compensation and benefits increased by 5%, primarily due to increased pension and benefits costs, and other operating expenses increased 1%.

Marsh Inc. continues to restructure its operations, improve efficiencies, and eliminate unprofitable accounts. This could affect approximately 2,500 people throughout its global operations and, when fully implemented, should lead to annual expense savings exceeding \$375 million. This will result in additional restructuring charges.

In 2003, risk and insurance services expenses increased 16% over 2002, 11% on an underlying basis. Expense growth results primarily from higher compensation and benefit costs reflecting increased headcount and higher incentive compensation expenses, along with an increase in costs for facilities and insurance.

ACQUISITION

In July 2004, MMC acquired Kroll, Inc., the world's leading provider of risk mitigation services. The combination of Marsh and Kroll expands MMC's capabilities to assist clients in managing the total cost of risk. The total cost of the acquisition was \$1.9 billion. In addition, during the year MMC made several smaller acquisitions in the risk and insurance services segment, at an aggregate cost of \$250 million.

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 provided administrative and trustee (or custodial) services consisting of participant accounting and plan administration services for certain qualified contribution employee benefit plans (in particular 401(k) plans, certain defined benefit plans (cash-balance plans), employee stock purchase plans and certain non-qualified compensation plans), for which it receives compensation pursuant to service and trust or custodian contracts with plan sponsors. 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, including a majority who are not affiliated with Putnam. A reduction in management fees payable under these contracts and/or 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, from which Putnam receives transactions fees. In addition, Putnam and THL formed a joint venture entity, TH Lee, Putnam Capital ("THLPC") in which Putnam owns a 25% interest. THL and THLPC offer private equity and alternative investment funds for institutional and high net worth investors. Putnam is also an investor in certain of those funds.

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

(In millions of dollars)	2004	2003	2002
REVENUE	\$1,757	\$2,001	\$2,166
EXPENSE	1,667	1,504	1,606
OPERATING INCOME	\$ 90	\$ 497	\$ 560
OPERATING INCOME MARGIN	5.1%	24.8%	25.9%

REVENUE

Putnam's revenue decreased 12% in 2004 reflecting a decrease in fees due to a decline in average assets under management partially offset by higher investment gains, higher equity income resulting from THL transaction fees related to private equity investments and increased transfer agent fees. Assets under management averaged \$217 billion for the year ended December 31, 2004, a 16% decline from the \$258 billion managed in 2003. Assets under management aggregated \$213 billion at December 31, 2004 compared with \$240 billion at December 31, 2003. The change from December 31, 2003 primarily results from net redemptions of \$51 billion, partly offset by increases due to market appreciation of \$16 billion and the consolidation of PanAgora (\$8 billion).

Putnam receives service fees from the Putnam Funds for transfer agency, custody and other administrative services, as contracted by the Trustees of the Putnam Funds. In the third quarter of 2004, the contract for transfer agency services was converted from an expense reimbursement basis to a fixed fee for the remainder of 2004. The change in the service fee calculation resulted in an increase in both service fee revenue and expenses of approximately \$41 million during the second half of 2004. The change in the service fee contract is expected to have an immaterial impact on operating income in future quarters, but will reduce operating margins by approximately 100 basis points from previous levels.

At the end of 2004, assets held in equity securities represented 69% of assets under management, compared with 72% in 2003 and 73% in 2002, while investments in fixed income products represented 31%, compared with 28% in 2003 and 27% in 2002.

Putnam's revenue decreased 8% in 2003, which is due to the effect of decreased assets under management and a decline in underwriting and distribution fees partially offset by higher investment income driven by investment gains from trading securities in 2003 and a favorable comparison to 2002, which included a charge for the decline in value of an available for sale security. Assets under management averaged \$258 billion in the year ended December 31, 2003, an 8% decrease from the \$279 billion managed during the year ended December 31, 2002. Assets under management aggregated \$240 billion at December 31, 2003 compared with \$251 billion at December 31, 2002. The change from December 31, 2002 was primarily due to net redemptions of \$61 billion partially offset by an increase in equity market levels.

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

(In billions of dollars)	2004	2003	2002
- - - - -	----	----	----
MUTUAL FUNDS:			
Growth Equity	\$ 38	\$ 46	\$ 45
Value Equity	41	43	40
Blend Equity	28	32	33
Fixed Income	36	42	46
	----	----	----
	143	163	164
	----	----	----
INSTITUTIONAL:			
Equity	40	51	66
Fixed Income	30	26	21
	----	----	----
	70	77	87
	----	----	----
Year-end Assets	\$213	\$240	\$251
	----	----	----
ASSETS FROM NON-US INVESTORS	\$ 38	\$ 39	\$ 33
	----	----	----
AVERAGE ASSETS	\$217	\$258	\$279
	----	----	----

Components of year-to-date change in ending assets under management:

NEW SALES/(REDEMPTIONS) INCLUDING DIVIDENDS REINVESTED	\$(51)	\$(61)	\$(10)
IMPACT OF PANAGORA ACQUISITION	\$ 8	\$ --	\$ --
IMPACT OF MARKET/PERFORMANCE	\$ 16	\$ 50	\$(53)

The categories of mutual fund assets reflect style designations aligned with each fund's prospectus.

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. 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 historic levels. Future revenue may be adversely affected by continued net redemptions, shifts in asset style and share mix, and by limits on fund expense ratios and front end sales charges. Revenue levels are sensitive to all of the factors above, but in particular, to significant changes in stock and bond market valuations and net flows into or out of Putnam's funds.

EXPENSE

Expenses in 2004 increased 11% from 2003. Expenses in 2004 include \$224 million for Putnam's regulatory settlements with the SEC and the Commonwealth of Massachusetts. Restructuring costs incurred by Putnam in the fourth quarter totaled \$15 million. Other significant items recorded in 2004 were severance of \$57 million incurred prior to the fourth quarter restructuring, as well as incremental costs related to regulatory issues and repositioning Putnam, including legal and audit costs of \$45 million and communications costs of \$16 million. In 2004, Putnam discontinued the practice of directing brokerage commissions and virtually eliminated the use of soft dollars, causing expenses to increase by approximately \$40 million. These increases were partially offset by a decrease in amortization expense for prepaid dealer commissions and a \$25 million credit to compensation expense associated with the settlement with Putnam's former chief executive officer. Investment management expenses in 2004 also reflect costs of \$16 million, including \$10 million of restructuring costs, related to a start-up hedge fund management business at MMC that was subsequently discontinued.

In 2003, Putnam's expenses declined 6% compared to 2002 primarily due to lower amortization expense for prepaid dealer commissions and lower impairment charges related to intangible assets. These reductions were partially offset by net costs of approximately \$24 million related to the investigation of market timing in certain Putnam funds, including compliance, legal, and communication expenses as well as estimated potential restitution to the Putnam funds.

ACQUISITION

In July 2004, Putnam acquired an additional 30% of the voting stock of PanAgora Asset Management, Inc., bringing its total interest to an 80% voting majority. PanAgora primarily offers index, enhanced index and structured products, which typically have a lower level of management fees than Putnam's core products. This transaction increased Putnam's reported assets under management by approximately \$8 billion.

CONSULTING

Through Mercer, the operations within this segment provide consulting and human resource ("HR") outsourcing services from locations around the world, primarily to business organizations, in the areas of:

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

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 investment consulting practice receives compensation based on fees for service and sometimes is compensated based on assets under management. Revenue for the discretionary investment management business is based principally on fees calculated as a percentage of assets under management. 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. Revenues from the provision of discretionary investment management services and retirement trust and administrative services are significantly affected by changes in bond and stock market valuations.

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

(In millions of dollars)	2004	2003	2002
REVENUE	\$3,070	\$2,719	\$2,364
EXPENSE	2,740	2,356	2,038
OPERATING INCOME	\$ 330	\$ 363	\$ 326
OPERATING INCOME MARGIN	10.7%	13.4%	13.8%

REVENUE

Consulting revenue in 2004 increased 13% over 2003. Acquisitions, which accounted for 4% of the revenue growth in 2004, include Synhrgy HR Technologies which closed in January, 2004, and Oliver, Wyman & Company ("OWC") which closed on April 1, 2003. On an underlying basis, revenue increased 3% due to the higher demand for consulting services resulting from improving economic conditions. Underlying revenue grew 9% in economic consulting, 13% in management and organizational change, 1% in health care & group benefits and 1% in the human capital practices. Underlying revenue growth in retirement services was flat.

Consulting revenue in 2003 increased 15% over 2002 primarily due to the impact of foreign

exchange and acquisitions. Acquisitions included OWC as well as several smaller acquisitions in Mercer's retirement and benefits consulting businesses. On an underlying basis, Mercer's revenue increased 3%, with all practices reporting underlying revenue growth. Economic Consulting underlying revenue increased by 12%. In Mercer's largest practice, Retirement Services, underlying revenue increased modestly, while other practices had growth between 2% and 4% in a difficult operating environment.

EXPENSE

Consulting expenses increased 16% in 2004 compared to 2003. Expenses in 2004 include restructuring charges of \$62 million, including severance and other termination benefits and future rent under non-cancellable leases and lease termination costs as well as incremental expense of \$7 million related to accelerated amortization or abandonment of leasehold improvements and other assets. The restructuring activities are expected to result in annual cost savings of \$57 million when fully implemented. Expenses in 2004 also include \$4 million for employee retention programs, which will increase 2005 compensation expense by \$36 million. In addition, the impact of acquisitions and foreign exchange increased expense by 11%. On an underlying basis, excluding the items discussed above, expenses increased 2%, primarily due to higher employee compensation and benefit costs.

Consulting services expenses increased 16% in 2003 compared to 2002 primarily due to the impact of foreign exchange, costs related to increased headcount resulting from acquisitions, and increased amortization expense for acquired intangible assets. As described in Note 4 to the Consolidated Financial Statements, a portion of the OWC purchase consideration is contingent upon future employment. This amount has been accounted for as prepaid compensation and is being recognized as compensation expense over four years. Consulting services expenses increased 3% on an underlying basis, due to higher facilities and insurance costs.

ACQUISITIONS

In January 2004, MMC acquired Synhrgr HR Technologies, a leading provider of human resource technology and outsourcing services for a total cost of \$115 million.

CORPORATE ITEMS

CORPORATE EXPENSES

Corporate expenses in 2004 include costs of \$18 million related to restructuring MMC's businesses, including severance and other termination benefits, future rent under non-cancellable leases and lease termination costs. The impact of the final settlement for insured losses related to the WTC reduced Corporate expenses in 2004. The replacement value of the assets exceeded their book value by \$105 million which was recorded as a reduction of other operating expenses.

Corporate expenses increased to \$140 million in 2003 from \$123 million in 2002 due to increased compensation costs, an increase in headcount, and increased costs for facilities and insurance.

INTEGRATION AND RESTRUCTURING CHARGES

Note 12 to the Consolidated Financial Statements discusses integration and restructuring costs. In November 2004, MMC announced that it would undertake restructuring initiatives involving staff reductions and consolidations of facilities in response to MMC's current situation and the realities of the marketplace. On a global basis, MMC has reduced staff by approximately 2,750. These actions are expected to result in savings of approximately \$400 million when fully implemented in mid-2005. As a result of these actions, MMC incurred pre-tax costs of \$337 million, primarily related to severance and other termination benefits, future rent under non-cancellable leases and lease termination costs, and also incurred costs of \$14 million related to accelerated amortization or abandonment of leasehold improvements and other assets. Additional costs of \$14 million are expected to be incurred in the first half of 2005 related to the 2004 restructuring activity. Employee retention programs will increase compensation costs in 2005 by approximately \$110 million.

Marsh Inc. continues to restructure its operations, improve efficiencies, and eliminate unprofitable accounts. This could affect approximately 2,500 people throughout its global operations and, when fully implemented, should lead to annual expense savings exceeding \$375 million. This will result in additional restructuring charges.

MMC previously incurred integration and restructuring costs related to the acquisition of Johnson & Higgins ("J&H") in 1997, Sedgwick in 1998 and a restructuring plan in 2001. During 2004, MMC recorded the following payments, as well as adjustments related to changes in the estimated costs of integration and restructuring plans. A payment of \$3 million for costs related to the Sedgwick Plan and \$4 million of the reserves were reversed by MMC and recorded as a reduction of goodwill; a payment of \$2 million and a credit of \$1 million for a reduction in the estimated cost of the 1999 MMC plan related to the Sedgwick acquisition; a payment of \$3 million and a charge of \$1 million for increased costs related to the 2001 restructuring plan; and \$1 million of the reserves were reversed by MMC and recorded as a reduction of goodwill and a charge of \$4 million to reflect the current estimate for required lease payments related to the J&H acquisition. The net impact of the charges and credits to integration and restructuring reserves decreased diluted net income per share by approximately one-half of one cent for the year ended December 31, 2004.

INTEREST

Interest income earned on corporate funds was \$21 million in 2004 compared with \$24 million in 2003. Interest expense increased from \$185 million in 2003 to \$219 million in 2004. The increase in interest expense is due primarily to an increase in the amount of average outstanding debt.

Interest income earned on corporate funds was \$24 million in 2003 compared with \$19 million in 2002. Interest expense increased to \$185 million in 2003 from \$160 million in 2002. The increase in interest income was primarily due to a higher level of invested balances during 2003, partially offset by a decline in the average interest rate earned. The increase in interest expense is primarily due to an increase in the average interest rates on outstanding debt. The increase in the average interest rate resulted from the conversion of a significant portion of the company's debt from floating to fixed rates.

INCOME TAXES

MMC's consolidated effective tax rate was 57.6% in 2004, an increase from 33% in 2003. The

increase in the rate was primarily due to the non-deductibility of Putnam's \$224 million in regulatory settlements; a lower tax benefit related to Marsh's \$850 million settlement of the NYAG Lawsuit due to partial attribution to foreign operations; and a partially offsetting benefit for foreign earnings taxed at lower rates. In 2002 the effective tax rate was 35%. The decrease in the effective rate in 2003 compared with 2002 results from the change in the geographic mix of MMC's businesses and tax planning with respect to international operations.

In December 2004, the FASB issued Staff Position ("FSP") No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004". The American Jobs Creation Act of 2004 (the "Act"), signed into law on October 22, 2004, provides for a special one-time tax deduction, or dividend received deduction ("DRD"), of 85% of qualifying foreign earnings that are repatriated in either a company's last tax year that began before the enactment date or the first tax year that begins during the one-year period beginning on the enactment date. FSP 109-2 provides entities additional time to assess the effect of repatriating foreign earnings under the Act for purposes of applying SFAS No. 109, "Accounting for Income Taxes", which typically requires the effect of a new tax law to be recorded in the period of enactment. MMC will elect, if applicable, to apply the DRD to qualifying dividends of foreign earnings repatriated in its calendar year 2005.

MMC is awaiting further clarifying guidance from the U.S. Treasury Department on certain provisions of the Act. Once this guidance is received, MMC expects to complete its evaluation of the effects of the Act during 2005. Under the limitations on the amount of dividends qualifying for the DRD of the Act, the maximum repatriation of MMC's foreign earnings that may qualify for the special one-time DRD is approximately \$1.2 billion. Therefore, the range of possible amounts of qualifying dividends of foreign earnings is between zero and approximately \$1.2 billion. Although the evaluation is ongoing, MMC estimates the range of income tax effects of potential repatriations to be zero to \$63 million.

LIQUIDITY AND CAPITAL RESOURCES

OPERATING CASH FLOWS

MMC generated \$2.1 billion of cash from operations in 2004 compared with \$1.9 billion in 2003. These amounts reflect the net income earned by MMC during those periods adjusted for non-cash charges and changes in working capital which relate primarily to the timing of payments for accrued liabilities or receipts of assets. Although net income declined significantly from the prior year, a number of charges recorded in 2004 have not yet been paid by MMC which substantially offset the cash flow impact of the decline in operating income. These include \$989 million of settlement costs in Marsh and Putnam, and \$278 million of restructuring costs which are recorded in the Consolidated Balance Sheet as Accrued liabilities, Accounts payable, Other liabilities, or Accrued salaries, depending on the nature of the item. Cash flows from operations were reduced by a higher amount of investment gains, which are included in investing cash flows. An increase in 2004 of cash outflows related to payment of deferred compensation plans was largely offset by cash generated from the liquidation of assets related to these plans included in the change in other assets in the Consolidated Statements of Cash Flows.

Effective October 1, 2004, Marsh agreed to eliminate contingent compensation agreements with insurers. At December 31, 2004 accounts receivable related to accrued market services revenue was \$282 million. Subsequent to the filing of the NYAG Lawsuit, some insurance companies indicated they may delay payments until the issues concerning market services

agreements are clarified. Collection of previously accrued MSA revenue may occur more slowly than expected. Following the announcement of the settlement with the NYAG and the NYSID, MMC reaffirmed its intention to collect outstanding MSA revenue earned prior to October, 2004 and will seek to enforce its rights under the contracts to collect amounts due.

For the years ended December 31, 2004 and 2003, MSA revenue was \$541 million and \$845 million, respectively. As discussed earlier, Marsh is revising its business model so that revenue for all services provided is disclosed to clients. The elimination of MSA revenue will negatively impact near-term revenue and operating income. Marsh is refining the details of its new business model and does not anticipate realizing the benefits from its implementation until later in 2005. Although MMC expects to be fairly and fully compensated for the services it provides, there is no assurance that revenues under the new model will be sufficient to achieve operating margins and cash flows that are comparable to historical levels. In addition, client revenue may also be reduced due to negative reaction to the issues raised in the complaint.

As previously discussed, MMC reached a settlement with the NYAG and NYSID that resolved the actions by them that were commenced against MMC and Marsh. As a result of this agreement, MMC will establish an \$850 million fund to compensate clients, of which \$255 million will be paid to the fund on or before each of June 1, 2005 and 2006, respectively, and \$170 million will be paid to the fund on or before each of June 1, 2007 and 2008, respectively. These amounts are included in Regulatory Settlements on the Consolidated Balance Sheets.

MMC has funding requirements for the U.S. non-qualified and U.K. plans in 2005 of approximately \$18 million and \$184 million, respectively. 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 law. There currently is no ERISA funding requirement for the U.S. qualified plan in 2004 or in 2005. Funding requirements for non-U.S. plans vary country by country.

During 2004, MMC contributed approximately \$47 million to the U.S. pension plans and \$239 million to the significant non-U.S. pension plans, compared with \$21 million for U.S. plans and \$366 million for significant non-U.S. plans in 2003. These contributions resulted in an increase in prepaid pension expense for certain plans. The minimum pension liability related to any plan is recorded in Other liabilities in the Consolidated Balance Sheets.

During 2004, the net funded status of the U.S. and significant non-U.S. pension plans decreased by \$253 million and \$389 million, respectively, due primarily to higher actuarial losses. Benefit obligations of the U.S. and significant non-U.S. pension plans exceeded the fair value of plan assets by \$397 million and \$1.1 billion, respectively, at December 31, 2004. The funded status at December 31, 2004 includes the effects of contributions made during the year. 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.

Under generally accepted accounting principles, if the Accumulated Benefit Obligation of a plan exceeds the fair value of that plan's assets (an "ABO deficit"), an additional minimum liability is recorded. The additional minimum liability is equal to the ABO deficit plus the amount of

prepaid pension cost recognized for that plan. The additional minimum liability is established through a charge to other comprehensive income (equity), net of applicable taxes. At December 31, 2004, MMC has prepaid pension costs of approximately \$1.4 billion which relate primarily to the U.S. qualified plan and two U.K. plans, as well as some smaller plans in various countries.

FINANCING CASH FLOWS

Net cash provided by financing activities was \$1.2 billion in 2004 compared with a \$1.3 billion use of cash in 2003. The cash generated in 2004 relates primarily to the issuance of long term debt to fund the acquisition of Kroll, Inc. in July 2004 and the \$1.3 billion term loan discussed below. Approximately \$1.2 billion of net debt was added in 2004, compared with a slight reduction in net debt in 2003.

The matters raised in the NYAG Lawsuit on October 14, 2004 (described in Note 15 of the Consolidated Financial Statements) may have prohibited MMC from borrowing under its revolving facilities. The required lenders under each of the facilities agreed to waive the effect of such matters until December 30, 2004. During the period from October 14 to December 15, 2004, the revolving credit facilities were drawn upon to refinance approximately \$1.7 billion of maturing commercial paper. On December 15, 2004, MMC completed financing with respect to a \$1.3 billion, two-year term loan facility and the amendment of its existing \$1 billion revolving credit facility which expires in June 2007 and \$700 million revolving credit facility which expires in June 2009. The term loan facility replaced MMC's existing one-year facilities and the proceeds from this loan were used to pay down the outstanding balances on revolving credit facilities. At December 31, 2004, \$373 million was outstanding on the revolving credit facilities.

Subsequent to the filing of the NYAG Lawsuit on October 14, 2004, both Moody's and Standard & Poor's have lowered their credit ratings on MMC. MMC's senior debt is currently rated Baa2 by Moody's and BBB by Standard & Poor's. These ratings remain on review for possible further downgrade. MMC's short-term ratings are currently P-2 by Moody's and A-2 by Standard & Poor's. These ratings also remain on review for possible further downgrade. These rating actions will result in increased borrowing costs for MMC.

In 2004, MMC repurchased 11.4 million shares for \$524 million, substantially all of which was purchased in the first and second quarter.

Dividends paid by MMC amounted to \$681 million in 2004 (\$1.30 per share) and \$631 million (\$1.18 per share) in 2003. At its November 18 meeting, MMC's Board deferred its decision with respect to the company's dividend for the first quarter of 2005, pending completion of its review of Marsh's business model and ongoing regulatory matters. On February 26, 2005 MMC declared a dividend of \$0.17 per share.

In June 2004, MMC refinanced \$600 million of maturing long term debt by issuing commercial paper.

In July 2004, MMC purchased Kroll, Inc. in an all-cash transaction totaling approximately \$1.9 billion. The purchase was initially funded with commercial paper borrowings. Following the acquisition, MMC issued \$650 million of 5.375% Senior Notes due 2014 and \$500 million of Floating Rate Notes due 2007. The proceeds from these notes were used to repay the commercial paper borrowings.

In July 2003, MMC issued \$300 million of 5.875% Senior Notes due in 2033. In February 2003, MMC issued \$250 million of 3.625% Senior Notes due in 2008 and \$250 million of 4.85% Senior Notes due in 2013 (the "2003 Notes"). The net proceeds from the 2003 Notes were used to pay down commercial paper borrowings.

MMC also maintains other credit facilities, guarantees and letters of credit with various banks, primarily related to operations located outside the United States, aggregating \$331 million at December 31, 2004 and \$209 million at December 31, 2003. There was \$61 million outstanding under these facilities at December 31, 2004.

MMC's credit agreements contain covenants which include, in some cases, restrictions on consolidations or mergers, the sale or pledging of assets, and leverage and coverage ratio requirements. Details on the specific leverage and coverage ratio requirements can be found in the Credit Agreement and Amendment documents filed on Form 8-K with the SEC on December 15, 2004. Two outstanding loans amounting to \$125 million include covenants stating minimum net worth requirements, the most restrictive of which requires at least \$3.5 billion of net worth.

In January 2003, MMC terminated and settled interest rate swaps that had hedged the fair value of Senior Notes issued in 2002. The cumulative amount of previously recognized adjustments of the fair value of the hedged notes is being amortized over the remaining life of those notes. As a result, the effective interest rate over the remaining life of the notes, including the amortization of the fair value adjustments, is 4.0% for the \$500 million Senior Notes due in 2007 (5.375% coupon rate) and 5.1% for the \$250 million Senior Notes due in 2012 (6.25% coupon rate).

INVESTING CASH FLOWS

Cash used for investing activities amounted to \$2.6 billion in 2004 and \$470 million in 2003. The primary use of cash in 2004 was for the acquisition of Kroll, Inc., Synhrgy HR Technologies and the Australia and New Zealand operations of Heath Lambert, and payments of approximately \$61 million for acquisitions completed in prior years. Remaining cash payments of approximately \$65 million related to acquisitions completed in 2004 and prior years are recorded in Accounts payable and accrued liabilities or in Other liabilities in the Consolidated Balance Sheets at December 31, 2004. Cash used for acquisitions in 2003 amounted to \$178 million, primarily related to the acquisition of OWC and several smaller consulting businesses.

MMC's additions to fixed assets and capitalized software, which amounted to \$376 million in 2004 and \$436 million in 2003, primarily relate to computer equipment purchases, the refurbishing and modernizing of office facilities and software development costs.

The sale of Putnam's interest in its Italian joint venture and related securities along with sales of securities by MMC Capital, generated \$199 million of cash in 2004. Securities sales during 2003 generated \$106 million. These sales are included in Other, net in the Consolidated Statements of Cash Flows.

MMC has committed to potential future investments of approximately \$471 million in connection with various MMC Capital private equity funds and other MMC investments. Commitments of \$276 million relate to Trident III, a private equity fund managed by MMC Capital, which was formed in 2003. The funding commitment to Trident III will decrease by \$100 million when the spinoff of MMC Capital's business occurs. The remaining commitments relate to other funds

managed by MMC Capital (approximately \$90 million) and by Putnam through THL and THLPC (approximately \$105 million). Trident III closed in December 2003, and has an investment period of six years. While it is unknown when the actual capital calls will occur, typically, the investment period for funds of this type has been closer to four years, which would indicate an expected capital call of approximately \$50-\$75 million per year but actual capital calls may occur more quickly. The timing of capital calls is not controlled by MMC. The majority of the other investment commitments for funds managed by MMC Capital related to Trident II. The investment period for Trident II is closed for new investments. Any remaining capital calls would relate to follow on investments in existing portfolio companies or for management fees or other partnership expenses. Significant capital calls related to Trident II are not expected at this time. Although it is anticipated that Trident II will be harvesting its portfolio in 2005 and thereafter, the timing of any portfolio company sales and capital distributions is unknown and not controlled by MMC.

Putnam has investment commitments of \$105 million for three active THL funds, of which approximately \$50 million is not expected to be called and funded. Putnam is authorized to commit to invest up to \$187 million in future THL investment funds, but is not required to do so. At December 31, 2004 none of the \$187 million is committed.

Approximately \$49 million was invested in 2004 related to all of the commitments discussed above.

COMMITMENTS AND OBLIGATIONS

MMC's contractual obligations were comprised of the following as of December 31, 2004 (dollars in millions):

Contractual Obligations	Payment due by Period				
	Total	Within 1 Year	1-3 Years	4-5 Years	After 5 Years
Revolving Lines of Credit	\$ 434	\$ 434	\$ --	\$ --	\$ --
Current portion of long-term debt	70	70	--	--	--
Commercial Paper	129	129	--	--	--
Long Term Debt	4,673	--	2,366	854	1,453
NYAG/NYSID Settlement	850	255	425	170	--
Net Operating leases	4,077	505	859	652	2,061
Service Agreements	217	76	79	29	33
Other long-term obligations	68	24	44	--	--
Total	\$10,518	\$1,493	\$3,773	\$1,705	\$3,547

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 on a limited basis 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)	2004
- - - - -	- - - - -
Cash and cash equivalents invested	
in certificates of deposit and time deposits (Note 1)	\$1,396
Fiduciary cash and investments (Note 1)	\$4,136
Variable rate debt outstanding (Note 10)	\$2,363

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 26 basis points, annual interest income would increase by approximately \$14 million; however, this would be partially offset by a \$6 million increase in interest expense resulting in a net increase to income before income taxes and minority interest of \$8 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.

Forward contracts and options are periodically utilized by MMC to limit foreign currency exchange rate exposure on net income and cash flows for specific, clearly defined transactions arising in the ordinary course of its business.

EQUITY PRICE RISK

MMC holds investments in both public and private companies as well as certain private equity funds managed by MMC Capital, including Trident II and Trident III. Publicly traded investments of \$410 million are classified as available for sale under SFAS No. 115. Non-publicly traded investments of \$75 million and \$327 million are accounted for under APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock", using the cost method and the equity method, respectively. Changes in value of trading securities are recognized in income when they occur. The investments that are classified as available for sale or that are not publicly traded are subject to risk of changes in market value, which if determined to be other than temporary, could result in realized impairment losses. MMC periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

OTHER

A significant number of lawsuits and regulatory proceedings are pending, see Note 15 to the Consolidated Financial Statements.

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 numerous claims, lawsuits and proceedings. 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. 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. Pension expense in 2004 increased by \$93 million compared with 2003. Based on its current assumptions, MMC expects pension expense to increase by approximately \$140 million in 2005 and currently expects to contribute approximately \$256 million to the plans during the year. MMC has reviewed ways to reduce benefits costs going forward and expects to take actions during 2005 to mitigate these increases by the beginning of 2006.

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	
	U.S.	U.K.	U.S.	U.K.
(In millions of dollars)	-----	-----	-----	-----
Assumed Rate of Return	\$(13.0)	\$(20.1)	\$13.0	\$20.1
Discount Rate	\$(29.0)	\$(47.2)	\$32.0	\$50.6

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's tax rate reflects its income, statutory tax rates and tax planning in the various jurisdictions in which it operates. Significant judgment is required in determining the annual tax rate and in evaluating tax positions. Tax allowances are established when, despite the belief that the tax return positions are fully supportable, there is potential that they may be successfully challenged. These allowances, as well as the related interest, are adjusted to reflect changing facts and circumstances.

Tax law requires items be included in MMC's tax returns at different times than the items are reflected in the financial statements. As a result, the annual tax expense reflected in the Consolidated Statements of Income is different than that reported in the tax returns. Some of these differences are permanent, such as expenses that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which benefit has already been recorded in the financial statements. Valuation allowances are established for deferred tax assets when it is estimated that future taxable income will be insufficient to use a deduction or credit in that jurisdiction. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements.

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. 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. Factors considered in determining the fair value of private equity investments include: implied valuation of recently completed financing rounds that included sophisticated outside investors; performance multiples of comparable public companies; restrictions on the sale or disposal of the investments; trading characteristics of the securities; and the relative size of MMC's holdings in comparison to other private investors and the public market float. In those instances where quoted market prices are not available, particularly for equity holdings in private companies, or formal restrictions limit the sale of securities, significant management judgment is required to determine the appropriate value of MMC's investments.

NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements are discussed in Note 1 to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

See the information set forth under the heading "Market Risk" above under Item 7., Management's Discussion and Analysis of Financial Condition and Results of Operations, on pages 47 to 48 of this report.

Item 8. Financial Statements and Supplementary Data.

FINANCIAL HIGHLIGHTS

For the Years Ended December 31, (In millions except per share figures)	2004	2003	2002
Revenue	\$12,159	\$11,544	\$10,388
Income Before Income Taxes and Minority Interest	\$ 450	\$ 2,335	\$ 2,133
Net Income	\$ 176	\$ 1,540	\$ 1,365
Stockholders' Equity	\$ 5,056	\$ 5,451	\$ 5,018
Diluted Net Income Per Share	\$.33	\$ 2.81	\$ 2.45
Dividends Paid Per Share	\$ 1.30	\$ 1.18	\$ 1.09
Year-end Stock Price	\$ 32.90	\$ 47.89	\$ 46.21

Marsh & McLennan Companies, Inc. and Subsidiaries
Consolidated Statements of Income

For the Years Ended December 31,
(In millions except per share figures)

	2004	2003	2002
-----	-----	-----	-----
Revenue:			
Service revenue	\$11,959	\$11,444	\$10,321
Investment income (loss)	200	100	67
	-----	-----	-----
Operating revenue	12,159	11,544	10,388
	-----	-----	-----
Expense:			
Compensation and benefits	6,714	5,926	5,199
Other operating expenses	3,828	3,112	2,915
Regulatory and other settlements	969	10	--
	-----	-----	-----
Operating expenses	11,511	9,048	8,114
	-----	-----	-----
Operating income	648	2,496	2,274
Interest income	21	24	19
Interest expense	(219)	(185)	(160)
	-----	-----	-----
Income before income taxes and minority interest	450	2,335	2,133
Income taxes	259	770	747
Minority interest, net of tax	15	25	21
	-----	-----	-----
Net income	\$ 176	\$ 1,540	\$ 1,365
	-----	-----	-----
Basic net income per share	\$.33	\$ 2.89	\$ 2.52
	-----	-----	-----
Diluted net income per share	\$.33	\$ 2.81	\$ 2.45
	-----	-----	-----
Average number of shares outstanding-Basic	526	533	541
	-----	-----	-----
Average number of shares outstanding-Diluted	535	548	557
	-----	-----	-----

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)

	2004	2003
- - - - -	- - - - -	- - - - -
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,396	\$ 665
	- - - - -	- - - - -
Receivables		
Commissions and fees	2,507	2,388
Advanced premiums and claims	102	89
Other	424	342
	- - - - -	- - - - -
	3,033	2,819
Less - allowance for doubtful accounts and cancellations	(143)	(116)
	- - - - -	- - - - -
Net receivables	2,890	2,703
Other current assets	601	480
	- - - - -	- - - - -
Total current assets	4,887	3,848
Goodwill and intangible assets	8,139	5,797
Fixed assets, net	1,387	1,389
Long-term investments	558	648
Prepaid pension	1,394	1,199
Other assets	1,972	2,172
	- - - - -	- - - - -
	\$18,337	\$15,053
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 636	\$ 447
Accounts payable and accrued liabilities	1,834	1,501
Regulatory settlements - current portion	394	10
Accrued compensation and employee benefits	1,591	1,263
Accrued income taxes	280	272
Dividends payable	--	166
	- - - - -	- - - - -
Total current liabilities	4,735	3,659
	- - - - -	- - - - -
Fiduciary liabilities	4,136	4,228
Less - cash and investments held in a fiduciary capacity	(4,136)	(4,228)
	- - - - -	- - - - -
	--	--
Long-term debt	4,691	2,910
Regulatory settlements	595	--
Pension, postretirement and postemployment benefits	1,333	997
Other liabilities	1,927	2,036
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1 par value, authorized 6,000,000 shares, none issued	--	--
Common stock, \$1 par value, authorized 1,600,000,000 shares, issued 560,641,640 shares in 2004 and 2003	561	561
Additional paid-in capital	1,316	1,301
Retained earnings	5,044	5,386
Accumulated other comprehensive loss	(370)	(279)
	- - - - -	- - - - -
	6,551	6,969
Less - treasury shares at cost, 33,831,782 shares in 2004 and 33,905,497 shares in 2003	(1,495)	(1,518)
	- - - - -	- - - - -
Total stockholders' equity	5,056	5,451
	- - - - -	- - - - -
	\$18,337	\$15,053
	=====	=====

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)

	2004	2003	2002
-----	-----	-----	-----
Operating cash flows:			
Net income	\$ 176	\$ 1,540	\$ 1,365
Adjustments to reconcile net income to cash generated from operations:			
Depreciation of fixed assets and capitalized software	392	349	324
Amortization of intangible assets	64	42	35
Provision (benefit) for deferred income taxes	(71)	90	176
(Gains) losses on investments	(200)	(100)	(67)
Changes in assets and liabilities:			
Net receivables	(107)	(199)	215
Other current assets	60	(34)	(15)
Other assets	93	(289)	(318)
Accounts payable and accrued liabilities	858	23	135
Accrued compensation and employee benefits	328	125	4
Accrued income taxes	(39)	85	(445)
Other liabilities	446	135	(123)
Effect of exchange rate changes	69	100	51
	-----	-----	-----
Net cash generated from operations	2,069	1,867	1,337
	-----	-----	-----
Financing cash flows:			
Net decrease in commercial paper	(311)	(817)	(484)
Proceeds from issuance of debt	4,265	800	791
Other repayments of debt	(2,003)	(55)	(25)
Purchase of treasury shares	(536)	(1,195)	(1,184)
Issuance of common stock	456	573	490
Dividends paid	(681)	(631)	(593)
	-----	-----	-----
Net cash provided by (used for) financing activities	1,190	(1,325)	(1,005)
	-----	-----	-----
Investing cash flows:			
Additions to fixed assets and capitalized software	(376)	(436)	(423)
Proceeds from sales related to fixed assets	23	8	18
Acquisitions	(2,364)	(178)	(92)
Other, net	161	136	167
	-----	-----	-----
Net cash used for investing activities	(2,556)	(470)	(330)
	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents	28	47	7
	-----	-----	-----
Increase in cash and cash equivalents	731	119	9
Cash and cash equivalents at beginning of year	665	546	537
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 1,396	\$ 665	\$ 546
	=====	=====	=====

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)	2004	2003	2002
-----	-----	-----	-----
COMMON STOCK			
Balance, beginning of year	\$ 561	\$ 561	\$ 561
Issuance of shares under stock compensation plans and employee stock purchase plans	--	--	--
	-----	-----	-----
Balance, end of year	\$ 561	\$ 561	\$ 561
	-----	-----	-----
ADDITIONAL PAID-IN CAPITAL			
Balance, beginning of year	\$ 1,301	\$ 1,426	\$ 1,620
Acquisitions	1	2	--
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax benefits	14	(127)	(194)
	-----	-----	-----
Balance, end of year	\$ 1,316	\$ 1,301	\$ 1,426
	-----	-----	-----
RETAINED EARNINGS			
Balance, beginning of year	\$ 5,386	\$ 4,490	\$ 3,723
Net income (a)	176	1,540	1,365
Dividends declared-(per share amounts: \$.99 in 2004, \$1.21 in 2003 and \$1.11 in 2002)	(518)	(644)	(598)
	-----	-----	-----
Balance, end of year	\$ 5,044	\$ 5,386	\$ 4,490
	-----	-----	-----
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance, beginning of year	\$ (279)	\$ (452)	\$ (227)
Foreign currency translation adjustments (b)	234	302	131
Unrealized investment holding (losses) gains, net of reclassification adjustments (c)	(58)	76	(106)
Minimum pension liability adjustment (d)	(266)	(201)	(257)
Net deferred (loss) gain on cash flow hedges (e)	(1)	(4)	7
	-----	-----	-----
Balance, end of year	\$ (370)	\$ (279)	\$ (452)
	-----	-----	-----
TREASURY SHARES			
Balance, beginning of year	\$(1,518)	\$(1,007)	\$ (504)
Purchase of treasury shares	(524)	(1,209)	(1,184)
Acquisitions	7	16	10
Issuance of shares under stock compensation plans and employee stock purchase plans	540	682	671
	-----	-----	-----
Balance, end of year	\$(1,495)	\$(1,518)	\$(1,007)
	-----	-----	-----
TOTAL STOCKHOLDERS' EQUITY	\$ 5,056	\$ 5,451	\$ 5,018
	-----	-----	-----
TOTAL COMPREHENSIVE INCOME (a+b+c+d+e)	\$ 85	\$ 1,713	\$ 1,140
	=====	=====	=====

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 operated in 2004 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 risk consulting and technology services to businesses, governments and individuals, and provides services principally in connection with originating, structuring and managing investments, primarily in the insurance and financial services industries. 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 service revenue, amounted to \$130 million in 2004, \$114 million in 2003, and \$118 million in 2002. 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 \$11.2 billion and \$11.5 billion at December 31, 2004 and 2003, 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, interest income on fiduciary funds and through the first three quarters of 2004, market service fees from insurers. Effective October 1, 2004 Marsh agreed to eliminate contingent compensation agreements with insurers. Revenue also includes compensation for services provided in connection with the organization, structuring and management of insurance, financial and other industry-focused investments, as well as appreciation or depreciation that has

been recognized on holdings in such 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, using a proportional performance model. 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 charged to the related funds, or when a contingent deferred sales charge is triggered by a redemption. Such fees are based on the net assets of the funds and are collected directly from the applicable funds. 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 for engagements where Mercer is remunerated based on time plus out-of-pocket expenses is recognized based on the amount of time consulting professionals expend on the engagement. For fixed fee engagements, revenue is recognized using a proportional performance model. 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)	2004	2003
-----	-----	-----
Furniture and equipment	\$ 1,676	\$ 1,510
Land and buildings	458	445
Leasehold and building improvements	914	882
	-----	-----
	3,048	2,837
Less-accumulated depreciation and amortization	(1,661)	(1,448)
	-----	-----
	\$ 1,387	\$ 1,389
	=====	=====

INVESTMENT SECURITIES: MMC holds investments in both public and private companies, as well as certain private equity funds (managed by MMC Capital and T.H. Lee) and seed shares for mutual funds. Publicly traded investments are classified as available for sale or trading securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"), and carried at market value. Non-publicly traded investments are carried at cost in accordance with APB Opinion No. 18 ("APB 18"). Changes in the fair value of trading securities are recorded in earnings when they occur. Changes in the fair value of available for sale securities are recorded in stockholders' equity, net of applicable taxes, until realized. Securities classified as trading or available for sale under SFAS 115, or carried at cost under APB 18, are included in Long-term investments in the Consolidated Balance Sheets.

Certain investments, primarily investments in private equity funds, are accounted for using the equity method under APB 18. The underlying private equity funds follow investment company accounting, where securities within the fund are carried at fair value. MMC records its proportionate share of the change in fair value of the funds in earnings when they occur. Securities recorded using the equity method are included in Other assets in the Consolidated Balance Sheets.

Gains or losses recognized in earnings from the investment securities described above are included in Investment income (loss) in the Consolidated Statements of Income. Costs related to management of MMC's investments, including incentive compensation partially derived from investment income and loss, are recorded in operating expenses.

GOODWILL AND OTHER INTANGIBLE ASSETS: Goodwill represents acquisition costs in excess of the fair value of net assets acquired. Goodwill is reviewed at least annually for impairment. Other intangible assets that are not deemed to have an indefinite life are amortized over their estimated lives and reviewed for impairment upon the occurrence of certain triggering events in accordance with applicable accounting literature.

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. Costs incurred during the preliminary project stage and post implementation stage are expensed as incurred. Costs incurred during the application development stage are capitalized. Costs related to updates and enhancements are only capitalized if they will result in additional functionality. Computer software costs of \$281 million and \$255 million, net of accumulated amortization of \$418 million and \$372 million at December

31, 2004 and 2003, respectively, are included in Other assets in the Consolidated Balance Sheets.

LEGAL AND OTHER LOSS CONTINGENCIES: MMC and its subsidiaries are subject to various claims, lawsuits and proceedings. MMC records liabilities for contingencies including legal costs 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. Contingent liabilities are not discounted.

INCOME TAXES: MMC's tax rate reflects its income, statutory tax rates and tax planning in the various jurisdictions in which it operates. Significant judgement is required in determining the annual tax rate and in evaluating tax positions. Tax allowances are established when, despite the belief that the tax return positions are fully supportable, there is the potential that they may be successfully challenged. These allowances, as well as the related interest, are adjusted to reflect changing facts and circumstances.

Tax law requires items be included in MMC's tax returns at different times than the items are reflected in the Consolidated Statements of Income. As a result, the annual tax expense reflected in the Consolidated Statements of Income is different than that reported in the tax returns. Some of these differences are permanent, such as expenses that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which benefit has already been recorded in the financial statements. Valuation allowances are established for deferred tax assets when it is estimated that future taxable income will be insufficient to use a deduction or credit in that jurisdiction. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements.

U.S. Federal income taxes are provided on unremitted foreign earnings except those that are considered permanently reinvested, which at December 31, 2004 amounted to approximately \$1.7 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 \$190 million.

In December 2004, the FASB issued Staff Position ("FSP") No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004." The American Jobs Creation Act of 2004 (the "Act"), signed into law on October 22, 2004, provides for a special one-time tax deduction, or dividend received deduction ("DRD"), of 85% of qualifying foreign earnings that are repatriated in either a company's last tax year that began before the enactment date or the first tax year that begins during the one-year period beginning on the enactment date. FSP 109-2 provides entities additional time to assess the effect of repatriating foreign earnings under the Act for purposes of applying SFAS No. 109, "Accounting for Income Taxes," which typically requires the effect of a new tax law to be recorded in the period of enactment. MMC will elect, if applicable, to apply the DRD to qualifying dividends of foreign earnings repatriated in its calendar year 2005.

MMC is awaiting further clarifying guidance from the U.S. Treasury Department on certain provisions of the Act. Once this guidance is received, MMC expects to complete its evaluation of the effects of the Act during 2005. Under the limitations on the amount of dividends qualifying for the DRD of the Act, the maximum repatriation of MMC's foreign earnings that may qualify for the special one-time DRD is approximately \$1.2 billion. Therefore, the range of possible amounts of qualifying dividends of foreign earnings is between zero and approximately \$1.2 billion. Although the evaluation is ongoing, MMC estimates the range of income tax effects of potential repatriations to be zero to \$63 million.

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 amortized on a straight-line basis over a period not to exceed six years. If early terminations result in the recognition of contingent deferred sales charges, the amortization of prepaid dealer commissions is accelerated accordingly. MMC assesses the recoverability of prepaid dealer commissions by comparing the expected future cash flows with recorded balances.

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.

VARIABLE INTEREST ENTITIES: MMC through Putnam, manages \$3.6 billion in the form of Collateralized Debt Obligations ("CDO") and Collateralized Bond Obligations ("CBO"). 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 \$7.5 million, reflected in Long-term investments in the Consolidated Balance Sheets at December 31, 2004. MMC has concluded it is not the primary beneficiary of these structures under FIN 46 "Consolidation of Variable Interest Entities."

CONCENTRATIONS OF CREDIT RISK: Financial instruments which potentially subject MMC to concentrations of credit risk consist primarily of cash and cash equivalents, commissions and fees receivable and insurance recoverables. 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, 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)	2004	2003	2002
-----	-----	-----	-----
Net income	\$ 176	\$1,540	\$1,365
Less: Potential minority interest expense associated with Putnam Class B Common Shares	--	(1)	(2)
Add: Dividend equivalent expense related to common stock equivalents	2	2	2
	-----	-----	-----
Net income for diluted earnings per share	\$ 178	\$1,541	\$1,365
	=====	=====	=====
Basic weighted average common shares outstanding	526	533	541
Dilutive effect of potentially issuable common shares	9	15	16
	-----	-----	-----
Diluted weighted average common shares outstanding	535	548	557
	=====	=====	=====
Average stock price used to calculate common stock equivalents	\$42.12	\$46.99	\$48.95
	=====	=====	=====

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 December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("Act") introduced a prescription drug benefit under Medicare, as well as a federal subsidy to sponsors of retiree health care benefit plans. In January 2004, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") No. 106-1, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003". As allowed by this FSP, the Company elected to defer accounting for the effects of the Act. In May 2004, the FASB issued FSP No. 106-2 to address the accounting and disclosure requirements related to the Act. The FSP was effective for the Company beginning with its third quarter ended September 30, 2004. The effect of the Act on the Company's financial statements was not significant.

In December 2003, the FASB issued SFAS No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits - an Amendment of FASB Statements Nos. 87, 88, and 106". Additional disclosure requirements were added to include information describing the types of plan assets, investment strategy, measurement dates, plan obligations and cash flows. See Note 7 to the Consolidated Financial Statements and the Retirement Benefits section of Management's Discussion and Analysis for the related pension and postretirement benefit disclosures.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), "Share-based Payments" ("SFAS No. 123R"). SFAS No. 123R requires companies to measure and recognize compensation for share-based payments at fair value. The effects of adoption of SFAS No. 123R are disclosed in the proforma information in Note 8 to the Consolidated Financial Statements.

