

MMC Reports Third Quarter 2007 Results

For the nine months ended September 30, 2007, revenue for the risk and insurance services segment was \$4.2 billion, an increase of 3 percent from the year-ago period. Marsh's revenue rose 1 percent from last year to \$3.3 billion, and Guy Carpenter's revenue rose 4 percent to \$735 million. Underlying revenue for the segment was unchanged from the prior year.

Consulting

MMC's consulting segment revenue grew 14 percent to \$1.2 billion in the third quarter on a reported basis, and 9 percent on an underlying basis. The segment's operating income grew to \$148 million from \$112 million last year.

Mercer increased revenue 11 percent to \$844 million in the third quarter, and 7 percent on an underlying basis. This growth was achieved throughout Mercer's operations: retirement and investment had \$307 million of revenue, an increase of 13 percent; health and benefits, \$197 million, or 4 percent growth; outsourcing, \$187 million, grew 14 percent; and talent, \$128 million, increased 11 percent.

The strong demand for consulting services offered by the Oliver Wyman Group continued for the fourth year in a row. Oliver Wyman grew revenue 23 percent to \$374 million in the third quarter, or 17 percent on an underlying basis. Management, economic and brand consulting all produced double-digit revenue growth.

For the nine months ended September 30, 2007, the consulting segment generated revenue of \$3.6 billion, a 14 percent increase over last year. Mercer increased revenue by 10 percent to \$2.5 billion, and Oliver Wyman grew revenue 25 percent to \$1.1 billion.

Risk Consulting and Technology

Kroll's revenue was \$260 million in the third quarter, an increase of 9 percent from the year-ago quarter, or 11 percent on an underlying basis. Operating income at Kroll was \$31 million in the quarter, compared with \$38 million last year. This decline was largely attributable to higher compensation expense in the corporate advisory and restructuring business to retain key professional staff in anticipation of future increased activity.

Quarterly revenue in Kroll's technology operations increased 14 percent to \$147 million, led by the Kroll Ontrack legal technology unit and Kroll's background screening business. Revenue in Kroll's consulting operations rose 4 percent, to \$113 million.

For the nine months ended September 30, 2007, Kroll's revenue was \$746 million, up 1 percent, or 2 percent on an underlying basis. Technology revenue increased 11 percent to \$420 million, while consulting was down 9 percent to \$326 million. The decline in Kroll's consulting revenue primarily reflects a significant reduction in client success fees for completed engagements compared to those received in 2006.

Other Items

On August 3, 2007, Great-West Lifeco, a financial holding company controlled by Power Financial Corp., completed its purchase of Putnam for \$3.9 billion in cash. Following the tax payments on the transaction that MMC expects to make in the fourth quarter of 2007, the cash proceeds to MMC after minority interest should approach \$2.5 billion.

MMC's tax rate on ongoing operations was 32 percent for the third quarter of 2007. The effective tax rate in the quarter primarily reflects the unfavorable impact of tax rate changes in certain international jurisdictions.

On August 24, 2007, MMC entered into an \$800 million accelerated share repurchase transaction and received an initial 21 million shares of its common stock, with the remaining shares to be received upon the transaction's completion. In July 2007, MMC completed a previously announced \$500 million accelerated share repurchase transaction, under which it repurchased a total of 16 million shares. Primarily as a result of these two repurchase transactions, MMC's average diluted shares outstanding decreased from 558 million in the second quarter of 2007 to 540 million in the third quarter. A further reduction of average shares outstanding will occur in the fourth quarter.

MMC's cash position at the end of the third quarter was \$2.8 billion, increasing from \$1.1 billion at the end of the second quarter. Debt decreased to \$3.9 billion from \$4.9 billion. These changes were primarily attributable to the receipt of proceeds from the Putnam transaction, partially offset by the funding of the \$800 million share repurchase in the third quarter.

