



Marsh & McLennan Companies, Inc.
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News Release

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MMC REPORTS THIRD QUARTER RESULTS

NEW YORK, NEW YORK, November 1, 2005—Marsh & McLennan Companies, Inc. today reported financial results for the third quarter and nine months ended September 30, 2005. Consolidated revenues for the quarter decreased 2 percent to \$2.9 billion. Net income was \$365 million, or \$.67 per share, compared with \$85 million, or \$.12 per share, in the third quarter of 2004. For the nine months of 2005, consolidated revenues were unchanged from \$8.5 billion in 2004. Excluding noteworthy items described in the accompanying press release, earnings per share in the third quarter of 2005 was \$.35, compared with \$.21 in the third quarter of 2004. Excluding the same items, earnings per share for the nine months of 2005 was \$2.11, compared with \$2.11 in 2004.

Marsh & McLennan Companies, Inc. has adopted FASB's new accounting standards for equity-based compensation. The new standards require the recognition of the fair value of equity-based compensation at the time of grant. The new standards will be applied to equity-based compensation granted on or after January 1, 2006. The new standards will result in an increase in expense of approximately \$0.05 per share for the first quarter of 2006.

John J. Kasky, president and chief executive officer of Marsh & McLennan Companies, Inc., said, "We are pleased to make progress and take the steps which will help us achieve our strategic goals for the next year. Cost savings from the restructuring program are expected to be realized in the first quarter of next year."

anticipated, and we expect to see improved earnings performance beginning next year. Marsh continues successfully, but slowly, to restore its business from the effects of the events of last fall. Marsh launched its pricing initiative, and we are optimistic about its impact for 2006. Both Kroll and Mercer's specialty consulting businesses continue to produce impressive revenue growth, and Mercer Human Resource Consulting is investing to enhance its position as a global leader for human resource advice, services, and solutions. Putnam is improving its investment performance and controlling costs diligently."

Risk and Insurance Services

Risk and insurance services revenues declined 6 percent to \$1.4 billion in the third quarter. The percentage decline is an improvement from the first half of the year, primarily due to market services revenues having less of an effect on a year-over-year basis. Third quarter revenues were affected by declining commercial insurance premium rates, a trend that has continued throughout the year. Although it is too early to assess the total effect of recent hurricanes on insurance marketplace conditions, insurance premium rates in U.S. property catastrophe and certain specialty lines appear to be strengthening.

Marsh's risk management and insurance broking revenues declined 11 percent in the third quarter to \$885 million. The percentage decline in revenues and operating income in North American operations improved, compared with the first two quarters of 2005. Weaker revenues in Europe in the third quarter reflected the sale of a small affinity business in France and delays due to restructuring efforts and the implementation of compliance protocols. Strong new business gains in Latin America and Asia Pacific led to growth in client revenues in those regions.

Guy Carpenter's revenues in the third quarter were \$207 million, compared with \$209 million last year, as new business nearly offset premium rate declines in the reinsurance markets and higher risk retentions by clients. These marketplace conditions have been evident throughout the year.

Related insurance services revenues rose 8 percent in the third quarter to \$285 million, driven by particular strength in the claims management business.

Risk Consulting and Technology

Kroll produced strong revenue growth in the third quarter. Revenues increased 22 percent to \$268 million, or 15 percent on an underlying basis, led by the corporate advisory and restructuring businesses. Technology services had solid growth, reflecting higher demand for mortgage-related and background screening, as well as electronic discovery services.

Consulting

Mercer's revenues increased 4 percent in the third quarter to \$936 million, a reflection of continued excellent performance in specialty

- the extent to which Putnam succeeds in reversing its recent net redemption experience, increasing assets under

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Revenue:				
Service Revenue	\$2,850	\$2,912	\$9,020	\$9,031
Investment Income (Loss)	1,411	1,784	5,988	7,844

Marsh & McLennan Companies, Inc.
Supplemental Information – Revenue Analysis
Third Quarter
(Millions) (Unaudited)