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

2. SUPPLEMENTAL DISCLOSURES

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

For the Years Ended December 31, (In millions of dollars)	2004	2003	2002
Purchase acquisitions:			
Assets acquired, excluding cash	\$2,353	\$ 408	\$ 99
Liabilities assumed	(17)	(9)	(2)
Issuance of debt and other obligations	(33)	(115)	(5)
Deferred purchase consideration	61	--	--
Shares issuable	--	(106)	--
Net cash outflow for acquisitions	\$2,364	\$ 178	\$ 92
Interest paid	\$ 198	\$ 172	\$154
Income taxes paid	\$ 383	\$ 542	\$931

An analysis of the allowance for doubtful accounts for the three years ended December 31, follows:

(In millions of dollars)	2004	2003	2002
Balance at beginning of year	\$116	\$124	\$139
Provision charged to operations	30	18	21
Accounts written-off, net of recoveries	(10)	(36)	(44)
Effect of exchange rate changes	7	10	8
Balance at end of year	\$143	\$116	\$124

3. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) are as follows:

For the Years Ended December 31, (In millions of dollars)	2004	2003	2002
Foreign currency translation adjustments	\$ 234	\$ 302	\$ 131
Unrealized investment holding gains (losses), net of income tax liability (benefit) of \$3, \$54 and \$(35) in 2004, 2003 and 2002, respectively	8	98	(70)
Less: Reclassification adjustment for realized gains included in net income, net of income tax liability of \$36, \$12 and \$21 in 2004, 2003 and 2002, respectively	(66)	(22)	(36)
Minimum pension liability adjustment, net of income tax benefit of \$123 in 2004, \$77 in 2003 and \$110 in 2002	(266)	(201)	(257)
Deferred (loss) gain on cash flow hedges, net of income tax (benefit) liability of \$(1), \$(2) and \$3 in 2004, 2003 and 2002, respectively	(1)	(4)	7
	\$ (91)	\$ 173	\$(225)

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

December 31, (In millions of dollars)	2004	2003
- - - - -	- - - - -	- - - - -
Foreign currency translation adjustments	\$ 244	\$ 10
Net unrealized investment gains	138	196
Minimum pension liability adjustment	(752)	(486)
Net deferred gain on cash flow hedges	--	1
	- - - - -	- - - - -
	\$(370)	\$(279)
	=====	=====

4. ACQUISITIONS

In July 2004, MMC acquired Kroll Inc. ("Kroll"), the world's leading risk mitigation services firm in an all-cash \$1.9 billion transaction in which Kroll shareholders received \$37 for each outstanding share of Kroll common stock owned. The acquisition of Kroll broadens and deepens the capabilities of MMC's risk consulting and advisory businesses by adding services which clients need to reduce the impact of an adverse event. It expands MMC's capacity in several important sectors that complement existing businesses, such as corporate restructuring, business intelligence and investigations, security services, employee screening, and electronic evidence and litigation support. The estimated fair values of assets and liabilities are recorded in the financial statements as follows: net tangible assets of \$45 million, identified intangible assets of \$311 million; and goodwill of \$1.6 billion.

In addition, MMC acquired Synhrgr HR Technologies, a leading provider of human resource technology and outsourcing services, for a total cost of \$115 million in 2004. Substantially all employees of Synhrgr became employees of MMC. Approximately \$7 million of the purchase consideration is subject to continued employment of the selling shareholders and is being recorded as compensation expense over three years. MMC also acquired the Australia and New Zealand operations of Heath Lambert for \$53 million in March of 2004, Prentis Donegan for \$63 million in cash in July of 2004, an additional 30% of the voting stock of PanAgora Asset Management, Inc. (bringing its total to an 80% voting majority) for \$3 million in cash in July of 2004, Centerlink for \$36 million in September 2004 and Corporate Systems for \$72 million in cash in October 2004.

The allocation of purchase consideration resulted in acquired goodwill of \$1.9 billion in 2004. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when the purchase accounting is finalized.

In April 2003, MMC acquired Oliver, Wyman & Company ("OWC") for \$265 million comprising \$159 million in cash, to be paid over 4 years, and \$106 million in MMC stock. Substantially, all former employees of OWC became employees of MMC. Approximately \$35 million of the purchase consideration is subject to continued employment of the selling shareholders and is recorded as prepaid compensation. This asset is being amortized as compensation expense over four years.

During 2003, MMC also acquired several insurance and consulting businesses in transactions accounted for as purchases for a total cost of \$135 million. The cost of 2003 acquisitions exceeded the fair value of assets acquired by \$307 million.

5. GOODWILL AND OTHER INTANGIBLES

MMC is required to assess goodwill and any indefinite-lived intangible assets for impairment annually or more frequently if circumstances indicate impairment may have occurred. In connection with MMC's annual impairment tests in the third quarter of 2004, it was determined that such assets were not impaired. Due to the decline in MMC's share price following the filing of the Civil Complaint by the Attorney General of the State of New York on October 14, 2004, MMC conducted goodwill impairment tests as of December 31, 2004 and determined that such assets were not impaired.

Changes in the carrying amount of goodwill are as follows:

(In millions of dollars)

Balance as of January 1, 2004	\$5,533
Goodwill acquired	1,881
Other adjustments (primarily foreign exchange)	118

Balance as of December 31, 2004	\$7,532
	=====

Goodwill allocable to each of MMC's reporting segments is as follows: Risk and Insurance Services \$6.3 billion; Investment Management \$122 million; and Consulting \$1.1 billion.

The goodwill balance at December 31, 2004 and 2003 includes approximately \$119 million and \$121 million, respectively, of equity method goodwill.

Amortized intangible assets consist of the cost of client lists, client relationships and tradenames 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 is as follows:

December 31, (In millions of dollars)	2004			2003		
	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Customer and marketing related	\$630	\$122	\$508	\$222	\$ 74	\$148
Future revenue streams related to existing private equity funds	198	108	90	199	92	107
	----	----	----	----	----	----
Total amortized intangibles	\$828	\$230	\$598	\$421	\$166	\$255
	=====	=====	=====	=====	=====	=====

Aggregate amortization expense for the years ended December 31, 2004 and 2003, was \$64 million and \$42 million, respectively, and the estimated future aggregate amortization expense is as follows:

For the Years Ending December 31, (In millions of dollars)	Estimated Expense
-----	-----
2005	\$109
2006	\$ 88
2007	\$ 82
2008	\$ 78
2009	\$ 67

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)

	2004	2003	2002
Income before income taxes and minority interest:			
U.S.	\$(63)	\$1,434	\$1,346
Other	513	901	787
	-----	-----	-----
	\$450	\$2,335	\$2,133
	=====	=====	=====
Income taxes:			
Current-			
U.S. Federal	\$204	\$ 433	\$ 424
Other national governments	80	159	111
U.S. state and local	46	88	36
	-----	-----	-----
	330	680	571
	-----	-----	-----
Deferred-			
U.S. Federal	(118)	45	17
Other national governments	67	60	130
U.S. state and local	(20)	(15)	29
	-----	-----	-----
	(71)	90	176
	-----	-----	-----
Total income taxes	\$259	\$ 770	\$ 747
	=====	=====	=====

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

December 31,
(In millions of dollars)

	2004	2003
DEFERRED TAX ASSETS:		
Accrued expenses not currently deductible	\$ 809	\$502
Differences related to non-U.S. operations	251	254
Other	54	29
	-----	-----
	\$1,114	\$785
	=====	=====
DEFERRED TAX LIABILITIES:		
Prepaid dealer commissions	\$ 12	\$ 22
Unrealized investment holding gains	74	107
Differences related to non-U.S. operations	123	121
Depreciation and amortization	276	83
Accrued retirement benefits	34	48
Other	21	15
	-----	-----
	\$ 540	\$396
	=====	=====
BALANCE SHEET CLASSIFICATIONS:		
Current assets	\$ 282	\$ 35
Other assets	\$ 292	\$354

A reconciliation from the U.S. Federal statutory income tax rate to MMC's effective income tax rate is shown below. The increase in percentages in 2004 is largely due to the decline in pre-tax operating income. The increase in the effective tax rate was primarily due to the non-deductibility of Putnam's \$224 million in regulatory settlements; a lower tax benefit related to Marsh's \$850 million settlement of the NYAG Lawsuit due to partial attribution to foreign operations; and a partially offsetting benefit for foreign earnings taxed at lower rates.

For the Years Ended December 31,	2004	2003	2002
- - - - -	%	%	%
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	1.7	2.0	2.0
Differences related to non-U.S. operations	(7.3)	(4.1)	(1.6)
NYAG lawsuit, including state taxes	11.5	--	--
Putnam regulatory settlements	17.4	--	--
Meals and entertainment	3.0	.5	.6
Dividends paid to employees	(3.0)	(.5)	(.6)
Other	(.7)	.1	(.4)
	----	----	----
Effective tax rate	57.6	33.0	35.0
	====	====	====

MMC is routinely examined by the Internal Revenue Service (the "IRS") and tax authorities in the United Kingdom, as well as states in which it has significant business operations, such as California, Massachusetts and New York. The tax years under examination vary by jurisdiction. The current IRS examination covers 2000-2002. MMC regularly considers the likelihood of assessments in each of the taxing jurisdictions resulting from examinations. MMC has established tax allowances which it believes are adequate in relation to the potential assessments. The resolution of tax matters should not have a material effect on the consolidated financial condition of MMC, although a resolution could have a material impact on MMC's net income or cash flows for a particular future period and on its effective tax rate.

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 law.

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 are as follows:

	Pension Benefits		Postretirement Benefits	
	2004	2003	2004	2003
Weighted average assumptions:				
Discount rate (for expense)	5.8%	6.1%	6.3%	6.6%
Expected return on plan assets	8.4%	8.5%	--	--
Rate of compensation increase (for expense)	3.7%	3.8%	--	--
Discount rate (for benefit obligation)	5.5%	5.8%	5.9%	6.3%
Rate of compensation increase (for benefit obligation)	3.6%	3.7%	--	--

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 target asset allocation for the U.S. plans is 70% equities and 30% bonds, and for the U.K. plans, which comprise approximately 85% of non-U.S. plan assets, is 58% equities and 42% fixed income. As of the measurement date, the actual allocation of assets for the U.S. plan was 72% to equities and 28% to fixed income, and for the U.K. plans was 58% to equities and 42% to fixed income. Actual portfolio allocations in 2004 approximated the target allocations. The assets of the company's defined benefit plans are well-diversified and are managed in accordance with applicable laws and with the goal of maximizing the plans' real return within acceptable risk parameters. MMC uses threshold based portfolio rebalancing to ensure the actual portfolio remains consistent with target allocations.

The discount rate selected for each U.S. plan is based on a model bond portfolio with durations that match the expected payment patterns of the plan. Discount rates for non-U.S. plans are based on appropriate bond indices such as the IBoxx (pound) Corporates 15-year index in the U.K. Projected compensation increases reflect current expectations as to future levels of inflation.

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

For the Years Ended December 31, (In millions of dollars)	Pension Benefits			Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
Service cost	\$ 235	\$ 192	\$ 171	\$11	\$ 9	\$ 7
Interest cost	424	365	337	20	20	19
Expected return on plan assets	(619)	(546)	(519)	--	--	--
Amortization of prior service credit	(38)	(38)	(17)	(2)	(2)	(2)
Amortization of transition asset	(4)	(4)	(5)	--	--	--
Recognized actuarial loss	90	26	11	3	5	3
Net Periodic Benefit Cost (Income)	\$ 88	\$ (5)	\$ (22)	\$32	\$32	\$27

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	
	2004	2003	2004	2003
Change in benefit obligation:				
Benefit obligation at beginning of year	\$2,563	\$2,309	\$ 290	\$ 250
Service cost	82	68	10	8
Interest cost	166	155	17	17
Actuarial loss	351	139	3	23
Benefits paid	(114)	(108)	(11)	(8)
Benefit obligation at end of year	\$3,048	\$2,563	\$ 309	\$ 290
Change in plan assets:				
Fair value of plan assets at beginning of year	\$2,419	\$2,045	\$ --	\$ --
Actual return on plan assets	299	461	--	--
Employer contributions	47	21	11	8
Benefits paid	(114)	(108)	(11)	(8)
Fair value of plan assets at end of year	\$2,651	\$2,419	\$ --	\$ --
Funded status	\$ (397)	\$ (144)	\$(309)	\$(290)
Unrecognized net actuarial loss	911	674	66	65
Unrecognized prior service credit	(184)	(222)	(5)	(7)
Unrecognized transition asset	--	(5)	--	--
Net asset (liability) recognized	\$ 330	\$ 303	\$(248)	\$(232)
Amounts recognized in the Consolidated Balance Sheets consist of:				
Prepaid benefit cost	\$ 580	\$ 538	\$ --	\$ --
Accrued benefit liability	(322)	(270)	(248)	(232)
Accumulated other comprehensive loss	72	35	--	--
Net asset (liability) recognized	\$ 330	\$ 303	\$(248)	\$(232)
Accumulated benefit obligation at December 31	\$2,846	\$2,399	\$ --	\$ --

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

	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2004	2003	2004	2003
Weighted average assumptions:				
Discount rate (for expense)	6.4%	6.75%	6.4%	6.75%
Expected return on plan assets	8.75%	8.75%	--	--
Rate of compensation increase (for expense)	3.15%	3.5%	--	--
Discount rate (for benefit obligation)	6.0%	6.4%	6.0%	6.4%
Rate of compensation increase (for benefit obligation)	2.85%	3.15%	--	--

The U.S. defined benefit pension plans do not have any direct or indirect ownership of MMC stock. Plan assets of approximately \$1.9 billion and \$1.8 billion at December 31, 2004 and 2003, respectively, were managed by Putnam, which includes both separately managed and publicly available investment funds.

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 \$340 million, \$315 million and \$0, respectively, as of December 31, 2004 and \$290 million, \$266 million and \$0, respectively, as of December 31, 2003.

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

	U.S. Pension Benefits			U.S. Postretirement Benefits		
For the Years Ended December 31, (In millions of dollars)	2004	2003	2002	2004	2003	2002
Service cost	\$ 81	\$ 68	\$ 67	\$10	\$ 8	\$ 6
Interest cost	166	155	160	17	17	16
Expected return on plan assets	(231)	(229)	(241)	--	--	--
Amortization of prior service credit	(38)	(38)	(17)	(2)	(2)	(2)
Amortization of transition asset	(4)	(4)	(5)	--	--	--
Recognized actuarial loss	46	18	9	3	5	3
Net Periodic Benefit Cost (Income)	\$ 20	\$ (30)	\$ (27)	\$28	\$28	\$23

The assumed health care cost trend rate was approximately 12% in 2004 gradually declining to 5% in the year 2019. 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	\$ 4	\$ (3)
Effect on postretirement benefit obligation	\$43	\$(35)

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("Act") became law. The net periodic benefit cost shown above includes the subsidy which did not have a material impact.

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

December 31, (In millions of dollars)	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
	2004	2003	2004	2003
Change in benefit obligation:				
Benefit obligation at beginning of year	\$4,666	\$3,660	\$55	\$52
Service cost	154	124	1	1
Interest cost	258	210	3	3
Employee contributions	36	27	--	--
Actuarial loss (gain)	591	325	1	(2)
Effect of settlement	(11)	(4)	--	--
Special termination benefits	6	4	--	--
Benefits paid	(162)	(141)	(3)	(2)
Foreign currency changes	429	466	5	6
Plan amendments	(31)	(1)	--	(3)
	-----	-----	----	----
Effect of spinoff	--	(4)	--	--
	-----	-----	----	----
Benefit obligation at end of year	\$5,936	\$4,666	\$62	\$55
	-----	-----	----	----
Change in plan assets:				
Fair value of plan assets at beginning of year	\$3,934	\$2,918	\$--	\$--
Actual return on plan assets	427	380	--	--
	-----	-----	----	----
Effect of settlement	(11)	(4)	--	--
Company contributions	239	366	3	2
Employee contributions	36	27	--	--
Benefits paid	(162)	(141)	(3)	(2)
Foreign currency changes	352	388	--	--
	-----	-----	----	----
Fair value of plan assets at end of year	\$ 4,815	\$3,934	\$ --	\$ --
	-----	-----	----	----
Funded status	\$(1,121)	\$ (732)	\$(62)	\$(55)
Unrecognized net actuarial loss	2,322	1,655	9	8
Unrecognized prior service cost	(20)	10	(3)	(3)
	-----	-----	----	----
Net asset (liability) recognized	\$ 1,181	\$ 933	\$(56)	\$(50)
	=====	=====	=====	=====
Amounts recognized in the Balance Sheet consist of:				
Prepaid benefit cost	\$ 800	\$ 645	\$ --	\$ --
Accrued benefit liability	(631)	(374)	(56)	(50)
Intangible asset	9	8	--	--
Accumulated other comprehensive loss	1,003	654	--	--
	-----	-----	----	----
Net asset (liability) recognized	\$ 1,181	\$ 933	\$(56)	\$(50)
	=====	=====	=====	=====
Accumulated benefit obligation at December 31	\$ 5,261	\$4,126	\$ --	\$ --
	=====	=====	=====	=====
Weighted average assumptions:				
Discount rate (for expense)	5.4%	5.7%	5.7%	5.9%
Expected return on plan assets	8.2%	8.3%	--	--
Rate of compensation increase (for expense)	4.0%	4.0%	--	--
Discount rate (for benefit obligation)	5.3%	5.4%	5.6%	5.7%
Rate of compensation increase (for benefit obligation)	4.0%	4.0%	--	--

The 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 \$3.4 billion, \$3.1 billion and \$2.5 billion, respectively, as of December 31, 2004 and \$2.6 billion, \$2.4 billion and \$2 billion, respectively, as of December 31, 2003.

The non-U.S. defined benefit plans do not have any direct or indirect ownership of MMC stock.

The components of the net periodic benefit cost for the non-U.S. defined benefit and other postretirement benefit plans and the curtailment, settlement and termination expenses under SFAS 88 are as follows:

For the Years Ended December 31, (In millions of dollars)	Non-U.S. Pension Benefits			Non-U.S. Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
Service cost	\$ 154	\$ 124	\$ 104	\$1	\$1	\$1
Interest cost	258	210	177	3	3	3
Expected return on plan assets	(388)	(317)	(278)	--	--	--
Recognized actuarial loss	44	8	2	--	--	--
Net periodic benefit cost	\$ 68	\$ 25	\$ 5	\$4	\$4	\$4
Curtailment gain	--	--	(1)	--	--	--
Settlement loss	3	--	1	--	--	--
Special termination benefits	6	4	1	--	--	--
Total expense	\$ 77	\$ 29	\$ 6	\$4	\$4	\$4

The assumed health care cost trend rate was approximately 6.6% in 2004, gradually declining to 4.3% in the year 2012. 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	\$(1)
Effect on postretirement benefit obligation	\$9	\$(7)

MMC's estimated future benefit payments for its pension and postretirement benefits at December 31, 2004 were as follows:

December 31, (In millions of dollars)	Pension Benefits		Postretirement Benefits	
	U.S.	Non-U.S.	U.S.	Non-U.S.
2005	\$ 128	\$ 163	\$ 14	\$ 3
2006	136	174	14	3
2007	144	183	15	4
2008	154	207	16	4
2009	164	227	18	4
2010-2014	\$1,005	\$1,355	\$105	\$21

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 \$715 million at December 31, 2004 and \$1.3 billion at December 31, 2003 were invested in MMC stock. Effective October 25, 2004, all participants became eligible to direct their Company matching contributions and all of their employee contribution account balances to any of the available investment options. If a participant does not choose an investment direction for his or her future Company matching contributions, they are automatically invested in the Putnam Fixed Income Fund. SIP plan assets of approximately \$973 million and \$938 million at December 31, 2004 and 2003, respectively, were managed by Putnam. The cost of these defined contribution plans was \$97 million, \$97 million and \$92 million for 2004, 2003 and 2002, 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 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 pre-existing employee 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 pre-existing executive stock plans. There were 41,468,548, 46,748,574 and 65,049,280 shares available for awards under the 2000 Plans and prior plans at December 31, 2004, 2003 and 2002, 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:

	2004 Weighted Average		2003 Weighted Average		2002 Weighted Average	
	Shares	Exercise Price	Shares	Exercise Price	Shares	Exercise Price
Balance at beginning of period	89,315,072	\$42.30	82,130,854	\$40.74	70,067,916	\$34.58
Granted	9,270,590	\$45.90	17,188,980	\$43.11	21,006,580	\$55.78
Exercised	(4,532,653)	\$24.35	(6,947,666)	\$22.71	(7,216,142)	\$23.16
Forfeited	(7,842,322)	\$46.81	(3,057,096)	\$49.50	(1,727,500)	\$47.51
	-----		-----		-----	
Balance at end of period	86,210,687	\$43.22	89,315,072	\$42.30	82,130,854	\$40.74
	=====	=====	=====	=====	=====	=====
Options exercisable at year-end	56,187,738	\$40.91	49,358,186	\$37.46	42,009,798	\$31.49
	=====	=====	=====	=====	=====	=====

The following table summarizes information about stock options at December 31, 2004:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Outstanding at 12/31/04	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable at 12/31/04	Weighted Average Exercise Price
\$13.08 - \$25.35	6,414,762	1.6 years	\$18.18	6,414,762	\$18.18
\$25.36 - \$37.30	6,683,711	3.2 years	\$30.10	6,573,711	\$30.14
\$37.31 - \$51.94	56,117,734	6.5 years	\$43.77	33,993,577	\$43.20
\$51.95 - \$62.33	16,994,480	7.0 years	\$55.99	9,205,688	\$56.00
	-----			-----	
\$13.08 - \$62.33	86,210,687	5.9 years	\$43.22	56,187,738	\$40.91
	=====			=====	

Restricted Stock: Restricted shares of MMC's common stock may be awarded and are subject to 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 receives 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 is forfeited upon termination of employment.

There were 1,030,541, 603,200 and 249,421 restricted shares granted in 2004, 2003 and 2002, respectively. The fair value of the awards granted was \$48 million in 2004, \$19 million in 2003 and \$13 million in 2002, 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. Some restricted shares granted in 2004 cliff vest in seven years.

Restricted Stock Units: Restricted stock units may be awarded under the plans. The Compensation Committee determines the restrictions on such units, when the restrictions lapse, when the units vest and are paid, and upon what terms the units are forfeited.

There were 592,786, 1,039,608 and 760,749 restricted stock units awarded during 2004, 2003 and 2002, respectively. The total value of the restricted stock units at the time of the awards was \$26 million, \$44 million and \$40 million in 2004, 2003 and 2002, 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 determines the restrictions on such units, when the restrictions lapse, when the units vest and are paid, and upon what terms the units are forfeited.

There were, 3,853,020, 2,325,802 and 1,669,680 deferred stock units awarded during 2004, 2003 and 2002, respectively. The total value of the deferred stock unit awards was \$170 million, \$100 million and \$85 million in 2004, 2003 and 2002, 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. 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, 2004, Putnam made awards pursuant to the Equity Plan of 2,021,879, 2,174,100 and 1,051,400 Class B Common Shares and shares subject to options in 2004, 2003 and 2002, respectively. These awards included 1,971,379, 21,300 and 525,700 restricted shares with a value of \$66 million, \$1 million and \$39 million in 2004, 2003 and 2002, respectively. These awards also included 50,500, 2,152,800 and 525,700 shares subject to options in 2004, 2003 and 2002, respectively. There were 4,048,841 shares available for grant related to the Equity Plan at December 31, 2004. Outstanding shares and common stock equivalents related to Equity Plan grants at December 31, 2004 resulted in a minority interest in Putnam of approximately 3.9% on a fully diluted basis.

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. Effective October 1, 2004, certain features in these plans were changed. Under these new features, shares are purchased four times during the plan year (instead of one annual purchase on the last business day of the plan year as was done previously). Also, shares of MMC common stock are purchased at a price that is 85% of the average market price on each quarterly purchase date. Previously, shares were purchased at a price based on 85% of the lower of the market price at the beginning or end of the plan year. 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 3,463,352 shares in 2004, 3,815,231 shares in 2003 and 3,744,190 shares in 2002. At December 31, 2004, 28,186,973 shares were available for issuance under the 1999 Plan. In July 2002, the 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 1,167,822 shares in 2004, 1,216,359 shares in 2003 and 717,696 shares in 2002. At December 31, 2004, 1,962,887 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 2004, 2003 and 2002 would have been reduced to the pro forma amounts indicated in the table below.

(In millions of dollars, except per share figures)	2004	2003	2002
NET INCOME:			
As reported	\$ 176	\$1,540	\$1,365
Adjustment for fair value method, net of tax	(146)	(171)	(152)
Pro forma	\$ 30	\$1,369	\$1,213
NET INCOME PER SHARE:			
Basic:			
As reported	\$0.33	\$ 2.89	\$ 2.52
Pro forma	\$0.06	\$ 2.57	\$ 2.24
Diluted:			
As reported	\$0.33	\$ 2.81	\$ 2.45
Pro forma	\$0.06	\$ 2.50	\$ 2.18

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 are as follows:

	Stock Options			Stock Purchase Plan*	
	2004	2003	2002	2003	2002
MMC INCENTIVE AND STOCK AWARD PLANS					
Dividend yield	2.3%	2.3%	2.3%	2.3%	2.3%
Expected volatility	19.6%	21.0%	33.2%	29.5%	31.4%
Risk-free interest rate	2.8%	2.75%	4.9%	1.03%	1.2%
Weighted-average fair value	\$7.51	\$7.45	\$16.82	\$12.47	\$11.18
Expected life	5 years	5 years	5 years	1 year	1 year
PUTNAM INVESTMENTS EQUITY PARTNERSHIP PLAN					
Dividend yield	5.0%	5.0%	5.0%		
Expected volatility	26.8%	29.4%	44.4%		
Risk-free interest rate	3.45%	2.48%	4.9%		
Weighted-average fair value	\$4.87	\$6.55	\$21.63		
Expected life	5 years	5 years	5 years		

* As described above, changes to the Stock Purchase Plan in 2004 eliminated the "look back" feature, therefore a calculation of the fair value of that feature using the Black-Scholes model calculations is no longer required. Starting in September 2004 the costs for the Stock Purchase Plan are based on the value of the discount.

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 \$505 million, \$469 million and \$397 million for 2004, 2003 and 2002, respectively, after deducting rentals from subleases (\$20 million in 2004, \$21 million in 2003 and \$20 million in 2002).

At December 31, 2004, 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
-----	-----	-----	-----
2005	\$ 531	\$ 26	\$ 505
2006	479	24	455
2007	425	21	404
2008	376	18	358
2009	311	17	294
Subsequent years	2,234	173	2,061
	-----	-----	-----
	\$4,356	\$279	\$4,077
	=====	=====	=====

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, 2004, the aggregate fixed future minimum commitments under these agreements are as follows:

For the Years Ending December 31, (In millions of dollars)	Future Minimum Commitments
-----	-----
2005	\$ 76
2006	51
2007	28
Subsequent years	62

	\$217
	=====

10. DEBT

MMC's outstanding debt is as follows:

December 31, (In millions of dollars)	2004	2003
-----	----	----
SHORT-TERM:		
Commercial paper	\$ 129	\$ 440
Revolving credit facility	434	--
Bank loans	3	--
Current portion of long-term debt	70	7
	-----	-----
	\$ 636	\$ 447
	=====	=====
LONG-TERM:		
Term loan - 2 year floating rate note due 2006 (3.438% at December 31, 2004)	\$1,300	\$ --
Senior notes - 6.625% due 2004	--	599
Senior notes - 7.125% due 2009	399	399
Senior notes - 5.375% due 2007 (4.0% effective interest rate) (a)	514	520
Senior notes - 6.25% due 2012 (5.1% effective interest rate) (a)	266	269
Senior notes - 3.625% due 2008	249	248
Senior notes - 4.850% due 2013	249	249
Senior notes - 5.875% due 2033	295	295
Senior notes - 5.375% due 2014	646	--
Senior notes - 3 year floating rate note due 2007 (2.21% at December 31, 2004)	499	--
Mortgage - 9.8% due 2009	200	200
Notes payable - 8.62% due 2005	65	69
Notes payable - 7.68% due 2006	61	61
Other	18	8
	-----	-----
	4,761	2,917
Less current portion	70	7
	-----	-----
	\$4,691	\$2,910
	=====	=====

(a) The effective interest rates result from unwinding fair value hedges, as discussed below.

The weighted average interest rates on MMC's outstanding short-term debt at December 31, 2004 and 2003 are 3% and 1.1%, respectively.

At December 31, 2003, based on MMC's intent and ability to refinance certain obligations on a long-term basis, the 6.625% Senior Note due in 2004 was classified as Long-term debt.

The matters raised in the civil NYAG Lawsuit on October 14, 2004 (described in Note 15 to the Consolidated Financial Statements) may have prohibited MMC from borrowing under its revolving credit facilities. The required lenders under each of the facilities agreed to waive the effect of such matters until December 30, 2004. During the period from October 14 to December 15, 2004, the revolving credit facilities were drawn upon to refinance approximately \$1.7 billion of maturing commercial paper. On December 15, 2004, MMC completed financing with respect to a \$1.3 billion Term Loan Facility and the amendment of its existing \$1 billion revolving credit facility which expires in June 2007 and \$700 million revolving credit facility which expires in June 2009. The Term Loan Facility will mature on December 31, 2006 and replaces revolving credit facilities of \$700 million and \$355 million, which were due to expire in 2005. The proceeds from the Term

Loan Facility were used to pay down the outstanding balances on revolving credit facilities. The interest rates on these facilities vary based upon the level of usage of the facility and MMC's credit ratings. Each of these facilities requires MMC to maintain certain coverage and leverage ratios on the last day of the measurement period specified in the contract and the guarantors identified in the contract must meet certain guaranty minimum coverage percentages. The amount outstanding under the revolving credit facilities at December 31, 2004 is \$373 million.

Additional credit facilities, guarantees and letters of credit are maintained with various banks, primarily related to operations located outside the United States, aggregating \$331 million at December 31, 2004 and \$209 million at December 31, 2003. There was \$61 million outstanding at December 31, 2004 and there were no outstanding amounts under these facilities at December 31, 2003.

In June 2004, MMC repaid \$600 million of long-term debt that matured by issuing commercial paper. In July 2004, MMC purchased Kroll, Inc. in an all-cash transaction totaling approximately \$1.9 billion. The purchase was initially funded with commercial paper borrowings. To support these borrowings, MMC negotiated a new \$1.5 billion, one-year revolving credit facility. Following the acquisition, MMC issued \$650 million of 5.375% Senior Notes due 2014 and \$500 million of Floating Rate Notes due 2007. The proceeds from these notes were used to repay a portion of MMC's commercial paper borrowings. Under the terms of the agreement of the above-mentioned credit facility, the amount of the facility was reduced by the proceeds from the issuance of the Senior Notes and Floating Rate Notes of approximately \$1.15 billion. The available revolving credit facility totaled \$355 million after the issuance of these notes and in December 2004 was replaced by the Term Loan Facility.

In July 2003, MMC issued \$300 million of 5.875% Senior Notes due 2033. 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 "2003 Notes"). The net proceeds from the 2003 Notes were used to pay down commercial paper borrowings.

In January 2003, MMC terminated and settled interest rate swaps that had hedged the fair value of Senior Notes issued 2002. The cumulative amount of previously recognized adjustments of the fair value of the hedged notes is being amortized over the remaining life of those notes. As a result, 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 2007 and 5.1% for the Notes due 2012.

MMC has a fixed rate non-recourse mortgage note agreement due 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 2005 and in the four succeeding years are \$70 million, \$1.36 billion, \$1.0 billion, \$251 million and \$603 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)	2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$1,396	\$1,396	\$ 665	\$ 665
Long-term investments	\$ 558	\$ 558	\$ 648	\$ 648
Short-term debt	\$ 636	\$ 636	\$ 447	\$ 447
Long-term debt	\$4,691	\$4,705	\$2,910	\$3,069

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 \$75 million and \$100 million at December 31, 2004 and 2003, 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 available for sale securities and trading investments with an aggregate fair value of \$483 million and \$548 million at December 31, 2004 and 2003, respectively, which are carried at market value under SFAS 115. Gross unrealized gains amounting to \$212 million and \$304 million at December 31, 2004 and 2003, respectively, and gross unrealized losses of \$2 million at December 31, 2003 have been excluded from earnings and reported, net of deferred income taxes, in accumulated other comprehensive loss which is a component of stockholders' equity.

MMC recorded net gains associated with its available for sale securities of \$102 million, \$34 million and \$57 million, in 2004, 2003 and 2002, respectively. Proceeds from the sale of available for sale securities for the years ended December 31, 2004, 2003 and 2002 were \$170 million, \$94 million and \$161 million, respectively. Gross realized gains on available for sale securities sold during 2004, 2003 and 2002 amounted to \$107 million, \$49 million and \$100 million, respectively. In 2004, 2003 and 2002, MMC recorded losses of \$5 million, \$15 million and \$43 million, respectively, related to the decline in value of certain available for sale securities that were other than temporary. The cost of securities sold is determined using the average cost method for equity securities. The gains and losses described above are included in Investment income (loss) in the Consolidated Statements of Income.

MMC also holds investments in certain private equity fund partnerships which are accounted for using the equity method. MMC's share of gains from such investments, and from trading securities and investments held at cost, of \$98 million, \$66 million and \$10 million in 2004, 2003 and 2002, respectively, is included in Investment income (loss) in the Consolidated Statements of Income.

A portion of insurance fiduciary funds which MMC holds to satisfy fiduciary obligations is 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 and bank loans, 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.

12. INTEGRATION AND RESTRUCTURING COSTS

2004 Plan

In November 2004 MMC announced that it would undertake restructuring initiatives involving staff reductions and consolidations of facilities in response to MMC's current situation and the realities of the marketplace (the "2004 Plan"). In connection with this plan, MMC incurred restructuring charges of \$337 million in the year ended December 31, 2004. The breakdown by segment was \$231 million, \$62 million, and \$26 million in risk and insurance services, consulting and investment management, respectively. An additional \$18 million of restructuring expense was recorded in corporate. The amounts incurred and paid in 2004 and the liability as of December 31, 2004 are as follows:

(In millions of dollars)	Expense Incurred in 2004	Utilized in 2004	Remaining Liability at 12/31/04
	-----	-----	-----
Severance and benefits	\$273	\$48	\$225
Future rent on non-cancelable leases	28	1	27
Lease termination costs	18	-	18
Other exit costs	18	10	8
	----	---	----
	\$337	\$59	\$278
	====	===	====

Costs of approximately \$7 million related to the 2004 restructuring are expected to be incurred in 2005. The expenses associated with these initiatives are included in Other operating expenses in the Consolidated Statements of Income. Liabilities associated with these initiatives are classified on the Consolidated Balance Sheets as Accounts payable, Other liabilities, or Accrued salaries, depending on the nature of the item.

MMC previously incurred integration and restructuring costs related to the acquisition of Johnson & Higgins ("J&H") in 1997, Sedgwick in 1998 and a restructuring plan in 2001. During 2004, MMC recorded the following payments, as well as adjustments related to changes in the estimated costs of integration and restructuring plans. A payment of \$3 million for costs related to the Sedgwick Plan and \$4 million of the reserves were reversed by MMC and recorded as a reduction of goodwill; a payment of \$2 million and a credit of \$1 million for a reduction in the estimated cost of the 1999 MMC plan related to the Sedgwick acquisition; a payment of \$3 million and a charge of \$1 million for increased costs related to the 2001 restructuring plan; and \$1 million of the reserves were reversed by MMC and recorded as a reduction of goodwill and a charge of \$4 million to reflect the current estimate for required lease payments related to the J&H acquisition. The net impact of the charges and credits to integration and restructuring reserves decreased diluted net income per share by approximately one-half of one cent for the year ended December 31, 2004.

At December 31, 2004, the remaining liability related to integration and restructuring plans is as follows: 2001 Restructuring Plan \$16 million; Sedgwick acquisition - Sedgwick Plan \$13 million, MMC Plan \$7 million. Actions under each of the plans are complete. The remaining accruals, primarily for future rent under noncancelable leases, costs to restore leased properties to contractually agreed upon conditions, and salary continuance arrangements, are expected to be paid over several years.

13. COMMON STOCK

In 2004, 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 2004, MMC repurchased 11.4 million shares for total consideration of \$524 million, compared with 26.1 million shares for total consideration of \$1.2 billion in 2003.

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. Approximately 1.3 million of the shares repurchased in 2004 were made under the 10b5-1 plan.

MMC currently has no plans to repurchase its stock.

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

Marsh Inc. Related Matters

New York State Attorney General Investigation and Related Litigation and Regulatory Matters

New York State Attorney General Investigation and Lawsuit

In or about April 2004, the Office of the New York State Attorney General ("NYAG") commenced an investigation into broker compensation arrangements generally and compensation under placement or market service agreements specifically. NYAG issued a subpoena to MMC on April 7, 2004 and followed with additional subpoenas in the summer and fall of 2004.

On October 14, 2004, NYAG filed a civil complaint in New York State court (the "NYAG Lawsuit") against MMC and Marsh Inc. (collectively "Marsh") asserting claims under New York law for fraudulent business practices, antitrust violations, securities fraud, unjust enrichment, and common law fraud. The complaint alleged that market service agreements between Marsh and various insurance companies (the "Agreements"), created an improper incentive for Marsh to steer business to such insurance companies and to shield them from competition. The complaint further alleged that these Agreements were not adequately disclosed to Marsh's clients or to Marsh's investors. In addition, the complaint alleged that Marsh engaged in bid-rigging and solicited fraudulent bids to create the appearance of competitive bidding. The complaint sought relief that included an injunction prohibiting Marsh from engaging in the alleged wrongful conduct, disgorgement of all profits related to such conduct, restitution and unspecified damages, attorneys fees, and punitive damages.

On October 21, 2004, the New York State Insurance Department (the "NYSID") issued a citation, amended on October 24, 2004 (the "Amended Citation"), that ordered MMC and a number of its subsidiaries and affiliates that hold New York insurance licenses to appear at a hearing and show cause why regulatory action should not be taken against them. The amended citation charged the respondents with the use of fraudulent, coercive and dishonest practices; violations of Section 340 of the New York General Business Law relating to contracts or agreements for monopoly or in restraint of trade; and violations of the New York Insurance Law that resulted from unfair methods of competition and unfair or deceptive acts or practices. The Amended Citation contemplated a number of potential actions the NYSID could take, including the revocation of licenses held by the respondents.

On October 25, 2004, NYAG announced that it would not bring criminal charges against Marsh.

On January 30, 2005, Marsh entered into an agreement (the "Settlement Agreement") with NYAG and the NYSID to settle the NYAG Lawsuit and the Amended Citation.

Pursuant to the Settlement Agreement, Marsh will establish a fund of \$850 million (the "Fund"), payable over four years, for Marsh policyholder clients. A copy of the Settlement Agreement was previously disclosed as an exhibit to MMC's Current Report on Form 8-K dated January 31, 2005. As a general matter, U.S. policyholder clients who retained

Marsh to place insurance between 2001 and 2004 that resulted in Marsh receiving market service revenue will be eligible to receive a pro rata distribution. No showing of fault, harm or wrongdoing is required in order to receive a distribution. No portion of the Fund represents a fine or penalty against Marsh and no portion of the Fund will revert to Marsh. Clients who voluntarily elect to participate in the Fund will tender a release relating to the matters alleged in the NYAG Lawsuit or the Amended Citation, except for claims which are based upon, arise out of or relate to the purchase or sale of Marsh securities. The Settlement Agreement further provides that Marsh will not seek or accept indemnification pursuant to any insurance policy for amounts payable pursuant to the Settlement Agreement.

MMC has recorded a reserve of \$850 million in 2004 for the amount to be paid into the Fund in accordance with the Settlement Agreement. In addition, MMC recorded a charge of \$16 million for the expected cost to calculate and administer payments out of the Fund.

Marsh also agreed to undertake the following business reforms within 60 days of the date of the Settlement Agreement:

- a. Marsh will accept compensation for its services in placing, renewing, consulting on or servicing any insurance policy only by a specific fee paid by the client; or by a specific percentage commission on premium to be paid by the insurer; or a combination of both. The amount of such compensation must be fully disclosed to, and consented to in writing, by the client prior to the binding of any policy;
- b. Marsh must give clients prior notification before retaining interest earned on premiums collected on behalf of insurers;
- c. In placing, renewing, consulting on or servicing any insurance policy, Marsh will not accept from or request of any insurer any form of contingent compensation;
- d. In placing, renewing, consulting on or servicing any insurance policy, Marsh will not knowingly use wholesalers for the placement, renewal, consultation on or servicing of insurance without the agreement of its client;
- e. Prior to the binding of an insurance policy, Marsh will disclose to clients all quotes and indications sought or received from insurers, including the compensation to be received by Marsh in connection with each quote. Marsh also will disclose to clients at year-end Marsh's compensation in connection with the client's policy; and
- f. Marsh will implement company-wide written standards of conduct relating to compensation and will train relevant employees in a number of subject matters, including business ethics, professional obligations, conflicts of interest, anti-trust and trade practices compliance, and record keeping.

The MMC Board of Directors has established a committee of the Board to monitor compliance with the standards of conduct regarding compensation from insurers and will make quarterly reports to the Board of the results of its monitoring activity for a period of five years.

The Settlement Agreement further provides that Marsh reserves the right to request that NYAG and the NYSID modify the Settlement Agreement if compliance with any portion thereof proves impracticable.

Though Mercer Inc. ("Mercer") was not a defendant in the NYAG Lawsuit, U.S. policyholder clients that retained Mercer to place, renew, consult on or service insurance between 2001 and 2004 that related to Mercer receiving contingent commissions or overrides are eligible to participate in the Fund.

On January 6, 2005, NYAG filed a felony complaint against former Marsh employee Robert Stearns as to which Mr. Stearns has entered a guilty plea. On February 15, 2005 and February 24, 2005, former Marsh employees, Joshua Bewlay and Kathryn Winter, respectively, pled guilty to certain claims.

The Settlement Agreement does not resolve any investigation, proceeding or action commenced by NYAG or NYSID against any former or current employees of Marsh. As part of the Settlement Agreement, Marsh apologized for the improper conduct of certain employees. Marsh also agreed to continue to cooperate with NYAG and NYSID in connection with their ongoing investigations of the insurance industry, and in any related proceedings or actions. NYAG has publicly stated that additional charges and/or guilty pleas involving Marsh personnel and others are highly likely.

Investigations by the offices of attorneys general in 18 jurisdictions, and the departments of insurance or other state agencies in 29 other jurisdictions remain pending.

Related Litigations

As of February 15, 2005, numerous lawsuits have been commenced against MMC, one or more of its subsidiaries, and its current and former directors and officers, relating to matters alleged in the NYAG Lawsuit, including the following:

- Fifteen putative class actions have been brought purportedly on behalf of policyholders in various federal courts, including the Southern and Eastern Districts of New York, the District of New Jersey, the Eastern District of Pennsylvania, the Northern District of Illinois, the Southern District of Texas and the Northern District of California. These actions generally include statutory claims for violations of the Racketeering Influenced and Corrupt Organizations Act, federal and state antitrust laws and state unfair business practice laws, and common law claims for, among other things, breach of contract, fraud, breach of fiduciary duty, breach of duty of loyalty, and unjust enrichment. The complaints seek a variety of remedies including unspecified monetary damages, treble damages, disgorgement, restitution, punitive damages, injunctive relief, an accounting, and attorneys' fees and costs. The longest class period alleged in these policyholder cases begins on January 1, 1994 and continues to February 4, 2005. On February 17, 2005, the Judicial Panel on Multidistrict Litigation transferred a number of these federal cases to the District of New Jersey for coordination or consolidated pretrial proceedings. It is anticipated that all of the other federal cases brought by policyholders will be transferred as well. Five similar class or representative actions are pending in state courts -- two in California, one in New York, one in Massachusetts and one in Texas. Two putative class actions are pending in

Canada. There are at least two actions brought by individual policyholders and additional suits may be filed by other policyholders.

- On January 21, 2005, the State of Connecticut commenced a lawsuit against Marsh challenging Marsh's conduct in connection with the placement of a loss portfolio transfer of workers' compensation claims for the State of Connecticut's Department of Administrative Services. The complaint alleges that Marsh violated Connecticut's Unfair Trade Practices Act by, among other things, failing to disclose a \$50,000 payment Marsh received from the insurer in connection with the transfer. The complaint seeks remedies that include an accounting, actual and punitive damages, and the costs of investigation and conduct of the lawsuit.
- Four purported class actions on behalf of individuals and entities who purchased or acquired MMC's publicly-traded securities during the purported class periods are pending in the United States District Court for the Southern District of New York. The purported class periods extend from October 15, 1999 to October 14, 2004. These complaints allege, among other things, that MMC inflated its earnings during the class period by engaging in unsustainable business practices as alleged in the NYAG lawsuit. These complaints further allege, among other things, that defendants deceived the investing public regarding MMC's business, operations, management, and the intrinsic value of MMC's stock, and caused the plaintiffs and other members of the purported class to purchase MMC's securities at artificially inflated prices. The complaints allege, among other things, that MMC failed to disclose that the revenue derived from MSA agreements with insurers was part of an unlawful scheme, which could not be sustained and which exposed the Company to significant regulatory sanctions, and that MMC failed to disclose certain alleged anti-competitive and illegal practices, such as "bid rigging" and soliciting fictitious quotes, at MMC's subsidiaries. The complaints further allege that MMC's revenues and earnings would have been significantly lower had MMC's subsidiaries not engaged in these allegedly unlawful business practices. The complaints contain factual allegations similar to those asserted in the NYAG Lawsuit and include claims for violations of Section 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 based on the company's allegedly false or incomplete disclosures and seek unspecified compensatory damages and attorneys' fees. On January 26, 2005, the United States District Court for the Southern District of New York issued an order consolidating these complaints into a single proceeding and appointing co-lead plaintiffs and co-lead counsel to represent the purported class. On February 18, 2005, the Court entered an order requiring the co-lead plaintiffs to file a consolidated complaint by April 19, 2005, and providing that the Company will have until July 5, 2005 to answer or otherwise respond to the consolidated complaint.
- Twelve shareholder derivative actions are pending against MMC's current and former directors and officers in the Court of Chancery of the State of Delaware, the United States District Court for the Southern District of New York and the New York Supreme Court for New York County. These actions allege, among other things, that current and former directors and officers of MMC breached their fiduciary duties with respect to the alleged misconduct described in the NYAG Lawsuit, are liable to MMC for damages arising from their breaches of fiduciary duty, and must contribute to or indemnify MMC for any damages MMC has suffered. MMC has also received six demand letters from shareholders asking the MMC Board of Directors to take

appropriate legal action against those directors and officers who are alleged to have caused damages to MMC based on the facts alleged in the NYAG Lawsuit.

- Nineteen purported class actions alleging violations of the Employee Retirement Income Security Act ("ERISA") have been filed in the United States District Court for the Southern District of New York on behalf of participants in one or more MMC and Putnam sponsored employee benefit plans (the "Plans"). The purported class periods vary, with the longest alleged class period extending from October 1, 1998 to February 10, 2005. These complaints allege, among other things that, in view of the allegedly fraudulent bids and the receipt of contingent commissions pursuant to the Agreements, the defendants knew or should have known that the investment of the Plans' funds in MMC stock was imprudent. These complaints assert claims for violations of ERISA based on, among other things, the alleged failure to manage the Plans' assets properly, to monitor the Plans' fiduciaries, to provide complete and accurate information to participants and beneficiaries of the Plans, and to avoid conflicts of interest and prohibited transactions. The complaints seek, among other things, unspecified compensatory damages, restitution, disgorgement, injunctive relief and attorneys' fees. The amount of Plan assets invested in MMC stock at October 13, 2004 (immediately prior to the announcement of the NYAG Lawsuit) was approximately \$1.2 billion. The MMC stock price declined upon the announcement of the NYAG Lawsuit from approximately \$45 per share immediately prior to such announcement to a low of \$22.75 after such announcement. On February 9, 2005, the Court issued an order consolidating these complaints into a single proceeding and appointing co-lead plaintiffs and lead counsel to represent the purported class. The order requires plaintiffs' counsel to confer on the timing of a consolidated complaint and submit a proposed scheduling order to the court.

