



## News Release

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**MMC REPORTS SECOND QUARTER 2010 GAAP EPS OF \$.43;  
ADJUSTED EPS OF \$.46**

**NEW YORK**, August 3, 2010 — Marsh & McLennan Companies, Inc. (MMC) today reported financial results for the second quarter ended June 30, 2010.

Brian Duperreault, MMC President and CEO said: “We are pleased with the progress MMC made in the second quarter. Our Risk and Insurance Services segment grew revenue in an environment of continued soft market conditions in the property and casualty marketplace. Marsh produced strong new business globally, with especially good revenue growth in Asia Pacific and Latin America. Guy Carpenter generated underlying revenue growth, reflecting new business production. In our Consulting segment, Mercer continued to control expenses in a weak economic environment. We were also pleased with the growth in revenue and operating income generated by Oliver Wyman.

“The sale of Kroll will allow us to concentrate on our Risk and Insurance Services and Consulting businesses. We look forward to pursuing our objectives for future growth and to unlocking the potential of MMC as a strategic enterprise,” Mr. Duperreault concluded.



\$258 million, compared with \$245 million in last year's second quarter. Adjusted operating income rose 11 percent to \$302 million from \$271 million, reflecting improved performance at Marsh and Guy Carpenter, as well as acquisitions. For the first six months of 2010, segment revenue was \$3 billion, an increase of 9 percent from the prior year period, and flat on an underlying basis.

Marsh's revenue in the second quarter of 2010 rose 9 percent to \$1.2 billion from the same period in 2009, or 1 percent on an underlying basis. Underlying revenue growth in international operations was 6 percent, reflecting 3 percent growth in EMEA, 12 percent in Asia Pacific and 13 percent in Latin America. Marsh had strong growth in new business in the quarter. Insurance premiums in the property and casualty marketplace continued to decline.

In the quarter, Marsh completed the acquisition of HSBC Insurance Brokers, whose integration is progressing well. Additionally, Marsh & McLennan Agency acquired The Bostonian Group Insurance Agency.

Guy Carpenter's second quarter 2010 revenue rose 7 percent to \$243 million, or 2 percent on an underlying basis, reflecting strong new business generation.

#### Consulting

Consulting segment revenue increased 2 percent to \$1.2 billion in the second quarter of 2010, or 2 percent on an underlying basis. For the first six months of 2010, segment revenue increased 4 percent to \$2.3 billion, or 1 percent on an underlying basis.

Due to the settlement of the Alaska litigation, an operating loss of \$275 million was





**Marsh & McLennan Companies, Inc.**  
**Consolidated Statements of Income**  
(In millions, except per share figures)



**Marsh & McLennan Companies, Inc.**  
**Supplemental Information – Revenue Analysis**  
**Six Months Ended**  
(Millions) (Unaudited)

|                                    | Six Months Ended<br>June 30, |         | % Change<br>GAAP<br>Revenue | Components of Revenue Change* |   |                       |
|------------------------------------|------------------------------|---------|-----------------------------|-------------------------------|---|-----------------------|
|                                    | 2010                         | 2009    |                             | Currency<br>Impact            | Acquisitions/<br>Dispositions<br>Impact | Underlying<br>Revenue |
| <b>Risk and Insurance Services</b> |                              |         |                             |                               |   |                       |
| Marsh                              | <b>\$2,371</b>               | \$2,179 | 9%                          | 3%                            | 5%                                      | 1%                    |
| Guy Carpenter                      | <b>558</b>                   | 508     | 10%                         | 2%                            | 6%                                      | 1%                    |
| Subtotal                           | <b>2,929</b>                 | 2,687   | 9%                          | 3%                            | 5%                                      | 1%                    |
| Fiduciary Interest Income          | <b>22</b>                    | 28      | (25)%                       | 4%                            | -                                       | (29)%                 |
| Total Risk and Insurance Services  |                              |         |                             |                               |   |                       |



**Marsh & McLennan Companies, Inc.**  
**Non-GAAP Measures**  
**Three Months Ended June 30**  
(Millions) (Unaudited)

MMC presents below certain additional financial measures that are “non-GAAP measures” within the meaning of Regulation G under the Securities Exchange Act of 1934. These measures are: *adjusted operating income (loss)*; *adjusted operating margin*;

**Marsh & McLennan Companies, Inc.**  
**Non-GAAP Measures**  
**Six Months Ended June 30**  
(Millions) (Unaudited)

MMC presents below certain additional financial measures that are "non-GAAP measures," within the meaning of Regulation G under the Securities Exchange Act of 1934. These measures are: *adjusted operating income*; *adjusted operating margin*; and *adjusted income, net of tax*.