	Three Months Ended September 30,		% Change GAAP Revenue	Components of Revenue Change			Underlying Revenue excluding MSA Impact
				Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue	
	2005	2004					
Risk and Insurance Services							
Risk Management and Insurance Broking	\$885	\$ 998	(11)%	1%	-	(12)%	(10)%
Reinsurance Broking and Services	207	209	(1)%	1%	-	(2)%	
Related Insurance Services	285	265	8%	-	-	8%	8%
Total Risk and Insurance Services	1,377	1,472	(6)%	1%	-	(7)%	(5)%
Risk Consulting & Technology	268	218	22%	-	7%	15%	
Consulting							
Human Resource Consulting	668	666	-	1%	-	(1)%	(1)%
Specialty Consulting	222	192	16%	-	-	16%	
	890	858	4%	1%	-	3%	3%
Reimbursed Expenses	46	39					
Total Consulting	936	897	4%	1%	-	3%	3%
Investment Management	371	415	(11)%	-	-	(11)%	
Total Operating Segments	2,952	3,002	(2)%	-	1%	(3)%	(2)%
Corporate Eliminations	(54)	(52)					
Total Revenue	\$2,898	\$2,950	(2)%	-	1%	(3)%	(2)%

Notes

Underlying revenue measures the change in revenue, before the impact of acquisitions and dispositions, using consistent currency exchange rates. Underlying revenue for risk management and insurance broking decreased 12% in the third quarter, including a 2% decline related to market services agreements; and for the risk and insurance services segment underlying revenue decreased 7% in the third quarter including a 2% decline related to market services agreements.

Related insurance services includes U.S. affinity, wholesale broking, underwriting management, claims management and Marsh & McLennan Risk Capital Holdings, which holds MMC investments in insurance and financial services companies and the Trident funds.

Effective October 1, 2004 MMC agreed to eliminate contingent compensation agreements with insurers. 2005 results include market services revenue of \$23 million related to collections of amounts earned on placements made prior to October 1, 2004, which had not previously been accrued.

Interest income on fiduciary funds amounted to \$43 million and \$35 million for the three months ended September 30, 2005 and 2004, respectively.

Revenue includes the following investment gains and losses for the three months ended September 30, 2005 and 2004:

Risk and Insurance Services - \$45 million and \$37 million, respectively.

Investment Management - \$3 million and \$1 million, respectively.

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

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Operating Income (Loss) Including Minority Interest Expense:				
Risk and Insurance Services	\$ 32	\$ (61)	\$280	\$967
Risk Consulting & Technology	33	30	103	39
Consulting	117	131	354	383
Investment Management	83	55	202	129
Corporate (a)	(75)	(33)	(178)	3
	190	122	761	1,521
Minority Interest Expense, Net of Tax, Included Above:				
Risk and Insurance Services	5	5	10	12
Investment Management	-	1	2	-
	5	6	12	12
Operating Income	\$195	\$ 128	\$773	\$1,533
Segment Operating Margins:				
Risk and Insurance Services	2.3%	(4.1)%	6.1%	19.1%
Risk Consulting & Technology	12.3%	13.8%	12.9%	14.4%
Consulting	12.5%	14.6%	12.6%	14.2%
Investment Management	22.4%	13.3%	17.6%	9.9%
Consolidated Operating Margin	6.7%	4.3%	8.4%	16.7%
Pretax Margin	3.3%	2.7%	6.0%	15.2%
Effective Tax Rate (b)	27.8%	65.8%	31.8%	37.8%
Shares Outstanding at End of Period	544	526		
Potential Minority Interest Associated with the Putnam Equity Partnership Plan Net of Dividend Equivalent Expense Related to MMC Common Stock Equivalents				
	\$ 1	\$ -	\$ 2	\$ (2)

(a) Effective July 1, 2005, MMC adopted SFAS 123(R), Share-Based Payment, using the modified prospective method of adoption. Incremental expenses of \$37 million, primarily related to stock options, are included in Corporate expenses for the three months and nine months ended September 30, 2005.