Related Regulatory Matters

Following the filing of the NYAG Lawsuit, MMC and certain of its subsidiaries received notices of investigations and inquiries, together with requests for documents and information, from attorneys general, departments of insurance and other governmental entities in a number of jurisdictions (other than New York) that relate to the allegations in the NYAG Lawsuit. As of February 15, 2005, offices of attorneys general in 18 jurisdictions have issued one or more requests for information or subpoenas calling for the production of documents or for witnesses to provide testimony. Subpoenas, letters of inquiry and other information requests have been received from departments of insurance or other state agencies in 29 jurisdictions. MMC and its subsidiaries are cooperating with these requests from regulators. Also, in Australia, the Australian Securities and Investments Commission (ASIC) has requested information and documents from insurers and brokers, including Marsh, as part of an examination of brokers' remuneration practices. It is possible that MMC or its subsidiaries could face administrative proceedings or other regulatory actions or penalties, including, without limitation, actions to revoke or suspend their insurance licenses.

Putnam-Related Matters

Regulatory Matters

- On October 28, 2003, the Securities and Exchange Commission ("the SEC") commenced a civil administrative and cease and desist proceeding against Putnam under the Investment Advisers Act of 1940 and the Investment Company Act of 1940. On November 13, 2003, pursuant to an agreement with Putnam, the SEC entered findings of fact, which Putnam neither admitted nor denied, that Putnam had violated the Investment Advisers Act of 1940 and the Investment Company Act of 1940. The order imposed partial relief, including final censure, remedial undertakings, and a requirement that Putnam cease and desist from engaging in certain practices. The SEC asserted that, since 1998, at least six of Putnam's investment management employees had engaged in excessive short-term trading of Putnam mutual funds in their personal accounts and that four of these employees had engaged in trading in funds over which they had had investment decision-making responsibilities and access to non-public information regarding their funds' portfolios. The SEC further found that Putnam had failed to disclose this potentially self-dealing securities trading to the trustees or shareholders of the mutual funds it manages, had failed to take adequate steps to detect and deter such trading activity through internal controls and had failed in its supervision of these investment management professionals. Under the terms of the order, Putnam agreed to a number of remedial actions, including new employee trading restrictions, enhanced employee trading compliance, determination by an independent assessment consultant of the amount of restitution that Putnam would be required to make mutual fund investors whole for losses attributable to excessive short-term trading by Putnam employees, the retention of an independent compliance consultant, the undertaking of periodic compliance reviews, and certification of compliance with the SEC. On April 8, 2004, Putnam entered into a settlement of those charges, under which Putnam was required to pay \$5 million in restitution plus a civil monetary penalty of \$50 million. The settlement provided that if the restitution calculated by the independent assessment consultant under the SEC order exceeded \$10 million, Putnam would be responsible for paying the excess.

On October 28, 2003, the Secretary of the Commonwealth of Massachusetts ("Massachusetts Securities Division") commenced a civil administrative proceeding against Putnam and two of its employees alleging violations of the state's securities law anti-fraud provisions. On April 8, 2004, simultaneously and in conjunction with the settlement of the above-referenced SEC proceeding, the Massachusetts Securities Division entered a Consent Order in final settlement of those charges. That Consent Order included a cease and desist order, and required Putnam to pay \$5 million in restitution and an administrative fine of \$50 million. The Consent Order provided that if the restitution calculated by the independent assessment consultant under the Massachusetts order exceeded \$15 million, Putnam would be responsible for paying the excess. The restitution called for by the Consent Order will be distributed by the same independent assessment consultant appointed pursuant to the November 13, 2003 and April 8, 2004 SEC orders, acting in his capacity as the independent distribution consultant under the Orders.

On March 3, 2005, the independent assessment consultant issued his assessment reports (dated March 2, 2005) under the SEC orders and the Massachusetts Consent Order. In the reports, the independent assessment consultant concluded that \$108.5 million is the

total amount of restitution payable by Putnam to fund shareholders. Putnam will pay \$25 million of this amount from the amounts previously made available for restitution under the SEC and Massachusetts orders, and has recorded a charge for the additional \$83.5 million in the fourth quarter of 2004. In addition to the \$108.5 million in restitution, Putnam fund shareholders will also receive a distribution of \$45 million under the "Fair Fund" which will be taken from the civil penalty Putnam previously paid to the SEC and does not reflect an additional payment. The independent assessment consultant, in his capacity as the independent distribution consultant under the April 8, 2004 SEC order and the Massachusetts Consent Order, is continuing his work on a distribution plan that will provide for the distribution of the restitution amounts described above to Putnam fund shareholders. Putnam will incur additional costs in connection with the implementation of the distribution plan.

In a separate action, the SEC is seeking an injunction against two of the six investment management employees referenced above. These six individuals are no longer employed by Putnam.

In late 2003 and early 2004, Putnam received initial document subpoenas or requests for information from the United States Attorney for the District of Massachusetts, the Florida Department of Financial Services, the Office of the New York State Attorney General, Offices of the Secretary of State and the State Auditor for the State of West Virginia, the Vermont Securities Division, the National Association of Securities Dealers and the U.S. Department of Labor ("Department of Labor") inquiring into, among other things, matters that are the subject of the SEC and Massachusetts actions described above.

- In connection with its investigation of certain brokerage matters, the staff of the Philadelphia district office of the SEC questioned whether, in years prior to 2004, Putnam had fully and effectively disclosed its practices for executing securities trades through broker-dealers that also sold Putnam mutual funds. Putnam ceased directing brokerage to broker-dealers in connection with the sale of fund shares as of January 1, 2004. Putnam and the Philadelphia office negotiated an offer of settlement under which Putnam would pay a civil penalty in the amount of \$40 million and disgorgement in the amount of \$1, and the total amount would be paid to certain Putnam funds. Discussions with the staff of the SEC with respect to this offer are ongoing, and the offer is subject to final documentation and acceptance by the staff and the Commissioners of the SEC. Putnam has also received requests for information from the Department of Labor with respect to the foregoing.
- In the Spring of 2004, Putnam received initial document requests and subpoenas from the Massachusetts Securities Division, the Office of the New York State Attorney General, the SEC, and the Department of Labor relating to plan expense reimbursement agreements between Putnam and certain multi-employer deferred compensation plans that are Putnam clients, and also relating to Putnam's relationships with consultants retained by multi-employer deferred compensation plans. The Massachusetts Securities Division has taken testimony from a number of Putnam employees relating to these matters.
- The Enforcement Staff of the SEC's Boston Office is currently investigating certain matters that arose in the defined contribution plan administration business formerly

conducted by Putnam Fiduciary Trust Company ("PFTC"). Putnam also has received requests for information about certain of these matters from the Massachusetts Securities Division and the Department of Labor. One of the matters relates to the manner in which certain operational errors were corrected in connection with a January 2001 transfer and investment of assets on behalf of a 401(k) defined contribution plan. The manner in which these errors were corrected affected the plan and five of the Putnam mutual funds in which certain plan assets were invested. Putnam has made restitution to the plan and the affected funds. Putnam also has made a number of personnel changes, including replacing senior managers, and has implemented changes in procedures. A second matter relates to the source and use of funds paid to a third-party vendor by PFTC in exchange for information consulting services. Putnam has re-processed the payment of these consulting expenses in accordance with Putnam's corporate expense payment procedures.

On or about September 9, 2004, the SEC issued a Formal Order directing an investigation into the two matters described above and designating officers to take testimony in furtherance of this investigation. In addition, on or about September 29, 2004, the Examination Staff of the SEC's Boston District Office communicated to Putnam and to the Board of Trustees of the Putnam mutual funds the Examination Staff's belief that Putnam and certain of its employees may have violated certain provisions of federal law in connection with these two matters. The Examination Staff has requested that Putnam provide additional information regarding these matters and a description of the steps Putnam has taken or intends to take with respect to these matters, and Putnam has undertaken to do so in connection with the Enforcement Staff's ongoing investigation. It is possible that the Enforcement Staff may take enforcement action with respect to these matters.

- On March 2, 2004, Putnam received a request for information from the Department of Labor relating to investments by the Putnam Profit Sharing Retirement Plan and certain discretionary ERISA accounts in Putnam mutual funds that pay 12b-1 fees. On October 6, 2004 the Department of Labor indicated its preliminary belief that, in making such investments, Putnam may have violated certain provisions of ERISA. Putnam has made a written submission to the Department of Labor addressing these issues. Putnam has also responded to requests for information from the Department of Labor regarding PFTC's treatment of gains generated by transaction processing errors made by PFTC in connection with its administration of defined contribution plans. Putnam has implemented new procedures for handling such gains and intends to make restitution to certain plans pursuant to a methodology that has been disclosed to the Department of Labor. In 2003 Putnam provided a reserve of approximately \$3 million in connection with such restitution.
- Since December 2003, Putnam has received various requests for information from the Department of Labor regarding the Putnam Profit Sharing Retirement Plan, including requests for information relating to (i) Plan governance, (ii) Plan investments, including investments in MMC stock, (iii) the purported ERISA class actions relating to MMC's receipt of contingent commissions and other matters, which are discussed above, (iv) the market timing-related "ERISA Actions," which are discussed below; and (v) the suspensions of trading in MMC stock imposed by Putnam on its employees in October and November 2004.

- Commencing on March 5, 2002, PFTC received a number of document requests, subpoenas for the production of documents or testimony and requests for interviews from the Department of Labor relating to PFTC's role as the directed trustee of certain Global Crossing retirement accounts.
- The Fort Worth office of the SEC has raised issues about whether the current structure of the Putnam Research Fund's investment management fee, which includes a performance component in addition to a base fee, fully complies with SEC regulations concerning performance fees. Putnam is currently engaged in discussions with the staff of the SEC regarding possible adjustments to the fee structure. Retroactive application of such adjustments over the period since April 1, 1997 (the period during which the performance fee has been in effect) would result in a reduction in aggregate management fees for that period. In the fourth quarter of 2004 Putnam provided a reserve of approximately \$2 million for this matter.

Putnam is fully cooperating with the regulatory authorities in connection with these matters.

"Market-Timing" Related Litigation. As of February 15, 2005, MMC and Putnam have received complaints in over 70 civil actions based on allegations of "market-timing" and in some cases "late trading" activities. These actions were filed in courts in New York, Massachusetts, California, Illinois, Connecticut, Delaware, Vermont, Kansas, and North Carolina. All of the actions filed in federal court have been transferred, along with actions against other mutual fund complexes, to the United States District Court for the District of Maryland for coordinated or consolidated pretrial proceedings. The lead plaintiffs in those cases filed consolidated amended complaints on September 29, 2004. MMC and Putnam intend to move to dismiss the non-ERISA consolidated amended complaints on February 25, 2005 and the ERISA-related complaints on March 25, 2005.

The consolidated amended complaints currently pending in federal court in Maryland are as follows:

- MMC and Putnam, along with certain of their former officers and directors, have been named in a consolidated amended class action complaint (the "MMC Class Action") purportedly brought on behalf of all purchasers of the publicly-traded securities of MMC between January 3, 2000 and November 3, 2003 (the "Class Period"). In general, the MMC Class Action alleges that the defendants, including MMC, allowed certain mutual fund investors and fund managers to engage in market-timing in the Putnam family of funds. The complaint further alleges that this conduct was not disclosed until late 2003, in violation of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The complaint alleges that, as a result of defendants' purportedly misleading statements or omissions, MMC's stock traded at inflated levels during the Class Period. The suit seeks unspecified damages and equitable relief.
- MMC and Putnam have also been named as defendants in a consolidated amended complaint filed on behalf of a putative class of investors in certain Putnam funds, and in another consolidated amended complaint in which certain fund investors purport to assert derivative claims on behalf of all Putnam funds. These suits seek to recover unspecified damages allegedly suffered by the funds and their shareholders as a result of purported market-timing and late-trading activity that allegedly occurred in certain Putnam funds. The derivative suit seeks additional relief, including termination of the investment advisory

contracts between Putnam Investment Management and the funds, cancellation of the funds' 12b-1 plans and the return of all advisory and 12b-1 fees paid by the funds over a certain period of time. In addition to MMC and Putnam, various Putnam affiliates, certain trustees of Putnam funds, certain present and former Putnam officers and employees, and persons and entities that allegedly engaged in or facilitated market-timing or late trading activities in Putnam funds are named as defendants. The complaints allege violations of sections 11, 12(a), and 15 of the Securities Act of 1933, sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, sections 36(a) and (b), 47 and 48(a) of the Investment Company Act of 1940, and sections 206 and 215 of the Investment Advisors Act, as well as state law claims for breach of fiduciary duty, breach of contract, unjust enrichment and civil conspiracy. Putnam has also been named as a defendant in its capacity as a sub-advisor to a non-Putnam fund in a class action suit pending in the District of Maryland against another mutual fund complex.

- A consolidated amended complaint asserting shareholder derivative claims has been filed, purportedly on behalf of MMC, against current and former members of MMC's Board of Directors, two of Putnam's former officers, and MMC as a nominal defendant (the "MMC Derivative Action"). The MMC Derivative Action generally alleges that the members of MMC's Board of Directors violated the fiduciary duties they owed to MMC and its shareholders as a result of a failure of oversight of market-timing in Putnam mutual funds. The MMC Derivative Action alleges that, as a result of the alleged violation of defendants' fiduciary duties, MMC suffered damages. The suit seeks unspecified damages and equitable relief. MMC has also received two demand letters from stockholders asking the MMC Board of Directors to take action to remedy alleged breaches of duty by certain officers, directors, trustees or employees of MMC or Putnam, based on market timing in the Putnam funds. The first letter asked to have the Board of Trustees of the Putnam Funds, as well as the MMC Board, take action to remedy those alleged breaches of fiduciary duty. The second letter demanded that the Company commence legal proceedings against the MMC directors, the senior management of Putnam, the Putnam Trustees and MMC's auditor to remedy those alleged breaches of fiduciary duty.
- MMC, Putnam, and various of their current and former officers, directors and employees have been named as defendants in two consolidated amended complaints that purportedly assert class action claims under ERISA (the "ERISA Actions"). The ERISA Actions, which have been brought by participants in MMC's Stock Investment Plan and Putnam's Profit Sharing Retirement Plan, allege, among other things, that, in view of the market-timing trading activity that was allegedly allowed to occur at Putnam, the defendants knew or should have known that the investment of the plans' funds in MMC stock and Putnam's mutual fund shares was imprudent and that the defendants breached their fiduciary duties to the plan participants in making these investments. The ERISA actions seek unspecified damages, as well as equitable relief including the restoration to the plans of all profits the defendants allegedly made through the use of the plans' assets, an order compelling the defendants to make good to the plans all losses to the plans allegedly resulting from defendants' alleged breaches of their fiduciary duties, and the imposition of a constructive trust on any amounts by which any defendant allegedly was unjustly enriched at the expense of the plans.

Putnam has agreed to indemnify the Putnam funds for any liabilities arising from market-timing activities, including those that could arise in the above securities litigations, and MMC has agreed to guarantee Putnam's obligations in that regard.

Other Putnam Litigation.

- MMC, Putnam Investment Management, LLC and Putnam Retail Management Limited Partnership have been sued in the United States District Court for the District of Massachusetts for alleged violations of Section 36(b) of the Investment Company Act of 1940 in connection with the receipt of purportedly excessive advisory and distribution fees paid by the mutual funds in which plaintiffs purportedly owned shares.

Plaintiffs seek, among other things, to recover the compensation paid to defendants by the funds for one year prior to the filing of the complaint, rescission of the management and distribution agreements between defendants and the funds, and a prospective reduction in fees. On August 13, 2004, defendants filed a motion to dismiss the complaint for failure to state a claim for relief. The motion has been fully briefed and argued and remains before the court for decision.

- Putnam has also been notified by certain former institutional clients that they are considering possible claims relating to certain alleged disclosure failures, misrepresentations and purported breaches of investment management agreements.
- Putnam may be subject to employment-related claims by former employees who left Putnam in connection with various regulatory inquiries, including claims relating to deferred compensation. A former Putnam senior executive has notified Putnam of his intention to initiate an arbitration proceeding against Putnam arising from the circumstances of his separation from Putnam. To date, no such action has been commenced.
- Commencing on July 9, 2004, PFTC, as well as Cardinal Health and a number of other Cardinal-related fiduciaries, were named as defendants in a litigation pending in the United States District Court for the Southern District of Ohio relating to the allegedly imprudent investment of retirement plan assets in Cardinal stock in the Cardinal Health Profit Sharing, Retirement and Savings Plan and its predecessor plans. PFTC was a directed trustee of this plan. Plan participants have sued, alleging that plan assets were imprudently invested in Cardinal stock when the market price of Cardinal stock was artificially inflated and the plan fiduciaries failed to disclose material information necessary for participants to make informed decisions concerning investments in such stock.

Other Governmental Inquiries

The SEC is examining the practices, compensation arrangements and disclosures of consultants that provide services to sponsors of pension plans or other market participants, including among other things, practices with respect to advice regarding the selection of investment advisors to manage plan assets. Mercer Investment Consulting, Inc. has received requests for information from the SEC in connection with this examination and is fully cooperating.

MMC, Putnam and Mercer have been advised by the Boston Office of the SEC that it is conducting an informal investigation of a program pursuant to which companies within the MMC group refer business to one another and receive compensation for such referrals. In connection with this investigation, MMC, Putnam and Mercer have received requests for information from the SEC and are fully cooperating.

On February 10, 2005, Mercer Investment Consulting received a letter from the West Virginia Securities Commission seeking documents relating to services provided by Mercer Investment Consulting and related Mercer entities to the State of West Virginia and its Public Retirement System. Mercer is cooperating fully with this request.

On February 8, 2005 the Department of Labor served a subpoena on MMC seeking documents pertaining to services provided by MMC subsidiaries to employee benefit plans, including but not

limited to documents relating to how such subsidiaries have been compensated for such services. The request also seeks information concerning market service agreements and the solicitation of bids from insurance companies in connection with such services. MMC is fully cooperating with the Department of Labor.

On January 6, 2005, MMC received a request for information from the Pension Benefit Guaranty Corporation (the "PBGC"). The PBGC requested information regarding the funded status of the Marsh & McLennan Companies, Inc. Retirement Plan and certain financial and business developments at MMC since the filing of the complaint by the NYAG. MMC is fully cooperating with the PBGC's request for information.

On or about March 25, 2004, and January 6, 2005, Mercer received requests for documents and testimony from the U.S. Department of Justice in connection with an industry-wide investigation of potential anti-competitive agreements or understandings among providers of actuarial consulting services relating to limitations of liability and other contractual terms or conditions of engagement. Mercer is cooperating fully with this investigation.

On December 21, 2004, MMC received a request for information pursuant to a formal investigation commenced by the SEC. The request for information seeks documents concerning related-party transactions of MMC or MMC subsidiaries in which transactions a director, executive officer or 5% stockholder of MMC had a direct or indirect material interest. MMC is fully cooperating in the investigation.

Other Matters

- MMC and its subsidiaries are subject to various other claims, lawsuits and proceedings in the ordinary course of business. Such claims and lawsuits consist principally of alleged errors and omissions in connection with the placement of insurance or reinsurance and in rendering investment and consulting services. Some of these matters seek damages, including punitive damages, in amounts that could, if assessed, be significant. To the extent insurance coverage is available, the terms of any applicable coverage varies by policy year, but the self insurance element has increased substantially over the past several years. MMC utilizes actuarial estimates and case level reviews to set loss reserves on the self-insured portion of its potential exposure in these cases. To the extent that expected losses exceed MMC's self-insured retention, an asset is recorded for the estimated amount recoverable under its insurance programs.
- On February 7, 2005, Olwyco LLC ("Olwyco") commenced a lawsuit in the United States District Court for the Southern District of New York, against MMC, Mercer, and certain of MMC's former directors alleging violations of sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, breach of representations and warranties, breach of contract, and unjust enrichment. The lawsuit arises from a

February 21, 2003 agreement in which Mercer agreed to purchase substantially all of Olwyco's assets and, as part of the consideration, to transfer to Olwyco-- in April of 2005, 2006 and 2007-- a fixed number of shares of MMC stock. Olwyco alleges that the price of MMC stock at the time of the agreement was inflated artificially as a result of a failure to disclose alleged violations of law that later became the subject of the NYAG Lawsuit and the Putnam "Market-Timing" litigation. Olwyco alleges that it will receive substantially less than the agreed-upon purchase price and that it has been damaged in an amount not less than \$70 million, exclusive of attorneys' fees and costs.

- 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 MMC sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters (the "ILU") by River Thames (such guarantee being hereinafter referred to as the "ILU Guarantee"). The policies covered by the ILU Guarantee are reinsured up to £ 40 million by a related party of River Thames. Payment of claims under the reinsurance agreement is collateralized by segregated assets held in a trust. As of December 31, 2004, 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 is unable to meet its obligations under those policies; a claimant may seek to recover from MMC under the guarantee.
- From 1980 to 1983, MMC owned indirectly the English & American Insurance Company ("E&A"), which was a member of the ILU. The ILU required MMC to guarantee a portion of E&A's obligations. After E&A became insolvent in 1993, the ILU agreed to discharge the guaranty in exchange for MMC's agreement to post an evergreen letter of credit that is available to pay claims on E&A policies issued through the ILU and incepting between July 3, 1980 and October 6, 1983. A representative of the ILU has indicated that potentially significant claims could be made in the coming months against the letter of credit.

The proceedings described in this Note 15 on Claims, Lawsuits and Other Contingencies seek significant monetary damages and other forms of relief. Where a loss is both probable and reasonably estimable, MMC has established reserves in accordance with SFAS No. 5, "Accounting for Contingencies". Except as specifically set forth above, at the present time, MMC's management is unable to provide a reasonable estimate of the range of possible loss attributable to the foregoing proceedings or the impact they may have on MMC's consolidated results of operations or financial position (over and above MMC's existing loss reserves) or MMC's cash flows (to the extent not covered by insurance). The principal reasons for this are that many of these cases are in their early stages, the sufficiency of the complaints has not yet been tested in most of the cases, and, in many of the cases, only limited discovery, if any, has taken place. Without knowledge of which, if any, claims will survive, it is not possible to reasonably estimate the possible loss or range of loss.

16. SEGMENT INFORMATION

In 2004, MMC operated in three principal business segments based on the services provided. Segment performance is evaluated based on segment operating income, which includes investment income and losses attributable to each segment, directly related expenses, minority interest, and charges or credits related to integration and restructuring but excludes corporate expenses. 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	Operating Income	Total Assets	Depreciation and Amortization	Capital Expenditures
-----	-----	-----	-----	-----	-----
2004-					
Risk and Insurance Services	\$ 7,391 (a)	\$ 252	\$12,497	\$264	\$258
Investment Management	1,757	90	2,038	100	61
Consulting	3,070	330	3,161	78	43
-----	-----	-----	-----	-----	-----
Total Operating Segments	\$12,218	\$ 672	\$17,696	\$442	\$362
-----	-----	-----	-----	-----	-----
Corporate/Eliminations	(59)(b)	(24)(c)	641(d)	14	14
-----	-----	-----	-----	-----	-----
Total Consolidated	\$12,159 =====	\$ 648 =====	\$18,337 =====	\$456 =====	\$376 =====
2003-					
Risk and Insurance Services	\$ 6,868 (a)	\$1,751	\$ 9,625	\$203	\$281
Investment Management	2,001	497	2,377	106	56
Consulting	2,719	363	2,786	70	59
-----	-----	-----	-----	-----	-----
Total Operating Segments	\$11,588	\$2,611	\$14,788	\$379	\$396
-----	-----	-----	-----	-----	-----
Corporate/Eliminations	(44)(b)	(115)(c)	265(d)	12	40
-----	-----	-----	-----	-----	-----
Total Consolidated	\$11,544 =====	\$2,496 =====	\$15,053 =====	\$391 =====	\$436 =====
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
-----	-----	-----	-----	-----	-----
Total Operating Segments	\$10,440	\$2,376	\$12,795	\$349	\$392
-----	-----	-----	-----	-----	-----
Corporate/Eliminations	(52)(b)	(102)(c)	1,060(d)	10	31
-----	-----	-----	-----	-----	-----
Total Consolidated	\$10,388 =====	\$2,274 =====	\$13,855 =====	\$359 =====	\$423 =====

(a) Includes interest income on fiduciary funds (\$130 million in 2004, \$114 million in 2003 and \$118 million in 2002).

(b) Represents elimination of intercompany revenue among segments.

(c) Details provided in the chart below.

(d) Corporate assets primarily include unallocated goodwill, insurance recoverables, prepaid pension and a portion of MMC's headquarters building.

A reconciliation of segment operating income to operating income in the Consolidated Statements of Income is as follows:

(In millions of dollars)	2004	2003	2002
-----	----	-----	-----
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST:			
Total segment operating income	\$672	\$2,611	\$2,376
Corporate expense	(39)	(140)	(123)
Reclassification of minority interest	15	25	21
-----	-----	-----	-----
Operating income	\$648 =====	\$2,496 =====	\$2,274 =====

Operating Segment Revenue by Product is as follows:

(In millions of dollars)	2004	2003	2002
-----	-----	-----	-----
RISK & INSURANCE SERVICES			
Risk Management and Insurance Broking	\$ 4,805	\$ 4,881	\$ 4,287
Reinsurance Broking and Services	842	797	652
Risk Consulting & Technology	716	300	124
Related Insurance Services	1,028	890	847
	-----	-----	-----
Total Risk & Insurance Services	7,391	6,868	5,910
	-----	-----	-----
INVESTMENT MANAGEMENT	1,757	2,001	2,166
	-----	-----	-----
CONSULTING			
Retirement Services	1,356	1,203	1,115
Management and Organizational Change	585	449	280
Health Care & Group Benefits	397	388	358
Human Capital	407	384	340
Economic	166	150	130
	-----	-----	-----
	2,911	2,574	2,223
Reimbursed Expenses	159	145	141
	-----	-----	-----
Total Consulting	3,070	2,719	2,364
	-----	-----	-----
TOTAL OPERATING SEGMENTS	\$12,218	\$11,588	\$10,440
	-----	-----	-----
Corporate/Eliminations	(59)	(44)	(52)
	-----	-----	-----
Total	\$12,159	\$11,544	\$10,388
	=====	=====	=====

Information by geographic area is as follows:

(In millions of dollars)	2004	2003	2002
-----	-----	-----	-----
GEOGRAPHIC AREA:			
EXTERNAL REVENUE -			
United States	\$ 7,294	\$ 7,371	\$ 7,005
United Kingdom	2,083	1,760	1,499
Continental Europe	1,456	1,241	950
Other	1,385	1,216	986
	-----	-----	-----
	\$12,218	\$11,588	\$10,440
	-----	-----	-----
Corporate/Eliminations	(59)	(44)	(52)
	-----	-----	-----
	\$12,159	\$11,544	\$10,388
	=====	=====	=====
FIXED ASSETS -			
United States	\$ 906	\$ 921	\$ 914
United Kingdom	308	308	261
Continental Europe	85	78	64
Other	88	82	69
	-----	-----	-----
	\$ 1,387	\$ 1,389	\$ 1,308
	=====	=====	=====

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To 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 (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 7, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

(DELOITTE & TOUCHE LLP)

New York, New York
March 7, 2005

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 Per Share (a)		Dividends Paid Per Share
				Basic	Diluted	
2004:						
First quarter	\$ 3,196	\$ 773	\$ 446	\$.85	\$.83	\$.31
Second quarter	3,028	632	389	.75	.73	.31
Third quarter	2,950	128	21	.04	.04	.34
Fourth quarter	2,985	(885)	(680)	(1.29)	(1.29)	.34
	-----	-----	-----	-----	-----	-----
	\$12,159	\$ 648	\$ 176	\$.33	\$.33	\$1.30
	=====	=====	=====	=====	=====	=====
2003:						
First quarter	\$ 2,844	\$ 717	\$ 443	\$.83	\$.81	\$.28
Second quarter	2,854	599	365	.68	.66	.28
Third quarter	2,823	593	357	.67	.65	.31
Fourth quarter	3,023	587	375	.71	.69	.31
	-----	-----	-----	-----	-----	-----
	\$11,544	\$2,496	\$1,540	\$ 2.89	\$ 2.81	\$1.18
	=====	=====	=====	=====	=====	=====
2002:						
First quarter	\$ 2,619	\$ 687	\$ 418	\$.76	\$.73	\$.265
Second quarter	2,601	565	336	.62	.60	.265
Third quarter	2,540	512	299	.56	.55	.28
Fourth quarter	2,628	510	312	.58	.57	.28
	-----	-----	-----	-----	-----	-----
	\$10,388	\$2,274	\$1,365	\$ 2.52	\$ 2.45	\$1.09
	=====	=====	=====	=====	=====	=====

(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 2004.

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 25, 2005, there were 11,067 stockholders of record.

Item 9. Changes in and Disagreements with Accountants on Accounting and

Financial Disclosure. None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures.

Based on their evaluation, as of the end of the period for the filing of this Form 10-K, the Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) are effective in timely alerting them to material information relating to the Company required to be included in our reports filed under the Exchange Act.

Internal Control over Financial Reporting.

(a) Management's Annual Report on Internal Control Over Financial Reporting

The management of Marsh & McLennan Companies, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. MMC's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

MMC's internal control over financial reporting included those policies and procedures relating to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of MMC; the recording of all necessary transactions to permit the preparation of MMC's consolidated financial statements in accordance with generally accepted accounting principles; the proper authorization of receipts and expenditures in accordance with authorizations of MMC's management and directors; and the prevention or timely detection of the unauthorized acquisition, use or disposition of assets that could have a material effect on MMC's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of MMC's internal control over financial reporting as of December 31, 2004. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework. Based on its evaluation, management determined that MMC maintained effective internal control over financial reporting as of December 31, 2004.

Deloitte & Touche LLP, the Independent Registered Public Accounting Firm that audited and reported on MMC's consolidated financial statements included in this annual report, also issued an attestation report on management's evaluation of the effectiveness of MMC's internal control over financial reporting as of December 31, 2004.

Michael G. Cherkasky
President and
Chief Executive Officer
March 7, 2005

Sandra S. Wijnberg
Senior Vice President and
Chief Financial Officer
March 7, 2005

(b) Attestation of the Registered Public Accounting Firm.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Marsh & McLennan Companies, Inc. and subsidiaries, (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in

accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2004 of the Company and our report dated March 7, 2005 expressed an unqualified opinion on those financial statements.

(DELOITTE & TOUCHE LLP)

New York, New York
March 7, 2005

(c) Changes in Internal Control Over Financial Reporting.

There have been no changes in the Company's internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.
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On February 26, 2005, the MMC Board of Directors approved, subject to stockholder approval, an option exchange program whereby non-executive officer option holders would be able to elect to exchange eligible MMC stock options for a lesser number of new stock options that will have an exercise price equal to the fair market value of MMC common stock at the time of the exchange. Only options with exercise prices that are significantly above the fair market value of MMC common stock will be eligible. Exchange ratios will be set with the intention that eligible option holders receive options that have a fair market value that is equal to 90% of the value of the exchanged options. A detailed description of the proposal will be included in the Notice and Proxy Statement for the 2005 Annual Meeting of Stockholders to be filed within 120

days after December 31, 2004 (the "2005 Proxy Statement"). The proposal will be voted upon by MMC stockholders at the 2005 Annual Meeting of Stockholders to be held on May 19, 2005.

On November 9, 2004, MMC entered into a letter of understanding with its former chairman and chief executive officer, Jeffrey W. Greenberg, confirming certain arrangements regarding his termination of employment. A copy of the letter is attached to this report as an exhibit.

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 the 2005 Proxy Statement.

The executive officers of MMC are Messrs. Beber, Beshar, Bonsignore, Cabiallavetta, Cherkasky, Davis, Freakley, Gilbert, Haldeman, Morrison, Petrullo, Storms, Zaffino 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 2005 Proxy Statement in the section "Information Regarding the Board of Directors" under "--Committees--The Audit Committee" and "--Codes of Business Conduct and Ethics" is incorporated herein by reference.

The information set forth in the 2005 Proxy Statement in the section "Transactions with Management and Others; Other Information" under "Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

Item 11. Executive Compensation.

The information under the headings "Information Regarding the Board of Directors--Directors' Compensation", "Compensation of Executive Officers", "Compensation Committee Report" and "Stock Performance Graph" in the 2005 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 2005 Proxy Statement is incorporated herein by reference.

Information on MMC common stock authorized for issuance under equity compensation plans is contained above in the "Equity Compensation Plan Information Table" under Item 5 of this report on pages 23 to 25 of this report.

Item 13. Certain Relationships and Related Transactions.

Information under the headings "Information Regarding the Board of Directors--Directors' Compensation" and "Transactions with Management and Others; Other Information" in the 2005 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information under the heading "Ratification of Selection of Auditors--Fees of Independent Auditors" in the 2005 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

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

1. Consolidated Financial Statements:

Consolidated Statements of Income for each of the three years in the period ended December 31, 2004

Consolidated Balance Sheets as of December 31, 2004 and 2003

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2004

Consolidated Statements of Stockholders' Equity and Comprehensive Income for each of the three years in the period ended December 31, 2004

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Other:

Selected Quarterly Financial Data and Supplemental Information (Unaudited) for the three years ended December 31, 2004

Five-Year Statistical Summary of Operations

2. All required Financial Statement Schedules are included in the Consolidated Financial Statements or the 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, 2003)

(3.2) MMC's by-laws (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)

(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. 333-108566)

- (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) Second Supplemental Indenture dated as of February 19, 2003 between MMC and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as trustee (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003)
- (4.4) Third Supplemental Indenture dated as of July 30, 2003 between MMC and U.S. National Bank Association (as successor to 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, 2003)
- (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)
- (4.6) Indenture, dated as of July 14, 2004, between MMC and The Bank of New York, as trustee (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)
- (4.7) First Supplemental Indenture, dated as of July 14, 2004, between MMC and The Bank of New York, as trustee (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)
- (4.8) 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)
- (4.9) 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-A12B/A filed on June 20, 2002)
- (10.1) Agreement between the Attorney General of the State of New York and the Superintendent of Insurance of the State of New York, and Marsh & McLennan Companies, Inc., Marsh Inc. and their subsidiaries and affiliates dated January 30, 2005 (incorporated by reference to MMC's Current Report on Form 8-K dated January 31, 2005)

- (10.2) *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)
- (10.3) *Form of Awards under the 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)
- (10.4) *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)
- (10.5) *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)
- (10.6) *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)
- (10.7) *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)
- (10.8) *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)
- (10.9) *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)
- (10.10) *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)
- (10.11) *Putnam Investments Trust Equity Partnership Plan (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2003)
- (10.12) *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)

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

- (10.13) *Amendment to Marsh & McLennan Companies Supplemental Retirement Plan (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended March 31, 2003)
- (10.14) *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)
- (10.15) *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)
- (10.16) *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) *Employment Agreement, dated as of July 7, 2004, among Marsh USA Inc., Kroll Inc. and Michael G. Cherkasky (incorporated by reference to MMC's Current Report on Form 8-K dated October 28, 2004)
- (10.18) *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) (10.19) *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)
- (10.20) *Form of Awards under the 2000 Employee Incentive and Stock Award Plan (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)
- (10.21) Credit Agreement [2 Year Term Loan], dated as of December 15, 2004 among MMC, Citibank, N.A., as Administrative Agent and the banks listed therein
- (10.22) Amendment No. 1 dated as of December 15, 2004, to Credit Agreement [5-year], dated as of June 13, 2002, among MMC, JPMorgan Chase Bank, as Administrative Agent and the banks listed therein
- (10.23) Amendment No. 1, dated as of December 15, 2004, to Credit Agreement [5-year], dated as of June 9, 2004, among MMC, JPMorgan Chase Bank, as Administrative Agent and the Banks listed therein
- (10.24) *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)

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

- (10.25) *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)
- (10.26) *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)
- (10.27) *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)
- (10.28) *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)
- (10.29) *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)
- (10.30) *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)
- (10.31) *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)
- (10.32) *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)
- (10.33) *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)
- (10.34) *Amended and Restated Limited Partnership Agreement of Trident III Professional Fund, L.P. dated December 18, 2003 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2003)

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

- (10.35) *Amended and Restated Limited Partnership Agreement of Trident III ESC, L.P. dated December 12, 2003 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2003)
- (10.36) Amended and Restated Limited Partnership Agreement of Trident Capital III, L.P. dated December 4, 2003 (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2003)
- (10.37) *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)
- (10.38) *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)
- (10.39) Form of Waiver dated June 24, 2002 of certain provisions of the MMC Capital Long-Term Incentive Plan executive by Messrs. Greenberg and Davis (incorporated by reference to MMC's Quarterly Report on Form 10-Q for the quarter ending June 30, 2002)
- (10.40) 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)
- (10.41) *Letter of Understanding with Jeffrey W. Greenberg
- (12) Statement Re: Computation of Ratio of Earnings to Fixed Charges
- (14) Code of Ethics for Chief Executive and Senior Financial Officers (incorporated by reference to MMC's Annual Report on Form 10-K for the year ended December 31, 2002)
- (21) List of Subsidiaries of MMC (as of 2/18/2005)
- (23) Consent of Independent Registered Public Accounting Firm
- (24) Powers of Attorney
- (31) Rule 13a-14(a)/15d-14(a) Certifications
- (32) Section 1350 Certifications

* 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 8th day of March, 2005 on its behalf by the undersigned, thereunto duly authorized.

MARSH & McLENNAN COMPANIES, INC.

By /s/ Michael G. Cherkasky

Michael G. Cherkasky
Chief Executive Officer and President

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 8th day of March, 2005.

/s/ Michael G. Cherkasky

Michael G. Cherkasky
Director, Chief Executive Officer
& President

/s/ Sandra S. Wijnberg

Sandra S. Wijnberg
Senior Vice President and
Chief Financial Officer

/s/ Robert J. Rapport

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

/s/ Lewis W. Bernard

Lewis W. Bernard
Director

/s/ Zachary W. Carter

Zachary W. Carter
Director

/s/ Robert F. Erburu

Robert F. Erburu
Director

/s/ Oscar Fanjul

Oscar Fanjul
Director

/s/ Stephen R. Hardis

Stephen R. Hardis
Director

/s/ Gwendolyn S. King

Gwendolyn S. King
Director

/s/ The Rt. Hon. Lord Lang of Monkton, DL

The Rt. Hon. Lord Lang of Monkton, DL
Director

/s/ David A. Olsen

David A. Olsen
Director

/s/ Morton O. Schapiro

Morton O. Schapiro
Director

/s/ Adele Simmons

Adele Simmons
Director

=====

\$1,300,000,000
CREDIT AGREEMENT
[2 YEAR TERM LOAN]

dated as of
December 15, 2004

Among

Marsh & McLennan Companies, Inc.,
as Borrower,

The Banks Listed Herein

and

Citibank, N.A.,
as Administrative Agent

Bank of America, N.A. and Deutsche Bank AG New York Branch,
as Syndication Agents

UBS Securities LLC,
as Documentation Agent

Citigroup Global Markets Inc., Banc of America Securities LLC and
Deutsche Bank AG New York Branch,
as Joint Lead Arrangers

Citigroup Global Markets Inc and Banc of America Securities LLC,
as Joint Bookrunners

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COMMITMENT SCHEDULE

PRICING SCHEDULE

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EXHIBIT D-3	-	Opinion of Special Counsel for Marsh & McLennan Companies, Inc.
EXHIBIT E	-	Opinion of Special Counsel for the Administrative Agent
EXHIBIT F	-	Form of Committed Note

CREDIT AGREEMENT [2 YEAR TERM LOAN] (this "Agreement") dated as of December 15, 2004 among MARSH & MCLENNAN COMPANIES, INC., a Delaware corporation (together with its successors, the "Borrower"), the BANKS party hereto and CITIBANK, N.A., as administrative agent hereunder.

The Borrower has requested the Banks to make loans to it in the aggregate principal amount of \$1,300,000,000 to finance the operations of the Borrower, and for other purposes.

To induce the Banks to make such loans, the Borrower, the Banks and the Administrative Agent propose to enter into this Agreement pursuant to which the Banks will make loans to the Borrower.

Accordingly, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

Section 1.1 Definitions. The following terms, as used herein, have the following meanings:

"Acquisition" means the acquisition, directly, by merger or otherwise, for consideration in any single transaction or series of related transactions in excess of \$25,000,000 (as determined reasonably and in good faith by the Borrower), and whether the consideration is cash, securities or other value, of (a) more than 50% of the capital stock or other equity interests of any Person (other than the capital stock or other equity interests of a Person which is (prior to such Acquisition) a Subsidiary of the Borrower), or (b) all or substantially all of the assets of any Person or any division or business unit of any Person (other than any such Person which is a Subsidiary of the Borrower).

"Adjusted London Interbank Offered Rate" has the meaning set forth in Section 2.7(b).

"Administrative Agent" means Citibank, N.A., in its capacity as administrative agent for the Banks hereunder, and its successors in such capacity.

"Administrative Questionnaire" means, with respect to each Bank, an administrative questionnaire in the form prepared by the Administrative Agent and submitted to the Administrative Agent (with a copy to the Borrower) duly completed by such Bank.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"Amendments to the Revolving Credit Agreements" means (i) Amendment No. 1 to 2002 Credit Agreement [5 Year] dated as of December 15, 2004 among the Borrower, the banks and other financial institutions party thereto and JPMorgan Chase Bank, N.A., as administrative agent, and (ii) Amendment No. 1 to 2004 Credit Agreement [5 Year] dated as of December 15, 2004 among the Borrower, the banks and other financial institutions party thereto and JPMorgan Chase Bank, N.A., as administrative agent .

"Applicable Lending Office" means, with respect to any Bank, (i) in the case of its Base Rate Loans, its Domestic Lending Office, and (ii) in the case of its Euro-Dollar Loans, its Euro-Dollar Lending Office.

"Asset Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated total assets of the Guarantors and their respective Consolidated Subsidiaries, exclusive of intercompany receivables and interests in Subsidiaries that are not Consolidated Subsidiaries, to (b) the Consolidated total assets of the Borrower and its Consolidated Subsidiaries.

"Assignee" has the meaning set forth in Section 9.6(c).

"Bank" means each bank and other financial institution listed on the signature pages hereof, each Assignee which becomes a Bank pursuant to Section 9.6(c), and their respective successors.

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by Citibank in New York, New York, from time to time, as Citibank's base rate; and

(b) 1/2 of one percent per annum above the Federal Funds Rate.

"Base Rate Loan" means a Committed Loan to be made or Continued as or Converted into a Base Rate Loan by a Bank in accordance with the applicable Notice of Committed Borrowing or pursuant to Article 8.

"Base Rate Margin" means a rate per annum determined in accordance with the Pricing Schedule.

"Benefit Arrangement" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

"Borrower" has the meaning set forth in the preamble to this Agreement.

"Borrowing" has the meaning set forth in Section 1.3.

"Citibank" means Citibank, N.A., a national banking association, and its successors.

"Closing Date" means the date on or after the Effective Date on which the Administrative Agent shall have received the documents specified in or pursuant to Section 3.1.

"Commitment" means, with respect to each Bank, the amount set forth opposite the name of such Bank on the Commitment Schedule attached hereto and identified as such.

"Committed Loan" means a loan made by a Bank pursuant to Section 2.1, and any Continuation or Conversion thereof.

"Consolidated" refers to the consolidation of accounts in accordance with generally accepted accounting principles.

"Consolidated Adjusted EBITDA" means, for any Measurement Period, the sum, determined on a Consolidated basis for the Borrower and its Subsidiaries, without duplication, of (a) net income (or net loss), (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) to the extent deducted in calculating net income (or net loss), charges in respect of Settlement Costs, (g) to the extent deducted in calculating net income (or net loss), cash restructuring and reorganization charges (including, without limitation, severance charges, retention costs and facilities costs) and cash charges for costs and expenses (other than Settlement Costs) related to Settlements, in an aggregate amount not to exceed the sum of (i) for any Measurement Period ending on or before September 30, 2005, all such charges incurred through December 31, 2004 and publicly disclosed prior to the Effective Date plus (ii) up to \$650,000,000 for all Measurement Periods ending after December 31, 2004, (h) to the extent deducted in calculating net income (or net loss), the amount of any losses (and minus the amount of any gains) associated with sales of assets other than in the ordinary course of business, (i) stock option compensation expense resulting from the adoption of any amendments to Financial Accounting Standards Board Statement No. 123, (j) the amount of any increase (or minus the amount of any decrease) in pension expense (other than service costs) resulting from the application of Financial Accounting Standards Board Statement No. 87, and (k) non-recurring non-cash charges (including, without limitation, in respect of intangibles and impairments, severance charges, retention costs and facilities costs), in each case determined in accordance with generally accepted accounting principles for such Measurement Period.

"Consolidated Fixed Charge Coverage Ratio" means, for any Measurement Period, the ratio of (a) Consolidated Adjusted EBITDA to (b) the sum, determined on a Consolidated basis, of (i) interest expense (other than fees paid in connection with the prepayment of the Mortgage or the Sedgwick Notes), (ii) Specified Distributions, and (iii) principal payments, redemptions and purchases (except scheduled principal payments and payments, redemption and purchases in connection with an exchange offer or refunding to the extent that the same does not result in a reduction of principal payments due before December 2009) of all Long-Term Debt (other than the Loans, loans under the Revolving Credit Agreements, prepayment of the Mortgage from the proceeds of a sale or refinancing of the Mortgaged Property and prepayment of the Sedgwick Notes) made by the Borrower and its Consolidated Subsidiaries, to the extent that such payments

reduced any scheduled principal payments that would otherwise have become due more than one year after the date of such payment, in each case for such Measurement Period.

"Consolidated Funded Debt" means, without duplication, all Debt of the Borrower and its Subsidiaries determined on a Consolidated basis, net of cash and cash equivalents held in the United States free of Liens and rights of others.

"Consolidated Leverage Ratio" means, at any date of determination, the ratio of Consolidated Funded Debt at such date to Consolidated Adjusted EBITDA for the most recently completed Measurement Period.

"Consolidated Subsidiary" means at any date any Subsidiary or other entity the accounts of which would be consolidated with those of the Borrower in its consolidated financial statements if such statements were prepared as of such date.

"Continuation" has the meaning set forth in Section 1.3. "Continue" and "Continued" shall have a correlative meaning.

"Conversion" has the meaning set forth in Section 1.3. "Convert" and "Converted" shall have a correlative meaning.

"Debt" of any Person means, at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, which are classified as short-term debt or long-term debt in accordance with generally accepted accounting principles, (iv) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles, (v) all non-contingent obligations (and, for purposes of Section 5.7 and the definitions of Material Debt and Material Financial Obligations, all contingent obligations) of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (vi) all Unpaid Settlement Costs net of savings in taxes reasonably estimated to be realized by such Person in the future as a direct result of the deductibility of the amount thereof for tax purposes, (vii) all Debt secured by a Lien on any asset of such Person, whether or not such Debt is otherwise an obligation of such Person and (viii) all Debt of others Guaranteed by such Person.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Derivatives Obligations" of any Person means all obligations of such Person in respect of any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of the foregoing transactions.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction), in each case for consideration in any single transaction or series of related transactions in excess of \$10,000,000 (as determined reasonably and in good faith by the Borrower), of any property by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any Equity Interests owned by such Person, or any notes or accounts receivable or any rights and claims associated therewith.

"Dollars" and "\$" means lawful money of the United States.

"Domestic Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to close.

"Domestic Lending Office" means, as to each Bank, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to the Borrower and the Administrative Agent.

"Domestic Subsidiary" means a Subsidiary of the Borrower formed and existing under the laws of any state of the United States and the business, assets and operations of which are located in the United States.

"Effective Date" means the date this Agreement becomes effective in accordance with Section 9.8.

"Environmental Laws" means any and all present and future Federal, state, local and foreign environmental laws, rules or regulations, and any environmental orders or decrees, in each case as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes into the indoor or outdoor environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other similar rights entitling the holder thereof to purchase or acquire any such equity interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

"ERISA Group" means the Borrower, any Material Subsidiary and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or any Material Subsidiary, are treated as a single employer under Section 414 of the Internal Revenue Code.

"Euro-Dollar Business Day" means any Domestic Business Day on which commercial banks are open for international business (including dealings in Dollar deposits) in London.

