MARSH & MCLENNAN COMPANIES, INC.
Form 10-K
February 27, 2009
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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, 2008

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 incorporation or organization)	(I.R.S. Employer Identification No.)

1166 Avenue of the Americas

New York, New York 10036-2774

(Address of principal executive offices; Zip Code)

(212) 345-5000

Registrant s telephone number, including area code

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
London Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x. No ¨.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨. No x.

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 a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one).

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨. No x.

As of June 30, 2008, the aggregate market value of the registrant s common stock held by non-affiliates of the registrant was approximately $13,534,370,893 based on the average of the high and low prices as reported on the New York Stock Exchange.

As of February 20, 2009, there were outstanding 514,983,929 shares of common stock, par value $1.00 per share, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Marsh & McLennan Companies, Inc. s Notice of Annual Meeting and Proxy Statement for the 2009 Annual Meeting of Stockholders (the 2009 Proxy Statement) are incorporated by reference in Part III of this Form 10-K.

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INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management s current views concerning future events or results, use words like anticipate, assume, believe, continue, estimate, expect, intend, plan, project and similar terms, and future or conditional tense verb may, might, should, will and would. For example, we may use forward-looking statements when addressing topics such as: mar and industry conditions, including competitive and pricing trends; changes in our business strategies and methods of generating revenue; the development and performance of our services and products; changes in the composition or level of MMC s revenues; our cost structure and the outcome of cost-saving or restructuring initiatives; the outcome of contingencies; dividend policy; the expected impact of acquisitions and dispositions; pension obligations; cash flow and liquidity; future actions by regulators; and the impact of changes in accounting rules.

Forward-looking statements are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements include:

- the impact of current financial market conditions on our results of operations and financial condition;
- the potential impact of legislative, regulatory, accounting and other initiatives which may be taken in response to the current financial crisis;
- our ability to meet our financing needs by generating cash from operations and accessing external financing sources, including the impact of current economic conditions on our cost of financing or ability to borrow;
- the potential impact of rating agency actions on our cost of financing and ability to borrow, as well as on our operating costs and competitive position;
- the impact on our net income caused by fluctuations in foreign exchange rates;
- the potential impact of changes in interest rates and increased counterparty risk in the current economic environment;
- changes in the funded status of our global defined benefit pension plans and the impact of any increased pension funding resulting from those changes;
- the impact on risk and insurance services commission revenues of changes in the availability of, and the premiums insurance carriers charge for, insurance and reinsurance products, including the impact on premium rates and market capacity attributable to catastrophic events;
- the extent to which we retain existing clients and attract new business, and our ability to incentivize and retain key employees;
- the challenges we face in achieving profitable revenue growth and improving operating margins at Marsh;

- the impact on our consulting segment of pricing trends, utilization rates, the general economic environment and legislative changes affecting client demand;

- the impact of competition, including with respect to pricing, the emergence of new competitors, and the fact that many of Marsh s competitors are not constrained in their ability to receive contingent commissions;

- our exposure to potential liabilities arising from errors and omissions claims against us, including claims of professional negligence in providing actuarial services, such as those alleged by the Alaska Retirement Management Board and Milwaukee County against Mercer;

- the ultimate economic impact on MMC of contingencies described in the notes to our financial statements, including the risk of a significant adverse outcome in the shareholder lawsuit against MMC concerning the late 2004 decline in MMC s share price;

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- the potential impact of consolidation in the industries we serve, particularly in the reinsurance industry;
- our ability to successfully obtain payment from our clients of the amounts they owe us for work performed;
- the impact of, and potential challenges in complying with, legislation and regulation in the jurisdictions in which we operate, particularly given the global scope of our businesses and the possibility of conflicting regulatory requirements across the jurisdictions in which we do business;
- our exposure to potential criminal sanctions or civil remedies if we fail to comply with foreign and U.S. laws and regulations that are applicable to our international operations, including import and export requirements, U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to government officials;
- our ability to make strategic acquisitions and dispositions and to integrate, and realize expected synergies, savings or strategic benefits from, the businesses we acquire;
- our ability to successfully recover should we experience a disaster or other business continuity problem;
- changes in applicable tax or accounting requirements; and
- potential income statement effects from the application of FIN 48 (Accounting for Uncertainty in Income Taxes) and SFAS 142 (Goodwill and Other Intangible Assets), including the effect of any subsequent adjustments to the estimates MMC uses in applying these accounting standards.

The factors identified above are not exhaustive. MMC and its subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Accordingly, MMC cautions readers not to place undue reliance on its forward-looking statements, which speak only as of the dates on which they are made. MMC undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made. Further information concerning MMC and its businesses, including information about factors that could materially affect our results of operations and financial condition, is contained in MMC s filings with the Securities and Exchange Commission, including the Risk Factors section in Part I, Item 1A of this report.

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MARSH & McLENNAN COMPANIES, INC.

ANNUAL REPORT ON FORM 10-K

FOR THE YEAR ENDED DECEMBER 31, 2008

PART I

ITEM 1. BUSINESS.

References in this report to we , us and our are to Marsh & McLennan Companies, Inc. (MMC) and one or more of its subsidiaries, as the context requires.

GENERAL

MMC is a global professional services firm providing advice and solutions in the areas of risk, strategy and human capital. It is the parent company of a number of the world s leading risk experts and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and related financial advice and services; Oliver Wyman Group, the management consultancy; and Kroll, the risk consulting firm. With approximately 54,000 employees worldwide and 2008 consolidated revenue exceeding $11.5 billion, MMC provides analysis, advice and transactional capabilities to clients in more than 100 countries.

MMC conducts business through three operating segments:

- **Risk and Insurance Services** includes risk management activities (risk advice, risk transfer and risk control and mitigation solutions) as well as insurance and reinsurance broking and services. We conduct business in this segment primarily through Marsh and Guy Carpenter.

- **Consulting** includes human resource consulting and related outsourcing and investment services, and specialized management and economic consulting services. We conduct business in this segment through Mercer and Oliver Wyman Group.