(b) The effective tax rate for the three months ended September 30, 2005 primarily reflects favorable adjustments resulting from the filing of the 2004 U.S. tax return. The effective tax rate for the three months ended September 30, 2004 reflects non-deductible settlement

Marsh & McLennan Companies, Inc.
Supplemental Information – Putnam Assets Under Management
(Billions) (Unaudited)

	<u>Sept. 30, 2005</u>	<u>June 30, 2005</u>	<u>March 31, 2005</u>	<u>Dec. 31, 2004</u>	<u>Sept. 30, 2004</u>
Mutual Funds:					
Growth Equity	\$ 32	\$ 33	\$ 34	\$ 38	\$ 37
Value Equity	38	39	40	41	39
Blend Equity	26	26	26	28	27
Fixed Income	33	34	35	36	37
Total Mutual Fund Assets	<u>129</u>	<u>132</u>	<u>135</u>	<u>143</u>	<u>140</u>
Institutional:					
Equity	33	33	35	40	40
Fixed Income	30	30	29	30	29
Total Institutional Assets	<u>63</u>	<u>63</u>	<u>64</u>	<u>70</u>	<u>69</u>
Total Ending Assets	<u>\$192</u>	<u>\$195</u>	<u>\$199</u>	<u>\$213</u>	<u>\$209</u>
Assets from Non-US Investors	<u>\$ 33</u>	<u>\$ 34</u>	<u>\$ 35</u>	<u>\$ 38</u>	<u>\$ 36</u>

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Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures
Quarter and Nine Months Ended September 30, 2005
(Millions) (Unaudited)

NON-GAAP MEASURES: MMC believes that investors' understanding of the results and operations is enhanced by the disclosure of additional non-GAAP financial information. A number of noteworthy items impacted operating income and interest expense in 2005. MMC believes this schedule provides a concise analysis of the effects of these items. The amounts shown in the captions Operating Income As Adjusted and Operating Income Margin As Adjusted are non-GAAP measures.

	<u>Risk & Insurance Services (a)</u>	<u>Risk Consulting & Technology</u>	<u>Consulting (a)</u>	<u>Investment Management</u>	<u>Corporate & Eliminations</u>	<u>Total</u>
Quarter Ended						
Operating Income As Reported	\$ 32	\$ 33	\$117	\$ 83	\$ (75)	\$190
Restructuring Charges	51	-	-	-	1	52
Other						
Incremental Regulatory and Compliance (c)	16	-	-	(12)	(5)	(1)
Estimated Mutual Fund Reimbursement (d)	-	-	-	1	-	1
Employee Retention Awards	50	-	10	-	-	60
Stock Option Expense	-	-	-	-	37	37
Other (e)	1	-	-	4	1	6
	<u>67</u>	<u>-</u>	<u>10</u>	<u>(7)</u>	<u>33</u>	<u>103</u>
Operating Income Adjustments	118	-	10	(7)	34	155
Operating Income As Adjusted	<u>\$150</u>	<u>\$ 33</u>	<u>\$127</u>	<u>\$ 76</u>	<u>\$ (41)</u>	<u>\$345</u>
Operating Income Margin As Adjusted	<u>11.0%</u>	<u>12.3%</u>	<u>13.6%</u>	<u>20.5%</u>	<u>N/A</u>	<u>11.9%</u>
Nine Months Ended						
Operating Income As Reported	\$280	\$103	\$354	\$202	\$(178)	\$761
Restructuring Charges (b)	195	-	-	-	55	250
Other						
Incremental Regulatory and Compliance (c)	69	-	-	(12)	(24)	33
Estimated Mutual Fund Reimbursement (d)	-	-	-	35	-	35
Employee Retention Awards	88	-	30	-	-	118
Stock Option Expense	-	-	-	-	37	37
Other (e)	11	-	-	4	(2)	13
Minority Interest	-	-	-	(1)	-	(1)
	<u>168</u>	<u>-</u>	<u>30</u>	<u>26</u>	<u>11</u>	<u>235</u>
Operating Income Adjustments	363	-	30	26	66	485
Operating Income As Adjusted	<u>\$ 643</u>	<u>\$103</u>	<u>\$384</u>	<u>\$228</u>	<u>\$(112)</u>	<u>\$1,246</u>
Operating Income Margin As Adjusted	<u>14.1%</u>	<u>12.9%</u>	<u>13.6%</u>	<u>19.9%</u>	<u>N/A</u>	<u>13.6%</u>