"Euro-Dollar Lending Office" means, as to each Bank, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Bank as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrower and the Administrative Agent.

"Euro-Dollar Loan" means a Committed Loan to be made or Continued as or Converted into a Euro-Dollar Loan by a Bank in accordance with the applicable Notice of Committed Borrowing.

"Euro-Dollar Margin" means a rate per annum determined in accordance with the Pricing Schedule.

"Euro-Dollar Reserve Percentage" has the meaning set forth in Section 2.7(b).

"Event of Default" has the meaning set forth in Section 6.1.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day, provided that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day, and (ii) if no such rate is so published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Citibank on such day on such transactions as determined by the Administrative Agent.

"Fixed Rate Loans" means Euro-Dollar Loans.

"Foreign Subsidiary" means any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the holder of such Debt of the payment thereof or to protect such holder against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a correlative meaning.

"Guarantor" means each of (a) Marsh Inc., a Delaware corporation, Putnam Investments Trust, a Massachusetts business trust, and Mercer Inc., a Delaware corporation, and (b) and any other direct Consolidated Subsidiary of the Borrower that executes and delivers to the Administrative Agent a Subsidiary Guaranty, provided that (i) such Subsidiary is reasonably acceptable to the Required Banks, and (ii) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, (A) documents of the types described in Section 3.1(a)(i) and Section 3.1(e) with respect to such Guarantor and the Subsidiary Guaranty executed by it (and, in the case of any Guarantor which is a Foreign Subsidiary, such other documents as the Administrative Agent may reasonably request) and (B) financial statements described in Section 5.1(a) or (b) for the most recently ended period for which such financial statements are required to have been delivered for the Guarantors; and provided further that, anything contained herein to the contrary notwithstanding, the term Guarantor shall not include any Subsidiary of the Borrower holding, as of the date of the most recent audited financial statements of the Borrower and its Consolidated Subsidiaries delivered pursuant to this Agreement, assets having an aggregate book value of \$20,000,000 or less. If (1) the Borrower shall have identified a direct Consolidated Subsidiary of the Borrower as a proposed Guarantor in a written notice to the Banks, and (2) the Required Banks (or the Administrative Agent with the consent of the Required Banks) shall not have objected in writing within 10 Business Days after the giving of such notice, such Subsidiary shall be deemed to be acceptable to the Required Banks for purposes of clause (i) above, provided that requirements of clause (ii) above are met within 30 days after the next delivery of financial statements described in Section 5.1(a) or (b) occurring thereafter.

"Guaranty Coverage Percentage" means, as of any date of determination in relation to any transaction or event described herein (each, an "Event"), each of the Asset Percentage, the Revenue Percentage and the Net Operating Income Percentage, in each case determined as of the most recently ended fiscal quarter of the Borrower for which financial statements have been delivered pursuant to Section 5.1(a) or (b) and calculated on a pro forma basis giving effect to the applicable Event. For purposes of Sections 5.1(c)(ii) and 5.15, the Guaranty Coverage Percentage means each of the Asset Percentage, the Revenue Percentage and the Net Operating Income Percentage as of the end of the fiscal quarter most recently ended.

"Indemnatee" has the meaning set forth in Section 9.3(b).

"Interest Period" means:

(1) with respect to each Euro-Dollar Borrowing, the period commencing on the date of such Borrowing and ending one, two, three or six months thereafter, as the Borrower may elect (so long as such period does not extend beyond the Termination Date) in the applicable Notice of Committed Borrowing; provided that:

(a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Euro-Dollar Business Day of a calendar month; and

(c) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date; and

(2) with respect to each Base Rate Borrowing, the period commencing on the date of such Borrowing and ending 90 days thereafter; provided that:

(a) any Interest Period (other than an Interest Period determined pursuant to clause (b) below) which would otherwise end on a day which is not a Domestic Business Day shall be extended to the next succeeding Domestic Business Day; and

(b) any Interest Period which would otherwise end after the Termination Date shall end on the Termination Date;

provided that, notwithstanding clause 1(c), above, no Interest Period for a Euro-Dollar Borrowing shall have a duration of less than one month and, if such Interest Period would otherwise be a shorter period, such Borrowing shall not be available hereunder for such period.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest, in respect of such asset. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Loan" means a Base Rate Loan or a Euro-Dollar Loan and "Loans" means Base Rate Loans or Euro-Dollar Loans or any combination of the foregoing.

"Loan Documents" means (i) this Agreement, (ii) the Notes, (iii) each Subsidiary Guaranty, and (iv) the Master Agreement.

"Loan Parties" means the Borrower and the Guarantors.

"London Interbank Offered Rate" has the meaning set forth in Section 2.7(b).

"Long-Term Debt" means any Debt that, in accordance with generally accepted accounting principles, constitutes (or, when incurred, constituted) a long-term liability.

"Margin Stock" means "margin stock" within the meaning of Regulations U and X.

"Master Agreement" means the Master Agreement, dated as of December 15, 2004, among the Borrower, the Administrative Agent and the "Administrative Agent" under and as defined in each of the Revolving Credit Agreements.

"Material Debt" means Debt (other than the Loans made hereunder) of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, in an aggregate principal amount exceeding \$100,000,000.

"Material Financial Obligations" means any Debt and/or Derivatives Obligation of the Borrower and/or one or more of its Subsidiaries, arising in one or more related or unrelated transactions, the principal or face amount (with respect to Debt) or Settlement Amount (with respect to Derivatives Obligations, after giving effect to any netting arrangements) of which exceeds in the aggregate \$100,000,000.

"Material Plan" means at any time a Plan or Plans having aggregate Unfunded Liabilities in excess of \$30,000,000.

"Material Subsidiary" means at any time a Subsidiary which as of such time meets the definition of a "significant subsidiary" contained as of the date hereof in Regulation S-X of the Securities and Exchange Commission.

"Measurement Period" means, at any date of determination, the most recently completed four consecutive fiscal quarters of the Borrower ending on or prior to such date.

"Mortgage" means (a) the Restated Mortgage and Indenture and Security Agreement dated as of April 6, 1989 made by the Borrower, Marsh & McLennan, Incorporated, William M. Mercer Meidinger-Hansen, Incorporated and Marsh & McLennan Group Associates, Inc., tenants in common, as mortgagor, and The First National Bank of Boston, trustee, as mortgagee, as amended and supplemented from time to time, including, without limitation, as described in the mortgage memorandum, securing certain notes and covering the Borrower's headquarters located at 1166 Avenue of the Americas, New York, New York (the "Original Mortgage"), and (b) any instrument evidencing a refunding or refinancing of the Original Mortgage, provided that (i) recourse to the Borrower and any Subsidiary of the Borrower is limited in substantially the same manner as set forth in the Original Mortgage, and (ii) the security is limited to the Mortgaged Property and any other interest held by the Borrower and its Subsidiaries in the property located at 1166 Avenue of the Americas, New York, New York.

"Mortgaged Property" has the meaning set forth in the Mortgage.

"Multiemployer Plan" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

"Net Cash Proceeds" means:

- (a) with respect to any Disposition by the Borrower or any of its Consolidated Subsidiaries, the excess, if any, of (i) the sum of cash and cash equivalents received in connection with such transaction (including any cash or cash equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) the principal amount of any Debt that is secured by the applicable asset or, in the case of a Disposition of a Subsidiary, any Debt of such Subsidiary, that is required to be and is repaid by the Borrower or such Consolidated Subsidiary, as the case may be, in connection with such transaction (other than Debt under the Loan Documents), (B) the out-of-pocket expenses incurred by such Person in connection with such transaction and (C) taxes reasonably estimated to be payable by such Person, and the amount of any reserves established by such Person in accordance with generally accepted accounting principles to fund contingent liabilities reasonably estimated to be payable, in each case within two years of the date of the relevant transaction and directly attributable to the relevant transaction (as determined reasonably and in good faith by a financial officer of such Person); and
- (b) with respect to the incurrence or issuance of any Debt by the Borrower or any of its Consolidated Subsidiaries, the excess of (i) the sum of the cash and cash equivalents received in connection with such transaction over (ii) the underwriting discounts and commissions, arrangement and participation fees and other out-of-pocket expenses incurred by such Person in connection therewith.

"Net Operating Income" means, for any period, the sum, determined on a Consolidated basis for the Borrower and its Subsidiaries or the Guarantors and their respective Subsidiaries, as the case may be, of (a) net income (or net loss), (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) to the extent deducted in calculating net income (or net loss), charges in respect of Settlement Costs, (g) to the extent deducted in calculating net income (or net loss), cash restructuring and reorganization charges (including, without limitation, severance charges, retention costs and facilities costs) and cash charges for costs and expenses (other than Settlement Costs) related to Settlements, in an aggregate amount not to exceed the sum of (i) for any Measurement Period ending on or before September 30, 2005, all such charges incurred through December 31, 2004 and publicly disclosed prior to the Effective Date plus (ii) up to \$650,000,000 for all Measurement Periods ending after December 31, 2004, (h) to the extent deducted in calculating net income (or net loss), the amount of any losses (and minus the amount of any gains) associated with sales of assets other than in the ordinary course of business, (i) stock option compensation expense resulting from the adoption of any amendments to Financial Accounting Standards Board Statement No. 123, (j) the amount of any increase (or minus the amount of any decrease) in pension expense (other than service costs) resulting from the application of Financial Accounting Standards Board Statement No. 87, and (k) non-recurring non-cash charges (including, without limitation, in respect of

intangibles and impairments, severance charges, retention costs and facilities costs), in each case determined in accordance with generally accepted accounting principles for such Measurement Period.

"Net Operating Income Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated Net Operating Income of the Guarantors and their respective Consolidated Subsidiaries for the 12-month period ending on such date, to (b) the Consolidated Net Operating Income of the Borrower and its Consolidated Subsidiaries for such 12-month period.

"Note" means any promissory note of the Borrower issued pursuant to Section 2.5 hereof, evidencing the obligation of the Borrower to repay Committed Loans of any Bank.

"Notice of Borrowing" means a Notice of Committed Borrowing (as defined in Section 2.2).

"Other Taxes" has the meaning set forth in Section 8.4.

"Parent" means, with respect to any Bank, any Person controlling such Bank.

"Participant" has the meaning set forth in Section 9.6(b).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

"Person" means an individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

"Post-Default Rate" means, in respect of any principal of any Loan or any other amount under this Agreement that is not paid when due (whether at stated maturity, by acceleration, by optional or mandatory prepayment or otherwise), a rate per annum during the period from and including the due date to but excluding the date on which such amount is paid in full equal to 2% plus the Base Rate as in effect from time to time (provided that, if the amount so in default is principal of a Euro-Dollar Loan and the due date thereof is a day other than the last day of the Interest Period therefor, the "Post-Default Rate" for such principal shall be, for the period from and including such due date to but excluding the last day of the Interest Period, 2% plus the interest rate for such Loan as provided in Section 2.7 and, thereafter, the rate provided for above in this definition).

"Pricing Schedule" means the Schedule attached hereto identified as such.

"Regulations A, D, U and X" means, respectively, Regulations A, D, U and X of the Board of Governors of the Federal Reserve System (or any successor), as in effect from time to time.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Required Banks" means at any time (a) prior to the Closing Date, Banks having more than 50% of the aggregate amount of the Commitments, and (b) from and after the Closing Date, Banks holding more than 50% of the aggregate outstanding principal amount of the Loans (or, if no such principal is outstanding, 50% of all other obligations then owing under this Agreement).

"Required Percentage" means (a) in the case of the Asset Percentage, 75%, (b) in the case of the Revenue Percentage, 85%, and (c) in the case of the Net Operating Income Percentage, 85%.

"Revenue Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated service revenues of the Guarantors and their respective Consolidated Subsidiaries for the 12-month period ending on such date, to (b) the Consolidated service revenues of the Borrower and its Consolidated Subsidiaries for such 12-month period.

"Revolving Credit Agreements" means (i) the Credit Agreement [5 Year] dated as of June 13, 2002 among the Borrower, the banks and other financial institutions party thereto and JPMorgan Chase Bank, as administrative agent, and (ii) the Credit Agreement [5 Year] dated as of June 9, 2004 among the Borrower, the banks and other financial institutions party thereto and JPMorgan Chase Bank, as administrative agent, in each case as amended, supplemented or otherwise modified from time to time.

"Sedgwick Notes" means the \$60,000,000 7.68% Guaranteed Senior Notes of the Borrower due April 1, 2006.

"Settlement" means the settlement by the Borrower and its Subsidiaries of a Specified Claim.

"Settlement Amount" means, in respect of any Derivatives Obligation to which the Borrower and/or any Subsidiary is a party, the net aggregate marked-to-market (in accordance with standard industry practice) amount, if any, that would be due in respect of such Derivatives Obligation (together with all other Derivatives Obligations under the same master agreement and giving effect to any netting arrangements between the parties to such master agreement) if such Derivatives Obligation was (and such other Derivatives Obligations were) terminated because of a default by the Borrower or such Subsidiary.

"Settlement Costs" means all costs and obligations incurred, owing, paid or payable by the Borrower or any Subsidiary of the Borrower in connection with the settlement of any Specified Claim, including, without limitation, payment of restitution, fines and penalties, but

excluding amounts payable to legal counsel or other advisors of the Borrower or any Subsidiary of the Borrower.

"Settlement Debt" means Debt incurred by the Borrower or any Subsidiary to the extent that (a) the Net Cash Proceeds thereof have been used to pay or refinance Settlement Costs or (b) an amount equal to the Net Cash Proceeds thereof are held in cash and cash equivalents (free of Liens and rights of others) in a segregated account in the United States (and not used for any purpose other than payment of Settlement Costs or prepayment of the Loans) and a financial officer of the Borrower has certified to the Administrative Agent in writing (which certification may be made at any time) that the Borrower has reasonably determined in good faith that such proceeds are expected to be used to pay Settlement Costs within six months following such certification.

"Settlement Proceeds" means Net Cash Proceeds from the Disposition of any property or assets to the extent that (a) such Net Cash Proceeds thereof have been used to pay or refinance Settlement Costs or (b) an amount equal to such Net Cash Proceeds is held in cash and cash equivalents (free of Liens and rights of others) in a segregated account in the United States (and not used for any purpose other than payment of Settlement Costs or prepayment of the Loans) and a financial officer of the Borrower has certified to the Administrative Agent in writing (which certification may be made at any time) that the Borrower has reasonably determined in good faith that such amount is expected to be used to pay Settlement Costs within six months following such certification.

"Specified Claim" means (a) the civil complaint filed on October 14, 2004 by the Attorney General of the State of New York against the Borrower and Marsh Inc. in the Supreme Court of New York County and the other matters described under the heading "Marsh Related Matters" in Note 13 to the financial statements included in the Borrower's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2004 as filed with the Securities and Exchange Commission ("Note 13"), (b) the civil administrative proceedings by the Securities and Exchange Commission and the Massachusetts Securities Division against Putnam Investments Trust and its Subsidiaries and the other matters described under the heading "Putnam Matters" in Note 13, (c) the other inquiries and matters, including without limitation those related to Mercer Inc. and its Subsidiaries, described under the headings "Other Inquiries" and "Other Matters" in Note 13, and (d) any claim arising out of, or any action, suit or proceeding filed or threatened against the Borrower or any Subsidiary of the Borrower based on, allegations similar to those set forth in the complaints and other documents filed with respect to the foregoing or related thereto.

"Specified Debt" means Debt of the type described in clause (i) of the definition of Debt (other than (a) commercial paper and (b) Debt (other than Long-Term Debt) of any Subsidiary incurred in the ordinary course of business for general corporate purposes consistent with past practices), in each case in a principal amount in any single transaction or series of related transactions in excess of \$5,000,000, other than (i) Settlement Debt, (ii) Debt under the Mortgage, and (iii) Debt incurred to refinance or refund other Debt permitted hereunder to the extent not in excess of the Debt refinanced or refunded.

"Specified Distributions" means any dividends or other distributions (whether in cash, securities or other property) with respect to the shares of common stock of the Borrower or any payment (whether in cash, securities or other property) on account of the purchase, redemption or retirement of shares of common stock of the Borrower or options, warrants or similar rights for the purchase or other acquisition thereof (other than payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries).

"Subsidiary" means, as to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person; unless otherwise specified, "Subsidiary" means a Subsidiary of the Borrower.

"Subsidiary Guaranty" means a Subsidiary Guaranty, substantially in the form of Exhibit B hereto (or, if the Guarantor is a Foreign Subsidiary, in such form having substantially the same effect as the Administrative Agent may reasonably require), executed by a Subsidiary of the Borrower in favor of the Administrative Agent and the Banks.

"Taxes" has the meaning specified in Section 8.4.

"Termination Date" means December 31, 2006 or, if such day is not a Euro-Dollar Business Day, the next preceding Euro-Dollar Business Day.

"Unfunded Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the value of all benefit liabilities under such Plan, determined on a plan termination basis using the assumptions prescribed by the PBGC for purposes of Section 4044 of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such liabilities under Title IV of ERISA (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

"United States" means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

"Unpaid Settlement Costs" means Settlement Costs that have not been paid.

"Wholly-Owned Consolidated Subsidiary" means any Consolidated Subsidiary all of the shares of capital stock or other ownership interests of which (except directors' qualifying shares) are at the time directly or indirectly owned by the Borrower.

Section 1.2 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent audited consolidated financial statements of the

Borrower and its Consolidated Subsidiaries delivered to the Banks; provided that, if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant (and any related definition) in Article 5 to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Banks wish to amend Article 5 for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Banks, respectively. Without limitation on the foregoing, any reference in any definitions to cash charges shall mean charges that are or are expected to be incurred or paid in cash, and any reference to non-cash charges shall mean charges that are not expected to be paid in cash at any time.

Section 1.3 Types of Borrowings. The term "Borrowing" denotes the aggregation of Loans of the Banks to be made pursuant to Article 2 on a single date and for a single Interest Period. A "Borrowing" also includes (x) the conversion ("Conversion") of such aggregation of Loans from one interest rate pricing type of Loan to another type at the end of the Interest Period therefor (or as otherwise provided herein) and (y) the continuation ("Continuation") of such aggregation of Loans at the same interest rate pricing type of Loan from one Interest Period (or as otherwise provided herein) to another. Borrowings are classified for purposes of this Agreement by reference to the pricing of Loans comprising such Borrowing (e.g., a "Fixed Rate Borrowing" is a Euro-Dollar Borrowing and a "Euro-Dollar Borrowing" is a Borrowing comprised of Euro-Dollar Loans).

ARTICLE 2

THE CREDITS

Section 2.1 Commitments to Lend. On the Closing Date, each Bank severally agrees, on the terms and conditions set forth in this Agreement, to make a loan to the Borrower pursuant to this Section in an amount equal to the amount of its Commitment. Each Borrowing (including any Conversion or a Continuation) shall be in an aggregate principal amount of (x) in the case of a Base Rate Borrowing, \$5,000,000 and (y) in the case of a Euro-Dollar Borrowing, \$10,000,000 or, in either case, any larger multiple of \$1,000,000 and shall be made from the several Banks ratably in proportion to their respective Commitments. Within the foregoing limits, the Borrower may borrow under this Section, repay, or to the extent permitted by Section 2.11, prepay Loans and, subject to Section 2.11, Convert and Continue Committed Loans at any time until the Termination Date; provided that no more than twenty (20) separate Interest Periods in respect of Euro-Dollar Loans from each Bank may be outstanding at any one time. Amounts borrowed and thereafter repaid or prepaid may not thereafter be reborrowed.

Section 2.2 Notice of Committed Borrowing. (a) The Borrower shall give the Administrative Agent notice (a "Notice of Committed Borrowing") not later than 10:30 A.M. (New York City time) on (x) the date of each Base Rate Borrowing and (y) the third Euro-Dollar Business Day before each Euro-Dollar Borrowing, specifying:

- (i) the date of such Borrowing, which shall be a Domestic Business Day in the case of a Base Rate Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing;
- (ii) the aggregate amount of such Borrowing;
- (iii) whether the Loans comprising such Borrowing are to be Base Rate Loans or Euro-Dollar Loans; and
- (iv) in the case of a Euro-Dollar Borrowing, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period.

Section 2.3 [Intentionally omitted].

Section 2.4 Notice to Banks; Funding of Loans. (a) Upon receipt of a Notice of Borrowing, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's share of such Borrowing and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Not later than 12:00 Noon (or 1:00 P.M., in the case of a same day Base Rate Borrowing) (New York City time) on the date of each Borrowing (that is not a Conversion or Continuation), each Bank participating therein shall make available its share of such Borrowing, in Federal or other funds immediately available in New York City, to the Administrative Agent for account of the Borrower, at account number 36852248 maintained by the Administrative Agent with Citibank at its address referred to in Section 9.1 (or to such other account as the Administrative Agent shall advise the Banks in writing). Unless the Administrative Agent determines that any applicable condition specified in Article 3 has not been satisfied, the Administrative Agent will make the funds so received from the Banks available to the Borrower by depositing the same, in immediately available funds, in an account of the Borrower designated by the Borrower maintained by it with Citibank at the aforesaid address.

(c) Unless the Administrative Agent shall have received notice from a Bank prior to the time of any Borrowing (that is not a Conversion or Continuation) that such Bank will not make available to the Administrative Agent such Bank's share of such Borrowing, the Administrative Agent may assume that such Bank has made such share available to the Administrative Agent on the date of such Borrowing in accordance with subsection (b) of this Section and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have so made such share available to the Administrative Agent, such Bank and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.7 and (ii) in the case of such Bank, the Federal Funds Rate. If such Bank shall repay to the Administrative Agent such corresponding

amount, such amount so repaid shall constitute such Bank's Loan included in such Borrowing for purposes of this Agreement.

Section 2.5 Evidence of Debt.

(a) Each Bank may, by notice to the Borrower and the Administrative Agent, request that its Commitment or its Loans of a particular type be evidenced by a promissory note in the form of Exhibit F, in an amount equal to its Commitment or the aggregate unpaid principal amount of such Loans, as the case may be. In such event, the Borrower, at its costs, shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns). Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.6) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns). Each such promissory note shall be in form and substance reasonably satisfactory to the requesting Bank, the Borrower and the Administrative Agent.

(b) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Bank resulting from each Loan made by such Bank, including the amounts of principal and interest payable and paid to such Bank from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder and the type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Bank hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Banks and each Bank's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Bank or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

Section 2.6 Maturity of Loans; Rollover Conversions. (a) The Borrower hereby promises to pay to the Administrative Agent for account of each Bank the entire outstanding principal amount of the Committed Loans of such Bank, and each Committed Loan shall mature, on the Termination Date.

(b) [Intentionally omitted]

(c) If the Borrower shall not have given a timely notice prior to the last day of the Interest Period for any Loan for either (i) a Borrowing in a principal amount at least equal to the outstanding principal amount of such Loan effective on the last day of such Interest Period or (ii) a payment or prepayment of the entire amount of such Loan effective on the last day of such Interest Period, then, automatically and without further action, such Loan (or relevant portion

thereof) will be Converted into, or Continued as, as the case may be, a Base Rate Loan, and a Base Rate Borrowing shall be effected on the last day of such Interest Period in a principal amount equal to the principal amount of such Loan not subject to a Borrowing and/or payment/prepayment.

Section 2.7 Interest Rates.

(a) Base Rate Loans. The Borrower hereby promises to pay to the Administrative Agent for account of each Bank interest on the outstanding principal amount of each Base Rate Loan of such Bank, for each day from the date such Loan is made, Continued or Converted into a Base Rate Loan until it is paid, prepaid, becomes due or is Converted into a Loan of a different type at a rate per annum equal to the sum of the Base Rate Margin for such day plus the Base Rate for such day. Such interest shall be payable for each Interest Period on the last day thereof (or any earlier date of payment or prepayment thereof or Conversion into a Loan of a different type).

(b) Euro-Dollar Loans. The Borrower hereby promises to pay to the Administrative Agent for account of each Bank interest on the outstanding principal amount of each Euro-Dollar Loan of such Bank, for each day during the Interest Period applicable thereto, at a rate per annum equal to the sum of the Euro-Dollar Margin for such day plus the Adjusted London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof (or any earlier date of payment, prepayment or Continuation thereof or Conversion into a Loan of a different type) and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof.

The "Adjusted London Interbank Offered Rate" applicable to any Interest Period means a rate per annum equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/100 of 1%) by dividing (i) the applicable London Interbank Offered Rate by (ii) 1.00 minus the Euro-Dollar Reserve Percentage.

The "London Interbank Offered Rate" applicable to any Interest Period means the rate (rounded upward, if necessary, to the next higher 1/16 of 1%) appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Euro-Dollar Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period.

"Euro-Dollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion Dollars in respect of "Eurocurrency liabilities" (as such term is used in Regulation D of the Board of Governors of the Federal Reserve System) (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is

determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents). The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

(c) [Intentionally omitted].

(d) Post Default Interest. Notwithstanding the foregoing, the Borrower hereby promises to pay to the Administrative Agent for account of each Bank interest at the applicable Post-Default Rate on any principal of any Loan of such Bank, and on any other amount payable by the Borrower hereunder or under the Notes held by such Bank to or for account of such Bank, which shall not be paid in full when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full. Interest payable at the Post-Default Rate shall be payable from time to time on demand.

(e) Determinations. The Administrative Agent shall determine each interest rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Borrower and the participating Banks of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error.

Section 2.8 Fees. The Borrower shall pay from time to time, for the account of the Administrative Agent and the Joint Lead Arrangers, such fees as may be agreed from time to time.

Section 2.9 [Intentionally omitted].

Section 2.10 [Intentionally omitted].

Section 2.11 Optional Payments, Prepayments, Conversions and Continuations. (a) Subject in the case of any Fixed Rate Loans to Section 2.13, the Borrower may, (i) upon notice to the Administrative Agent given no later than 10:30 A.M. (New York City time) on the same day, prepay any Base Rate Borrowing or (ii) upon at least three Euro-Dollar Business Days' notice to the Administrative Agent, prepay any Euro-Dollar Borrowing, in each case in whole at any time, or from time to time in part, in amounts aggregating \$5,000,000 or any larger multiple of \$1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment. The Borrower may, upon notice to the Administrative Agent given no later than 10:30 A.M. (New York City time) on the last day of the Interest Period for any Loan, pay such Loan on such day in whole or in part by paying the principal amount to be paid together with accrued interest thereon.

(b) If the Borrower or any of its Consolidated Subsidiaries Disposes of any property or assets (other than any Disposition of property or assets (i) permitted by Section 5.11(b), (c), (d) or, to the extent that the amount of the Net Cash Proceeds does not exceed the cost of the replacement assets, (e), (ii) consisting of the Mortgaged Property, or (iii) to the extent that the Net Cash Proceeds thereof constitute Settlement Proceeds) or incurs any Specified Debt and the aggregate Net Cash Proceeds received by the Borrower and its Subsidiaries after the date hereof for all such transactions exceeds \$250,000,000 by \$50,000,000 or more, the Borrower

shall, within five (5) Euro-Dollar Business Days after receipt thereof, prepay an aggregate principal amount of Loans equal to 75% of the amount of such excess, and thereafter as and when additional Net Cash Proceeds are received in aggregate amounts of \$50,000,000 or more, the Borrower shall, within five (5) Euro-Dollar Business Days after receipt thereof, further prepay the principal of the Loans in an amount equal to 75% of the amount of such additional Net Cash Proceeds. For purposes of this Section 2.11(b), to the extent that the proceeds of any Settlement Debt described in clause (b) of the definition thereof or of any Settlement Proceeds described in clause (b) of the definition thereof are (A) not used to pay Settlement Costs within six months after the date of the certification referred to in such clauses or (B) no longer expected by the Borrower in good faith to be used to pay Settlement Costs, such proceeds shall be deemed to be Net Cash Proceeds (which are not Settlement Proceeds or proceeds of any Settlement Debt described in clause (b) of the definition thereof) received by the Borrower on the last day of such six-month period or on the date on which such proceeds are no longer expected by the Borrower in good faith to be used for such purpose, as the case may be. The Borrower shall notify the Administrative Agent of the anticipated receipt of any Net Cash Proceeds and any prepayment required by this Section 2.11(b) no later than 10:30 A.M. (New York City time) on the same day (in the case of any prepayment of a Base Rate Borrowing) or at least three Euro-Dollar Business Days' in advance (in the case of any prepayment of a Euro-Dollar Borrowing).

(c) Except as provided in subsections (a) and (b) above and subsection (e) below, the Borrower may not prepay, Continue or Convert all or any portion of the principal amount of any Loan prior to the last day of the Interest Period therefor.

(d) Upon receipt of a notice of prepayment, Continuation or Conversion pursuant to this Section, the Administrative Agent shall promptly notify each Bank of the contents thereof and of such Bank's ratable share of such prepayment, Continuation or Conversion and such notice shall not thereafter be revocable by the Borrower.

(e) The Borrower may Convert or Continue Committed Loans at any time or from time to time, provided that (a) the Borrower shall give the Administrative Agent notice of each such Conversion or Continuation as provided in Section 2.2, (b) any Conversion or Continuation of a Euro-Dollar Loan other than on the last day of the Interest Period therefor shall be subject to Section 2.13 and (c) the Borrower may Convert into or Continue a Euro-Dollar Loan at any time a Default shall be continuing only with the prior written consent of the Required Banks.

Section 2.12 General Provisions as to Payments. (a) The Borrower shall make each payment of principal of, and interest on, the Loans and of fees hereunder, not later than 12:00 Noon (New York City time) on the date when due, in Dollars in Federal or other funds immediately available in New York City, without deduction, set-off or counterclaim, to the Administrative Agent at account number 36852248 maintained by the Administrative Agent with Citibank at its address referred to in Section 9.1 (or to such other account as the Administrative Agent shall advise the Borrower in writing). If the due date of any payment under this Agreement would otherwise fall on a day that is not a Domestic Business Day, such date shall be extended to the next succeeding Domestic Business Day, and interest shall be payable for any principal so extended for the period of such extension.

(b) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Banks hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent that the Borrower shall not have so made such payment, each Bank shall repay to the Administrative Agent forthwith on demand such amount distributed to such Bank together with interest thereon, for each day from the date such amount is distributed to such Bank until the date such Bank repays such amount to the Administrative Agent, at the Federal Funds Rate.

(c) The Borrower shall, at the time of making each payment under this Agreement or any Note for account of any Bank, specify to the Administrative Agent (which shall so notify the intended recipient(s) thereof) the Loans or other amounts payable by the Borrower hereunder to which such payment is to be applied (and in the event that the Borrower fails to so specify, or if an Event of Default has occurred and is continuing, the Administrative Agent may distribute such payment to the Banks for application in such manner as it or the Required Banks, subject to Section 2.15, may determine to be appropriate).

(d) Each payment received by the Administrative Agent under this Agreement or any Note for account of any Bank shall be paid by the Administrative Agent promptly to such Bank, in immediately available funds, for account of such Bank's Applicable Lending Office for the Loan or other obligation in respect of which such payment is made.

Section 2.13 Funding Losses. If the Borrower makes any payment of principal with respect to any Fixed Rate Loan (pursuant to Article 2, 6 or 8 or otherwise) on any day other than the last day of the Interest Period applicable thereto, or if the Borrower fails to borrow, prepay, Convert into or Continue any Fixed Rate Loans after notice has been given to any Bank in accordance with Section 2.4(a) or 2.11(d), or the Borrower Converts or Continues any Fixed Rate Loan other than on the last day of the Interest Period applicable thereto, the Borrower shall reimburse each Bank within 15 days after demand for any resulting loss or expense incurred by it (or by an existing or prospective Participant in the related Loan), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment, failure to borrow, prepay, Convert or Continue or Conversion or Continuation, provided that such Bank shall have delivered to the Borrower a written request as to the amount of such loss or expense, which written request shall be conclusive in the absence of manifest error. Without limiting the effect of the preceding sentence, such compensation shall include an amount equal to the excess, if any, of (i) the amount of interest that otherwise would have accrued on the principal amount so paid, prepaid, Continued, Converted or not borrowed, Converted or Continued for the period from the date of such payment, prepayment, failure to borrow, Convert or Continue, Conversion or Continuation to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Loan that would have commenced on the date specified for such borrowing, Conversion or Continuation) at the applicable rate of interest for such Loan provided for herein (excluding loss of margin) over (ii) the amount of interest that otherwise would have accrued on such principal amount at a rate per annum equal to the interest component of the amount such Bank would have bid in the London interbank market.

Section 2.14 Computation of Interest and Fees. Interest based on the Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and fees hereunder shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section 2.15 Pro Rata Treatment. Except to the extent otherwise provided herein: (a) each borrowing and Continuation of, and each Conversion into, Committed Loans from the Banks under Section 2.1 shall be made from or by, as the case may be, the Banks pro rata according to the amounts of their respective Commitments; (b) the making and Continuation of, and Conversion into, Committed Loans shall be made pro rata among the Banks according to the amounts of their respective Commitments; (c) each payment or prepayment of principal of Committed Loans shall be made for account of the Banks pro rata in accordance with the respective unpaid principal amounts of the Committed Loans held by them, provided that if immediately prior to giving effect to any such payment in respect of any Committed Loan the outstanding principal amount of the Committed Loans shall not be held by the Banks pro rata in accordance with their respective Commitments in effect at the time such Loans were made (by reason of a failure of a Bank to make a Loan hereunder in the circumstances described in the last paragraph of Section 9.5), then such payment shall be applied to the Committed Loans in such manner as shall result, as nearly as is practicable, in the outstanding principal amount of the Committed Loans being held by the Banks pro rata in accordance with their respective Commitments; and (d) each payment of interest on Committed Loans shall be made for account of the Banks pro rata in accordance with the amounts of interest on such Loans then due and payable to the Banks.

Section 2.16 Lending Offices. The Loans of each type made, Continued or Converted by each Bank shall be made, Continued, Converted and maintained at such Bank's Applicable Lending Office for Loans of such type.

Section 2.17 Several Obligations; Remedies Independent. The failure of any Bank to make any Loan to be made by it on the date specified therefor shall not relieve any other Bank of its obligation to make its Loan on such date, but neither any Bank nor the Administrative Agent shall be responsible for the failure of any other Bank to make a Loan to be made by such other Bank, and no Bank shall have any obligation to the Administrative Agent or any other Bank for the failure by such Bank to make any Loan required to be made by such Bank. The amounts payable by the Borrower at any time hereunder to each Bank shall be a separate and independent debt and each Bank shall be entitled to protect and enforce its rights arising out of this Agreement, and it shall not be necessary for any other Bank or the Administrative Agent to consent to, or be joined as an additional party in, any proceedings for such purposes.

ARTICLE 3

CONDITIONS

Section 3.1 Closing. The closing hereunder shall occur upon receipt by the Administrative Agent of the following documents, each dated the Closing Date unless otherwise indicated:

- (a) (i) an opinion of Peter Beshar, Esq., General Counsel of the Borrower, substantially in the form of Exhibit D-1 hereto, and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request; (ii) an opinion of Frank McNamara, Esq., General Counsel of Putnam Investments Trust, substantially in the form of Exhibit D-2 hereto, and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request; and (iii) an opinion of Davis Polk & Wardwell, special counsel for the Borrower, in substantially the form of Exhibit D-3, hereto;
- (b) an opinion of Shearman & Sterling LLP, counsel for the Administrative Agent, substantially in the form of Exhibit E hereto and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request;
- (c) evidence satisfactory to the Administrative Agent that the Commitments under (and as defined in) (i) the Credit Agreement [364 Day] dated as of July 7, 2004 (as amended, supplemented or otherwise modified) among the Borrower, the banks and other financial institutions party thereto and Bank of America, N.A. as administrative agent, and (ii) the Credit Agreement [364 Day] dated as of June 9, 2004 (as amended, supplemented or otherwise modified) among the Borrower, the banks and other financial institutions party thereto and JPMorgan Chase Bank, as administrative agent, have been terminated and that all amounts owing thereunder by the Borrower to the banks party thereto or the administrative agent thereunder have been paid in cash in full;
- (d) evidence satisfactory to the Administrative Agent that the Amendments to the Revolving Credit Agreements and the Master Agreement have become effective;
- (e) the following documents of each of the Loan Parties, each certified as indicated below:
 - (i) a copy of the certificate of incorporation or comparable document, as amended and in effect, certified as of a recent date by the Secretary of State of its jurisdiction, and a certificate from such Secretary of State dated as of a recent date as to the good standing of and charter documents filed by each of the Loan Parties;
 - (ii) a certificate of the Secretary or an Assistant Secretary of each Loan Party, dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Loan Party, as in effect on the Closing Date, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors authorizing the execution, delivery and performance of the Loan Documents and, in the case of the Borrower, the Loans hereunder, and such other documents to which such Loan Party is or is intended to be a party, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter or comparable document of such Loan Party has not been amended since the date of the certification thereto furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing this Agreement (in the case of the Borrower) and each of the other documents to which such Loan Party is intended to be a party and each other document to be delivered by such Loan Party from time to time in

connection herewith or therewith (and the Administrative Agent and each Bank may conclusively rely on each such certificate until it receives notice in writing from the applicable Loan Party)); and

- (iii) a certificate of another officer of each Loan Party as to the incumbency and specimen signature of the Secretary or Assistant Secretary, as the case may be;
- (f) a certificate of a senior officer of the Borrower, dated the Closing Date, to the effect set forth in Section 3.2(d) and (e);
- (g) a Subsidiary Guaranty duly executed by each Guarantor listed in clause (a) of the definition thereof; and
- (h) such other documents as the Administrative Agent or any Bank or special counsel to the Administrative Agent may reasonably request.

Section 3.2 Borrowings. The obligation of any Bank to make a Loan on the occasion of any Borrowing (other than a Continuation or Conversion) is subject to the satisfaction of the following conditions:

- (a) the fact that the Closing Date shall have occurred on or prior to December 31, 2004;
- (b) receipt by the Administrative Agent of a Notice of Borrowing as required by Section 2.2;
- (c) [intentionally omitted];
- (d) the fact that, immediately before and after such Borrowing, no Default shall have occurred and be continuing;
- (e) the fact that the representations and warranties of the Borrower contained in this Agreement (except in the case of any Borrowing made on a date subsequent to the Closing Date, the representation and warranty set forth in Section 4.4(b)) and the representations and warranties of each Guarantor set forth in the Subsidiary Guaranty to which it is a party shall be true on and as of the date of such Borrowing, after giving effect to such Borrowing; and
- (f) the fact that the representation and warranty contained in Section 4.4(b) shall have been true as of the Closing Date.

Such Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing as to the facts specified in clauses (d), (e) and (f) of this Section.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

Section 4.1 Corporate Existence and Power. The Borrower (a) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and (b) has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

Section 4.2 Corporate and Governmental Authorization; No Contravention. The execution, delivery and performance by the Borrower of this Agreement and the Notes, if any, issued by the Borrower, are within its corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, conflict with, or constitute a default under any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Material Subsidiaries or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Material Subsidiaries. Without limiting the generality of the foregoing representation, the aggregate outstanding amount of the Loans hereunder does not exceed any limitations on the aggregate amount of borrowings that may be effected by the Borrower and its Subsidiaries set by the Borrower's Board of Directors.

Section 4.3 Binding Effect. This Agreement constitutes a valid and binding agreement of the Borrower and each Note, if any, when executed and delivered in accordance with this Agreement, will constitute a valid and binding obligation of the Borrower, in each case enforceable against the Borrower in accordance with its respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.4 Financial Information. (a) The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of December 31, 2003 and the related consolidated statements of income, cash flows and stockholders' equity for the fiscal year then ended, reported on by Deloitte & Touche LLP and incorporated by reference in the Borrower's 2003 Form 10-K, a copy of which has been delivered to each of the Banks, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year. The consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of September 30, 2004 and the related consolidated statements of income, cash flows and stockholders' equity for the three months then ended as reported in the Borrower's September 30, 2004 Form 10-Q, a copy of which has been delivered to each of the Banks, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Borrower and its Consolidated Subsidiaries as of such

date and their consolidated results of operations and cash flows for the three month period ended on such date.

(b) Since December 31, 2003 there has been no material adverse change in the business, financial position, results of operations or prospects of the Borrower and its consolidated subsidiaries, considered as a whole, except as disclosed in writing to the Banks prior to the execution and delivery of this Agreement by any Bank, including pursuant to the Borrower's 2003 Form 10-K and the Borrower's September 30, 2004 Form 10-Q, and except for any Specified Claim.

Section 4.5 Litigation. There is no action, suit or proceeding pending against, or to the knowledge of the Borrower threatened against or affecting the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official in which there is a reasonable probability of an adverse decision which would materially adversely affect (except as disclosed in writing to the Banks prior to the execution and delivery of this Agreement by any Bank, including pursuant to the Borrower's 2003 Form 10-K and the Borrower's September 30, 2004 Form 10-Q, and except for any Specified Claim) the business, consolidated financial condition or consolidated results of operations of the Borrower and its Consolidated Subsidiaries, considered as a whole, or which in any manner draws into question the validity or enforceability of this Agreement or the Notes, if any.

Section 4.6 Compliance with ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could reasonably be expected to result in the imposition of a Lien or the posting of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA.

Section 4.7 Taxes. The Borrower, and its Material Subsidiaries have filed all material income tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns. The charges, accruals and reserves on the books of the Borrower, and its respective Material Subsidiaries in respect of taxes or other governmental charges are, in the opinion of the Borrower, adequate.

Section 4.8 Subsidiaries. Each of the Borrower's Material Subsidiaries is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

Section 4.9 Regulatory Restrictions on Borrowing. The Borrower is not subject to any regulatory scheme not applicable to corporations generally which restricts its ability to incur debt or would render the Loans void or voidable.

Section 4.10 Full Disclosure. All material information (other than projections) heretofore furnished by the Borrower to the Administrative Agent or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished by the Borrower to the Administrative Agent or any Bank will be, true and accurate in all material respects on the date as of which such information is stated or certified. All projections, if any, that have been or will be prepared by the Borrower and made available to the Administrative Agent or any Bank have been or will be prepared in good faith based upon reasonable assumptions (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, and that no assurance can be given that such projections will be realized). The Borrower has disclosed to the Banks in writing any and all facts which materially adversely affect or may materially adversely affect (to the extent it can now reasonably foresee) the business, operations or financial condition of the Borrower, or the ability of the Borrower to perform its obligations under this Agreement.

Section 4.11 Use of Credit. Not more than 25% of the value of the assets of the Borrower (individually) and the Borrower and its Subsidiaries (determined on a consolidated basis) that are subject to the restrictions in Sections 5.5 and 5.7 is attributable to Margin Stock.

ARTICLE 5

COVENANTS

The Borrower agrees that, so long as any Bank has any Commitment hereunder or any amount payable hereunder remains unpaid:

Section 5.1 Information. The Borrower will deliver to each of the Banks:

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrower, (i) a consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated statements of income, cash flows and stockholders' equity for such fiscal year, setting forth in each case in comparative form the figures as at the end of and for the previous fiscal year, all reported on in a manner acceptable to the Securities and Exchange Commission by Deloitte & Touche LLP or other independent public accountants of nationally recognized standing (it being understood that delivery of the Borrower's annual report and Form 10-K for any fiscal year as filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, will satisfy this requirement with respect to such fiscal year), and (ii) a consolidating balance sheet as of the end of such fiscal year and the related consolidating income statement for such fiscal year, in substantially the form attached hereto as Exhibit C, which financial statements substantially represent the Consolidated financial condition of and results of operations for each of the Guarantors and its Consolidated Subsidiaries as of the end of and for such fiscal year, except as indicated in Exhibit C, certified as to fairness of presentation,

generally accepted accounting principles and consistency (except with respect to any changes made as a result of changes to generally accepted accounting principles) by the chief financial officer, the treasurer or the chief accounting officer of each of the Guarantors;

(b) as soon as available and in any event within 60 days after the end of each of the first three quarters of each fiscal year of the Borrower, (i) a consolidated balance sheet or equivalent statement of financial position of the Borrower and its Consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for such quarter and for the portion of the Borrower's fiscal year ended at the end of such quarter, setting forth in the case of such statements of income and cash flows in comparative form the figures for the corresponding quarter and the corresponding portion of the Borrower's previous fiscal year, all certified (subject to normal year-end adjustments) as to fairness of presentation, generally accepted accounting principles and consistency (except with respect to any changes made as a result of changes to generally accepted accounting principles) by the chief financial officer, the treasurer or the chief accounting officer of the Borrower (it being understood that, delivery of the Borrower's quarterly report on Form 10-Q for any fiscal quarter as filed with the Securities and Exchange commission pursuant to the Securities Exchange Act of 1934, as amended, will satisfy this requirement with respect to such fiscal quarter and, if applicable, the portion of the Borrower's fiscal year ended at the end of such quarter), and (ii) a consolidating balance sheet as of the end of such quarter and the related consolidating income statement for the portion of the fiscal year ended at the end of such quarter, in substantially the form attached hereto as Exhibit C, which financial statements substantially represent the Consolidated financial condition of and results of operations for each of the Guarantors and its Consolidated Subsidiaries as of the end of such fiscal quarter and for such portion of the fiscal year, except as indicated in Exhibit C, certified as to fairness of presentation, generally accepted accounting principles and consistency (except with respect to any changes made as a result of changes to generally accepted accounting principles) by the chief financial officer, the treasurer or the chief accounting officer of each of the Guarantors;

(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, one or more certificates of the chief financial officer, the treasurer or the chief accounting officer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 5.4 and 5.7 on the date of such financial statements, (ii) setting forth in reasonable detail the calculation of the Guaranty Coverage Percentages as of the last day of the period covered by such financial statements, and (iii) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(d) simultaneously with the delivery of each set of financial statements referred to in clause (a)(i) above, a statement of the firm of independent public accountants which reported on such statements (i) whether anything has come to its attention to cause them to believe that the Borrower was not in compliance with any covenant or agreement contained in this Article 5 insofar as such covenant or agreement pertains to accounting or auditing matters or that any Event of Default under Article 6 which pertains to accounting or auditing matters existed on the date of such financial statements (it being understood that such firm may state in such statement that its examination of such financial statements was not directed primarily

towards obtaining knowledge of any such non-compliance or Event of Default) and (ii) confirming the calculations set forth in the officer's certificate delivered simultaneously therewith pursuant to clause (c) above;

(e) forthwith upon the occurrence of any Default, a certificate of the chief financial officer, the treasurer or the chief accounting officer of the Borrower setting forth the details thereof and, the action which the Borrower is taking or proposes to take with respect thereto;

(f) promptly upon the mailing thereof to the stockholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed;

(g) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) which the Borrower shall have filed with the Securities and Exchange Commission;

(h) if and when any member of the ERISA Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer, any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer, the treasurer or the chief accounting officer of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take;

(i) promptly after any change in the Borrower's commercial paper rating by Moody's or S&P (as defined in the Pricing Schedule), a notice thereof;

(j) promptly following any determination by the Borrower that the proceeds of any Settlement Debt described in clause (b) of the definition thereof are no longer expected by the Borrower in good faith to be used to pay Settlement Costs, a notice thereof; and

(k) from time to time such additional information regarding the financial position or business of the Borrower and its Subsidiaries as the Administrative Agent, at the request of any Bank, may reasonably request.

In the case of information required to be delivered pursuant to clause 5.1(a), 5.1(b), 5.1(f) or 5.1(g) above, either (i) the Borrower shall deliver paper copies of such information to each Bank, or (ii) such information shall be deemed to have been delivered on the date on which the Borrower provides notice to the Banks that such information has been posted on the Borrower's website on the Internet at the website address listed on the signature pages hereof, at sec.gov/edaux/searches.htm or at another website identified in such notice and accessible by the Banks without charge; provided that (x) such notice may be included in a certificate delivered pursuant to clause 5.1(c) and (y) the Borrower shall deliver paper copies of the information referred to in clause 5.1(a), 5.1(b), 5.1(f) or 5.1(g) to any Bank which requests such delivery.