- **Risk Consulting and Technology** includes risk consulting and related investigative, intelligence, financial, security and technology services. We conduct business in this segment through Kroll.

We describe our operating segments in further detail below. We provide financial information about our segments in our consolidated financial statements included under Part II, Item 8 of this report.

OUR BUSINESSES

Risk and Insurance Services

Risk and Insurance Services, comprising **Marsh** and **Guy Carpenter**, is MMC s largest business segment. This segment generated 47% of MMC s total operating segment revenue in 2008 and employs approximately 26,900 colleagues worldwide.

Marsh

Marsh is a world leader in delivering risk and insurance services and solutions to its clients. From its founding in 1871 to the present day, Marsh has provided thought leadership and innovation for clients and the insurance industry introducing and promoting the concept and practice of client representation through brokerage, the discipline of risk management, the globalization of insurance and risk management services and many other new tools and service platforms.

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Marsh generated approximately 40% of MMC s total operating segment revenue in 2008. More than 24,000 Marsh colleagues provide risk management, risk consulting, insurance broking, alternative risk financing, and insurance program management services to a wide range of businesses, government entities and professional service organizations around the world in more than 100 countries. Marsh s clients vary by size, industry, geography and risk exposures.

Insurance Broking and Risk Consulting

In its main insurance broking and risk consulting business, Marsh employs a team approach to address clients risk management and insurance needs. Each client relationship is coordinated by a client executive who draws from the many industry and risk specialties within Marsh to assemble the resources needed to analyze, measure and assist a client in managing its various risks. Product and service offerings include program design and placement, post-placement program support and administration, claims advocacy, and a wide array of risk analysis and risk management consulting services. Services are organized and provided in three distinct business segments: Large Organizations, Mid-Size Organizations and Small & Medium Enterprise Organizations.

Large Organizations. Marsh s Global Risk Management (GRM) Practice focuses on clients with a broad footprint, including U.S.-based entities with global operations or international companies with U.S. exposures and insurance program elements. Generally, these clients have highly complex insurance and risk funding program needs, with a wide array of risk management consulting requirements. Marsh serves its more than 3,000 GRM clients using a global service model that provides customized solutions embracing risk transfer, risk mitigation and risk retention brokerage and consulting services. GRM includes the Multinational Practice, which specializes in the delivery of all multinational products and services, with a particular focus on programs that require the combination and coordination of global and local components. Colleagues in this practice specialize in understanding and prioritizing the local country and worldwide risk issues and needs of each client s business, such as those arising from the local regulatory and legal environment.

Mid-Size Organizations. Clients served in this segment (known as National Brokerage in the United States) are mid-size firms whose needs vary depending on industry, size, geography and the competitive environment in which they operate. Many of these clients do not have full-time risk managers and thus look to Marsh to provide the expertise, advice and solutions required by firms in their particular industries. Marsh colleagues help these clients develop tailored solutions for their operational and risk management needs, and coordinate all client program service and support activities. Marsh brokers provide these clients with insurance program placement, ongoing technical advice, and management of insurance market relationships.

Small & Medium Enterprise Organizations. The small and medium enterprise (SME) sector is the fastest growing segment of many economies around the world, and its constituent organizations generally have special needs for efficient risk management. These clients demand service excellence and tend to rely heavily on programs and prepackaged products and solutions.

In 2008, Marsh established the Marsh & McLennan Agency to service small to middle market organizations that tend to be U.S.-based firms with little overseas insurance needs. The Agency is targeted to customers who seek market knowledge, experience and expertise in a streamlined manner at competitive prices, and who do not require highly customized product adaptations. The Agency will offer Commercial Property, Casualty, Directors & Officers Liability, Surety, Employee Benefits and Personal Lines products through a dedicated sales and service force in retail locations across the United States.

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Risk, Specialty and Industry Practices

In further support of its clients strategic, operational and risk management objectives, Marsh provides consultative advice, brokerage and claims advocacy services through dedicated global Risk, Specialty and Industry Practices in the areas listed below. For both large and mid-size organizations, Practice colleagues apply their hands-on working knowledge of clients industry sectors, and the unique environments in which they operate, to help facilitate the requisite breadth of coverage and to reduce cost of risk.

Risk & Specialty Practices	***Industry Practices***
¡ Aviation & Aerospace	¡ Agriculture & Fisheries
¡ Captive Solutions	¡ Automotive
¡ Casualty	¡ Chemicals
¡ Claims	¡ Communications, Media and Technology
¡ Energy	¡ Construction
¡ Environmental	¡ Education
¡ Financial and Professional (FINPRO)	¡ Financial Institutions
¡ Marsh Risk Consulting (MRC)	¡ Forestry, Pulp & Paper
¡ Marine	¡ Healthcare
¡ Marsh Transaction Services Group (MTSG)	¡ Hospitality & Gaming

- Political Risk/Trade Credit
- Property
- Surety
- Life Sciences
- Manufacturing
- Mining, Metals & Minerals
- Power & Utilities
- Public Entities
- Real Estate
- Retail/Wholesale
- Sports, Entertainment & Events
- Transportation

Bowring Marsh

Bowring Marsh was established in 2008 to respond to clients growing needs and marketplace opportunity, specializing as an international placement broker for Property (including terrorism) and Casualty risks. Bowring Marsh utilizes placement expertise in major international insurance market hubs (including Bermuda, Dublin, London, Miami, Singapore and Zurich) and an integrated global network to secure advantageous terms and conditions for its clients throughout the world.

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Global Consumer Affinity & Private Client Solutions

In addition to its main risk management and broking practices described above, Marsh operates a global consumer business that designs, sells, implements and administers insurance-related risk management and financial service programs for sponsoring clients and high-net-worth individuals. These programs include group product warranties, professional liability coverage, personal property and liability coverage, business owner protection, and other security-related products. Marsh professionals in this business provide consulting, broking, product and program design, marketing and administration or program management services to client sponsoring organizations, including employer groups, associations, financial institutions, membership organizations, corporate and other product and service providers. Other areas of the Consumer business include:

- *Private Client Solutions*: offers high-net-worth individuals, families and their advisors a single source solution to manage their complete spectrum of risk, uphold their current quality of life and preserve their legacy. This business also offers key-person and executive benefit programs to organizations.
- *Business Process Outsourcing Solutions*: provides comprehensive,   private label   back-office operational and marketing support services to leading insurers, financial institutions and other service businesses.
- *Commercial Solutions*: offers standardized insurance programs and administrative support for both individual and commercial insurance products to small businesses and franchise operations.