Reconciliation of the Impact of Non-GAAP Measures on Diluted Earnings Per Share

	<u>Quarter Ended</u>	<u>Nine Months Ended</u>
Net Income, As Reported	\$ 65	\$ 365
Operating Income Adjustments	\$ 155	\$485
Interest Expense Adjustment (f)	34	34
Tax Effect	(65)	(184)
	<u>124</u>	<u>335</u>
Net Income, As Adjusted	\$ 189	\$ 700
Average Diluted Shares Outstanding (g)	544	539
Earnings Per Share, As Adjusted	<u>\$ 0.35</u>	<u>\$ 1.30</u>

Please see Notes to the Reconciliation of Non-GAAP Measures on Page 14.

Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures
Quarter and Nine Months Ended September 30, 2004
(Millions) (Unaudited)

NON-GAAP MEASURES: MMC believes that investors' understanding of the results and operations is enhanced by the disclosure of additional non-GAAP financial information. A number of noteworthy items impacted operating income in 2004. MMC believes this schedule provides a concise analysis of the effects of these items. The amounts shown in the captions Operating Income As Adjusted and Operating Income Margin As Adjusted are non-GAAP measures.

	<u>Risk & Insurance Services (h)</u>	<u>Risk Consulting & Technology</u>	<u>Consulting (h)</u>	<u>Investment Management</u>	<u>Corporate & Eliminations</u>	<u>Total</u>
<u>Quarter Ended</u>						
Operating Income As Reported	\$ (61)	\$ 30	\$ 131	\$ 55	\$ (33)	\$ 122
Settlements (i)	232	-	-	40	-	272
Other						
Severance	24	-	-	6	-	30
Incremental Regulatory and Compliance	-	-	-	9	-	9
Other	-	-	-	(8)	-	(8)
	<u>24</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>-</u>	<u>31</u>
Operating Income Adjustments	<u>256</u>	<u>-</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>303</u>
Operating Income As Adjusted	<u>\$ 195</u>	<u>\$ 30</u>	<u>\$ 131</u>	<u>\$ 102</u>	<u>\$ (33)</u>	<u>\$ 425</u>
Operating Income Margin As Adjusted	<u>13.2%</u>	<u>13.8%</u>	<u>14.6%</u>	<u>24.6%</u>	<u>N/A</u>	<u>14.4%</u>
<u>Nine Months Ended</u>						
Operating Income As Reported	\$ 967	\$ 39	\$ 383	\$ 129	\$ 3	\$ 1,521
Settlements (i)	232	-	-	140	(105)	267
Other						
Severance	40	-	11	57	-	108
Incremental Regulatory and Compliance	-	-	-	38	-	38
Executive Comp Credit	-	-	-	(25)	-	(25)
Gain on Sale of Italian Venture	-	-	-	(38)	-	(38)
Communications	-	-	-	15	-	15
Other	-	-	-	(4)	-	(4)
Minority Interest	-	-	-	(6)	-	(6)
	<u>40</u>	<u>-</u>	<u>11</u>	<u>37</u>	<u>-</u>	<u>88</u>
Operating Income Adjustments	<u>272</u>	<u>-</u>	<u>11</u>	<u>177</u>	<u>(105)</u>	<u>355</u>
Operating Income As Adjusted	\$ 1,239	\$ 39	\$ 394	\$ 306	\$ (102)	\$ 1,876
Operating Income Margin As Adjusted						

Marsh & McLennan Companies, Inc.
Notes to the Reconciliation of Non-GAAP Measures

Quarter and Nine Months Ended September 30, 2005

(a) For the three months and nine months ended September 30, 2005, market services revenue of \$22 million and \$90 million, respectively, for Risk and Insurance Services, and \$1 million and \$4 million, respectively, for the employee benefits business transferred to Mercer,

Marsh & McLennan Companies, Inc.
Consolidated Balance Sheets