Conference Call

A conference call to discuss third quarter 2007 results will be held today at 8:30 a.m. Eastern Time. To participate in the teleconference, please dial 877 723 9520. Callers from outside the United States should dial 719 325 4831. The access code for both numbers is 4218483. The live audio webcast may be accessed at www.mmc.com. A replay of the webcast

Total Operating Segments	2,817	2,573	10%	4%	-	6%
Corporate Eliminations	(23)	(41)				
	-----	-----				
Total Revenue	\$2,794	\$2,532	10%	4%	-	6%
	=====	=====				

Revenue Details

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

	Three Months Ended September 30,		% Change
	2007	2006	Revenue
	-----	-----	-----
Insurance Services:			
Americas	\$598	\$594	1%
EMEA	345	329	5%
Asia Pacific	96	86	10%
	-----	-----	
Total Insurance Services	\$1,039	\$1,009	3%
	=====	=====	
Mercer:			
Retirement and Investment	\$307	\$271	13%
Health and Benefits	197	189	4%
Outsourcing	187	165	14%
Talent	128	115	11%
Reimbursed Expenses	25	22	N/A
	-----	-----	
Total Mercer	\$844	\$762	11%
	-----	-----	
Risk Consulting & Technology:			
Technology	\$147	\$129	14%
Consulting	113	110	4%
	-----	-----	
Total Risk Consulting & Technology	\$260	\$239	9%
	=====	=====	

Notes

Underlying revenue measures the change in revenue, before the impact of acquisitions and dispositions, using consistent currency exchange rates.

Interest income on fiduciary funds amounted to \$53 million and \$50 million for the three months ended September 30, 2007 and 2006, respectively.

Revenue includes net investment income (loss) of \$76 million and \$46 million for Risk and Insurance Services for the three months ended September 30, 2007 and 2006, respectively.

Risk Capital Holdings owns investments in private equity funds and insurance and financial services firms.

Marsh & McLennan Companies, Inc.
Supplemental Information - Revenue Analysis
Nine Months Ended
(Millions) (Unaudited)

	Nine Months		% Change GAAP Revenue	Components of Revenue Change			
	Ended September 30,			Currency Impact	Acqui si ti ons/ Di sposi ti ons		Underl yi ng Revenue
	2007	2006			Impact	Revenue	
Ri sk and I nsurance Servi ces	\$3,305	\$3,261	1%	3%	-	(2)%	
I nsurance Servi ces	735	709	4%	2%	-	2%	
Rei nsurance Servi ces	155	119	31%	-	-	31%	
Ri sk Capi tal Hol di ngs							
Total Ri sk and I nsurance Servi ces	4,195	4,089	3%	3%	-	-	
Consul ti ng Mer cer	2,486	2,252	10%	4%	-	6%	
Ol i ver Wyman Group	1,079	863	25%	4%	4%	17%	
Total Consul ti ng	3,565	3,115	14%	4%	1%	9%	
Ri sk Consul ti ng & Technol ogy	746	738	1%	2%	(3)%	2%	
Total Operati ng Segmen ts	8,506	7,942	7%	3%	1%	3%	
Corporate El i mi nati ons	(81)	(102)					
Total Revenue	\$8,425	\$7,840	7%	3%	1%	3%	

Revenue Details

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

	Nine Months		% Change GAAP Revenue
	Ended September 30,		
	2007	2006	
I nsurance Servi ces:			
Ameri cas	\$1,765	\$1,796	(2)%
EMEA	1,261	1,215	4%
Asi a Paci fi c	279	250	11%
Total I nsurance Servi ces	\$3,305	\$3,261	1%
Mer cer:			
Reti rement and Investment	\$945	\$841	12%

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Outsourcing	548	480	14%
Talent	341	315	8%
Reimbursed Expenses	73	61	N/A
	-----	-----	
Total Mercer	\$2,486	\$2,252	10%
	=====	=====	
Risk Consulting & Technology:			
Technology	\$420	\$377	11%
Consulting	326	361	(9)%
	-----	-----	
Total Risk Consulting & Technology	\$746	\$738	1%
	=====	=====	

Notes

Underlying revenue measures the change in revenue, before the impact of acquisitions and dispositions, using consistent currency exchange rates.