Risk Advice and Consulting

Marsh Risk Consulting (MRC) is a global organization comprised of consulting specialists dedicated to providing clients with advice and solutions across a comprehensive range of insurable and non-insurable risk issues, such as restructuring, acquisitions, product safety, patient safety, business interruption, supply chain, governance, workforce, intellectual property valuation and reputation. MRC helps clients identify exposures, assess critical business functions and evaluate existing risk treatment practices and strategies. MRC provides client services in five main areas of exposure:

- *Business/Enterprise Risk*: provides risk modeling and assessments, enterprise risk management, risk management optimization and reputational risk and crisis management.
- *Claims and Litigation Support*: provides support and solutions to clients to assist in managing claim portfolios and resolving insured and uninsured losses and disputes of all kinds, as well as calculating losses and asset valuations. As of January 1, 2009, this group includes Kroll s former valuation services practice.
- *Operational Risk Management*: provides an integrated approach to managing and optimizing the impact of operational risks such as those associated with property (including natural hazards), supply chain, business continuity, and products (including recalls).
- *Human Capital*: assists in protecting the quality of clients   operational processes and the health and safety of their employees, focusing on issues such as absenteeism, safety and ergonomic programs and employment practices.
- *Risk Technologies*: provides software and services to help clients manage, collect, analyze and report on the data and workflow associated with risk, insurance, claims and legal matters within their organizations.

Captive Solutions

Operating from offices in 30 captive domiciles, along with consulting expertise residing in Marsh brokerage offices worldwide, Captive Solutions serves more than 1,100 captive facilities, including single-parent captives, reinsurance pools, risk retention groups and others. The Practice includes the Captive Advisory group a consulting arm that performs captive feasibility studies and helps to structure and implement captive solutions, and Captive Management an industry leader in managing captive facilities, providing administrative, consultative and insurance-related services.

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Schinnerer Group

As one of the largest underwriting managers of professional liability and specialty insurance programs in the United States, Victor O. Schinnerer provides risk management and insurance solutions to clients through a network of 7,500 licensed brokers.

This group includes the ENCON Group Inc., a leading managing general agent in Canada. ENCON offers professional liability and construction insurance, as well as group and retiree benefits programs for individuals, professionals, organizations and businesses, through a national network of licensed insurance brokers and plan advisors.

Marsh Client Technologies

Marsh Client Technologies comprises MarshConnect, Marsh s global client technology interface, and CS STARS, a leading provider of risk and claims management systems and related data services. *MarshConnect* provides Marsh clients with real-time information regarding their insurance portfolios and a broad range of risk and insurance market intelligence and research tools. The portal also provides a mutual workspace that facilitates information sharing and management between the Marsh account team and the client.

CS STARS serves the technology needs of risk management professionals, as well as insurance carriers and third-party administrators, through integrated software and services that support risk management, claims administration, compliance management, bill review, and data management.

Guy Carpenter

Guy Carpenter generated 7% of MMC s total operating segment revenue in 2008. More than 2,200 Guy Carpenter professionals create and execute reinsurance and risk management solutions for clients worldwide, by providing risk assessment analytics, actuarial services, highly specialized product knowledge and trading relationships with reinsurance markets. Client services also include contract and claims management and fiduciary accounting. Run-off services and other reinsurance and insurance administration solutions are offered through Guy Carpenter affiliates on a fee basis.

Acting as a broker or intermediary on all classes of reinsurance, Guy Carpenter places two main types of property and casualty reinsurance: treaty reinsurance, which involves the transfer of a portfolio of risks; and facultative reinsurance, which entails the transfer of part or all of the coverage provided by a single insurance policy.

Guy Carpenter provides reinsurance services in a broad range of specialty practice areas, including accident and health, agriculture, aviation, casualty clash (losses involving multiple policies or insureds), construction and engineering, excess and umbrella life, marine, medical, political risk and trade credit, professional liability, property, retrocessional reinsurance (reinsurance between reinsurers*)*, surety, terror risk and workers compensation. Guy Carpenter also offers clients alternatives to traditional reinsurance, including industry loss warranties and, through its affiliates, capital markets alternatives such as transferring catastrophe risk through the issuance of risk-linked securities.

In addition, Guy Carpenter provides its clients with numerous reinsurance-related services, such as actuarial, enterprise risk management, financial and regulatory consulting, portfolio analysis and advice on the efficient use of capital. Guy Carpenter s Instrat® unit delivers advanced risk assessment analytics, catastrophe modeling and exposure management tools to assist clients in the reinsurance decision-making process.

Guy Carpenter offers run-off services for inactive clients in North America and elsewhere through Reinsurance Solutions LLC and Reinsurance Solutions Limited, respectively. These affiliates also offer reinsurance and insurance administration solutions on a fee basis.

Compensation for Services in Risk and Insurance Services

Marsh and Guy Carpenter are compensated for brokerage and consulting services primarily through fees paid by clients and commissions paid out of premiums charged by insurance and reinsurance companies. 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

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and negotiations with clients. Marsh and Guy Carpenter receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others.

For a more detailed discussion of revenue sources and factors affecting revenue in our Risk and Insurance Services segment, see Part II, Item 7 (Management s Discussion and Analysis of Financial Condition and Results of Operations) of this report.

Consulting

Consulting is MMC s second-largest business segment, generating 45% of total operating segment revenue in 2008 and employing approximately 23,000 colleagues worldwide. MMC conducts business in this segment through **Mercer** and **Oliver Wyman Group**.

Mercer

With more than 19,000 professionals active in 41 countries, Mercer is a leading global provider of human resource consulting and related outsourcing and investment services. Clients include a majority of the companies in the Fortune 1000 and FTSE 100, as well as medium- and small-market organizations. Mercer generated 31% of MMC s total operating segment revenue in 2008.