Section 5.2 Conduct of Business and Maintenance of Existence. The Borrower will continue, and will cause its Material Subsidiaries to continue, to engage in business of the same general type as now conducted by the Borrower and its Material Subsidiaries, and will not, and will not permit any of its Subsidiaries to, engage in any business that is not of the same general type as now conducted by the Borrower and its Subsidiaries or other businesses that are reasonably related or incidental thereto or that, in the judgment of the board of directors of the Borrower, are reasonably expected to materially enhance the other businesses in which the Borrower and its Subsidiaries are engaged, and will preserve, renew and keep in full force and effect, and will cause each such Material Subsidiary to preserve, renew and keep in full force and effect, their respective existence and their respective rights, privileges and franchises necessary or desirable in the normal conduct of business; provided that nothing in this Section 5.2 shall prohibit (i) the merger of a Subsidiary of the Borrower into the Borrower or the merger or consolidation of a Subsidiary with or into another Person if the corporation surviving such consolidation or merger is a Subsidiary and if, in each case, after giving effect thereto, no Default shall have occurred and be continuing, provided that this clause (i) shall not permit (A) the merger of a Guarantor with or into any other Person unless the Guarantor is the surviving entity, or (B) the merger of any Subsidiary of a Guarantor with any Person other than such Guarantor, another Guarantor or a Subsidiary of a Guarantor if any Guaranty Coverage Percentage would be less than the Required Percentage immediately after such merger, (ii) the termination of the corporate existence of any Material Subsidiary of the Borrower (other than a Guarantor) if the Borrower, in good faith determines that such termination is (A) in the best interest of the Borrower and (B) does not cause any Guaranty Coverage Percentage to fall below the Required Percentage, and (iii) the discontinuance of the business of any Material Subsidiary (other than a Guarantor) if the Borrower in good faith determines that such discontinuance is (A) in the best interest of the Borrower and (B) does not cause any Guaranty Coverage Percentage to fall below the Required Percentage.

Section 5.3 Compliance with Laws; Borrowing Authorization. The Borrower will comply, and cause each of its Material Subsidiaries to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder) except where (i) the necessity of compliance therewith is contested in good faith by appropriate proceedings or (ii) non-compliance therewith would not have a material adverse

effect upon the business, financial position, results of operations or prospects of the Borrower and its Subsidiaries, considered as a whole. The Borrower will not permit the aggregate outstanding amount of the Loans hereunder to exceed any limitations on the aggregate amount of borrowings that may be effected by the Borrower and its Subsidiaries set by the Borrower's Board of Directors.

Section 5.4 Financial Covenants

(a) Consolidated Leverage Ratio. The Borrower will maintain as of the last day of each Measurement Period specified below a Consolidated Leverage Ratio of not more than the amount set forth below opposite such Measurement Period:

Measurement Period Ending	Ratio
December 31, 2004	3.25: 1.00
March 31, 2005	3.25: 1.00
June 30, 2005	3.50: 1.00
September 30, 2005	3.50: 1.00
December 31, 2005	3.50: 1.00
March 31, 2006	3.50: 1.00
June 30, 2006	3.25: 1.00
September 30, 2006	3.00: 1.00

(b) Consolidated Fixed Charge Coverage Ratio. The Borrower will maintain for each Measurement Period set forth below a Consolidated Fixed Charge Coverage Ratio of not less than the amount set forth below opposite such Measurement Period:

Measurement Period Ending	Ratio
December 31, 2004	2.25: 1.00
March 31, 2005	2.25: 1.00
June 30, 2005	2.25: 1.00
September 30, 2005	2.25: 1.00
December 31, 2005	2.25: 1.00

March 31, 2006	2.50: 1.00
June 30, 2006	2.50: 1.00
September 30, 2006	2.75: 1.00

Section 5.5 Consolidations, Mergers and Sales of Assets. The Borrower will not (i) consolidate or merge with or into any Person, (ii) sell, lease or otherwise transfer all or substantially all of its assets to any other Person, or (iii) sell, transfer or otherwise dispose of its interest in any Guarantor; provided that (x) the Borrower may merge with any Wholly-Owned Consolidated Subsidiary (other than a Guarantor or a Subsidiary of a Guarantor) if immediately after such merger no Default shall have occurred and be continuing and such Wholly-Owned Consolidated Subsidiary shall expressly assume in writing all of the obligations of the Borrower hereunder, and under the Notes (if any), and (y) the Borrower may merge with any other Person (other than a Guarantor or a Subsidiary of a Guarantor) if (A) the Borrower is the corporation surviving such merger and (B) immediately after giving effect to such merger, no Default shall have occurred and be continuing. The Borrower will not permit (1) any Guarantor to consolidate or merge with or into any other Person unless the Guarantor is the surviving entity, (2) any Subsidiary of any Guarantor to consolidate or merge with or into any other Person unless, immediately after giving effect to such consolidation or merger, none of the Guaranty Coverage Percentages is less than the Required Percentage, (3) any Guarantor to sell, lease or otherwise transfer all or substantially all of its assets to any other Person, or (4) any Subsidiary of any Guarantor to sell, lease or otherwise transfer all or substantially all of its assets to another Person unless, immediately after giving effect to such sale, lease or other transfer, none of the Guaranty Coverage Percentages is less than the Required Percentage.

Section 5.6 Use of Proceeds. The proceeds of the Loans will be used only for general corporate purposes of the Borrower and its Subsidiaries in the ordinary course of business, provided that, the Borrower shall not be entitled to use the proceeds of any Loans to acquire any Person by means of a "hostile acquisition". No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

Section 5.7 Negative Pledge. Neither the Borrower nor any Consolidated Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

- (a) Liens on the Mortgaged Property to secure Debt under the Mortgage;
- (b) Liens arising in the ordinary course of its business which (i) do not secure Debt or Derivatives Obligations, (ii) do not secure, in the case of judgments or orders, obligations in an aggregate amount exceeding \$100,000,000 and (iii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(c) Liens on cash and cash equivalents securing Derivatives Obligations, provided that the aggregate amount of cash and cash equivalents subject to such Liens may at no time exceed \$100,000,000 and provided further that the sum of (x) such aggregate amount and (y) the aggregate amount of Debt secured as permitted by clause (d) below does not at any date exceed \$250,000,000; and

(d) Liens not otherwise permitted by the foregoing clauses of this Section securing Debt or other obligations, provided that the sum of (x) the principal or face amount of such Debt and other obligations and (y) the aggregate amount of cash and cash equivalents referred to in clause (c) above does not at any date exceed \$250,000,000.

Section 5.8 Taxes, Etc. The Borrower will, and will cause each of its Material Subsidiaries to:

(a) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained or the nonpayment of which would not have a material adverse effect on the business, financial condition, results of operations or prospects of the Borrower and its Consolidated Subsidiaries, considered as a whole;

(b) keep adequate records and books of account, in which complete entries will be made in accordance with generally accepted accounting principles consistently applied; and

(c) permit representatives of any Bank or the Administrative Agent, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Bank or the Administrative Agent (as the case may be).

Section 5.9 Maintenance of Insurance. The Borrower will maintain, and cause each of its Consolidated Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Consolidated Subsidiary operates; provided that the Borrower and its Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates and to the extent consistent with prudent business practice.

Section 5.10 Transactions with Affiliates. Anything contained herein to the contrary notwithstanding, the Borrower will conduct, and cause each of its Consolidated Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates (other than the Borrower and its Subsidiaries) on terms that are fair and reasonable and no less favorable to the Borrower or such Consolidated Subsidiary than it would obtain in a comparable arm's length transaction with a Person not an Affiliate.

Section 5.11 Dispositions. The Borrower will not make any Disposition or permit any Consolidated Subsidiary to make any Disposition, except:

- (a) Dispositions of obsolete or worn out property or property no longer used in the business of the Borrower or its Subsidiaries, whether now or hereafter owned or leased, in the ordinary course of business of such Person;
- (b) Dispositions of inventory in the ordinary course of business;
- (c) Dispositions described on Schedule 5.11;
- (d) Dispositions of property by any Subsidiary to the Borrower or to another Subsidiary or by the Borrower to a Subsidiary, to the extent not otherwise prohibited hereunder;
- (e) Dispositions of assets that are being (or within 12 months will be) replaced with other assets used in the same business; and
- (f) any other Disposition, provided that (i) after giving effect to such Disposition, none of the Guaranty Coverage Percentages is less than the Required Percentage, and (ii) such Disposition is not otherwise prohibited by the terms hereof.

Section 5.12 Debt. The Borrower will not permit any Consolidated Subsidiary to create, incur, assume or suffer to exist any Debt, except:

- (a) (i) Debt under the Loan Documents and (ii) Debt consisting of guaranties of Debt of the Borrower under the "Loan Documents" as defined in each of the Revolving Credit Agreements (which shall include, for this purpose, any renewal or refinancing thereof), provided that in each case the aggregate amount of such Debt of the Borrower so guaranteed under the "Loan Documents" in respect of any Revolving Credit Agreement does not exceed the aggregate amount of the "Commitments" (as defined in such Revolving Credit Agreement as in effect on the Closing Date) under such Revolving Credit Agreement as of the Closing Date;
- (b) Debt under the Mortgage;
- (c) Debt owed to a Person of which such Subsidiary is a Subsidiary;
- (d) Debt of any Consolidated Subsidiary existing as of the Closing Date (other than Debt described in clause (a) above), and any renewal and refinancing thereof, provided that the principal amount thereof is not increased and no other Subsidiary becomes obligated in respect thereof (except that (i) the Borrower or any Subsidiary may become obligated in respect of any such Debt of any of their respective Subsidiaries, (ii) any Guarantor and any of its Subsidiaries may become obligated in respect of any such Debt of such Guarantor or any of its Subsidiaries, and (iii) any Subsidiary which is neither a Guarantor nor a Subsidiary of a Guarantor may become obligated in respect of any such Debt);
- (e) Debt incurred by Foreign Subsidiaries to finance the payment (and not in excess of) of cash dividends to reinvest foreign earnings in the United States, as contemplated and to the extent permitted by the American Jobs Creation Act of 2004, as a source for, but not

limited to, the financial stabilization of the Borrower and its Domestic Subsidiaries for the purposes of jobs retention or creation; and

(f) other Debt in an aggregate amount for all Consolidated Subsidiaries not to exceed \$500,000,000 outstanding at any time.

Section 5.13 Acquisitions. The Borrower will not make, or permit any of its Subsidiaries to make, any Acquisition, unless, (a) after giving effect to such Acquisition, no Default shall have occurred or be continuing or would result from such Acquisition, and (b) after giving effect to such Acquisition, the Borrower would be in pro forma compliance with Section 5.4 hereof as of the most recently ended fiscal quarter for which financial statements have been delivered under Section 5.1(a) or (b).

Section 5.14 Guarantors. The Borrower shall cause each of the Guarantors to (a) preserve its separate existence as required by Section 5.2, (b) comply in all material respects with the requirements of its organizational documents and other governing instruments (including bylaws), (c) not conduct business under the name of the Borrower or any other Guarantor, (d) maintain separate and complete books and records in accordance with generally acceptable accounting principles and otherwise to properly reflect its business and financial affairs, (e) maintain full and complete records of all transactions with other Subsidiaries of the Guarantor, and (f) maintain its own bank accounts and not commingle any of its funds with any other Person.

Section 5.15 Guaranty Coverage Percentage. If, at the end of any fiscal quarter or fiscal year, any Guaranty Coverage Percentage is less than the Required Percentage, the Borrower shall, within 30 days after the delivery of the certificate pursuant to Section 5.1(c)(ii) setting forth the Guaranty Coverage Percentages as of the end of such fiscal quarter or year, deliver to the Administrative Agent one or more additional Subsidiary Guaranties from one or more additional Guarantors such that each Guaranty Coverage Percentage as of the end of such quarter, on a pro forma basis taking into account such additional Subsidiary Guaranties, is not less than the Required Percentage.

ARTICLE 6

Events of DEFAULTS

Section 6.1 Events of Default. If one or more of the following events ("Events of Default") shall have occurred and be continuing:

(a) the Borrower shall fail to pay (x) any principal of any Loan when due or (y) within five days of the date when due any interest, any fees or any other amount payable hereunder;

(b) the Borrower shall fail to observe or perform any covenant contained in Sections 5.4 through 5.7, inclusive, 5.10 through 5.13, inclusive and 5.15;

(c) the Borrower or any Guarantor shall fail to observe or perform any covenant or agreement contained in this Agreement or any Subsidiary Guaranty to which it is a

party (other than those covered by clause (a) or (b) above) for 10 days (or, in the case of Section 5.1(a)(ii), 5.1(b)(ii), 5.1(c)(ii) or 5.14, 30 days) after written notice thereof has been given to the Borrower by the Administrative Agent or any Bank (through the Administrative Agent);

(d) any representation, warranty, certification or statement made (or deemed made) by the Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to Section 5.1 of this Agreement shall prove to have been incorrect in any material respect when made (or deemed made); or any representation, warranty, certification or statement made (or deemed made) by any Guarantor in the Subsidiary Guaranty to which it is a party or in any certificate, financial statement or other document delivered pursuant to Section 5.1 of this Agreement shall prove to have been incorrect in any material respect when made (or deemed made);

(e) either the Borrower or any Subsidiary thereof shall fail to make any payment in respect of any Material Financial Obligations when due or within any applicable grace period;

(f) any event or condition shall occur which results in the acceleration of the maturity of any Material Financial Obligations or enables (or, with the giving of notice or lapse of time or both, would enable) the holder of such Debt or any Person acting on such holder's behalf to accelerate the maturity thereof;

(g) the Borrower or any Subsidiary holding, as of the date of the most recent audited financial statements of the Borrower and its Consolidated Subsidiaries delivered pursuant to this Agreement, assets having a book value in excess of \$20,000,000, shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against the Borrower or any Subsidiary holding, as of the date of the most recent audited financial statements of the Borrower and its Consolidated Subsidiaries delivered pursuant to this Agreement, assets having a book value in excess of \$20,000,000 seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against the Borrower or any Subsidiary holding, as of the date of the most recent audited financial statements of the Borrower and its Consolidated Subsidiaries delivered pursuant to this Agreement, assets having a book value in excess of \$20,000,000 under the federal bankruptcy laws as now or hereafter in effect;

(i) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of \$20,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Material Plan shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer, any Material Plan; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could reasonably be expected to cause one or more members of the ERISA Group to incur a current payment obligation in excess of \$30,000,000;

(j) judgments or orders for the payment of money in excess of \$100,000,000 shall be rendered against the Borrower or any Subsidiary thereof and such judgments or orders shall continue unsatisfied and unstayed for a period of 30 days; or

(k) any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended) other than the Borrower, any trustee or other fiduciary holding securities under an employee benefit plan of the Borrower or any corporation owned, directly or indirectly, by the stockholders of the Borrower in substantially the same proportions as their ownership of stock in the Borrower, shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under said Act) of 50% or more of the combined voting power of the Borrower's then outstanding equity securities; or, during any period of 24 consecutive calendar months, individuals who were directors of the Borrower on the first day of such period and any new director whose election by the board of directors of the Borrower or nomination for election by the Borrower's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved, shall cease to constitute a majority of the board of directors of the Borrower; or

(l) any provision of any Guaranty or any other Loan Document after delivery thereof pursuant to this Agreement shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing;

then, and in every such event, the Administrative Agent shall (i) if requested by Banks having more than 50% in aggregate amount of the Commitments, by notice to the Borrower terminate the Commitments and they shall thereupon terminate, and (ii) if requested by Banks holding more than 50% of the aggregate principal amount of the Loans, by notice to the Borrower declare the Loans (together with accrued interest thereon) and all other amounts payable by the Borrower hereunder and under any Notes (including, without limitation, any amounts payable under Section 2.13) to be, and the Loans, such interest and such other amounts shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; provided that in the case of any of the Events of Default specified in clause (g) or (h) above with respect to the Borrower, without any notice to the Borrower or any other act by the Administrative Agent or the Banks,

the Commitments shall thereupon terminate and the Loans (together with accrued interest thereon) and all other amounts payable by the Borrower hereunder and under any Notes (including, without limitation, any amounts payable under Section 2.13) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE 7

THE ADMINISTRATIVE AGENT

Section 7.1 Appointment and Authorization. Each Bank irrevocably appoints and authorizes Citibank to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto.

Section 7.2 Administrative Agent and Affiliates. Citibank shall have the same rights and powers under this Agreement as any other Bank and may exercise or refrain from exercising the same as though it were not the Administrative Agent, and Citibank and its affiliates may accept deposits from, lend money to, make investments in and generally engage in any kind of business with the Borrower or any Subsidiary or affiliate of the Borrower as if it were not the Administrative Agent and Citibank and its affiliates may accept fees and other consideration from the Borrower for services in connection with this Agreement or otherwise without having to account for the same to the Banks. Except with respect to information furnished to the Administrative Agent pursuant to this Agreement, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by Citibank or any of its Affiliates in any capacity.

Section 7.3 Action by Administrative Agent. The obligations of the Administrative Agent hereunder are only those expressly set forth herein, and the Administrative Agent shall not by reason of this Agreement be a trustee for any Bank. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article 6.

Section 7.4 Consultation with Experts; Sub-Agent. The Administrative Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts. The Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions contained in this Article 7 shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 7.5 Liability of Administrative Agent. Neither the Administrative Agent nor any of its affiliates nor any of their respective directors, officers, agents or employees shall be liable for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Banks (or each Bank, if applicable) or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Administrative Agent nor any of its affiliates nor any of their respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of the Borrower or any Guarantor; (iii) the satisfaction of any condition specified in Article 3, except receipt of items required to be delivered to the Administrative Agent; or (iv) the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. The Administrative Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, telex, facsimile transmission or similar writing) reasonably believed by it to be genuine or to be signed by the proper party or parties.

Section 7.6 Indemnification. Each Bank shall, ratably in accordance with its Commitment (and, after the Commitments have been terminated, ratably in accordance with the aggregate principal amount of the Loans held by such Bank), indemnify the Administrative Agent, its affiliates and their respective directors, officers, agents and employees (to the extent not reimbursed by the Borrower) against any cost, expense (including reasonable counsel fees and disbursements), claim, demand, action, judgment, suit, loss or liability (except such as result from such indemnitee's gross negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Agreement or any action taken or omitted by such indemnitees hereunder.

Section 7.7 Credit Decision. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

Section 7.8 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Borrower. Upon any such resignation, the Required Banks shall have the right to appoint a successor Administrative Agent, subject, so long as no Event of Default shall be continuing, to the approval of such successor Administrative Agent by the Borrower. If no successor Administrative Agent shall have been so appointed by the Required Banks and approved by the Borrower, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Banks, appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$100,000,000 and which is reasonably acceptable to the Borrower. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor

Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent.

Section 7.9 Administrative Agent's Fee. The Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon between the Borrower and the Administrative Agent. Such fees once paid shall be non-refundable.

ARTICLE 8

CHANGE IN CIRCUMSTANCES

Section 8.1 Basis for Determining Interest Rate Inadequate or Unfair. If on or prior to the first day of any Interest Period for any Euro-Dollar Loan:

(a) the Administrative Agent determines, which determination shall be conclusive, that quotations of interest rates for the relevant deposits referred to in the definition of "London Interbank Offered Rate" in Section 2.7 are not being provided in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for Fixed Rate Loans as provided herein; or (b) Banks having 50% or more of the aggregate amount of the Commitments advise the Administrative Agent that the Adjusted London Interbank Offered Rate as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Banks of funding their Euro-Dollar Loans for such Interest Period,

the Administrative Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Administrative Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks to make, Continue or Convert into Euro-Dollar Loans shall be suspended. During any such suspension unless the Borrower notifies the Administrative Agent at least two Domestic Business Days before the date of any Fixed Rate Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow, Continue or Convert, as the case may be, on such date, such Borrowing shall instead be made or Continued as, or Converted into, a Base Rate Borrowing.

Section 8.2 Illegality. If, after the date of this Agreement, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Euro-Dollar Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall make it unlawful or impossible for any Bank (or its Euro-Dollar Lending Office) to make, maintain, fund, Continue or Convert into Euro-Dollar Loans and such Bank shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the

other Banks and the Borrower, whereupon until such Bank notifies the Borrower and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to make, Continue or Convert into Euro-Dollar Loans shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section 8.2, such Bank shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such Bank shall determine that it may not lawfully continue to maintain and fund any of its outstanding Euro-Dollar Loans to maturity and shall so specify in such notice, the Borrower shall immediately Convert the then outstanding principal amount of each such Euro-Dollar Loan of such Bank into a Base Rate Loan from such Bank in an equal principal amount (on which Loan interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks).

Section 8.3 Increased Cost and Reduced Return. (a) If after the date hereof, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency, shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Euro-Dollar Loan any such requirement included in an applicable Euro-Dollar Reserve Percentage), special deposit, insurance assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Applicable Lending Office) or shall impose on any Bank (or its Applicable Lending Office) or the London interbank market any other condition affecting its Fixed Rate Loans, any Note that relates to Fixed Rate Loans or its obligation to make, Continue or Convert into Fixed Rate Loans and the result of any of the foregoing is to increase the cost to such Bank (or its Applicable Lending Office) of making, maintaining, Continuing or Converting into any Fixed Rate Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Applicable Lending Office) under this Agreement or under any Note that relates to Fixed Rate Loans, by an amount deemed by such Bank to be material, then, within 15 days after demand by such Bank (with a copy to the Administrative Agent), the Borrower agrees to pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction which arise out of its Loans or any Notes.

(b) If any Bank shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any such law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Bank (or its Parent) as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within 15 days after demand by such Bank (with a copy to

the Administrative Agent), the Borrower agrees to pay to such Bank such additional amount or amounts as will compensate such Bank (or its Parent) for the portion of such reduction attributable to its Loans or any Notes.

(c) Each Bank will promptly notify the Borrower and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Bank to compensation pursuant to this Section 8.3 and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 8.3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

Section 8.4 Taxes. (a) For the purposes of this Section 8.4, the following terms have the following meanings:

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings with respect to any payment by the Borrower pursuant to this Agreement or under any Note, and all liabilities with respect thereto, excluding (i) in the case of each Bank and the Administrative Agent, taxes imposed on its income, and franchise or similar taxes imposed on it, by a jurisdiction under the laws of which such Bank or the Administrative Agent (as the case may be) is organized or in which its principal executive office is located or, in the case of each Bank, in which its Applicable Lending Office is located and (ii) in the case of each Bank, (x) any United States withholding tax imposed on such payments but only to the extent that such Bank is subject to United States withholding tax at the time such Bank first becomes a party to this Agreement or (y) any United States withholding tax imposed on such payment solely as a result of a change in such Bank's Applicable Lending Office made other than pursuant to Section 8.2, 8.3 or 8.4(f).

"Other Taxes" means any present or future stamp, mortgage recording or documentary taxes and any other excise or property taxes, or similar charges or levies, which arise from any payment made pursuant to this Agreement or under any Note or from the execution or delivery of, the enforcement of, or otherwise with respect to, this Agreement or any Note.

(b) Any and all payments by the Borrower to or for account of any Bank or the Administrative Agent hereunder or under any Note shall be made without deduction for any Taxes or Other Taxes; provided that, if the Borrower shall be required by law to deduct any Taxes or Other Taxes from any such payments, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 8.4) such Bank or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower, shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) the Borrower shall furnish to the Administrative Agent, at its address

referred to in Section 9.1, the original or a certified copy of a receipt evidencing payment thereof.

(c) The Borrower agrees to indemnify each Bank and the Administrative Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 8.4) paid by such Bank or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be paid within 15 days after such Bank or the Administrative Agent (as the case may be) makes demand therefor.

(d) Each Bank organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Bank listed on the signature pages hereof and on or prior to the date on which it becomes a Bank in the case of each other Bank, and as required thereafter if requested in writing by the Borrower (but only so long as such Bank remains lawfully able to do so), shall provide the Borrower with Internal Revenue Service Form W-8BEN or W-8IMY or W-8ECI, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Bank is entitled to benefits under an income tax treaty to which the United States is a party which exempts such Bank from United States withholding tax or reduces the rate of withholding tax on payments of interest for the account of such Bank or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States.

(e) For any period with respect to which a Bank required to do so has failed to provide the Borrower with the appropriate form pursuant to Section 8.4(d) (unless such failure is due to a change in treaty, law or regulation occurring subsequent to the date on which such form originally was required to be provided), such Bank shall not be entitled to indemnification under Section 8.4(b) or (c) with respect to Taxes imposed by the United States; provided that if a Bank, which is otherwise exempt from or subject to a reduced rate of withholding tax, becomes subject to Taxes because of its failure, if required, to deliver a form required hereunder, the Borrower shall take such steps as such Bank shall reasonably request to assist such Bank to recover such Taxes.

(f) If the Borrower is required to pay additional amounts to or for the account of any Bank pursuant to this Section 8.4, then such Bank will change the jurisdiction of its Applicable Lending Office if, in the judgment of such Bank, such change (i) will eliminate or reduce any such additional payment which may thereafter accrue and (ii) is not otherwise disadvantageous to such Bank.

Section 8.5 Base Rate Loans Substituted for Affected Euro-Dollar Loans. If (i) the obligation of any Bank to make, Continue or Convert into Euro-Dollar Loans has been suspended pursuant to Section 8.2 or (ii) any Bank has demanded compensation under Section 8.3(a) or 8.4 with respect to its Euro-Dollar Loans and the Borrower shall, by at least five Euro-Dollar Business Days' prior notice to such Bank through the Administrative Agent, have elected that the provisions of this Section 8.5 shall apply to such Bank, then, unless and until such Bank notifies the Borrower that the circumstances giving rise to such suspension or demand for compensation no longer exist:

(a) all Loans which would otherwise be made by such Bank as Euro-Dollar Loans shall be made instead as Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Banks); and

(b) after each of its Euro-Dollar Loans has been repaid, all payments of principal which would otherwise be applied to repay such Euro-Dollar Loans shall be applied to repay its Base Rate Loans instead.

ARTICLE 9

MISCELLANEOUS

Section 9.1 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission or similar writing) and shall be given to such party: (a) in the case of the Borrower or the Administrative Agent, at its address or facsimile number set forth on the signature pages hereof, (b) in the case of any Bank, at its address or facsimile number set forth in its Administrative Questionnaire or (c) in the case of any party, such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrower. Each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified in this Section 9.1 and confirmation of receipt is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified in this Section 9.1; provided that notices to the Administrative Agent under Article 2 or Article 8 shall not be effective until received.

Notices and other communications to the Banks hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article 2 or any notices related to Borrowings, payments or repayments unless otherwise agreed by the Administrative Agent and the applicable Bank. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Section 9.2 No Waivers. No failure or delay by the Administrative Agent or any Bank in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.3 Expenses; Indemnification; Damage Waiver. (a) The Borrower agrees to pay (i) all out-of-pocket expenses of the Administrative Agent, including fees and disbursements of special counsel for the Administrative Agent, in connection with the preparation and administration of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder and (ii) if an Event of Default occurs, all out-of-pocket expenses incurred by the Administrative Agent and each Bank, including (without duplication)

the fees and disbursements of outside counsel and the allocated cost of inside counsel, in connection with such Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings resulting therefrom.

(b) The Borrower agrees to indemnify the Administrative Agent and each Bank, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "Indemnatee") and hold each Indemnatee harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of counsel, which may be incurred by such Indemnatee in connection with any investigative, administrative or judicial proceeding (whether or not such Indemnatee shall be designated a party thereto) brought or threatened relating to or arising out of this Agreement or any actual or proposed use of proceeds of Loans hereunder; provided that no Indemnatee shall have the right to be indemnified hereunder for such Indemnatee's own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(c) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, any Loan or the use of the proceeds thereof.

Section 9.4 Sharing of Set-Offs. Each Bank agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise (other than a repayment or prepayment by the Borrower made in accordance with its obligations hereunder), receive payment of a proportion of the aggregate amount of principal and interest due with respect to any Loan made by it which is greater than the proportion received by any other Bank in respect of the aggregate amount of principal and interest due with respect to any Loan made by such other Bank, the Bank receiving such proportionately greater payment shall purchase such participations in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by the Banks shall be shared by the Banks pro rata; provided that nothing in this Section 9.4 shall impair the right of any Bank to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of the Borrower other than its indebtedness hereunder. The Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in a Loan, whether or not acquired pursuant to the foregoing arrangements, may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of the Borrower in the amount of such participation.

Section 9.5 Amendments and Waivers. Any provision of this Agreement or any other Loan Document may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Banks (or the Administrative Agent with the consent of the Required Banks) (and, if the rights or duties of the Administrative Agent are affected thereby, by the Administrative Agent); provided that (a) no such amendment or waiver shall, unless signed by all the Banks, (i) increase or decrease the Commitment of any Bank (except for a ratable decrease in the Commitments of all Banks) or subject any Bank to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan, or any fees

hereunder, (iii) postpone the date fixed for any payment of principal of or interest on any Loan, or any fees hereunder or for the termination of the Commitments, (iv) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans, or the number of Banks, which shall be required for the Banks or any of them to take any action under this Section 9.5 or any other provision of this Agreement, (v) amend or modify Sections 2.15, 9.4 and 9.6(a) or (vi) reduce or limit the obligations of any Guarantor under Section 1 of the Subsidiary Guaranty to which it is a party or release any such Subsidiary Guaranty, and (b) any modification or supplement of Article 7 shall require the consent of the Administrative Agent.

Anything in this Agreement to the contrary notwithstanding, if at a time when the conditions precedent set forth in Article 3 to make any Committed Loan hereunder are, in the reasonable opinion of the Required Banks, satisfied, any Bank shall fail to fulfill its obligations to make such Loan then, for so long as such failure shall continue, such Bank shall (unless the Required Banks, determined as if such Bank were not a "Bank" hereunder, shall otherwise consent in writing) be deemed for all purposes relating to amendments, modifications, waivers or consents under this Agreement (including, without limitation, under this Section 9.5) to have no Loans or Commitments, shall not be treated as a "Bank" hereunder when performing the computation of Required Banks and shall have no rights under the preceding paragraph of this Section 9.5; provided that any action taken by the other Banks with respect to the matters referred to in clause (a) of the preceding paragraph shall not be effective as against such Bank.

Section 9.6 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of all Banks.

(b) Any Bank may at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Commitment or any or all of its Loans. In the event of any such grant by a Bank of a participating interest to a Participant, whether or not upon notice to the Borrower and the Administrative Agent, such Bank shall remain responsible for the performance of its obligations hereunder, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement and any Note. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement described in clause (i), (ii) or (iii) of Section 9.5 without the consent of the Participant. The Borrower agrees, subject to subsection (e) below, that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article 8 with respect to its participating interest. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b).

(c) Any Bank may at any time assign to one or more banks or other institutions (each an "Assignee"), all, or a proportionate part (equivalent to an initial

Commitment of not less than \$10,000,000 and increments of \$1,000,000 in excess thereof) of all, of its rights and obligations under this Agreement and any Note and the other Loan Documents, and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit A hereto executed by such Assignee and such transferor Bank, with (and subject to) the prior written consent of the Borrower, which shall not be unreasonably withheld and the Administrative Agent, which shall not be unreasonably withheld, provided that, so long as an Event of Default shall be continuing, no such consent shall be required of the Borrower; provided further that if an Assignee is an affiliate of such transferor Bank or was a Bank immediately prior to such assignment, no such consent shall be required of the Borrower. Upon execution and delivery of such instrument and payment by such Assignee to such transferor Bank of an amount equal to the purchase price agreed between such transferor Bank and such Assignee, such Assignee shall be a Bank party to this Agreement and shall have all the rights and obligations of a Bank with a Commitment as set forth in such instrument of assumption, and the transferor Bank shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Bank, the Administrative Agent and the Borrower shall make appropriate arrangements so that, if required, a new Note is issued to the Assignee. In connection with any such assignment, the transferor Bank shall pay to the Administrative Agent an administrative fee for processing such assignment in the amount of \$3,500. If the Assignee is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Borrower and the Administrative Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 8.4.

Notwithstanding anything to the contrary contained herein, any Bank (a "Granting Bank") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Bank to the Administrative Agent and the Borrower the option to fund all or any part of any Loan that such Granting Bank would otherwise be obligated to fund pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to fund any Loan, (ii) if an SPC elects not to exercise such option or otherwise fails to fund all or any part of such Loan, the Granting Bank shall be obligated to fund such Loan pursuant to the terms hereof and (iii) the Borrower may bring any proceeding against the Granting Bank or the SPC in order to enforce any rights of the Borrower hereunder. The funding of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Bank to the same extent, and as if, such Loan were funded by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or payment under this Agreement for which a Bank would otherwise be liable for so long as, and to the extent, the Granting Bank provides such indemnity or makes such payment. Notwithstanding anything to the contrary contained in this Agreement, any SPC may disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or guarantee to such SPC. This paragraph may not be amended without the prior written consent of each Granting Bank, all or any part of whose Loan is being funded by an SPC at the time of such amendment.

(d) Any Bank may (without notice to the Borrower, the Administrative Agent or any other Bank and without payment of any fee) at any time assign or pledge all or any portion of its rights under this Agreement and its Note (if any) to a Federal Reserve Bank as

collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the transferor Bank from its obligations hereunder.

(e) No Assignee, Participant, SPC or other transferee of any Bank's rights shall be entitled to receive any greater payment under Section 8.3 or 8.4 than such Bank would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provisions of Section 8.2, 8.3 or 8.4 requiring such Bank to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

Section 9.7 Governing Law; Submission to Jurisdiction. This Agreement shall be governed by and construed in accordance with the law of the State of New York. The Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for purposes of all legal proceedings arising out of or relating to this Agreement, any Note or the transactions contemplated hereby. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 9.8 Counterparts; Integration; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement and any Notes issued hereunder (and the Master Agreement and the Subsidiary Guaranties) constitute the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective upon receipt by the Administrative Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of a facsimile or other written confirmation from such party of execution of a counterpart hereof by such party).

Section 9.9 Waiver Of Jury Trial. THE BORROWER AND EACH OF THE ADMINISTRATIVE AGENT AND THE BANKS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY NOTE, the other Loan Documents OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.10 Survival. The obligations of the Borrower under Sections 2.13, 8.3, 8.4 and 9.3, and the obligations of the Banks under Section 7.6 shall survive the repayment of the Loans and the termination of the Commitments.

Section 9.11 Confidentiality. Each of the Administrative Agent and the Banks agrees to maintain the confidentiality of the Information (as defined below), except that Information may

be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any Note or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section and to the consent of the Borrower, such consent not to be unreasonably withheld, to any Assignee of or Participant in, or any prospective Assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower, (h) if an Event of Default shall have occurred and be continuing, to prospective assignees of any Bank who agree to hold such information confidential, or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section by another party hereto or (ii) becomes available to the Administrative Agent or any Bank on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Bank on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. It is understood that for purposes of this Section, the Borrower and its business shall include all of the Subsidiaries of the Borrower and all of the businesses they engage in.

Section 9.12 USA Patriot Act. Each Bank hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (title III of Pub.L.107-56 (signed into law October 26, 2001))(the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Bank to identify the Borrower in accordance with the Act.

Section 9.13 Master Agreement. Each Bank hereby consents to the execution and delivery of the Master Agreement by the Administrative Agent and agrees to be bound by the terms and provisions thereof.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

MARSH & McLENNAN COMPANIES,
INC.

By: /s/ Matthew B. Bartley

Name: Matthew B. Bartley
Title: Vice President and Treasurer

By: /s/ Alan W. Bieler

Name: Alan W. Bieler
Title: Assistant Treasurer

1166 Avenue of the Americas
New York, NY 10036
Facsimile number: (212) 345-4809
Website: www.mmc.com
Taxpayer Identification No.: 36-2668272

LENDERS
CITIBANK, N.A., as Lender and
Administrative Agent

By: /s/ Matthew Nicholls

Name: Matthew Nicholls
Title: Director & Vice President

388 Greenwich Street
New York, New York 10013
Attention: Bank Loan Syndications

BANK OF AMERICA, N.A.

By: /s/ Shelly K. Harper

Name: Shelly K. Harper

Title: Senior Vice President

DEUTSCHE BANK AG NEW YORK
BRANCH

By: /s/ John S. McGill

Name: John S. McGill
Title: Director

By /s/ Ruth Leung

Name: Ruth Leung
Title: Director

UBS LOAN FINANCE LLC

By: /s/ Doris Mesa

Name: Doris Mesa
Title: Associate Director
Banking Products Services, US

By /s/ Joselin Fernandes

Name: Joselin Fernandes
Title: Associate Director
Banking Products Services, US

MERRILL LYNCH BANK USA

By: /s/ Louis Alder

Name: Louis Alder

Title: Director

GOLDMAN SACHS CREDIT PARTNERS
L.P.

By: /s/ William W. Archer

Name: William W. Archer
Title: Managing Director

THE BANK OF NOVA SCOTIA

By: /s/ Todd S. Meller

Name: Todd S. Meller

Title: Managing Director

MORGAN STANLEY BANK

By: /s/ Daniel Twenge

Name: Daniel Twenge
Title: Vice President

ABN AMRO BANK N.V.

By: /s/ Eric Oppenheimer

Name: Eric Oppenheimer
Title: Director

By: /s/ Michael DeMarco

Name: Michael DeMarco
Title: Assistant Vice President

LLOYDS TSB BANK PLC

By: /s/ James M. Rudd

Name: James M. Rudd
Title: Vice President
Financial Institutions, USA

By: /s/ Michael J. Gilligan

Name: Michael J. Gilligan
Title: Director
Financial Institutions, USA

NATIONAL AUSTRALIA BANK
LIMITED

By: /s/ Michael G. McHugh

Name: Michael G. McHugh

Title: Senior Vice President

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: /s/ Jason Paulnock

Name: Jason Paulnock
Title: Vice President

By: /s/ Beth McGinnis

Name: Beth McGinnis
Title: Senior Vice President

THE NORTHERN TRUST COMPANY

By: /s/ Forrest Vollrath

Name: Forrest Vollrath

Title: Vice President

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

By: /s/ John W. Wade

Name: John W. Wade
Title: Director

BARCLAYS BANK PLC

By: /s/ Robert John Byrne

Name: Robert John Byrne

Title: Corporate Banking Director

COMMITMENT SCHEDULE

Initial Lenders - - - - -	Commitments - - - - -
Administrative Agent	
Citibank, N.A.	\$150,000,000.00
Syndication Agents	
Bank of America, N.A.	\$150,000,000.00
Deutsche Bank AG New York Branch	\$150,000,000.00
Documentation Agent	
UBS Loan Finance LLC	\$150,000,000.00
Merrill Lynch Bank USA	\$130,000,000.00
Goldman Sachs Credit Partners L.P.	\$105,000,000.00
The Bank of Nova Scotia	\$87,500,000.00
Morgan Stanley Bank	\$87,500,000.00
ABN AMRO Bank N.V.	\$75,000,000.00
Lloyds TSB Bank plc	\$50,000,000.00
National Australia Bank Limited	\$50,000,000.00
Wells Fargo Bank N.A.	\$45,000,000.00
The Northern Trust Company	\$30,000,000.00
Australia and New Zealand Banking Group Limited	\$25,000,000.00
Barclays Bank plc	\$15,000,000.00
	\$1,300,000,000.00

PRICING SCHEDULE

The "Euro-Dollar Margin" means, for any day, the rates set forth below (presented in basis points) in the column corresponding to the "Pricing Level" that exists on such day:

	LEVEL I	LEVEL II	LEVEL III
Applicable Margin for Eurodollar Rate Advances	100.0	125.0	150.0

For purposes of this Schedule, the following terms have the following meanings:

"Base Rate Margin" means 0% per annum.

"Level I Pricing" applies at any date if, at such date, (a) the Borrower's long-term senior unsecured debt is rated at least BBB by S&P or Baa2 by Moody's,* or (b) the Consolidated Leverage Ratio, as shown in the most recent financial statements delivered pursuant to Section 5.1(a) or (b), is less than 2.25.

"Level II Pricing" applies at any date if, at such date, Level I Pricing does not apply and (a) the Borrower's long-term senior unsecured debt is rated at least BBB- by S&P and Baa3 by Moody's, or (b) the Consolidated Leverage Ratio, as shown in the most recent financial statements delivered pursuant to Section 5.1(a) or (b), is less than 2.50.

"Level III Pricing" applies at any date if, at such date, neither Level I Pricing nor Level II Pricing applies.

"Moody's" means Moody's Investors Service, Inc.

"Pricing Level" refers to the determination of which of Level I, Level II, or Level III applies at any date.

"S&P" means Standard & Poor's Ratings Services.

The credit ratings to be utilized for purposes of this Schedule are those assigned to long term senior unsecured debt of the Borrower without third-party credit enhancement, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

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* In the event of a split rating of greater than one sub-grade, the rating shall be deemed to be one level higher than the lower of the two ratings.

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AMENDMENT NO. 1 TO 2002
CREDIT AGREEMENT [5 YEAR]

dated as of
December 15, 2004

Among

Marsh & McLennan Companies, Inc.,
as Borrower,

The Banks Listed Herein

and

JPMorgan Chase Bank, N.A.,
as Administrative Agent

Citibank, N.A., as
Syndication Agent

Bank of America, N.A. and
Deutsche Bank AG New York Branch, as
Documentation Agents

Citigroup Global Markets Inc., Banc of America Securities LLC and
Deutsche Bank Securities Inc., as
Joint Lead Arrangers

Citigroup Global Markets Inc. and Deutsche Bank Securities Inc., as
Joint Bookrunners

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AMENDMENT NO. 1 TO
2002 CREDIT AGREEMENT [5 YEAR]

Dated as of December 15, 2004

AMENDMENT NO. 1 TO 2002 CREDIT AGREEMENT [5 YEAR] among Marsh & McLennan Companies, Inc., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "Banks"), and JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank), as administrative agent (the "Administrative Agent") for the Banks.

PRELIMINARY STATEMENTS:

(1) The Borrower, the Banks and the Administrative Agent have entered into a Credit Agreement [5 Year] dated as of June 13, 2002 (as modified through the date hereof, the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) Subject to the terms and conditions set forth herein, the Borrower and the Required Banks have agreed to amend the Credit Agreement as hereinafter set forth.

NOW, THEREFORE, the Borrower and the Required Banks hereby agree as follows:

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended as follows:

(1) The definitions of "Consolidated Net Worth" and "Consolidated Tangible Net Worth" in Section 1.1 are deleted.

(2) Section 1.1 is amended to add the following new definitions in the appropriate alphabetical order:

"Acquisition" means the acquisition, directly, by merger or otherwise, for consideration in any single transaction or series of related transactions in excess of \$25,000,000 (as determined reasonably and in good faith by the Borrower), and whether the consideration is cash, securities or other value, of (a) more than 50% of the capital stock or other equity interests of any Person (other than the capital stock or other equity interests of a Person which is (prior to such Acquisition) a Subsidiary of the Borrower), or (b) all or substantially all of the assets of any Person or any division or business unit of any Person (other than any such Person which is a Subsidiary of the Borrower).

"Amendment Effective Date" means the "Effective Date" as defined in Amendment No. 1.

"Amendment No. 1" means Amendment No. 1 to 2002 Credit Agreement [5 Year] dated as of December 15, 2004, among the Borrower and the Required Lenders, which amends this Agreement.

"Asset Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated total assets of the Guarantors and their respective Consolidated Subsidiaries, exclusive of intercompany receivables and interests in Subsidiaries that are not Consolidated Subsidiaries, to (b) the Consolidated total assets of the Borrower and its Consolidated Subsidiaries.

"Consolidated" refers to the consolidation of accounts in accordance with generally accepted accounting principles.

"Consolidated Adjusted EBITDA" means, for any Measurement Period, the sum, determined on a Consolidated basis for the Borrower and its Subsidiaries, without duplication, of (a) net income (or net loss), (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) to the extent deducted in calculating net income (or net loss), charges in respect of Settlement Costs, (g) to the extent deducted in calculating net income (or net loss), cash restructuring and reorganization charges (including, without limitation, severance charges, retention costs and facilities costs) and cash charges for costs and expenses (other than Settlement Costs) related to Settlements, in an aggregate amount not to exceed the sum of (i) for any Measurement Period ending on or before September 30, 2005, all such charges incurred through December 31, 2004 and publicly disclosed prior to the Amendment Effective Date plus (ii) up to \$650,000,000 for all Measurement Periods ending after December 31, 2004, (h) to the extent deducted in calculating net income (or net loss), the amount of any losses (and minus the amount of any gains) associated with sales of assets other than in the ordinary course of business, (i) stock option compensation expense resulting from the adoption of any amendments to Financial Accounting Standards Board Statement No. 123, (j) the amount of any increase (or minus the amount of any decrease) in pension expense (other than service costs) resulting from the application of Financial Accounting Standards Board Statement No. 87, and (k) non-recurring non-cash charges (including, without limitation, in respect of intangibles and impairments, severance charges, retention costs and facilities costs), in each case determined in accordance with generally accepted accounting principles for such Measurement Period.

"Consolidated Fixed Charge Coverage Ratio" means, for any Measurement Period, the ratio of (a) Consolidated Adjusted EBITDA to (b) the sum, determined on a Consolidated basis, of (i) interest expense (other than fees paid in connection with the prepayment of the Mortgage or the Sedgwick Notes), (ii) Specified Distributions, and (iii) principal payments, redemptions and purchases (except scheduled principal payments and payments, redemption and purchases in connection with an exchange offer or refunding to the extent that the same does not result in a reduction of principal payments due before December 2009) of all Long-Term Debt (other than the Loans, loans under the Other Revolving Credit

Agreement, loans under the Term Loan Agreement, prepayment of the Mortgage from the proceeds of a sale or refinancing of the Mortgaged Property and prepayment of the Sedgwick Notes) made by the Borrower and its Consolidated Subsidiaries, to the extent that such payments reduced any scheduled principal payments that would otherwise have become due more than one year after the date of such payment, in each case for such Measurement Period.

"Consolidated Funded Debt" means, without duplication, all Debt of the Borrower and its Subsidiaries determined on a Consolidated basis, net of cash and cash equivalents held in the United States free of Liens and rights of others.

"Consolidated Leverage Ratio" means, at any date of determination, the ratio of Consolidated Funded Debt at such date to Consolidated Adjusted EBITDA for the most recently completed Measurement Period.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction), in each case for consideration in any single transaction or series of related transactions in excess of \$10,000,000 (as determined reasonably and in good faith by the Borrower), of any property by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any Equity Interests owned by such Person, or any notes or accounts receivable or any rights and claims associated therewith.

"Domestic Subsidiary" means a Subsidiary of the Borrower formed and existing under the laws of any state of the United States and the business, assets and operations of which are located in the United States.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other similar rights entitling the holder thereof to purchase or acquire any such equity interest.

"Foreign Subsidiary" means any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Guarantor" means each of (a) Marsh Inc., a Delaware corporation, Putnam Investments Trust, a Massachusetts business trust, and Mercer Inc., a Delaware corporation, and (b) and any other direct Consolidated Subsidiary of the Borrower that executes and delivers to the Administrative Agent a Subsidiary Guaranty, provided that (i) such Subsidiary is reasonably acceptable to the Required Banks, and (ii) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, (A) documents of the types described in Section 3.1(a)(i) and Section 3.1(e) with respect to such Guarantor and the Subsidiary Guaranty executed by it (and, in the case of any Guarantor which is a Foreign Subsidiary, such other documents as the Administrative Agent may reasonably request) and (B) financial statements described in Section 5.1(a) or (b) for the most recently ended period for which such financial statements are required to have been delivered for the Guarantors; and provided further that, anything contained herein to the contrary notwithstanding, the term Guarantor shall not include any Subsidiary of the Borrower holding, as of the date of the most recent audited financial

statements of the Borrower and its Consolidated Subsidiaries delivered pursuant to this Agreement, assets having an aggregate book value of \$20,000,000 or less. If (1) the Borrower shall have identified a direct Consolidated Subsidiary of the Borrower as a proposed Guarantor in a written notice to the Banks, and (2) the Required Banks (or the Administrative Agent with the consent of the Required Banks) shall not have objected in writing within 10 Business Days after the giving of such notice, such Subsidiary shall be deemed to be acceptable to the Required Banks for purposes of clause (i) above, provided that requirements of clause (ii) above are met within 30 days after the next delivery of financial statements described in Section 5.1(a) or (b) occurring thereafter.