MMC presents these non-GAAP measures to provide investors with additional information to analyze the company's performance from period to period. Management also uses these measures to assess performance for incentive compensation purposes and to allocate resources in managing MMC's businesses. However, investors should not consider these non-GAAP measures in isolation from, or as a substitute for, the financial information that MMC reports in accordance with GAAP. MMC's non-GAAP measures reflect subjective determinations by management, and may differ from similarly titled non-GAAP measures presented by other companies.

**Adjusted Operating Income and Adjusted Operating Margin**

*Adjusted operating income* is calculated by excluding the impact of certain noteworthy items from MMC's GAAP operating income. The following tables identify these noteworthy items and reconcile adjusted operating income to GAAP operating income, on a consolidated and segment basis, for the six months ended June 30, 2010 and 2009. The following tables also present *adjusted operating margin*, which is calculated by dividing adjusted operating income by consolidated or segment GAAP revenue.

|  | <u>Risk &amp;<br/>Insurance<br/>Services</u> | <u>Consulting</u> | <u>Corporate/<br/>Eliminations</u> | <u>Total</u>  |
|--|--|-------------------|------------------------------------|---------------|
| <b>Six Months Ended June 30, 2010</b>    |  |                   |                                    |               |
| <b>Operating income (loss)</b>           | \$ 605                                       | \$ (159)          | \$ (71)                            | \$ 375        |
| Add (deduct) impact of noteworthy items: |  |                   |                                    |               |
| Restructuring Charges (a)                | 50   | 2                 | 5                                  | 57            |
| Alaska Litigation Settlement             | -  | 400 (c)           | -                                  | 400           |
| Settlement, Legal and Regulatory (b)     | 5  | -                 | -                                  | 5             |
| Accelerated Amortization                 | 1  | -                 | -                                  | 1             |
| Other                                    | (1)  | -                 | (7)                                | (8)           |
| <b>Operating income adjustments</b>      | <u>55</u>                                    | <u>402</u>        | <u>(2)</u>                         | <u>455</u>    |
| <b>Adjusted operating income (loss)</b>  | <u>\$ 660</u>                                | <u>\$ 243</u>     | <u>\$ (73)</u>                     | <u>\$ 830</u> |
| <b>Operating margin</b>                  | <u>20.5%</u>                                 | <u>N/A</u>        | <u>N/A</u>                         | <u>7.2%</u>   |
| <b>Adjusted operating margin</b>         | <u>22.4%</u>                                 | <u>10.5%</u>      | <u>N/A</u>                         | <u>15.8%</u>  |
| <b>Six Months Ended June 30, 2009</b>    |  |                   |                                    |               |
| <b>Operating income (loss)</b>           | \$542  | \$ 169            | \$ (100)                           | \$ 611        |
| Add (deduct) impact of noteworthy items: |  |                   |                                    |               |
| Restructuring Charges (a)                | 77   | 6                 | 18 (d)                             | 101           |
| Incremental Professional Liability costs | -  | 30 (e)            | -                                  | 30            |
| Settlement, Legal and Regulatory (b)     | (9)  | -                 | -                                  | (9)           |
| Accelerated Amortization                 | 4  | -                 | -                                  | 4             |
| Other                                    | -  | -                 | 3                                  | 3             |
| <b>Operating income adjustments</b>      | <u>72</u>                                    | <u>36</u>         | <u>21</u>                          | <u>129</u>    |
| <b>Adjusted operating income (loss)</b>  | <u>\$614</u>                                 | <u>\$ 205</u>     | <u>\$ (79)</u>                     | <u>\$ 740</u> |
| <b>Operating margin</b>                  | <u>20.0%</u>                                 | <u>7.6%</u>       | <u>N/A</u>                         | <u>12.4%</u>  |
| <b>Adjusted operating margin</b>         | <u>22.6%</u>                                 | <u>9.2%</u>       | <u>N/A</u>                         | <u>15.1%</u>  |

(a) Primarily includes severance from restructuring activities

**Marsh & McLennan Companies, Inc.**  
**Non-GAAP Measures**  
**Three and Six Months Ended June 30**  
(Millions) (Unaudited)

**Adjusted income, net of tax**

*Adjusted income, net of tax* is calculated as: MMC's GAAP income from continuing operations, adjusted to reflect the after-tax impact of the operating income adjustments set forth in the preceding table. The related adjusted diluted earnings per share as calculated under the two-class method, reflects reductions for the portion of each item attributable to non-controlling interests and participating securities so that the calculation is based only on the amounts attributable to common shareholders.