Mercer operates in the following areas:

Retirement, Risk & Finance Consulting. Mercer provides a wide range of strategic and compliance-related retirement services and solutions to corporate, governmental and institutional clients. Mercer assists clients worldwide in the design and governance of defined benefit, defined contribution and hybrid retirement plans. Mercer s financial approach to retirement services enables clients to consider the benefits, accounting, funding and investment aspects of plan design and management in the context of business objectives and governance requirements.

Health & Benefits. In its health & benefits business, Mercer assists public and private sector employers in the design, management and administration of employee health care programs; compliance with local benefits-related regulations; and the establishment of health and welfare benefits coverage for employees. Mercer provides advice and solutions to employers on: total health management strategies; global health brokerage solutions; vendor performance and audit; life and disability management; and measurement of healthcare provider performance. These services are provided through traditional consulting as well as commission-based brokerage services in connection with the selection of insurance companies and healthcare providers.

Other Consulting Lines. Mercer s human capital business advises organizations on the engagement, management and rewarding of employees; the design of executive remuneration programs; and improvement of human resource (HR) effectiveness.

Through proprietary survey data and decision support tools, Mercer s information products solutions business provides clients with human capital information and analytical capabilities to improve strategic human capital decision making.

Mercer s communication business helps clients to plan and implement HR programs and other organizational change in order to maximize employee engagement, drive desired employee behavior and achieve improvements in business performance.

Outsourcing. Through its outsourcing business, Mercer provides benefits administration services to clients globally. By delivering services across benefit domains and international borders, Mercer helps clients more efficiently manage their employee benefits programs. Mercer s outsourcing business offers total benefits outsourcing, including administration and delivery for wealth, health and flexible benefits; total retirement outsourcing, including administration and delivery for retirement benefits; and stand-alone services for defined benefit administration, defined contribution administration, health benefits administration and flexible benefits programs.

Investment Consulting & Management. Mercer provides investment consulting services to the fiduciaries of pension funds, foundations, endowments and other investors in more than 35 countries.

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Mercer advises clients on all stages of the institutional investment process, from strategy, structure and implementation to ongoing portfolio management.

Mercer s investment management business provides multi-manager investment solutions, primarily for retirement plan assets, to institutional investors (such as retirement plan sponsors and trustees), and to individual investors (primarily through the inclusion of funds managed by Mercer on affiliated and third party defined contribution and financial advice platforms). These solutions include one-stop investment advisory and asset management solutions for plan sponsors, bundled services for frozen defined benefit plans utilizing our expertise in liability-driven investment and actuarial techniques, and personal wealth solutions. The investment management business offers a diverse range of investment options to meet a full spectrum of risk/return preferences and manages investment vehicles across a range of investment strategies in four geographic regions (US, Canada, Europe and Australia/New Zealand). As of December 31, 2008, Mercer s investment management business had assets under management of more than $15.5 billion worldwide.

Oliver Wyman Group

With approximately 4,000 professionals based in 22 countries, Oliver Wyman Group delivers advisory services to clients through three operating units, each of which is a leader in its field: Oliver Wyman; Lippincott; and NERA Economic Consulting. Oliver Wyman Group generated 13% of MMC s total operating segment revenue in 2008.

Oliver Wyman is a leading global management consulting firm. Oliver Wyman s consultants specialize by industry and functional area, allowing clients to benefit from both deep sector knowledge and specialized expertise in strategy, operations, risk management, organizational transformation, and leadership development. Industry groups include:

- Automotive;
- Aviation, Aerospace and Defense;
- Communications, Media and Technology;
- Energy;
- Financial services, including corporate and institutional banking, insurance, and retail and business banking;
- Industrial products and services;
- Health and life sciences;
- Retail and consumer products; and
- Surface transportation.

Oliver Wyman overlays its industry knowledge with expertise in the following functional specializations:

- *Business Transformation*. Oliver Wyman advises clients who face major strategic discontinuities and risks on business model transformation.

- *Delta Organization & Leadership*. The Delta business provides consulting services and customized programs to help CEOs and other senior corporate leaders improve their individual and organizational capabilities. Services include organizational design and transformation; enterprise leadership and board effectiveness; and the Executive Learning Center, which provides customized executive education programs to help organizations develop the leaders they need to compete and grow.

- *Finance and Risk*. Oliver Wyman works with CFOs and other senior finance and risk management executives of leading corporations and financial institutions to help them meet the challenges presented by their evolving roles and the needs of their organizations. Key areas of focus include risk, capital and performance measurement; performance and value-

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based management; and risk governance amid regulatory changes. Oliver Wyman also offers actuarial consulting services to public and private enterprises, self-insured group organizations, insurance companies, government entities, insurance regulatory agencies and other organizations.

- *Marketing and Sales*. Oliver Wyman advises leading firms in the areas of offer/pricing optimization; product/service portfolio management; product innovation; marketing spend optimization; value-based customer management; and sales & distribution model transformation.

- *Operations and Technology*. Oliver Wyman offers market-leading IT organization design, IT economics management, Lean Six Sigma principles and methodologies, and sourcing expertise to clients across a broad range of industries.

- *Strategy*. Oliver Wyman is a leading provider of corporate strategy advice and solutions in the areas of growth strategy and corporate portfolio; non-organic growth and M&A; performance improvement; business design and innovation; corporate center and shared services; and strategic planning.

Lippincott is a brand strategy and design consulting firm which advises corporations around the world in a variety of industries on corporate branding, identity and image. Lippincott has helped create some of the world s most recognized brands.

NERA Economic Consulting provides economic analysis and advice to public and private entities to achieve practical solutions to highly complex business and legal issues arising from competition, regulation, public policy, strategy, finance and litigation. NERA professionals operate worldwide assisting clients including corporations, governments, law firms, regulatory agencies, trade associations, and international agencies. NERA s specialized practice areas include: antitrust; securities; complex commercial litigation; energy; environmental economics; network industries; intellectual property; product liability and mass torts; and transfer pricing.