"Guaranty Coverage Percentage" means, as of any date of determination in relation to any transaction or event described herein (each, an "Event"), each of the Asset Percentage, the Revenue Percentage and the Net Operating Income Percentage, in each case determined as of the most recently ended fiscal quarter of the Borrower for which financial statements have been delivered pursuant to Section 5.1(a) or (b) and calculated on a pro forma basis giving effect to the applicable Event. For purposes of Sections 5.1(c)(ii) and 5.15, the Guaranty Coverage Percentage means each of the Asset Percentage, the Revenue Percentage and the Net Operating Income Percentage as of the end of the fiscal quarter most recently ended.

"Loan Documents" means (i) this Agreement, (ii) the Notes, (iii) each Subsidiary Guaranty, and (iv) the Master Agreement.

"Loan Parties" means the Borrower and the Guarantors.

"Long-Term Debt" means any Debt that, in accordance with generally accepted accounting principles, constitutes (or, when incurred, constituted) a long-term liability.

"Master Agreement" means the Master Agreement, dated as of December 15, 2004, among the Borrower, the Administrative Agent and the "Administrative Agent" under and as defined in each of the Term Loan Agreement and the Other Revolving Credit Agreement.

"Measurement Period" means, at any date of determination, the most recently completed four consecutive fiscal quarters of the Borrower ending on or prior to such date.

"Net Operating Income" means, for any period, the sum, determined on a Consolidated basis for the Borrower and its Subsidiaries or the Guarantors and their respective Subsidiaries, as the case may be, of (a) net income (or net loss), (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) to the extent deducted in calculating net income (or net loss), charges in respect of Settlement Costs, (g) to the extent deducted in calculating net income (or net loss), cash restructuring and reorganization charges (including, without limitation, severance charges, retention costs and facilities costs) and cash charges for costs and expenses (other than Settlement Costs) related to Settlements, in an aggregate amount not to exceed the sum of (i) for any Measurement Period ending on or before September 30, 2005, all such charges incurred through December 31, 2004 and publicly

disclosed prior to the Amendment Effective Date plus (ii) up to \$650,000,000 for all Measurement Periods ending after December 31, 2004, (h) to the extent deducted in calculating net income (or net loss), the amount of any losses (and minus the amount of any gains) associated with sales of assets other than in the ordinary course of business, (i) stock option compensation expense resulting from the adoption of any amendments to Financial Accounting Standards Board Statement No. 123, (j) the amount of any increase (or minus the amount of any decrease) in pension expense (other than service costs) resulting from the application of Financial Accounting Standards Board Statement No. 87, and (k) non-recurring non-cash charges (including, without limitation, in respect of intangibles and impairments, severance charges, retention costs and facilities costs), in each case determined in accordance with generally accepted accounting principles for such Measurement Period.

"Net Operating Income Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated Net Operating Income of the Guarantors and their respective Consolidated Subsidiaries for the 12-month period ending on such date, to (b) the Consolidated Net Operating Income of the Borrower and its Consolidated Subsidiaries for such 12-month period.

"Other Revolving Credit Agreement" means the Credit Agreement [5 Year] dated as of June 9, 2004 among the Borrower, the banks and other financial institutions party thereto and JPMCB, as administrative agent thereunder, as amended, supplemented or otherwise modified from time to time.

"Other Taxes" has the meaning set forth in Section 8.4.

"Required Percentage" means (a) in the case of the Asset Percentage, 75%, (b) in the case of the Revenue Percentage, 85%, and (c) in the case of the Net Operating Income Percentage, 85%.

"Revenue Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated service revenues of the Guarantors and their respective Consolidated Subsidiaries for the 12-month period ending on such date, to (b) the Consolidated service revenues of the Borrower and its Consolidated Subsidiaries for such 12-month period.

"Sedgwick Notes" means the \$60,000,000 7.68% Guaranteed Senior Notes of the Borrower due April 1, 2006.

"Settlement" means the settlement by the Borrower and its Subsidiaries of a Specified Claim.

"Settlement Costs" means all costs and obligations incurred, owing, paid or payable by the Borrower or any Subsidiary of the Borrower in connection with the settlement of any Specified Claim, including, without limitation, payment of restitution, fines and penalties,

but excluding amounts payable to legal counsel or other advisors of the Borrower or any Subsidiary of the Borrower.

"Specified Claim" means (a) the civil complaint filed on October 14, 2004 by the Attorney General of the State of New York against the Borrower and Marsh Inc. in the Supreme Court of New York County and the other matters described under the heading "Marsh Related Matters" in Note 13 to the financial statements included in the Borrower's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2004 as filed with the Securities and Exchange Commission ("Note 13"), (b) the civil administrative proceedings by the Securities and Exchange Commission and the Massachusetts Securities Division against Putnam Investments Trust and its Subsidiaries and the other matters described under the heading "Putnam Matters" in Note 13, (c) the other inquiries and matters, including without limitation those related to Mercer Inc. and its Subsidiaries, described under the headings "Other Inquiries" and "Other Matters" in Note 13, and (d) any claim arising out of, or any action, suit or proceeding filed or threatened against the Borrower or any Subsidiary of the Borrower based on, allegations similar to those set forth in the complaints and other documents filed with respect to the foregoing or related thereto.

"Specified Distributions" means any dividends or other distributions (whether in cash, securities or other property) with respect to the shares of common stock of the Borrower or any payment (whether in cash, securities or other property) on account of the purchase, redemption or retirement of shares of common stock of the Borrower or options, warrants or similar rights for the purchase or other acquisition thereof (other than payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries).

"Subsidiary Guaranty" means a Subsidiary Guaranty, substantially in the form of Exhibit H hereto (or, if the Guarantor is a Foreign Subsidiary, in such form having substantially the same effect as the Administrative Agent may reasonably require), executed by a Subsidiary of the Borrower in favor of the Administrative Agent and the Banks.

"Taxes" has the meaning specified in Section 8.4.

"Term Loan Agreement" means the \$1,300,000,000 Credit Agreement [2 Year Term Loan] dated as of December 15, 2004 (as amended, supplemented or otherwise modified from time to time) among the Borrower, the banks and financial institutions party thereto and Citibank, N.A. as administrative agent thereunder.

"Unpaid Settlement Costs" means Settlement Costs that have not been paid.

- (3) The following definitions contained in Section 1.1 are amended as follows:
 - (i) The definition of "Debt" is amended by (a) inserting the phrase "which are classified as short-term debt or long-term debt in accordance with generally accepted accounting principles," following the words "course of business," in the fifth line thereof, (b) renumbering clauses (vi) and (vii) as (vii) and (viii), respectively, and (c) adding a new clause (vi) to read as follows: "(vi) all Unpaid Settlement Costs net of savings in

taxes reasonably estimated to be realized by such Person in the future as a direct result of the deductibility of the amount thereof for tax purposes".

- (ii) The definition of "Mortgage" is amended by adding an "(a)" after the word "means" in the first line thereof and adding the following at the end thereof: "(the "Original Mortgage"), and (b) any instrument evidencing a refunding or refinancing of the Original Mortgage, provided that (i) recourse to the Borrower and any Subsidiary of the Borrower is limited in substantially the same manner as set forth in the Original Mortgage, and (ii) the security is limited to the Mortgaged Property and any other interest held by the Borrower and its Subsidiaries in the property located at 1166 Avenue of the Americas, New York, New York."
- (4) Section 1.2 is amended by adding the following sentence at the end thereof: "Without limitation on the foregoing, any reference in any definitions to cash charges shall mean charges that are or are expected to be incurred or paid in cash, and any reference to non-cash charges shall mean charges that are not expected to be paid in cash at any time."
- (5) Section 2.1 is amended by deleting the proviso to the last sentence thereof.
- (6) Section 3.2(e) is amended by adding the words "and the representations and warranties of each Guarantor set forth in the Subsidiary Guaranty to which it is a party" after the words "set forth in Section 4.4(b))".
- (7) Section 4.4(b) is amended by adding the following words at the end thereof ", except as disclosed in writing to the Banks prior to the execution and delivery of Amendment No. 1 by any Bank, including pursuant to the Borrower's 2003 Form 10-K and the Borrower's September 30, 2004 Form 10-Q, and except for any Specified Claim."
- (8) Section 4.5 is amended by amending and restating the exception in the fifth line therein as follows: "(except as disclosed in writing to the Banks prior to the execution and delivery of Amendment No. 1 by any Bank, including pursuant to the Borrower's 2003 Form 10-K and the Borrower's September 30, 2004 Form 10-Q, and except for any Specified Claim)".
- (9) Section 4.10 is amended by (a) inserting "(other than projections)" after the words "All material information" in the first line thereof and (b) adding "All projections, if any, that have been or will be prepared by the Borrower and made available to the Administrative Agent or any Bank have been or will be prepared in good faith based upon reasonable assumptions (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, and that no assurance can be given that such projections will be realized)." after the end of the first sentence therein.
- (10) Section 5.1(a) is amended by inserting "(i)" on the second line before "a consolidated balance sheet" and by adding at the end thereof the following: ", and (ii) a consolidating balance sheet as of the end of such fiscal year and the related consolidating income statement for such fiscal year, in substantially the form attached hereto as Exhibit I, which financial statements substantially represent the Consolidated financial condition of and results of operations for each of the Guarantors and its Consolidated Subsidiaries as of the end of and for such fiscal year, except as indicated in Exhibit I, certified as to fairness of presentation, generally

accepted accounting principles and consistency (except with respect to any changes made as a result of changes to generally accepted accounting principles) by the chief financial officer, the treasurer or the chief accounting officer of each of the Guarantors";

- (11) Section 5.1(b) is amended by inserting "(i)" on the second line before "a consolidated balance sheet" and by adding at the end thereof the following: ", and (ii) a consolidating balance sheet as of the end of such quarter and the related consolidating income statement for the portion of the fiscal year ended at the end of such quarter, in substantially the form attached hereto as Exhibit I, which financial statements substantially represent the Consolidated financial condition of and results of operations for each of the Guarantors and its Consolidated Subsidiaries as of the end of such fiscal quarter and for such portion of the fiscal year, except as indicated in Exhibit I, certified as to fairness of presentation, generally accepted accounting principles and consistency (except with respect to any changes made as a result of changes to generally accepted accounting principles) by the chief financial officer, the treasurer or the chief accounting officer of each of the Guarantors";

- (12) Section 5.1(c) is amended and restated in its entirety to read as follows:

"(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, one or more certificates of the chief financial officer, the treasurer or the chief accounting officer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 5.4 and 5.7 on the date of such financial statements, (ii) setting forth in reasonable detail the calculation of the Guaranty Coverage Percentages as of the last day of the period covered by such financial statements, and (iii) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;"

- (13) Section 5.1(d) is amended by inserting the number "(i)" after the words "clause (a)".

- (14) Section 5.2 is amended and restated in its entirety to read as follows:

"Section 5.2 Conduct of Business and Maintenance of Existence. The Borrower will continue, and will cause its Material Subsidiaries to continue, to engage in business of the same general type as now conducted by the Borrower and its Material Subsidiaries, and will not, and will not permit any of its Subsidiaries to, engage in any business that is not of the same general type as now conducted by the Borrower and its Subsidiaries or other businesses that are reasonably related or incidental thereto or that, in the judgment of the board of directors of the Borrower, are reasonably expected to materially enhance the other businesses in which the Borrower and its Subsidiaries are engaged, and will preserve, renew and keep in full force and effect, and will cause each such Material Subsidiary to preserve, renew and keep in full force and effect, their respective existence and their respective rights, privileges and franchises necessary or desirable in the normal conduct of business; provided that nothing in this Section 5.2 shall prohibit (i) the merger of a Subsidiary of the Borrower into the Borrower or the merger or consolidation of a Subsidiary with or into another Person if the corporation surviving such consolidation or merger is a Subsidiary and if, in each case, after giving effect thereto, no

Default shall have occurred and be continuing, provided that this clause (i) shall not permit (A) the merger of a Guarantor with or into any other Person unless the Guarantor is the surviving entity, or (B) the merger of any Subsidiary of a Guarantor with any Person other than such Guarantor, another Guarantor or a Subsidiary of a Guarantor if any Guaranty Coverage Percentage would be less than the Required Percentage immediately after such merger, (ii) the termination of the corporate existence of any Material Subsidiary of the Borrower (other than a Guarantor) if the Borrower, in good faith determines that such termination is (A) in the best interest of the Borrower and (B) does not cause any Guaranty Coverage Percentage to fall below the Required Percentage, and (iii) the discontinuance of the business of any Material Subsidiary (other than a Guarantor) if the Borrower in good faith determines that such discontinuance is (A) in the best interest of the Borrower and (B) does not cause any Guaranty Coverage Percentage to fall below the Required Percentage."

(15) Section 5.4 is amended and restated in its entirety to read as follows:

"Section 5.4. Financial Covenants.

(a) Consolidated Leverage Ratio. The Borrower will maintain as of the last day of each Measurement Period specified below a Consolidated Leverage Ratio of not more than the amount set forth below opposite such Measurement Period:

Measurement Period Ending	Ratio
December 31, 2004	3.25: 1.00
March 31, 2005	3.25: 1.00
June 30, 2005	3.50: 1.00
September 30, 2005	3.50: 1.00
December 31, 2005	3.50: 1.00
March 31, 2006	3.50: 1.00
June 30, 2006	3.25: 1.00
September 30, 2006	3.00: 1.00
December 31, 2006 and the last day of each succeeding fiscal quarter.	3.00: 1.00

(b) Consolidated Fixed Charge Coverage Ratio. The Borrower will maintain for each Measurement Period set forth below a Consolidated Fixed Charge Coverage Ratio of not less than the amount set forth below opposite such Measurement Period:

Measurement Period Ending	Ratio
December 31, 2004	2.25: 1.00
March 31, 2005	2.25: 1.00
June 30, 2005	2.25: 1.00
September 30, 2005	2.25: 1.00
December 31, 2005	2.25: 1.00
March 31, 2006	2.50: 1.00
June 30, 2006	2.50: 1.00
September 30, 2006	2.75: 1.00
December 31, 2006 and the last day of each succeeding fiscal quarter.	2.75: 1.00

(16) Section 5.5 is amended and restated in its entirety to read as follows:

"Section 5.5. Consolidations, Mergers and Sales of Assets. The Borrower will not (i) consolidate or merge with or into any Person, (ii) sell, lease or otherwise transfer all or substantially all of its assets to any other Person, or (iii) sell, transfer or otherwise dispose of its interest in any Guarantor; provided that (x) the Borrower may merge with any Wholly-Owned Consolidated Subsidiary (other than a Guarantor or a Subsidiary of a Guarantor) if immediately after such merger no Default shall have occurred and be continuing and such Wholly-Owned Consolidated Subsidiary shall expressly assume in writing all of the obligations of the Borrower hereunder, and under the Notes (if any), and (y) the Borrower may merge with any other Person (other than a Guarantor or a Subsidiary of a Guarantor) if (A) the Borrower is the corporation surviving such merger and (B) immediately after giving effect to such merger, no Default shall have occurred and be continuing. The Borrower will not permit (1) any Guarantor to consolidate or merge with or into any other Person unless the Guarantor is the surviving entity, (2) any Subsidiary of any Guarantor to consolidate or merge with or into any other Person unless, immediately after giving effect to such consolidation or merger, none of the Guaranty Coverage Percentages is less than the Required Percentage, (3) any Guarantor to sell, lease or otherwise transfer all or substantially all of its assets to any other Person, or (4) any Subsidiary of any Guarantor to sell, lease or otherwise transfer all or substantially all of its assets to another Person unless, immediately after giving effect to such sale, lease or other transfer, none of the Guaranty Coverage Percentages is less than the Required Percentage."

(17) Section 5.7 is amended and restated in its entirety to read as follows:

"Section 5.7 Negative Pledge. Neither the Borrower nor any Consolidated Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

- (a) Liens on the Mortgaged Property to secure Debt under the Mortgage;
 - (b) Liens arising in the ordinary course of its business which (i) do not secure Debt or Derivatives Obligations, (ii) do not secure, in the case of judgments or orders, obligations in an aggregate amount exceeding \$100,000,000 and (iii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;
 - (c) Liens on cash and cash equivalents securing Derivatives Obligations, provided that the aggregate amount of cash and cash equivalents subject to such Liens may at no time exceed \$100,000,000 and provided further that the sum of (x) such aggregate amount and (y) the aggregate amount of Debt secured as permitted by clause (d) below does not at any date exceed \$250,000,000; and
 - (d) Liens not otherwise permitted by the foregoing clauses of this Section securing Debt or other obligations, provided that the sum of (x) the principal or face amount of such Debt and other obligations and (y) the aggregate amount of cash and cash equivalents referred to in clause (c) above does not at any date exceed \$250,000,000."
- (18) Article 5 is amended by adding thereto new Sections 5.9 through 5.15, to read as follows:

"Section 5.9 Maintenance of Insurance. The Borrower will maintain, and cause each of its Consolidated Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Consolidated Subsidiary operates; provided that the Borrower and its Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates and to the extent consistent with prudent business practice.

Section 5.10. Transactions with Affiliates. Anything contained herein to the contrary notwithstanding, the Borrower will conduct, and cause each of its Consolidated Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates (other than the Borrower and its Subsidiaries) on terms that are fair and reasonable and no less favorable to the Borrower or such Consolidated Subsidiary than it would obtain in a comparable arm's length transaction with a Person not an Affiliate.

Section 5.11. Dispositions. The Borrower will not make any Disposition or permit any Consolidated Subsidiary to make any Disposition, except:

(a) Dispositions of obsolete or worn out property or property no longer used in the business of the Borrower or its Subsidiaries, whether now or hereafter owned or leased, in the ordinary course of business of such Person;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions described on Schedule 5.11;

(d) Dispositions of property by any Subsidiary to the Borrower or to another Subsidiary or by the Borrower to a Subsidiary, to the extent not otherwise prohibited hereunder;

(e) Dispositions of assets that are being (or within 12 months will be) replaced with other assets used in the same business; and

(f) any other Disposition, provided that (i) after giving effect to such Disposition, none of the Guaranty Coverage Percentages is less than the Required Percentage, and (ii) such Disposition is not otherwise prohibited by the terms hereof.

Section 5.12 Debt. The Borrower will not permit any Consolidated Subsidiary to create, incur, assume or suffer to exist any Debt, except:

(a) (i) Debt under the Loan Documents, (ii) Debt consisting of guaranties of Debt of the Borrower under the "Loan Documents" as defined in the Other Revolving Credit Agreement (which shall include, for this purpose, any renewal or refinancing thereof), provided that the aggregate amount of such Debt of the Borrower so guaranteed under the "Loan Documents" in respect of the Other Revolving Credit Agreement does not exceed the aggregate amount of the "Commitments" (as defined in the Other Revolving Credit Agreement as in effect on the Amendment Effective Date) under the Other Revolving Credit Agreement as of the Closing Date, and (iii) Debt consisting of guaranties of Debt of the Borrower under the "Loan Documents" as defined in the Term Loan Agreement (which shall include, for this purpose, any renewal or refinancing thereof), provided that the aggregate amount of such Debt of the Borrower so guaranteed under the "Loan Documents" in respect of the Term Loan Agreement does not exceed the aggregate amount of the "Commitments" (as defined in the Term Loan Agreement as in effect on the Closing Date) under the Term Loan Agreement as of the Amendment Effective Date;

(b) Debt under the Mortgage;

(c) Debt owed to a Person of which such Subsidiary is a Subsidiary;

(d) Debt of any Consolidated Subsidiary existing as of the Amendment Effective Date (other than Debt described in clause (a) above), and any renewal and refinancing thereof, provided that the principal amount thereof is not increased and no other Subsidiary becomes obligated in respect thereof (except that (i) the Borrower or any Subsidiary may become obligated in respect of any such Debt of any of their respective Subsidiaries, (ii) any Guarantor and any of its Subsidiaries may become obligated in respect of any such Debt of such Guarantor or any of its Subsidiaries, and (iii) any Subsidiary which is neither a Guarantor nor a Subsidiary of a Guarantor may become obligated in respect of any such Debt);

(e) Debt incurred by Foreign Subsidiaries to finance the payment (and not in excess of) of cash dividends to reinvest foreign earnings in the United States, as contemplated and to the extent permitted by the American Jobs Creation Act of 2004, as a source for, but not limited to, the financial stabilization of the Borrower and its Domestic Subsidiaries for the purposes of jobs retention or creation; and

(f) other Debt in an aggregate amount for all Consolidated Subsidiaries not to exceed \$500,000,000 outstanding at any time.

Section 5.13 Acquisitions. The Borrower will not make, or permit any of its Subsidiaries to make, any Acquisition, unless, (a) after giving effect to such Acquisition, no Default shall have occurred or be continuing or would result from such Acquisition, and (b) after giving effect to such Acquisition, the Borrower would be in pro forma compliance with Section 5.4 hereof as of the most recently ended fiscal quarter for which financial statements have been delivered under Section 5.1(a) or (b).

Section 5.14 Guarantors. The Borrower shall cause each of the Guarantors to (a) preserve its separate existence as required by Section 5.2, (b) comply in all material respects with the requirements of its organizational documents and other governing instruments (including bylaws), (c) not conduct business under the name of the Borrower or any other Guarantor, (d) maintain separate and complete books and records in accordance with generally acceptable accounting principles and otherwise to properly reflect its business and financial affairs, (e) maintain full and complete records of all transactions with other Subsidiaries of the Guarantor, and (f) maintain its own bank accounts and not commingle any of its funds with any other Person.

Section 5.15. Guaranty Coverage Percentage. If, at the end of any fiscal quarter or fiscal year, any Guaranty Coverage Percentage is less than the Required Percentage, the Borrower shall, within 30 days after the delivery of the certificate pursuant to Section 5.1(c)(ii) setting forth the Guaranty Coverage Percentages as of the end of such fiscal quarter or year, deliver to the Administrative Agent one or more additional Subsidiary Guaranties from one or more additional Guarantors such that each Guaranty Coverage Percentage as of the end of such quarter, on a pro forma basis taking into account such additional Subsidiary Guaranties, is not less than the Required Percentage."

(19) Section 6.1(a) is amended by deleting the words "within three Business Days of the date when due" after the "(x)" and adding the words "when due" after the words "of any Loan".

(20) Section 6.1(b) is amended by adding the words ", 5.10 through 5.13, inclusive and 5.15;" at the end thereof.

(21) Section 6.1(c) is amended and restated in its entirety to read as follows: "the Borrower or any Guarantor shall fail to observe or perform any covenant or agreement contained in this Agreement or any Subsidiary Guaranty to which it is a party (other than those covered by clause (a) or (b) above) for 10 days (or, in the case of Section 5.1(a)(ii), 5.1(b)(ii),

5.1(c)(ii) or 5.14, 30 days) after written notice thereof has been given to the Borrower by the Administrative Agent or any Bank (through the Administrative Agent);"

(22) Section 6.1(d) is amended and restated in its entirety to read as follows: "any representation, warranty, certification or statement made (or deemed made) by the Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to Section 5.1 of this Agreement shall prove to have been incorrect in any material respect when made (or deemed made); or any representation, warranty, certification or statement made (or deemed made) by any Guarantor in the Subsidiary Guaranty to which it is a party or in any certificate, financial statement or other document delivered pursuant to Section 5.1 of this Agreement shall prove to have been incorrect in any material respect when made (or deemed made);"

(23) Section 6.1(k) is amended by (i) adding the word "equity" after the words "voting power of the Borrower's then outstanding" and (ii) adding the word "or" at the end thereof.

(24) Section 6.1 is amended by adding thereto a new subsection (l) to read as follows: "(l) any provision of any Guaranty or any other Loan Document after delivery thereof pursuant to this Agreement shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing;"

(25) Section 7.5 is amended by adding the words "or any Guarantor" at the end of subsection (ii) thereof.

(26) Section 9.3(a) is amended by inserting the words "and Citigroup Global Markets Inc." after "Administrative Agent" in the second and third lines thereof.

(27) Section 9.8 is amended by adding the words "(and the Master Agreement and the Subsidiary Guaranties)" after the words "any Notes issued hereunder" in the second sentence of the section.

(28) Section 9.9 is amended by adding the words ", THE OTHER LOAN DOCUMENTS" after the words "ANY NOTE".

(29) Section 9.11 is amended by deleting the following sentence at the end thereof "Notwithstanding the foregoing, the Administrative Agent and the Banks (and each of their respective employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to such person to the extent relating to such tax treatment and tax structure." and (b) adding the following sentence at the end thereof "It is understood that for purposes of this Section, the Borrower and its business shall include all of the Subsidiaries of the Borrower and all of the businesses they engage in."

(30) Section 9.13 is added to the Agreement to read as follows:

"Section 9.13 Master Agreement. Each Bank hereby consents (or shall be deemed to have consented) to the execution and delivery of the Master Agreement by the Administrative Agent and agrees (or shall be deemed to have agreed) to be bound by the terms and provisions thereof."

(31) The Pricing Schedule is amended and restated in its entirety to read as set forth on Annex I attached hereto.

(32) The Schedules to the Credit Agreement are amended by adding thereto a new Schedule 5.11 as set forth in Annex II attached hereto.

(33) The Exhibits to the Credit Agreement are amended by adding thereto the following new Exhibits H and I as set forth in Annexes III and IV, respectively, attached hereto.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, on or before December 31, 2004 (the "Effective Date"), the Administrative Agent shall have received:

- (i) counterparts of this Amendment executed by the Borrower and the Required Banks or, as to any of the Banks, advice satisfactory to the Administrative Agent that such Bank has executed this Amendment; and counterparts of the Master Agreement executed by the parties thereto;
- (ii) (a) an opinion of Peter Beshar, Esq., General Counsel of the Borrower, substantially in the form of Exhibit A-1 hereto, and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request; (b) an opinion of Frank McNamara, Esq., General Counsel of Putnam Investments Trust, substantially in the form of Exhibit A-2 hereto, and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request; and (c) an opinion of Davis Polk & Wardwell, special counsel for the Borrower, in substantially the form of Exhibit A-3, hereto;
- (iii) evidence satisfactory to the Administrative Agent that the Commitments under (and as defined in) the (i) Credit Agreement [364 Day] dated as of July 7, 2004 (as amended, supplemented or otherwise modified) among the Borrower, the banks and other financial institutions party thereto and Bank of America, N.A., as administrative agent, and (ii) the Credit Agreement [364 Day] dated as of June 9, 2004 (as amended, supplemented or otherwise modified) among the Borrower, the banks and other financial institutions party thereto and JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank), as administrative agent, have been terminated and the loans thereunder have been (together with all interest and related fees) paid in cash in full;
- (iv) evidence satisfactory to the Administrative Agent that (a) the amendment to the Other Revolving Credit Agreement, (b) the Term Loan Agreement and (c) the Master Agreement have each become effective;
- (v) the following corporate documents of each of the Borrower and each Guarantor listed in clause (a) of the definition thereof, each certified as indicated below:

- (A) a copy of the certificate of incorporation, as amended and in effect, certified as of a recent date by the Secretary of State of its jurisdiction of incorporation, and a certificate from such Secretary of State dated as of a recent date as to the good standing of and charter documents filed by each of the Loan Parties;
- (B) a certificate of the Secretary or an Assistant Secretary of each such Loan Party, dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Loan Party, as in effect on the Effective Date, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors authorizing the execution, delivery and performance of this Amendment and the other Loan Documents, and such other documents to which such Loan Party is or is intended to be a party, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter of such Loan Party has not been amended since the date of the certification thereto furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing this Amendment (in the case of the Borrower) and each of the other documents to which such Loan Party is intended to be a party and each other document to be delivered by such Loan Party from time to time in connection herewith or therewith (and the Administrative Agent and each Bank may conclusively rely on each such certificate until it receives notice in writing from the applicable Loan Party); and
- (C) a certificate of another officer of each such Loan Party as to the incumbency and specimen signature of the Secretary or Assistant Secretary, as the case may be;
- (vi) a certificate of a senior officer of the Borrower, dated the Effective Date, to the effect set forth in Sections 3.2(d) and (e) of the Credit Agreement as amended hereby;
- (vii) a Subsidiary Guaranty duly executed by each Guarantor listed in clause (a) of the definition thereof; and
- (viii) such other documents as the Administrative Agent or any Bank or special counsel to the Administrative Agent may reasonably request.

SECTION 3. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

- (1) The Borrower (a) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and (b) has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.
- (2) The execution, delivery and performance by the Borrower of this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action,

require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, conflict with, or constitute a default under any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Material Subsidiaries or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Material Subsidiaries.

(3) Each of this Amendment and the Credit Agreement, as amended hereby, constitutes a valid and binding agreement of the Borrower when executed and delivered in accordance with this Amendment, will constitute a valid and binding obligation of the Borrower, in each case enforceable against the Borrower in accordance with its respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(4) Each of the representations and warranties set forth in Article 4 of the Credit Agreement, as amended hereby, is and will be true and correct on and as of the Effective Date.

SECTION 4. Reference to and Effect on the Credit Agreement and the Notes(1) . On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(2) The Credit Agreement, and the Notes, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

MARSH & McLENNAN COMPANIES, INC.

By: /s/ Matthew B. Bartley

Name: Matthew B. Bartley

Title: Vice President and Treasurer

JPMORGAN CHASE BANK, N.A. (formerly,
JPMorgan Chase Bank),
as Administrative Agent and as a Bank

By: /s/ Heather Lindstrom

Name: Heather Lindstrom
Title: Vice President

CITIBANK, N.A.

By: /s/ Matthew Nicholls

Name: Matthew Nicholls

Title: Director & Vice President

BANK OF AMERICA, N.A.

By: /s/ Shelly K. Harper

Name: Shelly K. Harper

Title: Senior Vice President

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ John S. McGill

Name: John S. McGill
Title: Director

By /s/ Ruth Leung

Name: Ruth Leung
Title: Director

ABN AMRO BANK N.V.

By: /s/ Eric Oppenheimer

Name: Eric Oppenheimer
Title: Director

By: /s/ Michael DeMarco

Name: Michael DeMarco
Title: Assistant Vice President

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: /s/ Jason Paulnock

Name: Jason Paulnock
Title: Vice President

By: /s/ Beth McGinnis

Name: Beth McGinnis
Title: Senior Vice President

THE BANK OF NEW YORK

By: /s/ Lizanne T. Eberle

Name: Lizanne T. Eberle

Title: Vice President

LLOYDS TSB BANK PLC

By: /s/ James M. Rudd

Name: James M. Rudd
Title: Vice President

By: /s/ Michael J. Gilligan

Name: Michael J. Gilligan
Title: Director

THE NORTHERN TRUST COMPANY

By: /s/ Forrest Vollrath

Name: Forrest Vollrath

Title: Vice President

MELLON BANK, N.A.

By: /s/ Maria E. Totin

Name: Maria E. Totin

Title: Assistant Vice President

THE BANK OF NOVA SCOTIA

By: /s/ Todd S. Meller

Name: Todd S. Meller

Title: Managing Director

ROYAL BANK OF CANADA

By: /s/ John E. Beckwith

Name: John E. Beckwith

Title: Authorized Signatory

BARCLAYS BANK PLC

By: /s/ Robert John Byrne

Name: Robert John Byrne

Title: Corporate Banking Director

CALYON NEW YORK BRANCH

By: /s/ Sebastian Rocco

Name: Sebastian Rocco
Title: Managing Director

By: /s/ Peter Rasmussen

Name: Peter Rasmussen
Title: Managing Director

NATIONAL AUSTRALIA BANK LIMITED

By: /s/ Michael G. McHugh

Name: Michael G. McHugh

Title: Senior Vice President

U.S. BANK, NATIONAL ASSOCIATION

By: /s/ Christine Geer

Name: Christine Geer

Title: Assistant Vice President

Annex I

PRICING SCHEDULE

Each of "Euro-Dollar Margin" and "Facility Fee Rate" means, for any day, the rates set forth below (presented in basis points) in the row opposite such term and in the column corresponding to the "Pricing Level" that exists on such day:

	LEVEL I	LEVEL II	LEVEL III
Applicable	82.5	107.5	125.0
Margin for Eurodollar Rate Advances (bps)			
Facility Fee (bps)	17.5	17.5	25.0

For purposes of this Schedule, the following terms have the following meanings:

"Base Rate Margin" means 0% per annum plus the Utilization Fee.

"Level I Pricing" applies at any date if, at such date, (a) the Borrower's long-term senior unsecured debt is rated at least BBB by S&P or Baa2 by Moody's,* or (b) the Consolidated Leverage Ratio, as shown in the most recent financial statements delivered pursuant to Section 5.1(a) or (b), is less than 2.25.

"Level II Pricing" applies at any date if, at such date, Level I is not applicable, and (a) the Borrower's long-term senior unsecured debt is rated at least BBB- by S&P and Baa3 by Moody's, or (b) the Consolidated Leverage Ratio, as shown in the most recent financial statements delivered pursuant to Section 5.1(a) or (b), is less than 2.50.

"Level III Pricing" applies at any date if, at such date, neither Level I Pricing nor Level II Pricing applies.

"Moody's" means Moody's Investors Service, Inc.

* In the event of a split rating of greater than one sub-grade, the rating shall be deemed to be one level higher than the lower of the two ratings.

"Pricing Level" refers to the determination of which of Level I, Level II, or Level III applies at any date.

"S&P" means Standard & Poor's Ratings Services.

The credit ratings to be utilized for purposes of this Schedule are those assigned to long term senior unsecured debt of the Borrower without third-party credit enhancement, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

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AMENDMENT NO. 1 TO 2004
CREDIT AGREEMENT [5 YEAR]

dated as of

December 15, 2004

Among

Marsh & McLennan Companies, Inc.,
as Borrower,

The Banks Listed Herein

and

JPMorgan Chase Bank, N.A.,
as Administrative Agent

Citibank, N.A.,
as Syndication Agent

Bank of America, N.A. and
Deutsche Bank AG New York Branch,
as Documentation Agents

Citigroup Global Markets Inc., Banc of America Securities LLC and
Deutsche Bank Securities Inc.,
as Joint Lead Arrangers

Citigroup Global Markets Inc. and Banc of America Securities LLC,
as Joint Bookrunners

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AMENDMENT NO. 1 TO
2004 CREDIT AGREEMENT [5 YEAR]

Dated as of December 15, 2004

AMENDMENT NO. 1 TO 2004 CREDIT AGREEMENT [5 YEAR] among Marsh & McLennan Companies, Inc., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "Banks"), and JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank), as administrative agent (the "Administrative Agent") for the Banks.

PRELIMINARY STATEMENTS:

(1) The Borrower, the Banks and the Administrative Agent have entered into a Credit Agreement [5 Year] dated as of June 9, 2004 (as modified through the date hereof, the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) Subject to the terms and conditions set forth herein, the Borrower and the Required Banks have agreed to amend the Credit Agreement as hereinafter set forth.

NOW, THEREFORE, the Borrower and the Required Banks hereby agree as follows:

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended as follows:

(1) The definitions of "Consolidated Net Worth" and "Consolidated Tangible Net Worth" in Section 1.1 are deleted.

(2) Section 1.1 is amended to add the following new definitions in the appropriate alphabetical order:

"Acquisition" means the acquisition, directly, by merger or otherwise, for consideration in any single transaction or series of related transactions in excess of \$25,000,000 (as determined reasonably and in good faith by the Borrower), and whether the consideration is cash, securities or other value, of (a) more than 50% of the capital stock or other equity interests of any Person (other than the capital stock or other equity interests of a Person which is (prior to such Acquisition) a Subsidiary of the Borrower), or (b) all or substantially all of the assets of any Person or any division or business unit of any Person (other than any such Person which is a Subsidiary of the Borrower).

"Amendment Effective Date" means the "Effective Date" as defined in Amendment No. 1.

"Amendment No. 1" means Amendment No. 1 to 2004 Credit Agreement [5 Year] dated as of December 15, 2004, among the Borrower and the Required Lenders, which amends this Agreement.

"Asset Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated total assets of the Guarantors and their respective Consolidated Subsidiaries, exclusive of intercompany receivables and interests in Subsidiaries that are not Consolidated Subsidiaries, to (b) the Consolidated total assets of the Borrower and its Consolidated Subsidiaries.

"Consolidated" refers to the consolidation of accounts in accordance with generally accepted accounting principles.

"Consolidated Adjusted EBITDA" means, for any Measurement Period, the sum, determined on a Consolidated basis for the Borrower and its Subsidiaries, without duplication, of (a) net income (or net loss), (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) to the extent deducted in calculating net income (or net loss), charges in respect of Settlement Costs, (g) to the extent deducted in calculating net income (or net loss), cash restructuring and reorganization charges (including, without limitation, severance charges, retention costs and facilities costs) and cash charges for costs and expenses (other than Settlement Costs) related to Settlements, in an aggregate amount not to exceed the sum of (i) for any Measurement Period ending on or before September 30, 2005, all such charges incurred through December 31, 2004 and publicly disclosed prior to the Amendment Effective Date plus (ii) up to \$650,000,000 for all Measurement Periods ending after December 31, 2004, (h) to the extent deducted in calculating net income (or net loss), the amount of any losses (and minus the amount of any gains) associated with sales of assets other than in the ordinary course of business, (i) stock option compensation expense resulting from the adoption of any amendments to Financial Accounting Standards Board Statement No. 123, (j) the amount of any increase (or minus the amount of any decrease) in pension expense (other than service costs) resulting from the application of Financial Accounting Standards Board Statement No. 87, and (k) non-recurring non-cash charges (including, without limitation, in respect of intangibles and impairments, severance charges, retention costs and facilities costs), in each case determined in accordance with generally accepted accounting principles for such Measurement Period.

"Consolidated Fixed Charge Coverage Ratio" means, for any Measurement Period, the ratio of (a) Consolidated Adjusted EBITDA to (b) the sum, determined on a Consolidated basis, of (i) interest expense (other than fees paid in connection with the prepayment of the Mortgage or the Sedgwick Notes), (ii) Specified Distributions, and (iii) principal payments, redemptions and purchases (except scheduled principal payments and payments, redemption and purchases in connection with an exchange offer or refunding to the extent that the same does not result in a reduction of principal payments due before December 2009) of all Long-Term Debt (other than the Loans, loans under the Other Revolving Credit

Agreement, loans under the Term Loan Agreement, prepayment of the Mortgage from the proceeds of a sale or refinancing of the Mortgaged Property and prepayment of the Sedgwick Notes) made by the Borrower and its Consolidated Subsidiaries, to the extent that such payments reduced any scheduled principal payments that would otherwise have become due more than one year after the date of such payment, in each case for such Measurement Period.

"Consolidated Funded Debt" means, without duplication, all Debt of the Borrower and its Subsidiaries determined on a Consolidated basis, net of cash and cash equivalents held in the United States free of Liens and rights of others.

"Consolidated Leverage Ratio" means, at any date of determination, the ratio of Consolidated Funded Debt at such date to Consolidated Adjusted EBITDA for the most recently completed Measurement Period.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction), in each case for consideration in any single transaction or series of related transactions in excess of \$10,000,000 (as determined reasonably and in good faith by the Borrower), of any property by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any Equity Interests owned by such Person, or any notes or accounts receivable or any rights and claims associated therewith.

"Domestic Subsidiary" means a Subsidiary of the Borrower formed and existing under the laws of any state of the United States and the business, assets and operations of which are located in the United States.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other similar rights entitling the holder thereof to purchase or acquire any such equity interest.

"Foreign Subsidiary" means any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Guarantor" means each of (a) Marsh Inc., a Delaware corporation, Putnam Investments Trust, a Massachusetts business trust, and Mercer Inc., a Delaware corporation, and (b) and any other direct Consolidated Subsidiary of the Borrower that executes and delivers to the Administrative Agent a Subsidiary Guaranty, provided that (i) such Subsidiary is reasonably acceptable to the Required Banks, and (ii) the Administrative Agent shall have received, in form and substance satisfactory to the Administrative Agent, (A) documents of the types described in Section 3.1(a)(i) and Section 3.1(e) with respect to such Guarantor and the Subsidiary Guaranty executed by it (and, in the case of any Guarantor which is a Foreign Subsidiary, such other documents as the Administrative Agent may reasonably request) and (B) financial statements described in Section 5.1(a) or (b) for the most recently ended period for which such financial statements are required to have been delivered for the Guarantors; and provided further that, anything contained herein to the contrary notwithstanding, the term Guarantor shall not include any Subsidiary of the Borrower holding, as of the date of the most recent audited financial

statements of the Borrower and its Consolidated Subsidiaries delivered pursuant to this Agreement, assets having an aggregate book value of \$20,000,000 or less. If (1) the Borrower shall have identified a direct Consolidated Subsidiary of the Borrower as a proposed Guarantor in a written notice to the Banks, and (2) the Required Banks (or the Administrative Agent with the consent of the Required Banks) shall not have objected in writing within 10 Business Days after the giving of such notice, such Subsidiary shall be deemed to be acceptable to the Required Banks for purposes of clause (i) above, provided that requirements of clause (ii) above are met within 30 days after the next delivery of financial statements described in Section 5.1(a) or (b) occurring thereafter.

"Guaranty Coverage Percentage" means, as of any date of determination in relation to any transaction or event described herein (each, an "Event"), each of the Asset Percentage, the Revenue Percentage and the Net Operating Income Percentage, in each case determined as of the most recently ended fiscal quarter of the Borrower for which financial statements have been delivered pursuant to Section 5.1(a) or (b) and calculated on a pro forma basis giving effect to the applicable Event. For purposes of Sections 5.1(c)(ii) and 5.15, the Guaranty Coverage Percentage means each of the Asset Percentage, the Revenue Percentage and the Net Operating Income Percentage as of the end of the fiscal quarter most recently ended.

"Loan Documents" means (i) this Agreement, (ii) the Notes, (iii) each Subsidiary Guaranty, and (iv) the Master Agreement.

"Loan Parties" means the Borrower and the Guarantors.

"Long-Term Debt" means any Debt that, in accordance with generally accepted accounting principles, constitutes (or, when incurred, constituted) a long-term liability.

"Master Agreement" means the Master Agreement, dated as of December 15, 2004, among the Borrower, the Administrative Agent and the "Administrative Agent" under and as defined in each of the Term Loan Agreement and the Other Revolving Credit Agreement.

"Measurement Period" means, at any date of determination, the most recently completed four consecutive fiscal quarters of the Borrower ending on or prior to such date.

"Net Operating Income" means, for any period, the sum, determined on a Consolidated basis for the Borrower and its Subsidiaries or the Guarantors and their respective Subsidiaries, as the case may be, of (a) net income (or net loss), (b) interest expense, (c) income tax expense, (d) depreciation expense, (e) amortization expense, (f) to the extent deducted in calculating net income (or net loss), charges in respect of Settlement Costs, (g) to the extent deducted in calculating net income (or net loss), cash restructuring and reorganization charges (including, without limitation, severance charges, retention costs and facilities costs) and cash charges for costs and expenses (other than Settlement Costs) related to Settlements, in an aggregate amount not to exceed the sum of (i) for any Measurement Period ending on or before September 30, 2005, all such charges incurred through December 31, 2004 and publicly

disclosed prior to the Amendment Effective Date plus (ii) up to \$650,000,000 for all Measurement Periods ending after December 31, 2004, (h) to the extent deducted in calculating net income (or net loss), the amount of any losses (and minus the amount of any gains) associated with sales of assets other than in the ordinary course of business, (i) stock option compensation expense resulting from the adoption of any amendments to Financial Accounting Standards Board Statement No. 123, (j) the amount of any increase (or minus the amount of any decrease) in pension expense (other than service costs) resulting from the application of Financial Accounting Standards Board Statement No. 87, and (k) non-recurring non-cash charges (including, without limitation, in respect of intangibles and impairments, severance charges, retention costs and facilities costs), in each case determined in accordance with generally accepted accounting principles for such Measurement Period.

"Net Operating Income Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated Net Operating Income of the Guarantors and their respective Consolidated Subsidiaries for the 12-month period ending on such date, to (b) the Consolidated Net Operating Income of the Borrower and its Consolidated Subsidiaries for such 12-month period.

"Other Revolving Credit Agreement" means the Credit Agreement [5 Year] dated as of June 13, 2002 among the Borrower, the banks and other financial institutions party thereto and JPMCB, as administrative agent thereunder, as amended, supplemented or otherwise modified from time to time.

"Other Taxes" has the meaning set forth in Section 8.4.

"Required Percentage" means (a) in the case of the Asset Percentage, 75%, (b) in the case of the Revenue Percentage, 85%, and (c) in the case of the Net Operating Income Percentage, 85%.

"Revenue Percentage" means, at any date of determination, the ratio, expressed as a percentage, of (a) the Consolidated service revenues of the Guarantors and their respective Consolidated Subsidiaries for the 12-month period ending on such date, to (b) the Consolidated service revenues of the Borrower and its Consolidated Subsidiaries for such 12-month period.

"Sedgwick Notes" means the \$60,000,000 7.68% Guaranteed Senior Notes of the Borrower due April 1, 2006.

"Settlement" means the settlement by the Borrower and its Subsidiaries of a Specified Claim.

"Settlement Costs" means all costs and obligations incurred, owing, paid or payable by the Borrower or any Subsidiary of the Borrower in connection with the settlement of any Specified Claim, including, without limitation, payment of restitution, fines and penalties,

but excluding amounts payable to legal counsel or other advisors of the Borrower or any Subsidiary of the Borrower.

"Specified Claim" means (a) the civil complaint filed on October 14, 2004 by the Attorney General of the State of New York against the Borrower and Marsh Inc. in the Supreme Court of New York County and the other matters described under the heading "Marsh Related Matters" in Note 13 to the financial statements included in the Borrower's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2004 as filed with the Securities and Exchange Commission ("Note 13"), (b) the civil administrative proceedings by the Securities and Exchange Commission and the Massachusetts Securities Division against Putnam Investments Trust and its Subsidiaries and the other matters described under the heading "Putnam Matters" in Note 13, (c) the other inquiries and matters, including without limitation those related to Mercer Inc. and its Subsidiaries, described under the headings "Other Inquiries" and "Other Matters" in Note 13, and (d) any claim arising out of, or any action, suit or proceeding filed or threatened against the Borrower or any Subsidiary of the Borrower based on, allegations similar to those set forth in the complaints and other documents filed with respect to the foregoing or related thereto.

"Specified Distributions" means any dividends or other distributions (whether in cash, securities or other property) with respect to the shares of common stock of the Borrower or any payment (whether in cash, securities or other property) on account of the purchase, redemption or retirement of shares of common stock of the Borrower or options, warrants or similar rights for the purchase or other acquisition thereof (other than payments pursuant to and in accordance with stock option plans or other benefit plans for management or employees of the Borrower and its Subsidiaries).

"Subsidiary Guaranty" means a Subsidiary Guaranty, substantially in the form of Exhibit H hereto (or, if the Guarantor is a Foreign Subsidiary, in such form having substantially the same effect as the Administrative Agent may reasonably require), executed by a Subsidiary of the Borrower in favor of the Administrative Agent and the Banks.

"Taxes" has the meaning specified in Section 8.4.

"Term Loan Agreement" means the \$1,300,000,000 Credit Agreement [2 Year Term Loan] dated as of December 15, 2004 (as amended, supplemented or otherwise modified from time to time) among the Borrower, the banks and financial institutions party thereto and Citibank, N.A. as administrative agent thereunder.