**Reconciliation of the impact of non-GAAP measures and Kroll discontinued operations on diluted earnings per share – Three and Six Months Ended June 30, 2010 and 2009:**

|   | <b>MMC<br/>Consolidated<br/>Results</b> | <b>Portion<br/>Attributable to<br/>Common<br/>Shareholders</b> | <b>Adjusted<br/>Diluted<br/>EPS</b> |
|---|---|--|-------------------------------------|
| <b>Three Months Ended June 30, 2010</b>         |   |  |                                     |
| Loss from continuing operations                 | \$ (29)                                 | \$ (34)  | \$ (0.06)                           |
| Add operating income adjustments                | \$ 443                                  |  |                                     |
| Deduct impact of related income tax expense     | (173)                                   |  |                                     |
|   | <u>270</u>                              | <u>266</u>   | <u>0.49</u>                         |
| Income from continuing operations, as adjusted  | 241                                     | 232  | 0.43                                |
| Add Kroll adjusted operating income, net of tax | 17                                      | 16   | 0.03                                |
| Adjusted income, net of tax                     | <u>\$ 258</u>                           | <u>\$ 248</u>  | <u>\$0.46</u>                       |
| <b>Six Months Ended June 30, 2010</b>           |   |  |                                     |
| Income from continuing operations               | \$ 245                                  | \$ 231   | \$ 0.43                             |
| Add operating income adjustments                | \$ 455                                  |  |                                     |
| Deduct impact of related income tax expense     | (175)                                   |  |                                     |
|   | <u>280</u>                              | 275  | 0.51                                |
| Income from continuing operations, as adjusted  | 525                                     | 506  | 0.94                                |

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**Marsh & McLennan Companies, Inc.**  
**Supplemental Information – Discontinued Operations**  
(Millions) (Unaudited)

On June 7, 2010, MMC announced the sale of Kroll, Inc. to Altegrity, Inc. for \$1.13 billion in cash. Kroll's results of operations are reported as discontinued operations in MMC's consolidated statements of income for the three-month and six-month periods ended June 30, 2010 and 2009.

The six months ended June 30, 2010 includes an after-tax loss on the disposal of Kroll Lab Services ("KLS") that was sold in the first quarter of 2010.

**Marsh & McLennan Companies, Inc.**  
**Supplemental Information – Discontinued Operations Reclassification**  
(Millions) (Unaudited)

The following table provides the revenue, expense and net operating income of Kroll that has been reclassified into discontinued operations. The reclassification presented below excludes KGS which was included in discontinued operations when it was sold in 2009.

|                         | <u>First<br/>Quarter<br/>2009</u> | <u>Second<br/>Quarter<br/>2009</u> | <u>Third<br/>Quarter<br/>2009</u> | <u>Fourth<br/>Quarter<br/>2009</u> | <u>Full<br/>Year<br/>2009</u> | <u>First<br/>Quarter<br/>2010</u> |
|-------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-------------------------------|-----------------------------------|
| <b>Kroll Operations</b> |                                   |                                    |                                   |                                    |                               |                                   |
| Revenue                 | \$167                             | \$161                              | \$170                             | \$169                              | \$667                         | \$162                             |
| Expense                 | 160                               | 475                                | 150                               | 152                                | 937                           | 147                               |
| Operating income        | <u>7</u>                          | <u>(314)</u>                       | <u>20</u>                         | <u>17</u>                          | <u>(270)</u>                  | <u>15</u>                         |

The following reflects MMC's consolidated statements of income after the reclassification of Kroll to discontinued operations.