Compensation for Services in Consulting

Mercer and the Oliver Wyman Group businesses are compensated for advice and services primarily through fees paid by clients. Mercer s health & benefits business is compensated through commissions from insurance companies for the placement of insurance contracts (comprising more than half of the revenue in the health & benefits business) and consulting fees. Mercer s discretionary investment management business and certain of Mercer s defined contribution administration services are compensated typically through fees based on assets under administration and/or management. For a more detailed discussion of revenue sources and factors affecting revenue in the Consulting segment, see Part II, Item 7 (Management s Discussion and Analysis of Financial Condition and Results of Operations) of this report.

Risk Consulting & Technology

MMC s Risk Consulting and Technology segment, which conducts business through **Kroll**, generated 9% of MMC s total operating segment revenue in 2008.

Kroll is the world s leading risk intelligence company. With approximately 3,900 colleagues in 30 countries, Kroll provides a wide range of consulting-based services and technology-enabled solutions to a global client base of law firms, financial institutions, corporations, non-profits, government agencies and individuals. During 2008, this segment also included the Corporate Advisory & Restructuring Group (CARG), which provided advice to stakeholders in financially-troubled companies. In the fourth quarter of 2008, MMC sold the restructuring businesses comprising this group to their senior executives in separate leveraged buyout transactions.

Consulting Services. Kroll s *Consulting Services Group* helps clients mitigate business, financial and physical risks to facilitate the achievement of their legal, operational and financial objectives.

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Kroll s business intelligence and investigations unit provides: reputational due diligence associated with investments and transactions; information gathering and analysis; investigative services; litigation support; assistance in locating misappropriated assets; and programs to protect intellectual property, prevent money laundering and ensure the integrity of vendors.

Kroll s financial advisory services unit provides forensic accounting and litigation consulting to help clients uncover fraud, comply with securities and corporate governance regulations and assess financial damages for insurance claims and litigation. Through 2008, this unit also included a valuation services practice; this business was transferred to Marsh Risk Consulting in January 2009.

Kroll s security services operation serves clients worldwide, including multinational corporations, government agencies, high-net-worth individuals, architectural firms, and private and public sector organizations. Services include: security consulting; architectural security engineering; executive protection; high risk environment intelligence and protective services; and crisis response programs. Kroll also conducts security clearance investigations of government personnel and monitors law enforcement agencies and other public and private entities compliance with federal consent decrees and other government mandates.

Litigation Support and Data Recovery. Kroll s *Litigation Support and Data Recovery* unit provides its services through Kroll Ontrack. Kroll Ontrack provides technology-driven services and software to help legal, corporate and governmental entities, as well as consumers, recover, search, analyze, produce and present electronic data efficiently and cost-effectively. These services are provided to organizations and individuals in the United States, Canada, Europe and Asia. In addition to its award-winning suite of software, Kroll Ontrack provides data recovery, advanced search, electronic and paper discovery, computer forensics, electronically stored information (ESI) consulting and trial consulting and presentation services.

Background Screening. Kroll s *Background Screening* companies provide organizations with comprehensive screening services that help them make informed choices in such critical areas as employment, lending, vendor selection, investment placement and academic institutional admissions. It also provides data breach incident management including identity theft solutions for individuals.

Kroll Background Screening provides employment screening and substance abuse testing to corporate, institutional and government clients in the United States, Canada, Europe, Asia and Africa. Through its *Fraud Solutions* practice, it helps organizations and individuals address each phase of personal data theft detection and mitigation, from pre-breach preparedness, risk assessment and planning to post-event customer communication, investigation and resolution.

Kroll Factual Data offers credit-related information services to mortgage and consumer lending businesses, property management firms and governmental organizations in the United States.

Compensation for Services in Risk Consulting and Technology

Kroll receives compensation in the form of fees paid by clients. These fees are typically earned on an hourly, project, fixed fee or per-unit basis. For a more detailed discussion of revenue sources and factors affecting revenue in our Risk Consulting & Technology segment, see Part II, Item 7 (Management s Discussion and Analysis of Financial Condition and Results of Operations) of this report.

Regulation

MMC s activities are subject to licensing requirements and extensive regulation under United States federal and state laws, as well as laws of other countries in which MMC s subsidiaries operate. See Part I, Item 1A (Risk Factors) below for a discussion of how actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our businesses.

Risk and Insurance Services. While laws and regulations vary from location to location, every state of the United States and most foreign jurisdictions require insurance market intermediaries and related service providers (such as insurance brokers, agents and consultants, reinsurance brokers, managing general agents and third party administrators) to hold an individual and/or company license from a governmental agency or self-regulatory organization. Some jurisdictions issue licenses only to individual residents or locally-owned business entities; in this case, if MMC has no licensed subsidiary, we may maintain arrangements with residents or business entities licensed to act in such jurisdiction.

Beginning in January 2005, all European Union member states were required to implement the Insurance Mediation Directive. This Directive aims to apply consistent minimum professional standards to insurance intermediaries, including a licensing system based on an assessment of factors such as professional competence, financial capacity and professional indemnity insurance. As member states of the European Union adopt regulations to comply with the Directive, our insurance intermediary operations in the European Union have become subject to enhanced regulatory requirements. In January 2005, as part of the implementation of the Directive in the United Kingdom, the power and responsibilities of the Financial Services Authority, or FSA, were expanded to include regulation of insurance and reinsurance intermediaries in the United Kingdom.

Insurance authorities in the United States and certain other jurisdictions in which MMC s subsidiaries do business, including the FSA in the United Kingdom, also have enacted laws and regulations governing the investment of funds, such as premiums and claims proceeds, held in a fiduciary capacity for others. These laws and regulations typically provide for segregation of these fiduciary funds and limit the types of investments that may be made with them.