"Unpaid Settlement Costs" means Settlement Costs that have not been paid.

- (3) The following definitions contained in Section 1.1 are amended as follows:
 - (i) The definition of "Debt" is amended by (a) inserting the phrase "which are classified as short-term debt or long-term debt in accordance with generally accepted accounting principles," following the words "course of business," in the fifth line thereof, (b) renumbering clauses (vi) and (vii) as (vii) and (viii), respectively, and (c) adding a new clause (vi) to read as follows: "(vi) all Unpaid Settlement Costs net of savings in

taxes reasonably estimated to be realized by such Person in the future as a direct result of the deductibility of the amount thereof for tax purposes".

- (ii) The definition of "Mortgage" is amended by adding an "(a)" after the word "means" in the first line thereof and adding the following at the end thereof: "(the "Original Mortgage"), and (b) any instrument evidencing a refunding or refinancing of the Original Mortgage, provided that (i) recourse to the Borrower and any Subsidiary of the Borrower is limited in substantially the same manner as set forth in the Original Mortgage, and (ii) the security is limited to the Mortgaged Property and any other interest held by the Borrower and its Subsidiaries in the property located at 1166 Avenue of the Americas, New York, New York."
- (4) Section 1.2 is amended by adding the following sentence at the end thereof: "Without limitation on the foregoing, any reference in any definitions to cash charges shall mean charges that are or are expected to be incurred or paid in cash, and any reference to non-cash charges shall mean charges that are not expected to be paid in cash at any time."
- (5) Section 2.1 is amended by deleting the proviso to the last sentence thereof.
- (6) Section 3.2(e) is amended by adding the words "and the representations and warranties of each Guarantor set forth in the Subsidiary Guaranty to which it is a party" after the words "set forth in Section 4.4(b))".
- (7) Section 4.4(b) is amended by adding the following words at the end thereof ", except as disclosed in writing to the Banks prior to the execution and delivery of Amendment No. 1 by any Bank, including pursuant to the Borrower's 2003 Form 10-K and the Borrower's September 30, 2004 Form 10-Q, and except for any Specified Claim."
- (8) Section 4.5 is amended by amending and restating the exception in the fifth line therein as follows: "(except as disclosed in writing to the Banks prior to the execution and delivery of Amendment No. 1 by any Bank, including pursuant to the Borrower's 2003 Form 10-K and the Borrower's September 30, 2004 Form 10-Q, and except for any Specified Claim)".
- (9) Section 4.10 is amended by (a) inserting "(other than projections)" after the words "All material information" in the first line thereof and (b) adding "All projections, if any, that have been or will be prepared by the Borrower and made available to the Administrative Agent or any Bank have been or will be prepared in good faith based upon reasonable assumptions (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, and that no assurance can be given that such projections will be realized)." after the end of the first sentence therein.
- (10) Section 5.1(a) is amended by inserting "(i)" on the second line before "a consolidated balance sheet" and by adding at the end thereof the following: ", and (ii) a consolidating balance sheet as of the end of such fiscal year and the related consolidating income statement for such fiscal year, in substantially the form attached hereto as Exhibit I, which financial statements substantially represent the Consolidated financial condition of and results of operations for each of the Guarantors and its Consolidated Subsidiaries as of the end of and for such fiscal year, except as indicated in Exhibit I, certified as to fairness of presentation, generally

accepted accounting principles and consistency (except with respect to any changes made as a result of changes to generally accepted accounting principles) by the chief financial officer, the treasurer or the chief accounting officer of each of the Guarantors";

- (11) Section 5.1(b) is amended by inserting "(i)" on the second line before "a consolidated balance sheet" and by adding at the end thereof the following: ", and (ii) a consolidating balance sheet as of the end of such quarter and the related consolidating income statement for the portion of the fiscal year ended at the end of such quarter, in substantially the form attached hereto as Exhibit I, which financial statements substantially represent the Consolidated financial condition of and results of operations for each of the Guarantors and its Consolidated Subsidiaries as of the end of such fiscal quarter and for such portion of the fiscal year, except as indicated in Exhibit I, certified as to fairness of presentation, generally accepted accounting principles and consistency (except with respect to any changes made as a result of changes to generally accepted accounting principles) by the chief financial officer, the treasurer or the chief accounting officer of each of the Guarantors";

- (12) Section 5.1(c) is amended and restated in its entirety to read as follows:

"(c) simultaneously with the delivery of each set of financial statements referred to in clauses (a) and (b) above, one or more certificates of the chief financial officer, the treasurer or the chief accounting officer of the Borrower (i) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Sections 5.4 and 5.7 on the date of such financial statements, (ii) setting forth in reasonable detail the calculation of the Guaranty Coverage Percentages as of the last day of the period covered by such financial statements, and (iii) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;"

- (13) Section 5.1(d) is amended by inserting the number "(i)" after the words "clause (a)".

- (14) Section 5.2 is amended and restated in its entirety to read as follows:

"Section 5.2 Conduct of Business and Maintenance of Existence. The Borrower will continue, and will cause its Material Subsidiaries to continue, to engage in business of the same general type as now conducted by the Borrower and its Material Subsidiaries, and will not, and will not permit any of its Subsidiaries to, engage in any business that is not of the same general type as now conducted by the Borrower and its Subsidiaries or other businesses that are reasonably related or incidental thereto or that, in the judgment of the board of directors of the Borrower, are reasonably expected to materially enhance the other businesses in which the Borrower and its Subsidiaries are engaged, and will preserve, renew and keep in full force and effect, and will cause each such Material Subsidiary to preserve, renew and keep in full force and effect, their respective existence and their respective rights, privileges and franchises necessary or desirable in the normal conduct of business; provided that nothing in this Section 5.2 shall prohibit (i) the merger of a Subsidiary of the Borrower into the Borrower or the merger or consolidation of a Subsidiary with or into another Person if the corporation surviving such consolidation or merger is a Subsidiary and if, in each case, after giving effect thereto, no

Default shall have occurred and be continuing, provided that this clause (i) shall not permit (A) the merger of a Guarantor with or into any other Person unless the Guarantor is the surviving entity, or (B) the merger of any Subsidiary of a Guarantor with any Person other than such Guarantor, another Guarantor or a Subsidiary of a Guarantor if any Guaranty Coverage Percentage would be less than the Required Percentage immediately after such merger, (ii) the termination of the corporate existence of any Material Subsidiary of the Borrower (other than a Guarantor) if the Borrower, in good faith determines that such termination is (A) in the best interest of the Borrower and (B) does not cause any Guaranty Coverage Percentage to fall below the Required Percentage, and (iii) the discontinuance of the business of any Material Subsidiary (other than a Guarantor) if the Borrower in good faith determines that such discontinuance is (A) in the best interest of the Borrower and (B) does not cause any Guaranty Coverage Percentage to fall below the Required Percentage."

(15) Section 5.4 is amended and restated in its entirety to read as follows:

"Section 5.4. Financial Covenants.

(a) Consolidated Leverage Ratio. The Borrower will maintain as of the last day of each Measurement Period specified below a Consolidated Leverage Ratio of not more than the amount set forth below opposite such Measurement Period:

Measurement Period Ending	Ratio
December 31, 2004	3.25: 1.00
March 31, 2005	3.25: 1.00
June 30, 2005	3.50: 1.00
September 30, 2005	3.50: 1.00
December 31, 2005	3.50: 1.00
March 31, 2006	3.50: 1.00
June 30, 2006	3.25: 1.00
September 30, 2006	3.00: 1.00
December 31, 2006 and the last day of each succeeding fiscal quarter.	3.00: 1.00

(b) Consolidated Fixed Charge Coverage Ratio. The Borrower will maintain for each Measurement Period set forth below a Consolidated Fixed Charge Coverage Ratio of not less than the amount set forth below opposite such Measurement Period:

Measurement Period Ending	Ratio
December 31, 2004	2.25: 1.00
March 31, 2005	2.25: 1.00
June 30, 2005	2.25: 1.00
September 30, 2005	2.25: 1.00
December 31, 2005	2.25: 1.00
March 31, 2006	2.50: 1.00
June 30, 2006	2.50: 1.00
September 30, 2006	2.75: 1.00
December 31, 2006 and the last day of each succeeding fiscal quarter.	2.75: 1.00

(16) Section 5.5 is amended and restated in its entirety to read as follows:

"Section 5.5. Consolidations, Mergers and Sales of Assets. The Borrower will not (i) consolidate or merge with or into any Person, (ii) sell, lease or otherwise transfer all or substantially all of its assets to any other Person, or (iii) sell, transfer or otherwise dispose of its interest in any Guarantor; provided that (x) the Borrower may merge with any Wholly-Owned Consolidated Subsidiary (other than a Guarantor or a Subsidiary of a Guarantor) if immediately after such merger no Default shall have occurred and be continuing and such Wholly-Owned Consolidated Subsidiary shall expressly assume in writing all of the obligations of the Borrower hereunder, and under the Notes (if any), and (y) the Borrower may merge with any other Person (other than a Guarantor or a Subsidiary of a Guarantor) if (A) the Borrower is the corporation surviving such merger and (B) immediately after giving effect to such merger, no Default shall have occurred and be continuing. The Borrower will not permit (1) any Guarantor to consolidate or merge with or into any other Person unless the Guarantor is the surviving entity, (2) any Subsidiary of any Guarantor to consolidate or merge with or into any other Person unless, immediately after giving effect to such consolidation or merger, none of the Guaranty Coverage Percentages is less than the Required Percentage, (3) any Guarantor to sell, lease or otherwise transfer all or substantially all of its assets to any other Person, or (4) any Subsidiary of any Guarantor to sell, lease or otherwise transfer all or substantially all of its assets to another Person unless, immediately after giving effect to such sale, lease or other transfer, none of the Guaranty Coverage Percentages is less than the Required Percentage."

(17) Section 5.7 is amended and restated in its entirety to read as follows:

"Section 5.7 Negative Pledge. Neither the Borrower nor any Consolidated Subsidiary will create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

- (a) Liens on the Mortgaged Property to secure Debt under the Mortgage;
 - (b) Liens arising in the ordinary course of its business which (i) do not secure Debt or Derivatives Obligations, (ii) do not secure, in the case of judgments or orders, obligations in an aggregate amount exceeding \$100,000,000 and (iii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;
 - (c) Liens on cash and cash equivalents securing Derivatives Obligations, provided that the aggregate amount of cash and cash equivalents subject to such Liens may at no time exceed \$100,000,000 and provided further that the sum of (x) such aggregate amount and (y) the aggregate amount of Debt secured as permitted by clause (d) below does not at any date exceed \$250,000,000; and
 - (d) Liens not otherwise permitted by the foregoing clauses of this Section securing Debt or other obligations, provided that the sum of (x) the principal or face amount of such Debt and other obligations and (y) the aggregate amount of cash and cash equivalents referred to in clause (c) above does not at any date exceed \$250,000,000."
- (18) Article 5 is amended by adding thereto new Sections 5.9 through 5.15, to read as follows:

"Section 5.9 Maintenance of Insurance. The Borrower will maintain, and cause each of its Consolidated Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Consolidated Subsidiary operates; provided that the Borrower and its Subsidiaries may self-insure to the same extent as other companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates and to the extent consistent with prudent business practice.

Section 5.10. Transactions with Affiliates. Anything contained herein to the contrary notwithstanding, the Borrower will conduct, and cause each of its Consolidated Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates (other than the Borrower and its Subsidiaries) on terms that are fair and reasonable and no less favorable to the Borrower or such Consolidated Subsidiary than it would obtain in a comparable arm's length transaction with a Person not an Affiliate.

Section 5.11. Dispositions. The Borrower will not make any Disposition or permit any Consolidated Subsidiary to make any Disposition, except:

(a) Dispositions of obsolete or worn out property or property no longer used in the business of the Borrower or its Subsidiaries, whether now or hereafter owned or leased, in the ordinary course of business of such Person;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions described on Schedule 5.11;

(d) Dispositions of property by any Subsidiary to the Borrower or to another Subsidiary or by the Borrower to a Subsidiary, to the extent not otherwise prohibited hereunder;

(e) Dispositions of assets that are being (or within 12 months will be) replaced with other assets used in the same business; and

(f) any other Disposition, provided that (i) after giving effect to such Disposition, none of the Guaranty Coverage Percentages is less than the Required Percentage, and (ii) such Disposition is not otherwise prohibited by the terms hereof.

Section 5.12 Debt. The Borrower will not permit any Consolidated Subsidiary to create, incur, assume or suffer to exist any Debt, except:

(a) (i) Debt under the Loan Documents, (ii) Debt consisting of guaranties of Debt of the Borrower under the "Loan Documents" as defined in the Other Revolving Credit Agreement (which shall include, for this purpose, any renewal or refinancing thereof), provided that the aggregate amount of such Debt of the Borrower so guaranteed under the "Loan Documents" in respect of the Other Revolving Credit Agreement does not exceed the aggregate amount of the "Commitments" (as defined in the Other Revolving Credit Agreement as in effect on the Amendment Effective Date) under the Other Revolving Credit Agreement as of the Closing Date, and (iii) Debt consisting of guaranties of Debt of the Borrower under the "Loan Documents" as defined in the Term Loan Agreement (which shall include, for this purpose, any renewal or refinancing thereof), provided that the aggregate amount of such Debt of the Borrower so guaranteed under the "Loan Documents" in respect of the Term Loan Agreement does not exceed the aggregate amount of the "Commitments" (as defined in the Term Loan Agreement as in effect on the Closing Date) under the Term Loan Agreement as of the Amendment Effective Date;

(b) Debt under the Mortgage;

(c) Debt owed to a Person of which such Subsidiary is a Subsidiary;

(d) Debt of any Consolidated Subsidiary existing as of the Amendment Effective Date (other than Debt described in clause (a) above), and any renewal and refinancing thereof, provided that the principal amount thereof is not increased and no other Subsidiary becomes obligated in respect thereof (except that (i) the Borrower or any Subsidiary may become obligated in respect of any such Debt of any of their respective Subsidiaries, (ii) any Guarantor and any of its Subsidiaries may become obligated in respect of any such Debt of such Guarantor or any of its Subsidiaries, and (iii) any Subsidiary which is neither a Guarantor nor a Subsidiary of a Guarantor may become obligated in respect of any such Debt);

(e) Debt incurred by Foreign Subsidiaries to finance the payment (and not in excess of) of cash dividends to reinvest foreign earnings in the United States, as contemplated and to the extent permitted by the American Jobs Creation Act of 2004, as a source for, but not limited to, the financial stabilization of the Borrower and its Domestic Subsidiaries for the purposes of jobs retention or creation; and

(f) other Debt in an aggregate amount for all Consolidated Subsidiaries not to exceed \$500,000,000 outstanding at any time.

Section 5.13 Acquisitions. The Borrower will not make, or permit any of its Subsidiaries to make, any Acquisition, unless, (a) after giving effect to such Acquisition, no Default shall have occurred or be continuing or would result from such Acquisition, and (b) after giving effect to such Acquisition, the Borrower would be in pro forma compliance with Section 5.4 hereof as of the most recently ended fiscal quarter for which financial statements have been delivered under Section 5.1(a) or (b).

Section 5.14 Guarantors. The Borrower shall cause each of the Guarantors to (a) preserve its separate existence as required by Section 5.2, (b) comply in all material respects with the requirements of its organizational documents and other governing instruments (including bylaws), (c) not conduct business under the name of the Borrower or any other Guarantor, (d) maintain separate and complete books and records in accordance with generally acceptable accounting principles and otherwise to properly reflect its business and financial affairs, (e) maintain full and complete records of all transactions with other Subsidiaries of the Guarantor, and (f) maintain its own bank accounts and not commingle any of its funds with any other Person.

Section 5.15. Guaranty Coverage Percentage. If, at the end of any fiscal quarter or fiscal year, any Guaranty Coverage Percentage is less than the Required Percentage, the Borrower shall, within 30 days after the delivery of the certificate pursuant to Section 5.1(c)(ii) setting forth the Guaranty Coverage Percentages as of the end of such fiscal quarter or year, deliver to the Administrative Agent one or more additional Subsidiary Guaranties from one or more additional Guarantors such that each Guaranty Coverage Percentage as of the end of such quarter, on a pro forma basis taking into account such additional Subsidiary Guaranties, is not less than the Required Percentage."

(19) Section 6.1(a) is amended by deleting the words "within three Business Days of the date when due" after the "(x)" and adding the words "when due" after the words "of any Loan".

(20) Section 6.1(b) is amended by adding the words ", 5.10 through 5.13, inclusive and 5.15;" at the end thereof.

(21) Section 6.1(c) is amended and restated in its entirety to read as follows: "the Borrower or any Guarantor shall fail to observe or perform any covenant or agreement contained in this Agreement or any Subsidiary Guaranty to which it is a party (other than those covered by clause (a) or (b) above) for 10 days (or, in the case of Section 5.1(a)(ii), 5.1(b)(ii),

5.1(c)(ii) or 5.14, 30 days) after written notice thereof has been given to the Borrower by the Administrative Agent or any Bank (through the Administrative Agent);"

(22) Section 6.1(d) is amended and restated in its entirety to read as follows: "any representation, warranty, certification or statement made (or deemed made) by the Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to Section 5.1 of this Agreement shall prove to have been incorrect in any material respect when made (or deemed made); or any representation, warranty, certification or statement made (or deemed made) by any Guarantor in the Subsidiary Guaranty to which it is a party or in any certificate, financial statement or other document delivered pursuant to Section 5.1 of this Agreement shall prove to have been incorrect in any material respect when made (or deemed made);"

(23) Section 6.1(k) is amended by (i) adding the word "equity" after the words "voting power of the Borrower's then outstanding" and (ii) adding the word "or" at the end thereof.

(24) Section 6.1 is amended by adding thereto a new subsection (l) to read as follows: "(l) any provision of any Guaranty or any other Loan Document after delivery thereof pursuant to this Agreement shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing;"

(25) Section 7.5 is amended by adding the words "or any Guarantor" at the end of subsection (ii) thereof.

(26) Section 9.3(a) is amended by inserting the words "and Citigroup Global Markets Inc." after "Administrative Agent" in the second and third lines thereof.

(27) Section 9.8 is amended by adding the words "(and the Master Agreement and the Subsidiary Guaranties)" after the words "any Notes issued hereunder" in the second sentence of the section.

(28) Section 9.9 is amended by adding the words ", THE OTHER LOAN DOCUMENTS" after the words "ANY NOTE".

(29) Section 9.11 is amended by deleting the following sentence at the end thereof "Notwithstanding the foregoing, the Administrative Agent and the Banks (and each of their respective employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to such person to the extent relating to such tax treatment and tax structure." and (b) adding the following sentence at the end thereof "It is understood that for purposes of this Section, the Borrower and its business shall include all of the Subsidiaries of the Borrower and all of the businesses they engage in."

(30) Section 9.13 is added to the Agreement to read as follows:

"Section 9.13 Master Agreement. Each Bank hereby consents (or shall be deemed to have consented) to the execution and delivery of the Master Agreement by the Administrative Agent and agrees (or shall be deemed to have agreed) to be bound by the terms and provisions thereof."

(31) The Pricing Schedule is amended and restated in its entirety to read as set forth on Annex I attached hereto.

(32) The Schedules to the Credit Agreement are amended by adding thereto a new Schedule 5.11 as set forth in Annex II attached hereto.

(33) The Exhibits to the Credit Agreement are amended by adding thereto the following new Exhibits H and I as set forth in Annexes III and IV, respectively, attached hereto.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, on or before December 31, 2004 (the "Effective Date"), the Administrative Agent shall have received:

- (i) counterparts of this Amendment executed by the Borrower and the Required Banks or, as to any of the Banks, advice satisfactory to the Administrative Agent that such Bank has executed this Amendment; and counterparts of the Master Agreement executed by the parties thereto;
- (ii) (a) an opinion of Peter Beshar, Esq., General Counsel of the Borrower, substantially in the form of Exhibit A-1 hereto, and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request; (b) an opinion of Frank McNamara, Esq., General Counsel of Putnam Investments Trust, substantially in the form of Exhibit A-2 hereto, and covering such additional matters relating to the transactions contemplated hereby as the Required Banks may reasonably request; and (c) an opinion of Davis Polk & Wardwell, special counsel for the Borrower, in substantially the form of Exhibit A-3, hereto;
- (iii) evidence satisfactory to the Administrative Agent that the Commitments under (and as defined in) the (i) Credit Agreement [364 Day] dated as of July 7, 2004 (as amended, supplemented or otherwise modified) among the Borrower, the banks and other financial institutions party thereto and Bank of America, N.A., as administrative agent, and (ii) the Credit Agreement [364 Day] dated as of June 9, 2004 (as amended, supplemented or otherwise modified) among the Borrower, the banks and other financial institutions party thereto and JPMorgan Chase Bank, N.A. (formerly JPMorgan Chase Bank), as administrative agent, have been terminated and the loans thereunder have been (together with all interest and related fees) paid in cash in full;
- (iv) evidence satisfactory to the Administrative Agent that (a) the amendment to the Other Revolving Credit Agreement, (b) the Term Loan Agreement and (c) the Master Agreement have each become effective;
- (v) the following corporate documents of each of the Borrower and each Guarantor listed in clause (a) of the definition thereof, each certified as indicated below:

- (A) a copy of the certificate of incorporation, as amended and in effect, certified as of a recent date by the Secretary of State of its jurisdiction of incorporation, and a certificate from such Secretary of State dated as of a recent date as to the good standing of and charter documents filed by each of the Loan Parties;
- (B) a certificate of the Secretary or an Assistant Secretary of each such Loan Party, dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Loan Party, as in effect on the Effective Date, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors authorizing the execution, delivery and performance of this Amendment and the other Loan Documents, and such other documents to which such Loan Party is or is intended to be a party, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter of such Loan Party has not been amended since the date of the certification thereto furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing this Amendment (in the case of the Borrower) and each of the other documents to which such Loan Party is intended to be a party and each other document to be delivered by such Loan Party from time to time in connection herewith or therewith (and the Administrative Agent and each Bank may conclusively rely on each such certificate until it receives notice in writing from the applicable Loan Party); and
- (C) a certificate of another officer of each such Loan Party as to the incumbency and specimen signature of the Secretary or Assistant Secretary, as the case may be;
- (vi) a certificate of a senior officer of the Borrower, dated the Effective Date, to the effect set forth in Sections 3.2(d) and (e) of the Credit Agreement as amended hereby;
- (vii) a Subsidiary Guaranty duly executed by each Guarantor listed in clause (a) of the definition thereof; and
- (viii) such other documents as the Administrative Agent or any Bank or special counsel to the Administrative Agent may reasonably request.

SECTION 3. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

- (1) The Borrower (a) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and (b) has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.
- (2) The execution, delivery and performance by the Borrower of this Amendment are within its corporate powers, have been duly authorized by all necessary corporate action,

require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, conflict with, or constitute a default under any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any of its Material Subsidiaries or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Material Subsidiaries.

(3) Each of this Amendment and the Credit Agreement, as amended hereby, constitutes a valid and binding agreement of the Borrower when executed and delivered in accordance with this Amendment, will constitute a valid and binding obligation of the Borrower, in each case enforceable against the Borrower in accordance with its respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(4) Each of the representations and warranties set forth in Article 4 of the Credit Agreement, as amended hereby, is and will be true and correct on and as of the Effective Date.

SECTION 4. Reference to and Effect on the Credit Agreement and the Notes(1) . On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(2) The Credit Agreement, and the Notes, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

MARSH & McLENNAN COMPANIES, INC.

By: /s/ Matthew B. Bartley

Name: Matthew B. Bartley

Title: Vice President and Treasurer

JPMORGAN CHASE BANK, N.A. (formerly,
JPMorgan Chase Bank),
as Administrative Agent and as a Bank

By: /s/ Heather Lindstrom

Name: Heather Lindstrom
Title: Vice President

CITIBANK, N.A.

By: /s/ Matthew Nicholls

Name: Matthew Nicholls

Title: Director & Vice President

BANK OF AMERICA, N.A.

By: /s/ Shelly K. Harper

Name: Shelly K. Harper

Title: Senior Vice President

DEUTSCHE BANK AG NEW YORK BRANCH

By: /s/ John S. McGill

Name: John S. McGill
Title: Director

By /s/ Ruth Leung

Name: Ruth Leung
Title: Director

UBS LOAN FINANCE LLC

By: /s/ Doris Mesa

Name: Doris Mesa
Title: Associate Director
Banking Products Services, US

By /s/ Joselin Fernandes

Name: Joselin Fernandes
Title: Associate Director
Banking Products Services, US

WILLIAM STREET COMMITMENT CORP
(recourse only to assets of William
Street Commitment Corporation)

By: /S/ Jennifer M. Hill

Name: Jennifer M. Hill

Title: Chief Financial Officer

MERRILL LYNCH BANK USA

By: /s/ Louis Alder

Name: Louis Alder

Title: Director

ABN AMRO BANK N.V.

By: /s/ Eric Oppenheimer

Name: Eric Oppenheimer
Title: Director

By: /s/ Michael DeMarco

Name: Michael DeMarco
Title: Assistant Vice President

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: /s/ Jason Paulnock

Name: Jason Paulnock
Title: Vice President

By: /s/ Beth McGinnis

Name: Beth McGinnis
Title: Senior Vice President

THE BANK OF NEW YORK

By: /s/ Lizanne T. Eberle

Name: Lizanne T. Eberle

Title: Vice President

LLOYDS TSB BANK PLC

By: /s/ James M. Rudd

Name: James M. Rudd
Title: Vice President

By: /s/ Michael J. Gilligan

Name: Michael J. Gilligan
Title: Director

THE NORTHERN TRUST COMPANY

By: /s/ Forrest Vollrath

Name: Forrest Vollrath

Title: Vice President

MELLON BANK, N.A.

By: /s/ Maria E. Totin

Name: Maria E. Totin

Title: Assistant Vice President

THE BANK OF NOVA SCOTIA

By: /s/ Todd S. Meller

Name: Todd S. Meller

Title: Managing Director

ROYAL BANK OF CANADA

By: /s/ John E. Beckwith

Name: John E. Beckwith

Title: Authorized Signatory

BARCLAYS BANK PLC

By: /s/ Robert John Byrne

Name: Robert John Byrne

Title: Corporate Banking Director

Annex I

PRICING SCHEDULE

Each of "Euro-Dollar Margin" and "Facility Fee Rate" means, for any day, the rates set forth below (presented in basis points) in the row opposite such term and in the column corresponding to the "Pricing Level" that exists on such day:

	LEVEL I	LEVEL II	LEVEL III
Applicable	82.5	107.5	125.0
Margin for Eurodollar Rate Advances (bps)			
Facility Fee (bps)	17.5	17.5	25.0

For purposes of this Schedule, the following terms have the following meanings:

"Base Rate Margin" means 0% per annum plus the Utilization Fee.

"Level I Pricing" applies at any date if, at such date, (a) the Borrower's long-term senior unsecured debt is rated at least BBB by S&P or Baa2 by Moody's,* or (b) the Consolidated Leverage Ratio, as shown in the most recent financial statements delivered pursuant to Section 5.1(a) or (b), is less than 2.25.

"Level II Pricing" applies at any date if, at such date, Level I is not applicable, and (a) the Borrower's long-term senior unsecured debt is rated at least BBB- by S&P and Baa3 by Moody's, or (b) the Consolidated Leverage Ratio, as shown in the most recent financial statements delivered pursuant to Section 5.1(a) or (b), is less than 2.50.

"Level III Pricing" applies at any date if, at such date, neither Level I Pricing nor Level II Pricing applies.

"Moody's" means Moody's Investors Service, Inc.

* In the event of a split rating of greater than one sub-grade, the rating shall be deemed to be one level higher than the lower of the two ratings.

"Pricing Level" refers to the determination of which of Level I, Level II, or Level III applies at any date.

"S&P" means Standard & Poor's Ratings Services.

The credit ratings to be utilized for purposes of this Schedule are those assigned to long term senior unsecured debt of the Borrower without third-party credit enhancement, and any rating assigned to any other debt security of the Borrower shall be disregarded. The rating in effect at any date is that in effect at the close of business on such date.

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

	Years Ended December 31,				
	2004	2003	2002	2001	2000
Earnings					

Income before income taxes and minority interest	\$ 454	\$ 2,335	\$ 2,133	\$ 1,590	\$ 1,955
Interest expense	219	185	160	196	247
Portion of rents representative of the interest factor	168	156	132	122	120
Amortization of capitalized interest	-	-	-	-	-
	\$ 841	\$ 2,676	\$ 2,425	\$ 1,908	\$ 2,322
=====					
Fixed Charges					

Interest expense	\$ 219	\$ 185	\$ 160	\$ 196	\$ 247
Portion of rents representative of the interest factor	168	156	132	122	120
	\$ 387	\$ 341	\$ 292	\$ 318	\$ 367
=====					
Ratio of Earnings to Fixed Charges	2.2	7.8	8.3	6.0	6.3

List of Subsidiaries of Marsh & McLennan Companies, Inc.

	Company Name	Domicile
1	1302318 Ontario Inc.	Canada
2	2100 Capital Group Inc.	Delaware
3	600 North Pearl Inc.	Texas
4	964886 Ontario, Inc.	Canada
5	A. Constantinidi & CIA. S.C.	Uruguay
6	ACTU Insurance Broking Pty Limited	Australia
7	Administradora de Inmuebles Fin, S.A. de C.V.	Mexico
8	Admiral Holdings Limited	England and Wales
9	Admiral Underwriting Agencies Limited	England and Wales
10	AFCO Premium Acceptance Inc.	California
11	AFCO Premium Credit LLC	Delaware
12	Affinity Financial Incorporated	Iowa
13	Albert Willcox & Co. of Canada Ltd.	Canada
14	Aldgate Investments Limited	Bermuda
15	Aldgate US Investments	England and Wales
16	Alfram Consultores S.A.C.	Peru
17	All Asia Sedgwick Insurance Brokers Corporation	Philippines
18	Allied Medical Assurance Services Limited (In liquidation)	England and Wales
19	America Surplus Lines Insurance Company	Mississippi
20	American Overseas Management Corporation (Canada)	Canada
21	APRIMAN, Inc.	California
22	Assetguard Pty Ltd.	Australia
23	Assivalo Comercial E Representacoes Ltda.	Brazil
24	Assur Conseils Marsh S.A.	Senegal
25	Australian World Underwriters Pty Ltd.	Australia
26	Aviation Risk Management Services Limited (Applied to be struck-off)	England and Wales
27	B.K. Thomas & Partners Limited (In Liquidation)	England and Wales
28	Bain Clarkson Reinsurance Pty Ltd.	Australia
29	Balis & Co., Inc.	Pennsylvania
30	Bargheon US LLC	Delaware
31	Bau Assekuranz Vermittlungs GmbH	Germany
32	Beatlance Limited	England and Wales
33	Beneficios Ltda.	Colombia
34	Benefit Planners Pty Ltd.	Australia
35	Biondo, L.L.C.	New Jersey
36	Bland Payne (South Aust.) Pty Limited	Australia
37	Border Insurance Services, Inc.	California
38	Bowring (Bermuda) Investments Ltd.	Bermuda
39	Bowring Marine Limited	England and Wales
40	Bowring Risk Management Limited (In Liquidation)	England and Wales
41	Broadentry Limited	England and Wales
42	BRW Insurance & Financial Services Limited	Ireland
43	BRW Insurance Brokers Limited	Ireland
44	ByS Servicios Especiales, Agente de Seguros, S.A. de C.V.	Mexico
45	C.T. Bowring & Co. (Insurance) Limited (In Liquidation)	England and Wales
46	C.T. Bowring and Associates (Private) Limited	Zimbabwe
47	C.T. Bowring Ireland Limited	Ireland
48	C.T. Bowring Limited	England and Wales
49	California Insurance Services, Inc.	California
50	Capatho AB	Sweden
51	CarLease Luxembourg SA	Luxembourg
52	Casualty Insurance Company Services, Inc.	California
53	Cecar Brasil Administracao e Corretagem de Seguros Ltda.	Brazil
54	Centrelink Insurance and Financial Services	California
55	CHH Insurance Brokers Pty Ltd.	Australia
56	Claims and Recovery Management (Australia) Pty Limited	Australia
57	Claims, Inc	Texas
58	Companias DeLima S.A.	Colombia
59	Concord Securities Services, Inc.	Maryland
60	Confidentia Life Insurance Agency Ltd.	Israel
61	Confidentia Marine Insurance Agency (1983) Ltd.	Israel
62	Constantinidi Marsh SA	Uruguay
63	Consultores 2020	Venezuela
64	Consultores en Garantias, S.A. de C.V.	Mexico
65	Corplex Inc.	New York
66	Corporate Resources Group (Holdings) Ltd.	British Virgin Islands
67	Corporate Resources Group (UK) Limited	England and Wales
68	Corporate Risk Limited	Scotland
69	Corporate Systems Holding, Inc.	Nevada
70	Corporate Systems, Inc.	Nevada
71	Countryside, Inc	Tennessee
72	CRG (India) Private Ltd.	India
73	CRG (Singapore) Pte Ltd	Singapore
74	CRG (Thailand) Ltd.	Thailand
75	CRG A/S	Denmark
76	CRG Finland OY	Finland
77	CRG Holdings, Inc.	Philippines
78	CRG HR SDN BHD	Malaysia

79	CRG Iberica, SL	Spain
80	CRG Ltd.	Hong Kong
81	CRG S.A.	Switzerland
82	CRG Sverige AB	Sweden
83	Crucible, Inc.	Virginia
84	Cruiselook Limited	England and Wales
85	Crump E&S of California Insurance Services, Inc.	California
86	Crump E&S of San Francisco Insurance Services, Inc.	California
87	Crump Financial Services, Inc.	Tennessee
88	Crump Group, Inc.	Delaware
89	Crump Insurance Agency Services, Inc.	Delaware
90	Crump Insurance Services Northwest, Inc.	Washington
91	Crump Insurance Services of Atlanta, Inc.	Georgia
92	Crump Insurance Services of Boston, Inc.	Massachusetts
93	Crump Insurance Services of Colorado, Inc.	Colorado
94	Crump Insurance Services of Florida, Inc.	Florida
95	Crump Insurance Services of Houston, Inc.	USA
96	Crump Insurance Services of Illinois, Inc.	Illinois
97	Crump Insurance Services of Louisiana, Inc.	USA
98	Crump Insurance Services of Memphis, Inc.	USA
99	Crump Insurance Services of Michigan	USA
100	Crump Insurance Services of Texas, Inc.	USA
101	Crump Insurance Services, Inc.	Texas
102	Crump of New Jersey, Inc.	New Jersey
103	Crump of New York, Inc.	New York
104	Crump Transportation Insurance Services, Inc.	California
105	CS STARS LLC	Delaware
106	CSH Acquisition Corporation	Nevada
107	Cumberland Brokerage Limited	Bermuda
108	CVA Consultants, Inc.	Nevada
109	Danish Re (Bermuda) Limited	Bermuda
110	DCC Singapore Ventures Pte Ltd.	Singapore
111	DCC Singapore Ventures Pte. Ltd.	Singapore
112	Decision Research Corporation	Massachusetts
113	DeLima Marsh S.A. - Los Corredores de Seguros S.A.	Colombia
114	DeLima Mercer Agencia de Seguros Ltda.	Colombia
115	DeLima Mercer Consultoria de Recursos Humanos Ltda.	Colombia
116	Deutsche Post Assekuranz Vermittlungs GmbH	Germany
117	Digitsuper Limited	England and Wales
118	Don A. Harris & Associates, Inc.	Nevada
119	DVA - Deutsche Verkehrs-Assekuranz-Vermittlungs GmbH	Germany
120	Elysees Prevoyance Gestion	France
121	EnBW Versicherungs Vermittlung GmbH	Germany
122	Encompass Insurance Agency Pty Ltd.	Australia
123	Encon Group Inc.	Canada
124	Encon Holdings, Inc.	Canada
125	Encon Reinsurance Managers Inc.	Canada
126	English Pension Trustees Limited	England and Wales
127	Epsilon Insurance Company, Ltd.	Cayman Islands
128	Espana Cinco, Inc.	Delaware
129	Espana Cuatro, Inc.	Delaware
130	Espana Dos, Inc.	Delaware
131	Espana Ocho, Inc.	Delaware
132	Espana Seis, Inc.	Delaware
133	Espana Siete, Inc.	Delaware
134	Espana Tres, Inc.	Delaware
135	Espana Uno, Inc.	Delaware
136	Excess and Treaty Management Corporation	New York
137	Exmoor Management Company Limited	Bermuda
138	Fact Finders	Singapore
139	Fact Finders Asia Limited	Isle of Man
140	FDC Acquisition, Inc.	Colorado
141	Fenchurch Insurance Brokers Pty. Limited	Australia
142	Fernando Mesquida y Asociados SA	Argentina
143	Fielding & Partners (Australia) Pty Ltd.	Australia
144	Fielding Premium Finance Pty Ltd.	Australia
145	Financial Research, Inc.	Pennsylvania
146	G. E. Freeman Insurance Agency Limited	Canada
147	Galbraith & Green, Inc of Ohio	Ohio
148	Gem Insurance Company Limited	Bermuda
149	General de Courtage D'Assurance	Togo
150	Gradmann & Holler GbR	Germany
151	GSC Grupo de Servicios a Cortoes de Credito S/C Ltda.	Brazil
152	Guy Carpenter & Cia., S.A.	Spain
153	Guy Carpenter & Co. Labuan Ltd.	Malaysia
154	Guy Carpenter & Company (Pty) Limited	South Africa
155	Guy Carpenter & Company (Uruguay) S.A.	Uruguay
156	Guy Carpenter & Company AB	Sweden
157	Guy Carpenter & Company B.V.	Netherlands
158	Guy Carpenter & Company Corredores de Reaseguros Ltda	Chile
159	Guy Carpenter & Company GmbH	Germany
160	Guy Carpenter & Company Limited	Ireland
161	Guy Carpenter & Company Limited	England and Wales
162	Guy Carpenter & Company Limited	Hong Kong
163	Guy Carpenter & Company Peru Corredores de Reaseguros S.A.	Peru
164	Guy Carpenter & Company Private Limited	Singapore
165	Guy Carpenter & Company Pty. Limited	Australia
166	Guy Carpenter & Company S.r.l.	Italy
167	Guy Carpenter & Company Venezuela, C.A.	Venezuela

168	Guy Carpenter & Company, Inc.	Delaware
169	Guy Carpenter & Company, Inc. of Pennsylvania	Pennsylvania
170	Guy Carpenter & Company, Ltd.	Canada
171	Guy Carpenter & Company, Ltda.	Brazil
172	Guy Carpenter & Company, S.A.	Belgium
173	Guy Carpenter & Company, S.A.	France
174	Guy Carpenter & Company, S.A.	Argentina
175	Guy Carpenter Broking, Inc.	Delaware
176	Guy Carpenter Colombia Corredores de Reaseguros Ltda.	Colombia
177	Guy Carpenter Facultative Pty. Ltd.	Australia
178	Guy Carpenter Facultatives S.A.S.	France
179	Guy Carpenter Insurance Strategy, Inc.	Delaware
180	Guy Carpenter Japan, Inc.	Japan
181	Guy Carpenter Reinmex Corredores de Reaseguros Ltda	Colombia
182	Guy Carpenter Reinmex Intermediario de Reaseguros, S.A. De C.V.	Mexico
183	Guy Carpenter Reinsurance Brokers Philippines, Inc.	Philippines
184	Hansen International Limited	Delaware
185	Healthcare Agencies Limited (In Liquidation)	England and Wales
186	Healthcare Risk Management Services, Inc.	Washington
187	Heath Aviation Insurance Broking Pty Ltd	Australia
188	Heath Fielding Asia Pacific Pty Ltd.	Australia
189	Heath Fiji	Fiji
190	Heath Lambert Australia Pty Ltd.	Australia
191	Heath Lambert Commercial Finance Pty Ltd.	Australia
192	Heath Lambert New Zealand Ltd.	New Zealand
193	Heath Lambert PNG Pty Ltd.	Papua New Guinea
194	Heath Lambert Professional Indemnity Pty Ltd.	Australia
195	Heath Lambert Re Pty Limited	Australia
196	Heath Lambert Workers Compensation Pty Limited	Australia
197	Henry Ward Johnson & Company Insurance Services, Inc.	California
198	HL Minors Pty Ltd.	Australia
199	HLG Australasia (SA) Pty LTD.	Australia
200	HLG Australasia Pty Ltd.	Australia
201	HLG Underwriting Agency Limited	New Zealand
202	IFR Inv. Research Inc.	Canada
203	IFS Insurance Broking Pty Limited	Australia
204	Industrial Risks Protection Consultants	Nigeria
205	Informed Sources Holdings Limited	England and Wales
206	Informed Sources International Limited	England and Wales
207	Informed Sources International, Inc.	Delaware
208	InPhoto Surveillance, Inc.	Illinois
209	Insbrokers Ltda.	Uruguay
210	Insurance Brokers of Nigeria Limited	Nigeria
211	Insurance Finance Australia Pty Ltd.	Australia
212	Inter Cora	Niger
213	Inter-Ocean Management (Cayman) Limited	Cayman Islands
214	Interlink Securities Corp.	California
215	Inverbys, S.A. de C.V.	Mexico
216	Invercol Ltd.	Bermuda
217	Irish Pensions Trust Limited	Ireland
218	J & H Marsh & McLennan, Inc.	USA
219	J&H Benefits Plus Inc.	Philippines
220	J&H Investments (Bermuda) Ltd.	Bermuda
221	J&H Marsh & McLennan (Colombia) Ltda.	Colombia
222	J&H Marsh & McLennan (UK) Limited	England and Wales
223	J&H Marsh & McLennan Ireland Limited	Ireland
224	J&H Marsh & McLennan Limited (HK)	Hong Kong
225	J&H Marsh & McLennan Norway A.S.	Norway
226	James Wigham Poland International Limited	England and Wales
227	JHM Holdings, Inc.	New York
228	Johnson & Higgins (Bermuda) Limited	Bermuda
229	Johnson & Higgins (Peru) S.A. Corredores De Seguro	Peru
230	Johnson & Higgins (USVI) Ltd.	Virgin Islands
231	Johnson & Higgins Consulting (Far East) Ltd.	Hong Kong
232	Johnson & Higgins Holdings Limited	England and Wales
233	Johnson & Higgins Intermediaries (Cayman) Ltd.	Cayman Islands
234	Johnson & Higgins Ireland Limited	Ireland
235	Johnson & Higgins Limited	England and Wales
236	Johnson & Higgins Management Services, Ltd.	Bermuda
237	Johnson & Higgins Willis Faber (U.S.A.) Inc.	New York
238	Johnson & Higgins Willis Faber Holdings, Inc.	New York
239	K.A. Uruguay SRL	Uruguay
240	KA de Mexico de S de R de CV	Mexico
241	KA Services de Mexico	Mexico
242	KCMS II LLC	Delaware
243	KCMS, Inc.	Delaware
244	Kessler & Co Inc.	Switzerland
245	Kessler Prevoyance Inc.	Switzerland
246	Kininmonth Lambert Australia Pty Ltd.	Australia
247	Kroll Associates (Asia) Ltd.	Hong Kong
248	Kroll Associates (Australia) Pty Limited	Australia
249	Kroll Associates (Pty) Limited	South Africa
250	Kroll Associates Brasil Ltda.	Brazil
251	Kroll Associates Iberia, S.L.	Spain
252	Kroll Associates International Holdings Inc.	Delaware
253	Kroll Associates Phillipines	Philippines
254	Kroll Associates Private Ltd.	India
255	Kroll Associates PTE LTD	Singapore
256	Kroll Associates S.A.	Chile

257	Kroll Associates SA	Belgium
258	Kroll Associates SA	Argentina
259	Kroll Associates Srl	Italy
260	Kroll Associates UK Limited	England and Wales
261	Kroll Associates, Inc.	Delaware
262	Kroll Background America Corporation Canada	Canada
263	Kroll Background America, Inc.	Tennessee
264	Kroll Background of America of Florida	Tennessee
265	Kroll Background Worldwide Limited	United Kingdom
266	Kroll Buchler Phillips Limited	England and Wales
267	Kroll Cooper Management LLC	New Jersey
268	Kroll Corporate Advisory and Restructuring France	France
269	Kroll Corporate Finance Limited	United Kingdom
270	Kroll Crisis Management Group, Inc.	Virginia
271	Kroll Deutschland GMBH	Germany
272	Kroll Electronic Recovery, Inc.	Delaware
273	Kroll Fact Finders Ltd.	Hong Kong
274	Kroll Factual Data, Inc.	Colorado
275	Kroll Forensic Accounting Limited	England and Wales
276	Kroll France SAS	France
277	Kroll Government Services International, Inc.	Delaware
278	Kroll Government Services, Inc.	Delaware
279	Kroll Holdings Limited	United Kingdom
280	Kroll Holdings SA	Argentina
281	Kroll Holdings, Inc.	Delaware
282	Kroll Inc.	Delaware
283	Kroll Information Services, Inc.	Delaware
284	Kroll International, Inc.	Delaware
285	Kroll Laboratory Specialists, Inc.	Louisiana
286	Kroll Limited	United Kingdom
287	Kroll Lindquist Avey Co.	Canada
288	Kroll Lindquist Avey Limited	United Kingdom
289	Kroll Lindquist Avey, Inc.	Texas
290	Kroll MIE (Pty) Limited	South Africa
291	Kroll Municipal Services, Inc.	Delaware
292	Kroll Ontrack Iberia, S.L.U	Spain
293	Kroll Ontrack Legal Technologies Limited	United Kingdom
294	Kroll Ontrack Limited	United Kingdom
295	Kroll Ontrack sarl	France
296	Kroll Ontrack, Inc.	Minnesota
297	Kroll Real Estate Services, Inc.	Delaware
298	Kroll Restructuring Ltd.	Canada
299	Kroll Schiff Associates, Inc.	Texas
300	Kroll Security International Limited	England and Wales
301	Kroll Stevens Corporation	Delaware
302	Kroll Zolfo Cooper, LLC	New Jersey
303	Kroll Zolfo Copper Limited	England and Wales
304	KZC Services LLC	New Jersey
305	KZC Structured Equity LLC	Delaware
306	Laboratory Specialists of America, Inc.	Oklahoma
307	LAMB Acquisition II, Inc.	Ohio
308	LAMB Acquisition, Inc.	Ohio
309	Lambco International, Inc.	Georgia
310	Law and Business Economics Limited	England and Wales
311	Legal & Commercial Insurances Limited	Ireland
312	Les Conseillers Dpt. Inc.	Canada
313	Liberty Place Underwriters, Inc.	Delaware
314	Lippincott & Margulies, Inc.	New York
315	LL Australia Pty Ltd.	Australia
316	LL Pty Ltd.	Australia
317	LLA Facilities Management Pty Ltd	Australia
318	Llenrup Participaues S.C. Ltda.	Brazil
319	Lowndes Lambert Premium Funding Pty Ltd.	Australia
320	Lowndes Lambert Pty Ltd.	Australia
321	Lowndes Lambert Vic Pty Ltd.	Australia
322	Lynch Insurance Brokers Limited	Barbados
323	M&M Insurance Management Canada Ltd.	Canada
324	M&M Vehicle, L.P.	Delaware
325	M.B. Fitzpatrick Limited	Ireland
326	Marclen Holdings, Inc.	Delaware
327	Marclen LLC	Delaware
328	Mariners Insurance Agency, Inc.	Massachusetts
329	Maritime Adjusters, Inc.	Massachusetts
330	Marsh & Co. S.p.A.	Italy
331	Marsh & McLennan (PNG) Limited	Papua New Guinea
332	Marsh & McLennan (Singapore) Pte Ltd	Singapore
333	Marsh & McLennan (South Australia) Pty Ltd	Australia
334	Marsh & McLennan (WA) Pty. Ltd.	Australia
335	Marsh & McLennan Affiliated Fund, L.P.	Delaware
336	Marsh & McLennan Agencies Pty. Ltd.	Australia
337	Marsh & McLennan Argentina SA Corredores de Reaseguros	Argentina
338	Marsh & McLennan C&I, GP, Inc.	Delaware
339	Marsh & McLennan Capital Professionals Fund, L.P.	United States
340	Marsh & McLennan Capital Technology Professional Venture Fund, L.P.	Delaware
341	Marsh & McLennan Companies UK Limited	England and Wales
342	Marsh & McLennan Companies, Inc.	Delaware
343	Marsh & McLennan Employees' Securities Company, L.P.	United States
344	Marsh & McLennan ESC Australia, L.P.	Delaware
345	Marsh & McLennan Financial Markets, Inc.	Delaware