Insurance Services revenue includes market services revenue of \$3 million and \$43 million for the nine months ended September 30, 2007 and 2006, respectively. The decline in market services revenue primarily impacted revenues in the Americas.

Interest income on fiduciary funds amounted to \$149 million and \$135 million for the nine months ended September 30, 2007 and 2006, respectively.

Revenue includes net investment income (loss) of \$156 million and \$124 million for Risk and Insurance Services and \$0 million and \$1 million for Consulting for the nine months ended September 30, 2007 and 2006, respectively.

Marsh & McLennan Companies, Inc.
Supplemental Information
(Millions) (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2007	2006	2007	2006
	-----	-----	-----	-----
Revenue:				
Risk and Insurance Services	\$1,339	\$1,268	\$4,195	\$4,089
Consulting	1,218	1,066	3,565	3,115
Risk Consulting & Technology	260	239	746	738
	-----	-----	-----	-----
	2,817	2,573	8,506	7,942
Corporate Eliminations	(23)	(41)	(81)	(102)
	-----	-----	-----	-----
	\$2,794	\$2,532	\$8,425	\$7,840
	-----	-----	-----	-----
Operating Income (Loss) :				
Risk and Insurance Services	\$65	\$143	\$449	\$550
Consulting	148	112	445	349
Risk Consulting & Technology	31	38	89	104
Corporate	(50)	(49)	(129)	(159)
	-----	-----	-----	-----
	\$194	\$244	\$854	\$844
	-----	-----	-----	-----
Segment Operating Margins:				
Risk and Insurance Services	4.9%	11.3%	10.7%	13.5%
Consulting	12.2%	10.5%	12.5%	11.2%
Risk Consulting & Technology	11.9%	15.9%	11.9%	14.1%

Consolidated Operating Margin	6.9%	9.6%	10.1%	10.8%
Pretax Margin	5.7%	7.3%	8.4%	8.4%
Effective Tax Rate	47.2%	26.1%	35.5%	28.2%

Marsh & McLennan Companies, Inc.
Supplemental Information- Continuing Operations
(Millions) (Unaudited)

Significant Items Impacting the Comparability of Financial Results:
The year-over-year comparability of MMC's financial results for the third quarter and nine months ended September 30 are affected by a number of noteworthy items. The following table identifies the impact of noteworthy items on segment and consolidated operating income for the periods indicated.

	Risk & Insurance Services	Risk Consulting & Technology	Risk Consulting & Technology	Corporate & Eliminations	Total
	-----	-----	-----	-----	-----
Three Months Ended September 30, 2007 -----					
Restructuring Charges (a)	\$3	\$-	\$-	\$11	\$14
Accelerated Amortization/ Depreciation	1	1	-	1	3
Settlement, Legal and Regulatory (b)	12	-	-	-	12
Other	-	-	-	-	-
	-----	-----	-----	-----	-----
Total Impact in the Period	\$16	\$1	\$-	\$12	\$29
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Three Months Ended September 30, 2006 -----					
Restructuring Charges (a)	\$18	\$18	\$1	\$4	\$41
Accelerated Amortization/ Depreciation	2	-	-	3	5
Settlement, Legal and Regulatory (b)	11	-	-	-	11
	-----	-----	-----	-----	-----
Total Impact in the Period	\$31	\$18	\$1	\$7	\$57
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	Risk & Insurance Services	Risk Consulting & Technology	Risk Consulting & Technology	Corporate & Eliminations	Total
	-----	-----	-----	-----	-----
Nine Months Ended September 30, 2007 -----					
Restructuring Charges (a)	\$31	\$1	\$-	\$22	\$54
Accelerated					

Amortization/ Depreciation	9	6	-	4	19
Settlement, Legal and Regulatory (b)	38	-	-	-	38
Other (c)	-	-	-	(14)	(14)

Total Impact in the Period	\$78	\$7	\$-	\$12	\$97

Nine Months Ended
September 30, 2006

Restructuring Charges (a)	\$63	\$17	\$1	\$31	\$112
Accelerated Amortization/ Depreciation	23	-	-	6	29
Settlement, Legal and Regulatory (b)	32	-	-	-	32

Total Impact in the Period	\$118	\$17	\$1	\$37	\$173

Notes

(a) Primarily includes severance from restructuring activities and related charges, costs for future rent and other real estate costs, and fees related to cost reduction initiatives.