Certain of MMC s Risk and Insurance Services activities are governed by other regulatory bodies, such as investment, securities and futures licensing authorities. In the United States, Marsh and Guy Carpenter use the services of MMC Securities Corp., a U.S.-registered broker-dealer and investment advisor, member FINRA/SIPC, primarily in connection with investment banking-related services and advising on alternative risk financing transactions. Also in the United States, Marsh uses the services of Interlink Securities Corp., primarily in connection with variable insurance products. Guy Carpenter provides advice on securities or investments in the European Union through MMC Securities (Europe) Ltd. (formerly GC Securities Ltd.), which is authorized and regulated by the FSA. Marsh receives investment management services in the European Union from another MMC subsidiary, Marsh Investment Service Limited, which is also regulated by the FSA. MMC Securities Corp., Interlink Securities Corp. and MMC Securities (Europe) Ltd. are indirect, wholly-owned subsidiaries of MMC.

In some jurisdictions, insurance-related taxes may be due either directly from clients or from the insurance broker. In the latter case, the broker customarily looks to the client for payment.

Consulting. Certain of Mercer s retirement-related consulting services are subject to pension law and financial regulation in many countries, including by the Securities and Exchange Commission, or SEC, in the United States and the FSA in the United Kingdom. In addition, the trustee services, investment services (including advice to individuals on the investment of personal pension assets and assumption of discretionary investment management responsibilities) and retirement and employee benefit program administrative services provided by Mercer and its subsidiaries and affiliates are subject to investment and securities regulations in various jurisdictions. The benefits insurance consulting and brokerage services provided by Mercer and its subsidiaries and affiliates are subject to the same licensing requirements and regulatory oversight as the insurance market intermediaries described above regarding our Risk and Insurance Services businesses. In the United States, Mercer and Oliver Wyman Group use the services of MMC Securities Corp. primarily in connection with the sale of retirement and employee benefit plans, and investment banking services, respectively.

Risk Consulting & Technology. Certain of Kroll s risk consulting and investigative activities are licensed and regulated at the federal, state and local level in the United States and abroad. Many of these activities also involve the use of data from outside sources, including third party vendors and governmental records. As a result, changes in existing, or the implementation of new laws and regulations, particularly relating to privacy, could interfere with Kroll s historical access to and use of such data. Substance abuse testing laboratories operated by a Kroll subsidiary are certified on the federal level and licensed in a number of states.

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Competitive Conditions

MMC faces strong competition in all of its businesses from providers of similar products and services. MMC also encounters strong competition throughout its businesses from both public corporations and private firms in attracting and retaining qualified employees. In addition to the discussion below, see Risks Relating to MMC Generally Competitive Risks, in Part I, Item 1A of this report.

Risk and Insurance Services. MMC s combined insurance and reinsurance services businesses are global in scope. The principal bases upon which our insurance and reinsurance businesses compete include the range, quality and cost of the services and products provided to clients. MMC encounters strong competition from other insurance and reinsurance brokerage firms that operate on a nationwide or worldwide basis, from a large number of regional and local firms in the United States, the European Union and elsewhere, 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. Although the major global insurance brokerage firms against whom Marsh competes have, like us, stopped using contingent commission arrangements, many specialist, regional and local firms have not done so. The continuing acceptance of contingent commission revenue by certain of Marsh s competitors may provide them greater pricing flexibility and put Marsh at a competitive disadvantage.

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 their need for insurance placements. There are also many other providers of affinity group and private client services, including specialized firms, insurance companies and other institutions.

The continuing impact of legal and regulatory proceedings concerning our insurance brokerage operations also could affect Marsh s competitive position. These proceedings are discussed in more detail in Note 16 to the consolidated financial statements included under Part II, Item 8 of this report. Please also read our discussion of the risks associated with these proceedings and their impact under Part I, Item 1A (Risk Factors) below.

Consulting. 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. These businesses compete generally on the basis of the range, quality and cost of the services and products provided to clients. Competitors include independent consulting and outsourcing firms, as well as consulting and outsourcing operations affiliated with accounting, information systems, technology and financial services firms.

Mercer s investment consulting and investment management businesses face competition from many sources, including multi-manager services offered by other investment consulting firms and financial institutions.

In many cases, clients have the option of handling the services provided by Mercer and Oliver Wyman Group internally, without assistance from outside advisors.

Risk Consulting & Technology. In Risk Consulting and Technology, we face competition from local, regional, national and international firms that provide similar services in the fields of accounting, investigative and security services, consulting and technology services. Kroll s Consulting Services Group faces competition from local, regional, national and international accounting firms who provide forensic accounting, litigation support and investigative services, as well as other specialist firms providing architectural engineering and security consulting services. Kroll s Litigation Support and Data Recovery and Background Screening businesses face competition from a variety of law firms, independent service providers and technology companies.

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 17 to the consolidated financial statements included under Part II, Item 8 of this report.

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Employees

As of December 31, 2008, MMC and its consolidated subsidiaries employed approximately 54,400 people worldwide, including approximately 26,900 in risk and insurance services, approximately 23,000 in consulting and approximately 3,900 in risk consulting and technology. Approximately 600 individuals are employed by MMC at the parent-company level.

EXECUTIVE OFFICERS OF MMC

The executive officers of MMC are appointed annually by MMC s Board of Directors. As of February 27, 2009, the following individuals were executive officers of MMC:

Ben F. Allen, age 44, is president and chief executive officer of Kroll, a position he assumed in March 2008. In July 2007 Mr. Allen was named chief operating officer of Kroll while continuing in his position as president of Kroll s Technology Services Group. He led the Technology Services Group, comprised of Kroll Ontrack, Kroll Factual Data and Kroll s background screening and substance abuse testing businesses, beginning in January 2005. Previously, Mr. Allen was president of Kroll Ontrack, the firm s legal technologies and data recovery business, following Kroll s acquisition of Ontrack Data International, Inc. in June 2002. Mr. Allen had been president and chief executive officer of Ontrack Data International since July 2001, and previously served in several roles for that firm, including as chief operating officer and general manager of the U.K. and France offices.