346	Marsh & McLennan Finland Oy	Finland
347	Marsh & McLennan GbR Holdings, Inc.	Delaware
348	Marsh & McLennan Global Broking (Bermuda) Ltd.	Bermuda
349	Marsh & McLennan GP I, Inc.	Delaware
350	Marsh & McLennan GP II, Inc.	Delaware
351	Marsh & McLennan GP III, Inc.	Delaware
352	Marsh & McLennan Holdings GmbH	Germany
353	Marsh & McLennan Holdings II, Inc.	Delaware
354	Marsh & McLennan Holdings Limited	England and Wales
355	Marsh & McLennan Holdings, Inc.	Delaware
356	Marsh & McLennan Limited	Hong Kong
357	Marsh & McLennan Management Services (Bermuda) Limited	Bermuda
358	Marsh & McLennan Pallas Holdings GmbH	Germany
359	Marsh & McLennan Pallas Holdings, Inc.	Delaware
360	Marsh & McLennan Properties (Bermuda) Ltd.	Bermuda
357	Marsh & McLennan Properties, Inc.	Delaware
358	Marsh & McLennan Real Estate Advisors, Inc.	Delaware
359	Marsh & McLennan Risk Capital Holdings, Ltd.	Delaware
360	Marsh & McLennan Securities Group Limited	England and Wales
361	Marsh & McLennan Securities International, Ltd.	Bermuda
362	Marsh & McLennan Services Limited	England and Wales
363	Marsh & McLennan Servicios, S.A. De C.V.	Mexico
364	Marsh & McLennan Sweden AB	Sweden
365	Marsh & McLennan Tech GP II, Inc.	Delaware
366	Marsh & McLennan, Incorporated	Virgin Islands
367	Marsh (Bahrain) Company SPC	Bahrain
368	Marsh (Hong Kong) Limited	Hong Kong
369	Marsh (Insurance Brokers) LLP	Kazakhstan
370	Marsh (Insurance Services) Limited	England and Wales
371	Marsh (Isle of Man) Limited	Isle of Man
372	Marsh (Jersey) Limited	Jersey
373	Marsh (Middle East) Limited	England and Wales
374	Marsh (Namibia) (Proprietary) Limited	Namibia
375	Marsh (Proprietary) Limited	Botswana
376	Marsh (South Africa) (Proprietary) Limited	South Africa
377	Marsh - Insurance Brokers ZAO	Russia
378	Marsh A/S	Denmark
379	Marsh AB	Sweden
380	Marsh Advanced Risk Services Limited (Applied to be struck off)	England and Wales
381	Marsh Advanced Risk Solutions Limited	England and Wales
382	Marsh Africa (Pty) Limited	South Africa
383	Marsh AG	Switzerland
384	Marsh Argentina S.R.L.	Argentina
385	Marsh Asia Pacific Management Pty. Ltd.	Australia
386	Marsh Assessoria e Consultoria Empresarial S/C Ltda.	Brazil
387	Marsh Assistencia e Administracao S/C Ltda.	Brazil
388	Marsh Austria G.m.b.H.	Austria
389	Marsh B.V.	Netherlands
390	Marsh Brockman y Schuh Agente de Seguros y de Fianzas, S.A. de C.V.	Mexico
391	Marsh Broker Japan, Inc.	Japan
392	Marsh Canada Limited/Marsh Canada Limitee	Canada
393	Marsh Canada Securities Limited/Marsh Canada Valeurs Mobilieres Limitee	Canada
394	Marsh Captive Management Services Pty. Ltd.	Australia
395	Marsh Caspian Services LLC	Azerbaijan
396	Marsh CISO Limited (In Liquidation)	England and Wales
397	Marsh Claims Management Services (Canada) Limited	Canada
398	Marsh Commercial Insurance Agencies Pty Ltd.	Australia
399	Marsh Conseil S.A.S.	France
400	Marsh Corporate Services (Barbados) Limited	Barbados
401	Marsh Corporate Services Limited	England and Wales
402	Marsh Corretora de Seguros Ltda.	Brazil
403	Marsh d.o.o. Beograd	Serbia & Montenegro
404	Marsh d.o.o. za posredovanje u osiguranju	Croatia
405	Marsh Direct	Korea
406	Marsh EOOD	Bulgaria
407	Marsh Employee Benefit Services Limited	England and Wales
408	Marsh Eurofinance BV	Netherlands
409	Marsh Europe S.A.	Belgium
410	Marsh Finance B.V.	Rotterdam
411	Marsh Financial Insurance Services of Massachusetts, Inc.	Massachusetts
412	Marsh Financial Services (Guernsey) Limited	Guernsey
413	Marsh Financial Services International Ltd.	Bermuda
414	Marsh Financial Services Limited	England and Wales
415	Marsh Financial Services Limited	Ireland
416	Marsh Financial Services of Texas, Inc.	Texas
417	Marsh Financial Services, Inc.	Indiana
418	Marsh Financial Services, Inc.	New York
419	Marsh Global Broking (Dublin) Limited	Ireland
420	Marsh Global Broking Inc. (Connecticut)	Connecticut
421	Marsh Global Broking Inc. (Missouri)	Missouri
422	Marsh Global Broking Inc. (New Jersey)	New Jersey
423	Marsh Global Broking Inc. (Texas)	Texas
424	Marsh Global Markets (Bermuda) Limited	Bermuda
425	Marsh Global Markets GmbH	Germany
426	Marsh GmbH	Germany
427	Marsh Holding AB	Sweden
428	Marsh Holdings (Proprietary) Limited	South Africa
429	Marsh Holdings B.V.	Netherlands

430	Marsh Holdings Limited (In Liquidation)	England and Wales
431	Marsh Inc.	Delaware
432	Marsh India Private Limited	India
433	Marsh INSCO LLC	United Arab Emirates
434	Marsh Insurance & Investments Corp.	Delaware
435	Marsh Insurance and Risk Management Consultants Ltd.	The People's Republic of China
436	Marsh Insurance Brokers (Macau) Limited	Macao
437	Marsh Insurance Brokers (Malaysia) Sdn Bhd	Malaysia
438	Marsh Insurance Brokers (Private) Limited	Zimbabwe
439	Marsh Insurance Brokers Limited	England and Wales
440	Marsh Insurance Services Spolka z.o.o.	Poland
441	Marsh Intermediaries, Inc.	New York
442	Marsh International Broking Holdings Limited	England and Wales
443	Marsh International Holdings (Korea) Inc.	Delaware
444	Marsh International Holdings II, Inc.	Delaware
445	Marsh International Holdings, Inc.	Delaware
446	Marsh International Limited	England and Wales
447	Marsh Investment Services Limited	England and Wales
448	Marsh Ireland Holdings Limited	Ireland
449	Marsh Ireland Limited	Ireland
450	Marsh Israel (1999) Ltd.	Israel
451	Marsh Israel (Holdings) Ltd.	Israel
452	Marsh Israel Consultants Ltd.	Israel
453	Marsh Israel Insurance Agency Ltd.	Israel
454	Marsh Japan, Inc.	Japan
455	Marsh Kft.	Hungary
456	Marsh Kindlustusmaakler AS	Estonia
457	Marsh Korea, Inc.	Korea
458	Marsh Life & Pension Oy	Finland
459	Marsh Limited	Fiji
460	Marsh Limited	New Zealand
461	Marsh Limited	England and Wales
462	Marsh Limited	Papua New Guinea
463	Marsh Link Limited	England and Wales
464	Marsh LLC	Ukraine
465	Marsh LLC Insurance Brokers	Greece
466	Marsh Ltd.	Wisconsin
467	Marsh Ltd. Taiwan Branch	Taiwan
468	Marsh Luxembourg SA	Luxembourg
469	Marsh Management Services (Barbados), Ltd.	Barbados
470	Marsh Management Services (Bermuda) Ltd.	Bermuda
471	Marsh Management Services (British Virgin Islands) Ltd	British Virgin Islands
472	Marsh Management Services (Cayman) Ltd.	Cayman Islands
473	Marsh Management Services (Dublin) Limited	Ireland
474	Marsh Management Services (Gibraltar) Limited	Gibraltar
475	Marsh Management Services (Labuan) Limited	Malaysia
476	Marsh Management Services (Luxembourg) SA	Luxembourg
477	Marsh Management Services (USVI) Ltd.	Virgin Islands
478	Marsh Management Services Guernsey Limited	Guernsey
479	Marsh Management Services Inc.	New York
480	Marsh Management Services Isle of Man Limited	Isle of Man
481	Marsh Management Services Jersey Limited	Jersey
482	Marsh Management Services Singapore Pte. Ltd.	Singapore
483	Marsh Management Services Sweden AB	Sweden
484	Marsh Marine & Energy AB	Sweden
485	Marsh Marine & Energy AS	Norway
486	Marsh Marine & Energy Limited	England and Wales
487	Marsh Mercer Holdings Australia Pty Ltd	Australia
488	Marsh Micronesia	Guam
489	Marsh Norway AS	Norway
490	Marsh Oy	Finland
491	Marsh PB Co., Ltd.	Thailand
492	Marsh Peru SA Corredores de Seguros	Peru
493	Marsh Philippines, Inc.	Philippines
494	Marsh Placement Inc.	Illinois
495	Marsh Placement Services Limited (In Liquidation)	England and Wales
496	Marsh Privat, A.I.E.	Spain
497	Marsh Pty. Ltd.	Australia
498	Marsh Risk Consulting B.V.	Netherlands
499	Marsh Risk Consulting Services S.r.L.	Italy
500	Marsh Risk Consulting, S.L.	Spain
501	Marsh Risk Management Pvt Ltd.	India
502	Marsh S.A.	Belgium
503	Marsh S.A.	France
504	Marsh S.A. Corredores De Seguros	Chile
505	Marsh S.p.A.	Italy
506	Marsh S.R.L.	Romania
507	Marsh s.r.o.	Czech Republic
508	Marsh s.r.o.	Slovak Republic
509	Marsh SA	Luxembourg
510	Marsh SA (Argentina)	Argentina
511	Marsh Saldana Inc.	Puerto Rico
512	Marsh Secretarial Services Limited	England and Wales
513	Marsh Services Limited	England and Wales
514	Marsh Services S.A.S.	France
515	Marsh SIA	Latvia
516	Marsh Sigorta ve Reasurans Brokerligi A.S.	Turkey
517	Marsh Singapore Pte Ltd.	Singapore

518	Marsh Space Projects Limited (Applied to be struck off)	England and Wales
519	Marsh Specialty Operations Limited (Applied to be struck off)	England and Wales
520	Marsh Spolka z.o.o.	Poland
521	Marsh Szolgaltato Kft.	Hungary
522	Marsh Treasury Services (Dublin) Limited	Ireland
523	Marsh Treasury Services Limited	England and Wales
524	Marsh Tunisia S.A.R.L.	Tunisia
525	Marsh UK Group Limited	England and Wales
526	Marsh UK Holdings Limited	England and Wales
527	Marsh UK Limited	England and Wales
528	Marsh Ukraine Limited (In Liquidation)	England and Wales
529	Marsh USA (India) Inc.	Delaware
530	Marsh USA Agency Inc.	Texas
531	Marsh USA Benefits Inc.	Texas
532	Marsh USA Inc.	Delaware
533	Marsh USA Inc. (Alabama)	Alabama
534	Marsh USA Inc. (Alaska)	Alaska
535	Marsh USA Inc. (Arkansas)	Arkansas
536	Marsh USA Inc. (Connecticut)	Connecticut
537	Marsh USA Inc. (Idaho)	Idaho
538	Marsh USA Inc. (Illinois)	Illinois
539	Marsh USA Inc. (Indiana)	Indiana
540	Marsh USA Inc. (Kentucky)	Kentucky
541	Marsh USA Inc. (Louisiana)	Louisiana
542	Marsh USA Inc. (Massachusetts)	Massachusetts
543	Marsh USA Inc. (Michigan)	Michigan
544	Marsh USA Inc. (Mississippi)	Mississippi
545	Marsh USA Inc. (Nevada)	Nevada
546	Marsh USA Inc. (Ohio)	Ohio
547	Marsh USA Inc. (Oklahoma)	Oklahoma
548	Marsh USA Inc. (Pennsylvania)	Pennsylvania
549	Marsh USA Inc. (Rhode Island)	Rhode Island
550	Marsh USA Inc. (Texas)	Texas
551	Marsh USA Inc. (Utah)	Utah
552	Marsh USA Inc. (Virginia)	Virginia
553	Marsh USA Inc. (West Virginia)	West Virginia
554	Marsh USA Risk Services Inc.	Maine
555	Marsh USA, Inc.	The People's Republic of China
556	Marsh Venezuela C.A.	Venezuela
557	Marsh Vietnam Insurance Broking Company Ltd	Viet Nam
558	Marsh, Lda.	Portugal
559	Marsh, S.A. Mediadores de Seguros	Spain
560	Marsh-Assureurs Conseils Tchadiens SARL	Chad
561	Matthiessen Assurans AB	Sweden
562	Matthiessen Reinsurance Ltd AB	Sweden
563	Mearbridge LLC	Delaware
564	Mediservice Administradora De Planos De Saude Ltda.B	Brazil
565	Medisure Affinity Services Limited	England and Wales
566	Medisure Corporate Services Limited	England and Wales
567	Medisure Trustees Limited	England and Wales
568	Mees & Zoonen Argentina SA	Argentina
569	Members Insurance Club Agency, Inc.	Louisiana
570	Members Insurance Club Agency, Inc.	Ohio
571	Mercer Asesores de Seguros SA	Argentina
572	Mercer Australia Limited	Australia
573	Mercer Broking Ltd.	Taiwan
574	Mercer Consulting Group Verwaltungs GmbH	Germany
575	Mercer Consulting Holdings Sdn. Bhd.	Malaysia
576	Mercer Corredores de Seguros Ltda.	Chile
577	Mercer Corretora de Seguros Ltda	Brazil
578	Mercer Cullen Egan Dell Limited	New Zealand
579	Mercer Delta Consulting Limited	England and Wales
580	Mercer Delta Consulting Limited	Canada
581	Mercer Delta Consulting LLC	Delaware
582	Mercer Delta Consulting SAS	France
583	Mercer Employee Benefits OY	Finland
584	Mercer Global Investments, Inc.	Delaware
585	Mercer Health & Benefits LLC	Delaware
586	Mercer Holdings Canada, Inc.	Delaware
587	Mercer Holdings, Inc.	Delaware
588	Mercer HR Outsourcing, LLC	Delaware
589	Mercer Human Resource Consulting	Turkey
590	Mercer Human Resource Consulting (S) Pte Ltd	Singapore
591	Mercer Human Resource Consulting a.s.	Czech Republic
592	Mercer Human Resource Consulting A/S	Denmark
593	Mercer Human Resource Consulting and Insurance Brokers Limited	Hungary
594	Mercer Human Resource Consulting AS	Norway
595	Mercer Human Resource Consulting B.V.	Netherlands
596	Mercer Human Resource Consulting CA	Venezuela
597	Mercer Human Resource Consulting GmbH	Germany
598	Mercer Human Resource Consulting GmbH	Austria
599	Mercer Human Resource Consulting Korea Ltd.	Korea
600	Mercer Human Resource Consulting Lda.	Portugal
601	Mercer Human Resource Consulting Limited	Ireland
602	Mercer Human Resource Consulting Limited	England and Wales
603	Mercer Human Resource Consulting Limited	China
604	Mercer Human Resource Consulting Limited	Canada
605	Mercer Human Resource Consulting Limited	Hong Kong

606	Mercer Human Resource Consulting LLC	Delaware
607	Mercer Human Resource Consulting Ltd	Japan
608	Mercer Human Resource Consulting Ltd	Thailand
609	Mercer Human Resource Consulting Ltd.	New Zealand
610	Mercer Human Resource Consulting Ltd.	Taiwan
611	Mercer Human Resource Consulting Ltda	Brazil
612	Mercer Human Resource Consulting Ltda.	Chile
613	Mercer Human Resource Consulting of Indiana, Inc.	Indiana
614	Mercer Human Resource Consulting of Kentucky, Inc.	Kentucky
615	Mercer Human Resource Consulting of Louisiana, Inc.	Louisiana
616	Mercer Human Resource Consulting of Massachusetts, Inc.	Massachusetts
617	Mercer Human Resource Consulting of Michigan, Inc.	Michigan
618	Mercer Human Resource Consulting of Ohio, Inc.	Ohio
619	Mercer Human Resource Consulting of Oklahoma, Inc.	Oklahoma
620	Mercer Human Resource Consulting of Puerto Rico, Inc.	Puerto Rico
621	Mercer Human Resource Consulting of Texas, Inc.	Texas
622	Mercer Human Resource Consulting of Virginia, Inc.	Virginia
623	Mercer Human Resource Consulting OY	Finland
624	Mercer Human Resource Consulting Pty Ltd	Australia
625	Mercer Human Resource Consulting Pvt Ltd	India
626	Mercer Human Resource Consulting S.A.	France
627	Mercer Human Resource Consulting SA	Argentina
628	Mercer Human Resource Consulting SA	Switzerland
629	Mercer Human Resource Consulting SA de CV	Mexico
630	Mercer Human Resource Consulting SA-NV	Belgium
631	Mercer Human Resource Consulting Sdn. Bhd.	Malaysia
632	Mercer Human Resource Consulting SP. Z.O.O.	Poland
633	Mercer Human Resource Consulting Srl	Italy
634	Mercer Human Resource Consulting, Inc.	Delaware
635	Mercer Human Resource Consulting, Inc.	Philippines
636	Mercer Human Resource Consulting, S.L.	Spain
637	Mercer Inc.	Delaware
638	Mercer Insurance Services, Inc.	Massachusetts
639	Mercer Investment Consulting Limited	Ireland
640	Mercer Investment Consulting, Inc.	Kentucky
641	Mercer Investment Nominees (NZ) Limited	New Zealand
642	Mercer Investment Nominees Ltd	Australia
643	Mercer Ireland Holdings Limited	Ireland
644	Mercer Legal (NSW) Pty Ltd	Australia
645	Mercer Legal Pty Ltd.	Australia
646	Mercer Limited	England and Wales
647	Mercer Management Consulting AG	Switzerland
648	Mercer Management Consulting GmbH	Germany
649	Mercer Management Consulting Group GmbH & Co. KG	Germany
650	Mercer Management Consulting Holding GmbH	Germany
651	Mercer Management Consulting Limited	England and Wales
652	Mercer Management Consulting Limited	Canada
653	Mercer Management Consulting S.L.	Spain
654	Mercer Management Consulting Servicios, S. de R.L. De C.V.	Mexico
655	Mercer Management Consulting SNC	France
656	Mercer Management Consulting Sociedade Unipessoal, Lda	Portugal
657	Mercer Management Consulting, Inc.	Delaware
658	Mercer Management Consulting, Ltd.	Bermuda
659	Mercer Oliver Wyman	Sweden
660	Mercer Oliver Wyman Actuarial Consulting Limited	Canada
661	Mercer Oliver Wyman Actuarial Consulting, Inc	Delaware
662	Mercer Oliver Wyman BV	Netherlands
663	Mercer Oliver Wyman Corporate Risk Consulting, Inc.	Delaware
664	Mercer Oliver Wyman GmbH	Germany
665	Mercer Oliver Wyman Limited	England and Wales
666	Mercer Oliver Wyman S.r.l.	Italy
667	Mercer Pensionsraadgivning A/S	Denmark
668	Mercer Personenversicherungs-makler GmbH	Austria
669	Mercer SAS	France
670	Mercer Securities, Inc.	Delaware
671	Mercer Sweden AB	Sweden
672	Mercer Tax Agents Pty Ltd	Australia
673	Mercer Trust Company	New Hampshire
674	Mercer Trustees Limited	Ireland
675	Mercer Trustees Limited	England and Wales
676	Mercer Zainal Consulting Sdn Bhd	Malaysia
677	MercerHR.com LLC	Delaware
678	MercerHR.com, Inc.	Delaware
679	MMC C&I Employees' Securities Company, L.P.	Delaware
680	MMC Capital C&I Professionals Fund, L.P.	Delaware
681	MMC Capital Limited	England and Wales
682	MMC Capital Tech GP II, Inc.	Delaware
683	MMC Capital Tech Professional Fund II, L.P.	Delaware
684	MMC Capital, Inc.	Delaware
685	MMC Executive Services, Inc.	Delaware
686	MMC France S.A.	France
687	MMC Realty, Inc.	New York
688	MMC Securities Corp.	Delaware
689	MMC UK Pension Fund Trustee Limited	England and Wales
690	MMOW Limited	England and Wales
691	MMRC LLC	Delaware
692	MMRCH LLC	Delaware
693	MMSC Holdings, Inc.	Delaware
694	MMSC Risk Advisors, Inc.	Delaware

695	MOW Holding LLC	Delaware
696	MPA (International) Limited	England and Wales
697	Muir Beddal (Zimbabwe) Limited	Zimbabwe
698	MVM Versicherungsberatungs Gesellschaft m.b.H.	Austria
699	MVM Versicherungsmakler AG	Switzerland
700	N.V. Algemene Verzekeringsmaatschappij 'De Zee'	Netherlands
701	Nandix	Uruguay
702	National Economic Research Associates KK	Japan
703	National Economic Research Associates, Inc.	California
704	National Economic Research Associates, Inc.	Delaware
705	National Medical Audit	California
706	National Psychopharmacology Laboratories, Inc.	Tennessee
707	NERA Austrailia Pty Limited	Australia
708	NERA do Brasil Ltda.	Brazil
709	NERA S.R.L.	Italy
710	NERA UK Limited	England and Wales
711	Neuburger Noble Lowndes GmbH	Germany
712	New Flag Asset Management Limited	England and Wales
713	New Flag UK Holdings Limited	England and Wales
714	New S.A.	Peru
715	New Zealand Limited	New Zealand
716	Noble Lowndes Personal Financial Services Limited (In Liquidation)	England and Wales
717	Normandy Reinsurance Company Limited	Bermuda
718	OCR Ltd.	Australia
719	Omega Indemnity (Bermuda) Limited	Bermuda
720	Ontrack Data Recovery, Inc.	Minnesota
721	Organizacion Brockman y Schuh, S.A. de C.V.	Mexico
722	Paladin Reinsurance Corporation	New York
723	Palamerican Corporation	Delaware
724	Pallas Marsh Corretagem de Seguros Ltda.	Brazil
725	Panagora Asset Management, Inc.	Delaware
726	Pension Trustees Limited	England and Wales
727	Personnel Risk Management Limited	United Kingdom
728	Peter Smart Associates Limited (In Liquidation)	England and Wales
729	PFT Limited	England and Wales
730	PI Indemnity Company, Limited	Ireland
731	PII Holdings, Inc.	Massachusetts
732	Potomac Insurance Managers, Inc.	Delaware
733	Prentis Donegan & Partners (Holdings) Limited	England and Wales
734	Prentis Donegan & Partners Limited	England and Wales
735	Price Forbes (Bermuda) Ltd.	Bermuda
736	Price Forbes Australia Limited	Australia
737	Price Forbes Limited	England and Wales
738	PRIESTIM SCI	France
739	PT Mercer Human Resource Consulting	Indonesia
740	PT Quantum Computing Services	Indonesia
741	PT Quantum Investments	Indonesia
742	PT Quantum Support Services	Indonesia
743	PT. Marsh Indonesia	Indonesia
744	PT. Peranas Agung	Indonesia
745	Putnam Aviation Holdings, LLC	Delaware
746	Putnam Capital, LLC	Delaware
747	Putnam Fiduciary Trust Company	Massachusetts
748	Putnam Futures Advisors, Inc.	Massachusetts
749	Putnam International Advisory Company S.A.	Luxembourg
750	Putnam International Distributors, Ltd.	Cayman Islands
751	Putnam Investment Holdings, LLC	Delaware
752	Putnam Investment Management Trust	Massachusetts
753	Putnam Investment Management, LLC	Delaware
754	Putnam Investments Argentina, S.A.	Argentina
755	Putnam Investments Australia Pty Limited	Australia
756	Putnam Investments Inc.	Canada
757	Putnam Investments Limited	Ireland
758	Putnam Investments Limited	England and Wales
759	Putnam Investments Securities Co., Ltd.	Japan
760	Putnam Investments Trust	Massachusetts
761	Putnam Investments Trust II	Massachusetts
762	Putnam Investments, LLC	Delaware
763	Putnam Investor Services, Inc.	Massachusetts
764	Putnam Retail Management GP, Inc.	Massachusetts
765	Putnam Retail Management Limited Partnership	Massachusetts
766	Putnam, LLC	Delaware
767	Quality Facts, Inc.	Tennessee
768	Quorum Acquisition Corporation	Delaware
769	Quorum Lanier	Philippines
770	Quorum Litigation Services, LLC	Minnesota
771	R. Mees & Zoonen Holdings B.V.	Netherlands
772	R.W. Gibbon & Son (Underwriting Agencies) Limited	England and Wales
773	Reclaim Consulting Services Limited	England and Wales
774	Reinmex	Mexico
775	Reinmex de Colombia Corredores de Reaseguos, Ltda.	Mexico
776	Reinmex Florida, Inc.	Florida
777	Reinsurance Solutions International, L.L.C.	Delaware
778	Reitmulders & Partners B.V.	Netherlands
779	Residual Management Pty Ltd.	Australia
780	Resolutions International Limited	Delaware
781	ReSolutions International Limited	England and Wales
782	Resource Benefit Associates	Nigeria
783	Retach Corporation	Delaware

784	Retirement Pension Trustee's Limited	Zimbabwe
785	RIC Management Services Limited	Ireland
786	Richard Sparrow and Company (International Non Marine) Limited (In Liquidation)	England and Wales
787	Richard Sparrow and Company Limited	England and Wales
788	Richard Sparrow Holdings Limited (In Liquidation)	England and Wales
789	Risk Company A	Philippines
790	Risk Company A UK Limited	United Kingdom
791	Risk Company B	Philippines
792	Rivers Group Limited	England and Wales
793	RMB-Risk Management Beratungs-GmbH	Germany
794	Roberts Donegan Limited	England and Wales
795	Rockefeller Risk Advisors of Florida, Inc.	Florida
796	Rockefeller Risk Advisors, Inc.	New York
797	RSI Solutions International, Inc.	New York
798	RSL Insurances Pty Ltd.	Australia
799	SAFCAR-Marsh	Mali
800	SCIB (Bermuda) Limited	Bermuda
801	SCMS Administrative Services, Inc.	Illinois
802	Seabury & Smith Agency, Inc.	Ohio
803	Seabury & Smith Group Limited (In Liquidation)	England and Wales
804	Seabury & Smith of Georgia, Inc.	Georgia
805	Seabury & Smith of Idaho, Inc.	Idaho
806	Seabury & Smith of Illinois, Inc.	Illinois
807	Seabury & Smith, Inc.	Delaware
808	Seabury & Smith, Inc.	Indiana
809	Seabury & Smith, Inc.	Louisiana
810	Seabury & Smith, Inc.	Massachusetts
811	Seabury & Smith, Inc.	Michigan
812	Seabury & Smith, Inc.	Nevada
813	Seabury & Smith, Inc.	Oklahoma
814	Seabury & Smith, Inc.	Texas
815	Seabury & Smith, Inc.	Virginia
816	Second Opinion Insurance Services	California
817	SEDFEMA Insurance Brokers, Inc.	Philippines
818	Sedgwick (Bermuda) Limited	Bermuda
819	Sedgwick (Deutschland) GmbH	Germany
820	Sedgwick (Holdings) Pty. Limited	Australia
821	Sedgwick (Isle of Man) Limited	Isle of Man
822	Sedgwick (PNG) Limited	Papua New Guinea
823	Sedgwick Africa Holdings (Proprietary) Limited	South Africa
824	Sedgwick Alpha Limited (In Liquidation)	England and Wales
825	Sedgwick Asia Pacific Limited	Australia
826	Sedgwick Aviation Limited	England and Wales
827	Sedgwick Benefits, Inc.	Utah
828	Sedgwick Bergvall Holdings AS	Norway
829	Sedgwick Brimex (Guernsey) Limited	Guernsey
830	Sedgwick Claims Management Services Limited	Ireland
831	Sedgwick Claims Management Services, Inc.	Illinois
832	Sedgwick CMS Holdings, Inc.	Delaware
833	Sedgwick Construction Asia Limited	Hong Kong
834	Sedgwick Consulting Group Limited	England and Wales
835	Sedgwick Corporate and Employee Benefits Limited	Australia
836	Sedgwick Corporate Services Limited	Isle of Man
837	Sedgwick Dineen Group Limited	Ireland
838	Sedgwick Dineen Ireland Limited	Ireland
839	Sedgwick Dineen Limited	Ireland
840	Sedgwick Dineen Trustees Limited	Ireland
841	Sedgwick Energy & Marine Limited	England and Wales
842	Sedgwick Energy (Insurance Services) Inc.	Texas
843	Sedgwick Energy Limited	England and Wales
844	Sedgwick Far East Limited	England and Wales
845	Sedgwick Financial Services (Deutschland) GmbH	Germany
846	Sedgwick Financial Services Consulting Division BV	Netherlands
847	Sedgwick Financial Services Limited	England and Wales
848	Sedgwick Financial Services, Inc	Delaware
849	Sedgwick Forbes Middle East Limited	Jersey
850	Sedgwick Group (Australia) Pty. Limited	Australia
851	Sedgwick Group (Bermuda) Limited	Bermuda
852	Sedgwick Group (Zimbabwe) Limited	Zimbabwe
853	Sedgwick Group Limited	England and Wales
854	Sedgwick Holdings (Private) Limited	Zimbabwe
855	Sedgwick Hung Kai Insurance & Risk Management Consultants Limited	Hong Kong
856	Sedgwick Inc.	New York
857	Sedgwick Insurance Agencies Pty Limited	Australia
858	Sedgwick Internationaal BV	Amsterdam
859	Sedgwick International Broking Services Limited (In Liquidation)	England and Wales
860	Sedgwick International Marketing Services Inc	Delaware
861	Sedgwick International Risk Management, Inc.	Delaware
862	Sedgwick Kassman Limited	Papua New Guinea
863	Sedgwick Life and Benefits, Inc.	Texas
864	Sedgwick Limited	England and Wales
865	Sedgwick Ltd.	Australia
866	Sedgwick Management Services (Antigua) Limited	Antigua
867	Sedgwick Management Services (Barbados) Limited	Barbados
868	Sedgwick Management Services (Bermuda) Limited	Bermuda
869	Sedgwick Management Services (Cayman) Limited	Cayman Islands
870	Sedgwick Management Services (Guernsey) Limited	Guernsey
871	Sedgwick Management Services (Ireland)	Ireland

872	Sedgwick Management Services (Isle of Man) Limited	Isle of Man
873	Sedgwick Management Services (London) Limited	England and Wales
874	Sedgwick Management Services (Private) Limited	Zimbabwe
875	Sedgwick Management Services (Singapore) Pte Limited	Singapore
876	Sedgwick Management Services (U.S.) Ltd.	Vermont
877	Sedgwick Managing General Agency, Inc.	Texas
878	Sedgwick Noble Lowndes (NZ) Ltd.	New Zealand
879	Sedgwick Noble Lowndes (UK) Limited	England and Wales
880	Sedgwick Noble Lowndes Actuarial Limited	Australia
881	Sedgwick Noble Lowndes Asia Pacific Limited	Australia
882	Sedgwick Noble Lowndes B.V.	Netherlands
883	Sedgwick Noble Lowndes Conseil SA	France
884	Sedgwick Noble Lowndes Financial Planning Limited	Australia
885	Sedgwick Noble Lowndes Group Limited	England and Wales
886	Sedgwick Noble Lowndes Insurance Division BV	Netherlands
887	Sedgwick Noble Lowndes Limited	Ireland
888	Sedgwick Noble Lowndes Limited	England and Wales
889	Sedgwick Noble Lowndes Limited	Hong Kong
890	Sedgwick Noble Lowndes North America, Inc.	Delaware
891	Sedgwick Noble Lowndes Trusteeship Services Limited	Australia
892	Sedgwick Northern Ireland Risk Services Limited (In Liquidation)	Northern Ireland
893	Sedgwick Overseas Investments Limited	England and Wales
894	Sedgwick Oy	Finland
895	Sedgwick Pte Ltd	Singapore
896	Sedgwick Re Asia Pacific (Consultants) Private Limited	Singapore
897	Sedgwick Re Asia Pacific Limited	Australia
898	Sedgwick Reinsurance Brokers Limited	England and Wales
899	Sedgwick Risk Management & Consultants (Private) Limited	Zimbabwe
900	Sedgwick Risk Services AB	Sweden
901	Sedgwick Superannuation Pty Limited	Australia
902	Sedgwick Sweden Aktiebolag	Sweden
903	Sedgwick Trustees Limited	England and Wales
904	Sedgwick UK Risk Services Limited	England and Wales
905	Sedgwick Ulster Pension Trustees Limited	Northern Ireland
906	Settlement Trustees Limited	England and Wales
907	Shariffuddin-Sedgwick (B) Sdn Bhd	Brunei Darussalam
908	SICAR Marsh SARL	Burkina Faso
909	SIMS Nominees Limited (In Liquidation)	England and Wales
910	SNL Super Pty Ltd.	Australia
911	SOC Group Plc	England and Wales
912	Societe Bargheon S.A.	France
913	Societe Conseil Mercer Limitee	Canada
914	Societe d'Assurances et de Participations Guian S.A.	France
915	Southampton Place Trustee Company Limited	England and Wales
916	Southern Marine & Aviation Underwriters, Inc.	Louisiana
917	Southern Marine & Aviation, Inc.	Louisiana
918	Sudzucker Versicherungs-Vermittlungs GmbH	Germany
919	Sundance B.V.	Rotterdam
920	Syndicate and Corporate Management Services Inc.	Delaware
921	Syndicate and Corporate Management Services Limited	Bermuda
922	Technical Insurance Management Services Pty Limited	Australia
923	Terra Nova (Bermuda) Holdings Ltd.	Bermuda
924	TH Lee Putnam Equity Managers Trust	Massachusetts
925	TH Lee, Putnam Capital Management, LLC	Delaware
926	TH Lee, Putnam Capital, LLC	Delaware
927	The ARC Group LLC	Delaware
928	The Carpenter Management Corporation	Delaware
929	The Marsh Centre Limited (In Liquidation)	England and Wales
930	The Medisure Group Limited	England and Wales
931	The Putnam Advisory Company Trust	Massachusetts
932	The Putnam Advisory Company, LLC	Delaware
933	The Putnam Corporation	Massachusetts
934	The Schinnerer Group, Inc.	Delaware
935	Tobelan S.A.	Uruguay
936	Tower Hill Limited	England and Wales
937	Tower Place Developments (West) Limited	England and Wales
938	Tower Place Developments Limited	England and Wales
939	Transbrasil Ltda.	Brazil
940	Transglobe Management (Bermuda) Ltd.	Bermuda
941	Travelgold Mexico, S.A. de C.V.	Mexico
942	Triad Services, Inc.	Delaware
943	Triad Underwriting Management Agency, Inc.	Delaware
944	Trident II, L.P.	United States
945	Trident III Affiliated Fund, L.P.	Delaware
946	Trident III ESC, L.P.	Delaware
947	Trident III Professionals Fund, L.P.	Delaware
948	Troika 2004 Limited	England and Wales
949	U.S. Holding, Inc.	Delaware
950	U.T.E. Marsh - Aon Gil y Carvajal	Spain
951	U.T.E. Marsh - CCM	Spain
952	U.T.E. Marsh - Chang	Spain
953	U.T.E. Marsh - Disbrok	Spain
954	U.T.E. Marsh - Salvado	Spain
955	U.T.E. Marsh McLennan - Cobian & Cobian	Spain
956	U.T.E. Marsh McLennan - Cobian & Cobian - La Coruna	Spain
957	UABDB Marsh Lietuva	Lithuania
958	UBM Consulting France International Management Consultants	France
959	UBM Consultoria Internacional S/C Ltda.	Brazil
960	Ulster Insurance Services Limited	Northern Ireland

961	Undustrial Superannuation Administration Services Ltd.	Australia
962	Uniservice Insurance Service Limited	Bermuda
963	Unison Financial Services (IOM) Limited	Isle of Man
964	Unison Management (Bermuda) Limited	Bermuda
965	Unison Management (Dublin) Limited	Ireland
966	Unison Management (Finland) Oy	Finland
967	Unison Management (IOM) Limited	Isle of Man
968	Universal Ray S.A.	Uruguay
969	Unused Subsidiary, Inc.	New York
970	Unused Subsidiary, Inc.	Texas
971	Van Vugt & Beukers B.V.	Netherlands
972	Victor O. Schinnerer & Company Limited	England and Wales
973	Victor O. Schinnerer & Company, Inc. (Delaware)	Delaware
974	Victor O. Schinnerer of Illinois, Inc.	Illinois
975	Victoria Hall Company Limited	Bermuda
976	Vikela Marsh (Proprietary) Limited	South Africa
977	VW Versicherungsvermittlungs-GmbH	Germany
978	Wigham Poland (Hellas) Limited	Greece
979	Wigham Poland Australia Pty. Limited	Australia
980	Wigham Poland Aviation Limited (In Liquidation)	England and Wales
981	Wigham Poland Limited	England and Wales
982	Willcox, Barringer & Co. (California) Inc.	California
983	William M. Mercer (Aust) Limited	Australia
984	William M. Mercer (Isle of Man) Limited	Isle of Man
985	William M. Mercer Cullen Egan Dell Limited	Australia
986	William M. Mercer Europe	France
987	William M. Mercer Fraser (Irish Pensioner Trustees) Limited	Ireland
988	William M. Mercer Fraser Limited	England and Wales
989	William M. Mercer Limited	England and Wales
990	William M. Mercer Limited (NZ)	New Zealand
991	William M. Mercer Philippines, Incorporated	Philippines
992	William M. Mercer Ten Pas B.V.	Netherlands
993	Wilson McBride, Inc.	Ohio
994	Winchester Bowring Limited	England and Wales
995	WMM Haneveld Investment Consulting B.V.N	Netherlands
996	WMM Services, Inc.	Delaware
997	World Insurance Network Limited	England and Wales
998	Zolfo Cooper Advisors, Inc.	New Jersey
999	Zolfo Cooper Capital LLC	New Jersey
1000	Zolfo Cooper Holdings, Inc.	New Jersey
1001	Zolfo Cooper Management Advisors, Inc.	New Jersey
1002	Zolfo Cooper Services, Inc.	USA

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the previously filed Registration Statements 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, 333-69774 and 333-107195) and previously filed Registration Statements on Form S-3 (Registration File No. 333-67543 and 333-108566) and the previously filed Registration Statements on Form S-4 (Registration File Nos. 33-24124 and 333-87510) of our reports dated March 7, 2005, relating to the financial statements of Marsh & McLennan Companies, Inc. and subsidiaries, and management's report on the effectiveness of internal control over financial reporting appearing in the Annual Report on Form 10-K of Marsh & McLennan Companies, Inc. and subsidiaries for the year ended December 31, 2004 and to the references to us under the heading "Experts" in the Prospectuses which form part of the aforementioned Registration Statements.

/s/ Deloitte & Touche LLP

New York, New York
March 7, 2005

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Michael G. Cherkasky, Peter J. Beshar 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:

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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 the 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 1st day of March, 2005.

/s/ Lewis W. Bernard

Lewis W. Bernard

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Michael G. Cherkasky, Peter J. Beshar 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 1st day of March, 2005.

/s/ Zachary W. Carter

Zachary W. Carter

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Michael G. Cherkasky, Peter J. Beshar 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 1st day of March, 2005.

/s/ Robert F. Erburu

Robert F. Erburu

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 1st day of March, 2005.

/s/ Oscar Fanjul

Oscar Fanjul

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney effective the 1st day of March, 2005.

/s/ Stephen R. Hardis

Stephen R. Hardis

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Michael G. Cherkasky, Peter J. Beshar 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 1st day of March, 2005.

/s/ Gwendolyn S. King

Gwendolyn S. King

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Michael G. Cherkasky, Peter J. Beshar 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 1st day of March, 2005.

/s/ The Rt. Honorable Lord Lang of Monkton, DL

The Rt. Honorable Lord Lang of Monkton, DL

POWER OF ATTORNEY

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10. the Special Severance Pay Plan, and

11. the Directors Stock Compensation Plan;

C. any registration statements on Form S-3, Form S-4 or other appropriate form, including prospectuses as part thereof, and any amendments or supplements to such registration statements or prospectuses, for (i) the registration of MMC's common stock for issuance in connection with future acquisitions, or for resale by the holders thereof who acquired or will acquire such stock in connection with past or future acquisitions and (ii) the registration of MMC's debt securities for issuance or for resale by the holders thereof who acquired such debt securities in a private placement, provided that such issuance or resale described in (i) or (ii) is then authorized pursuant to resolutions of the Board of Directors of MMC.

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 the 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 1st day of March, 2005.

/s/ David A. Olsen

David A. Olsen

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Michael G. Cherkasky, Peter J. Beshar 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. any amendments or supplements to MMC's Annual Report on Form 10-K for the year ended December 31, 2004;

B. current registration statements on Form S-8 or other appropriate form, including prospectuses as part thereof, any appropriate amendments or supplements to such registration statements and prospectuses or to prior registration statements, and any other document to maintain the effectiveness of any of the foregoing, for the registration under the Securities Act of 1933, as amended, of shares of MMC's common stock or other interests offered pursuant to MMC's various employee benefit and stock plans under which MMC's common stock may be distributed to employees or directors, including without limitation:

1. the Stock Investment Plan,
2. the Stock Investment Supplemental Plan,
3. the Canadian Stock Investment Plan,
4. the Putnam Investments Profit Sharing Retirement Plan,
5. the 1999 Employee Stock Purchase Plan,
6. the 1995 Employee Stock Purchase Plan for International Employees,
7. the 1992 Incentive and Stock Award Plan,
8. the 1997 and 2000 Employee Incentive and Stock Award Plan,
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;

C. any registration statements on Form S-3, Form S-4 or other appropriate form, including prospectuses as part thereof, and any amendments or supplements to such registration statements or prospectuses, for (i) the registration of MMC's common stock for issuance in connection with future acquisitions, or for resale by the holders thereof who acquired or will acquire such stock in connection with past or future acquisitions and (ii) the registration of MMC's debt securities for issuance or for resale by the holders thereof who acquired such debt securities in a private placement, provided that such issuance or resale described in (i) or (ii) is then authorized pursuant to resolutions of the Board of Directors of MMC.

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 the 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 1st day of March, 2005.

/s/ Morton O. Schapiro

Morton O. Schapiro

POWER OF ATTORNEY

The undersigned, a Director of Marsh & McLennan Companies, Inc., a Delaware corporation ("MMC"), does hereby constitute and appoint any one of Michael G. Cherkasky, Peter J. Beshar 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. any amendments or supplements to MMC's Annual Report on Form 10-K for the year ended December 31, 2004;

B. current registration statements on Form S-8 or other appropriate form, including prospectuses as part thereof, any appropriate amendments or supplements to such registration statements and prospectuses or to prior registration statements, and any other document to maintain the effectiveness of any of the foregoing, for the registration under the Securities Act of 1933, as amended, of shares of MMC's common stock or other interests offered pursuant to MMC's various employee benefit and stock plans under which MMC's common stock may be distributed to employees or directors, including without limitation:

1. the Stock Investment Plan,
2. the Stock Investment Supplemental Plan,
3. the Canadian Stock Investment Plan,
4. the Putnam Investments Profit Sharing Retirement Plan,
5. the 1999 Employee Stock Purchase Plan,
6. the 1995 Employee Stock Purchase Plan for International Employees,
7. the 1992 Incentive and Stock Award Plan,
8. the 1997 and 2000 Employee Incentive and Stock Award Plan,
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;

C. any registration statements on Form S-3, Form S-4 or other appropriate form, including prospectuses as part thereof, and any amendments or supplements to such registration statements or prospectuses, for (i) the registration of MMC's common stock for issuance in connection with future acquisitions, or for resale by the holders thereof who acquired or will acquire such stock in connection with past or future acquisitions and (ii) the registration of MMC's debt securities for issuance or for resale by the holders thereof who acquired such debt securities in a private placement, provided that such issuance or resale described in (i) or (ii) is then authorized pursuant to resolutions of the Board of Directors of MMC.

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 the 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 1st day of March, 2005.

/s/ Adele Simmons

Adele Simmons

CERTIFICATIONS

I, Michael G. Cherkasky, 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 report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2005

/s/ Michael G. Cherkasky

Michael G. Cherkasky
Chief Executive Officer

CERTIFICATIONS

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 report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2005

/s/ Sandra S. Wijnberg

Sandra S. Wijnberg
Chief Financial Officer

Certification of Chief Executive and Chief Financial Officers

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Michael G. Cherkasky, the Chief Executive Officer and Sandra S. Wijnberg, the Chief Financial Officer of Marsh & McLennan Companies, Inc. each certifies that, to the best of his or her knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Marsh & McLennan Companies, Inc.

Dated: March 8, 2005

/s/ Michael G. Cherkasky

Name: Michael G. Cherkasky
Chief Executive Officer

Dated: March 8, 2005

/s/ Sandra S. Wijnberg

Name: Sandra S. Wijnberg
Chief Financial Officer

Agreement

This is to confirm certain arrangements agreed to between us.

1. Jeffrey W. Greenberg's employment with Marsh & McLennan Companies, Inc., as well as his directorship of MMC, terminated at the close of business on October 25, 2004. Such termination will have no impact on any right he might otherwise have for compensation or indemnification and will not be considered as an admission of wrongdoing or be relevant to any issue regarding the termination of his employment.
2. If we do not otherwise reach agreement as to the characterization of the termination of Mr. Greenberg's employment and his rights under MMC's compensation programs and any plan, program or agreement maintained by any of MMC's subsidiaries or affiliates, we have agreed that both parties will be free to maintain their respective positions with regard to Mr. Greenberg's termination. By way of example, Mr. Greenberg will be free to assert, among other things, that his employment terminated other than for "Cause" for purposes of any such program, plan or agreement. MMC similarly, will be free to assert, among other things, that his termination was for "Cause" for purposes of any such program, plan or agreement. Each party will be free to make such claims without regard to any time limits, notice requirements or cure provisions, all of which are hereby waived. Of course, all parties retain all rights to contest another party's position.
3. MMC confirms that Mr. Greenberg is entitled to COBRA continuation coverage in accordance with applicable law.
4. MMC will provide Mr. Greenberg with a suitable office and secretary, and security at the level now provided, for six months from the date of termination (through April 24, 2005), with the understanding that Mr. Greenberg may request a continuation of security for good cause.

Except as specifically provided herein, all written agreements between or among the parties remain in full force and effect, and nothing herein shall prevent any party from exercising any right of any kind or nature under any such agreement unless expressly barred from doing so by the terms of this Agreement.

AGREED TO:

Marsh & McLennan Companies, Inc.

For Jeffrey W. Greenberg

/s/ Lewis Bernard

/s/ Jeffrey W. Greenberg

By: Lewis Bernard

By: Jeffrey W. Greenberg

Dated: November 9, 2004