|                                    | <u>First<br/>Quarter<br/>2009</u> | <u>Second<br/>Quarter<br/>2009</u> | <u>Third<br/>Quarter<br/>2009</u> | <u>Fourth<br/>Quarter<br/>2009</u> | <u>Full<br/>Year<br/>2009</u> | <u>First<br/>Quarter<br/>2010</u> |
|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|-------------------------------|-----------------------------------|
| <b>Revenue</b>                     |                                   |                                    |                                   |                                    |                               |                                   |
| <b>Risk and Insurance Services</b> |                                   |                                    |                                   |                                    |                               |                                   |
| Marsh                              | \$1,076                           | \$1,103                            | \$ 989                            | \$1,151                            | \$4,319                       | \$1,166                           |
| Guy Carpenter                      | 281                               | 227                                | 223                               | 180                                | 911                           | 315                               |
| Subtotal                           | <u>1,357</u>                      | <u>1,330</u>                       | <u>1,212</u>                      | <u>1,331</u>                       | <u>5,230</u>                  | <u>1,481</u>                      |
| Fiduciary Interest Income          | 15                                | 13                                 | 14                                | 12                                 | 54                            | 11                                |
| Total Risk and Insurance Services  | <u>1,372</u>                      | <u>1,343</u>                       | <u>1,226</u>                      | <u>1,343</u>                       | <u>5,284</u>                  | <u>1,492</u>                      |
| <b>Consulting</b>                  |                                   |                                    |                                   |                                    |                               |                                   |
| Mercer                             | 803                               | 832                                | 831                               | 861                                | 3,327                         | 849                               |
| Oliver Wyman Group                 | 280                               | 311                                | 313                               | 378                                | 1,282                         | 306                               |
| Total Consulting                   | <u>1,083</u>                      | <u>1,143</u>                       | <u>1,144</u>                      | <u>1,239</u>                       | <u>4,609</u>                  | <u>1,155</u>                      |
| <b>Corporate/Eliminations</b>      | <u>(12)</u>                       | <u>(16)</u>                        | <u>(16)</u>                       | <u>(18)</u>                        | <u>(62)</u>                   | <u>(12)</u>                       |

**Marsh & McLennan Companies, Inc.**  
**Consolidated Balance Sheets**  
(Millions) (Unaudited)

|  | <u>June 30,<br/>2010</u> | <u>December 31,<br/>2009</u> |
|--|--------------------------|------------------------------|
| <b>ASSETS</b>  |                          |                              |
| Current assets:  |                          |                              |
| Cash and cash equivalents                                | \$ 1,475                 | \$ 1,707                     |
| Net receivables  | 3,215                    | 2,724                        |
| Current assets of discontinued operations                | 193                      | 212                          |
| Other current assets                                     | 285                      | 288                          |
|  | <u>5,168</u>             | <u>4,931</u>                 |
| <b>Total current assets</b>                              |                          |                              |
| Goodwill and intangible assets                           | 6,499                    | 6,219                        |
| Fixed assets, net  | 815                      | 850                          |
| Pension related assets                                   | 199                      | 94                           |
| Deferred tax assets                                      | 1,144                    | 1,242                        |
| Non-current assets of discontinued operations            | 977                      | 1,077                        |
| Other assets   | 819                      | 924                          |
|  | <u>\$15,621</u>          | <u>\$15,337</u>              |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>              |                          |                              |
| Current liabilities:                                     |                          |                              |
| Short-term debt  | \$ 558                   | \$ 558                       |
| Accounts payable and accrued liabilities                 | 2,273                    | 1,751                        |
| Accrued compensation and employee benefits               | 810                      | 1,290                        |
| Liabilities of discontinued operations                   | 95                       | 116                          |
| Dividends payable  | 109                      | -                            |
|  | <u>3,845</u>             | <u>3,715</u>                 |
| <b>Total current liabilities</b>                         |                          |                              |
| Fiduciary liabilities                                    | 4,007                    | 3,559                        |
| Less – cash and investments held in a fiduciary capacity | <u>(4,007)</u>           | <u>(3,559)</u>               |
| Long-term debt   | 3,030                    | 3,034                        |
| Pension, postretirement and postemployment benefits      | 1,136                    | 1,182                        |
| Liabilities for errors and omissions                     | 488                      | 518                          |
| Other liabilities  | 1,079                    | 1,025                        |
| <b>Total stockholders' equity</b>                        | 6,043                    | 5,863                        |
|  | <u>\$15,621</u>          | <u>\$15,337</u>              |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>        |                          |                              |