Orlando D. Ashford, age 40, is senior vice president, Human Resources, of MMC. Mr. Ashford joined MMC in September 2008. Prior to MMC, he was with the Coca-Cola Company since 2005 in human resource management, most recently as Group Director of Human Resources for Eurasia and Africa. While at Coca-Cola, Mr. Ashford reorganized and rebuilt the company s corporate center HR team and headed a company-wide cultural change initiative. Prior to Coca-Cola, Mr. Ashford held positions with Motorola, the Delta Consulting Group (subsequently Mercer Delta Consulting), Ameritech and Andersen Consulting.

Peter J. Beshar, age 47, is executive vice president and general counsel of MMC. Before joining MMC in November 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 and as the special assistant to Cyrus Vance in connection with the peace negotiations in the former Yugoslavia.

M. Michele Burns, age 51, is chairwoman and chief executive officer of Mercer. Ms. Burns joined MMC as executive vice president on March 1, 2006, assumed the position of chief financial officer of MMC on March 31, 2006 and moved to her current position with Mercer on September 25, 2006. Prior to joining MMC, Ms. Burns was executive vice president and chief financial officer since May 2004, and chief restructuring officer since August 2004, of Mirant Corporation, an energy company. Prior to joining Mirant, she was executive vice president and chief financial officer of Delta Air Lines, Inc. from August 2000 to April 2004. She held various other positions in the finance and tax departments of Delta beginning in January 1999. Delta filed for protection under Chapter 11 of the United States Bankruptcy Code in September 2005.

John P. Drzik, age 46, is president and chief executive officer of Oliver Wyman Group, a position he assumed in June 2006. From 2003 to 2006, Mr. Drzik was president of Mercer Oliver Wyman, which was formed following MMC s acquisition of Oliver, Wyman & Company in 2003. He joined Oliver, Wyman & Company in 1984, became president in 1995, and was appointed chairman in 2000.

Brian Duperreault, age 61, is president and chief executive officer of MMC, a position he assumed in January 2008. Prior to joining MMC, Mr. Duperreault served as chairman and chief executive officer of ACE Limited from 1994 to 2004, and continued as chairman through the end of 2007. Prior to ACE, Mr. Duperreault was with American International Group (AIG) for more than 20 years, holding numerous positions and eventually becoming executive vice president of AIG Foreign General Insurance and chairman and chief executive of AIG s American International Underwriters (AIU).

E. Scott Gilbert, age 53, is senior vice president and chief compliance officer of MMC. Prior to joining MMC in January 2005, he had been the chief compliance counsel of the General Electric

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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.

Daniel S. Glaser, age 48, is chairman and chief executive officer of Marsh, a position he assumed in December 2007. Previously, he had been managing director of AIG Europe (U.K.) Limited, and the regional president of AIG s American International Underwriters (AIU) U.K./Ireland division. He joined AIG in 2000 as president of the firm s Global Energy Division. He was named managing director of AIG Europe (U.K.) in 2002. Mr. Glaser began his career in the insurance industry in 1982 as a Marsh broker. He worked at Marsh for a decade, serving in roles in New York, London and Saudi Arabia. Thereafter, he spent eight years at Willis, where he served as president and chief operating officer of Willis Risk Solutions, the Willis large accounts practice.

David Nadler, age 60, is vice chairman, office of the CEO, of MMC. Dr. Nadler founded the Delta Consulting Group, Inc., a consulting firm specializing in executive leadership and organizational change, in 1980. He served as chairman and chief executive officer of that firm until its acquisition by Mercer in 2000, when it became Mercer Delta Consulting. Dr. Nadler served as chairman and chief executive officer of Oliver Wyman s Delta Organization & Leadership business through December 2005 and remains a senior partner of that firm.

Vanessa A. Wittman, age 41, is executive vice president and chief financial officer of MMC. Prior to joining MMC in September 2008, Ms. Wittman was chief financial officer and executive vice president of Adelphia Communications Corp. from 2003 to 2007. She joined Adelphia as part of a new executive team that oversaw one of the most complex bankruptcy cases in U.S. history. While there, Ms. Wittman was responsible for accounting, tax and internal audit functions; operational and field finance; corporate development; and the bankruptcy and investor relations teams. Prior to Adelphia, Ms. Wittman served as chief financial officer of 360networks, based in Seattle. She also has held positions with Microsoft, Metricom Inc. and Morgan Stanley.

Peter Zaffino, age 42, is president and chief executive officer of Guy Carpenter. Prior to assuming this position in February 2008, he had served since 2007 as executive vice president and head of Guy Carpenter s U.S. treaty operations. Previously, Mr. Zaffino was responsible for treaty operations in Guy Carpenter s U.S. eastern region and prior to that led the firm s global specialty practices business. Before joining Guy Carpenter in 2001, Mr. Zaffino served in an executive role with a GE Capital portfolio company specializing in casualty treaty reinsurance.

AVAILABLE INFORMATION

MMC is subject to the informational reporting requirements of the Securities Exchange Act of 1934. In accordance with the Exchange Act, MMC files with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. 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 100 F Street, NE, 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 at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, like MMC, that file electronically with the SEC.

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

- Guidelines for Corporate Governance;
- Code of Business Conduct and Ethics;
- procedures for addressing complaints and concerns of employees and others; and
- the charters of the Audit Committee, Compensation Committee, Compliance Committee and Directors and Governance Committee of MMC s Board of Directors.

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

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Item 1A. Risk Factors

You should consider the risks described below in conjunction with the other information presented in this report. These risks have the potential to materially adversely affect MMC s business, results of operations or financial condition.

RISKS RELATING TO MMC GENERALLY

Legal and Regulatory Issues

We are subject to legal proceedings and other contingencies which, if determined unfavorably to us, could have a material adverse effect on our business, results of operations or financial condition.

As more fully described in Note 16 to our consolidated financial statements included under Part II, Item 8 of this report, we are subject to a number of legal proceedings, regulatory actions and other contingencies. An adverse outcome in connection with one or more of these matters could have a material adverse effect on our business, results of operations or financial condition in any given quarterly or annual period. In addition, regardless of any eventual monetary costs, these matters could have a material adverse effect on MMC by exposing us to negative publicity, reputational damage, harm to our client or employee relationships, or diversion of personnel and management resources.

We are subject to significant uninsured exposures arising from errors and omissions claims.