(b) Reflects legal fees arising out of the civil complaint relating to market service agreements and other issues filed against MMC and Marsh by the New York State Attorney General in October 2004 and settled in January 2005, and indemnification of former employees for legal fees incurred in connection with the events of October 2004.

(c) Represents an accrual adjustment related to the separation of former MMC senior executives.

The above schedules exclude incremental costs of \$13 million related to the departure of Marsh's former CEO in the third quarter of 2007.

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

	September 30, 2007	December 31, 2006

ASSETS		
Current assets:		
Cash and cash equivalents	\$2,819	\$2,015
Net receivables	3,001	2,718
Assets of discontinued operations	-	1,921
Other current assets	332	322

Total current assets	6,152	6,976
Goodwill and intangible assets	7,756	7,595
Fixed assets, net	983	990
Long-term investments	96	124
Pension related asset	713	613
Other assets	1,843	1,839

TOTAL ASSETS	\$17,543	\$18,137

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$262	\$1,111
Accounts payable and accrued liabilities	1,596	2,486
Regulatory settlements-current portion	176	178
Accrued compensation and employee benefits	1,073	1,230
Liabilities of discontinued operations	-	782
Accrued income taxes	967	131
Dividends payable	99	-
	-----	-----
Total current liabilities	4,173	5,918
Fiduciary liabilities	3,454	3,587
Less - cash and investments held in a fiduciary capacity	(3,454)	(3,587)
	-----	-----
	-	-
Long-term debt	3,607	3,860
Regulatory settlements	-	173
Pension, postretirement and postemployment benefits	1,014	1,085
Liabilities for errors and omissions	632	624
Other liabilities	1,195	658
Total stockholders' equity	6,922	5,819
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$17,543	\$18,137
	=====	=====

Marsh & McLennan Companies, Inc.

Supplemental Information - Discontinued Operations

(Millions) (Unaudited)

On January 31, 2007, MMC entered into a stock purchase agreement with Great-West Lifeco ("GWL"), a financial holding company controlled by Power Financial Corporation, pursuant to which GWL agreed to purchase Putnam. The transaction closed on August 3, 2007. The gain on the transaction and Putnam's results of operations are reported as discontinued operations in MMC's consolidated statements of income. The amounts reported in 2007 include Putnam's results through August 2, 2007.

In 2006, MMC sold its majority interest in Sedgwick Claims Management Services; Price Forbes, its U.K.-based insurance wholesale operation; and Kroll Security International. The net gains on these disposals, as well as their results of operations, are reported as discontinued operations in MMC's consolidated statements of income.

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

Three
Months
Ended
September
30,

	2007	2006
Putnam:		
Revenue	\$112	\$342
Expense	90	266
Net Operating Income	22	76
Other Discontinued Operations - Income before provision for income tax	-	5
Provision for income tax	10	30
Income from discontinued operations, net of tax	12	51
Gain (loss) on disposal of discontinued operations	2,970	(8)
Provision for income tax	1,117	-
Gain (loss) on disposal of discontinued operations, net of tax	1,853	(8)
Discontinued operations, net of tax	\$1,865	\$43

	Nine Months Ended September 30,	
	2007	2006
Putnam:		
Revenue	\$798	\$1,026
Expense	636	810
Net Operating Income	162	216
Other Discontinued Operations - Income before provision for income tax	(2)	4
Provision for income tax	71	88
Income from discontinued operations, net of tax	89	132
Gain on disposal of discontinued operations	2,970	298
Provision for income tax	1,117	130
Gain on disposal of discontinued operations, net of tax	1,853	168
Discontinued operations, net of tax	\$1,942	\$300

Putnam's results for the three months and nine months ended September 30, 2006 include credits of \$0 million and \$7 million, respectively, that were reflected in the schedule of noteworthy items in the prior year's earnings release.

Source: Marsh & McLennan Companies, Inc.

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