MMC s operating companies provide numerous brokerage, consulting, actuarial and other services for clients around the world. As a result of these activities, we are subject to errors and omissions, or E&O, claims by clients and third parties who allege that they were damaged as a result of the operating company s alleged failure to perform its services as expected, such as those claims alleged in separate lawsuits by the Alaska Retirement Management Board and Milwaukee County against Mercer. Certain E&O claims seek damages, including punitive damages, in amounts that could, if awarded, be significant and subject MMC, in addition to potential liability for monetary damages, to reputational harm and diversion of personnel and management resources. As described below, for certain policy years, we have limited third party insurance for E&O matters, including the Alaska Retirement Management Board and Milwaukee County matters.

MMC has varying levels of third party insurance coverage against E&O claims, depending on the policy year. To the extent that expected losses exceed MMC s retention in any policy year, MMC records a liability and an asset for the amount that MMC expects to recover under its third-party insurance programs. The policy limits and coverage terms of the third-party insurance vary to some extent by policy year, but MMC is not aware of coverage defenses or other obstacles to coverage that would limit recoveries in years prior to policy year 2001-2002 in a material amount.

In policy years subsequent to 2001-2002, the availability of third-party insurance has declined significantly, which has caused MMC to assume increasing levels of self-insurance for its potential E&O exposures. MMC utilizes internal actuarial and other estimates, and case level reviews by inside and outside counsel, to establish loss reserves, in accordance with SFAS No. 5 (Accounting for Contingencies), to provide for its loss retention. These reserves are reviewed quarterly and adjusted as developments warrant. Nevertheless, given the unpredictability of E&O claims and of litigation that could flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on MMC s results of operations, financial condition or cash flow in a given quarterly or annual period.

Our compliance systems and controls cannot guarantee that we are in compliance with all potentially applicable U.S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our business.

Our activities are subject to extensive regulation under the laws of the United States and its various states, the European Union and its member states, and the other jurisdictions in which we

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operate. For example, our insurance and reinsurance services activities, as well as certain of our consulting and related activities, in the United Kingdom are under the jurisdiction of the Financial Services Authority. Compliance with foreign and U.S. laws and regulations that are applicable to our international operations is complex and may increase our cost of doing business in international jurisdictions. These laws and regulations include import and export requirements, U.S. laws such as the Foreign Corrupt Practices Act, and local laws prohibiting corrupt payments to governmental officials. While we attempt to comply with all applicable laws and regulations, there can be no assurance that we, our employees, our consultants or our contractors are in full compliance with all applicable laws and regulations or interpretations of these laws and regulations at all times or that we will be able to comply with any future laws, regulations or interpretations of these laws and regulations. If we fail to comply with applicable laws and regulations, including those referred to above, we may be subject to investigations, criminal sanctions or civil remedies, including fines, injunctions, loss of an operating license or approval, the suspension of individual employees, limitations on engaging in a particular business or redress to clients. The cost of compliance or the consequences of non-compliance could have a material adverse effect on our business and results of operations. In addition, these matters could have a material adverse effect on MMC by exposing us to negative publicity, reputational damage or harm to our client or employee relationships.

In most jurisdictions, government regulatory authorities have the power to interpret or amend applicable laws and regulations, and have discretion to grant, renew and revoke various licenses and approvals we need to conduct our activities. Such authorities may require MMC to incur substantial increases in costs in order to comply with such laws and regulations. In some areas of our businesses, we act on the basis of our own or the industry s interpretations of applicable laws or regulations, which may conflict from state to state or country to country. In the event those interpretations eventually prove different from those of regulatory authorities, we might be penalized or precluded from carrying on our previous activities. Moreover, the laws and regulations to which we are subject may conflict among the various jurisdictions and countries in which we provide services. Any significant impairment of our ability to conduct our business as we historically have done could have a material adverse effect on our business, results of operations or financial condition.

Finally, government involvement in the insurance or reinsurance markets could displace insurance or reinsurance currently available from the private market and adversely affect our financial condition and results of operations.

Improper disclosure of personal data could result in legal liability or harm our reputation.

One of our significant responsibilities is to maintain the security and privacy of our clients confidential and proprietary information and the personal data of their employees and retirement and other benefit plan participants. We maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information. Nonetheless, we cannot entirely eliminate the risk of improper access to or disclosure of personally identifiable information. Such disclosure could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenue.

Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace.

International Operations

We are exposed to multiple risks associated with the global nature of our operations.

We do business worldwide. In 2008, 54 percent of MMC s total operating segment revenue was generated from operations outside the United States, and over one-half of our employees are located abroad. We expect to expand our non-U.S. operations further.

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The geographic breadth of our activities subjects us to significant legal, economic, operational, market and reputational risks. These include, among others, risks relating to:

- economic and political conditions in foreign countries, including the recent disruption in the global financial markets;
- international hostilities, terrorist activities, natural disasters and infrastructure disruptions;
- local investment or other financial restrictions that foreign governments may impose;
- potential costs and difficulties in complying, or monitoring compliance, with rules relating to trade sanctions administered by the U.S. Office of Foreign Assets Control, the requirements of the U.S. Foreign Corrupt Practices Act, or other U.S. laws and regulations applicable to business operations abroad;
- limitations that foreign governments may impose on the conversion of currency or the payment of dividends or other remittances to us from our non-U.S. subsidiaries;
- withholding or other taxes that foreign governments may impose on the payment of dividends or other remittances to us from our non-U.S. subsidiaries;
- potential transfer pricing-related tax exposures that may result from the allocation of U.S.-based costs that benefit our non-U.S. businesses;
- the length of payment cycles and potential difficulties in collecting accounts receivable, particularly in light of the increasing number of insolvencies in the current economic environment and the numerous bankruptcy laws to which they are subject;
- engaging and relying on third parties to perform services on behalf of MMC;
- potential difficulties in monitoring employees in geographically dispersed locations; and
- potential costs and difficulties in complying with a wide variety of foreign laws and regulations (including tax systems) administered by foreign government agencies, some of which may conflict with U.S. or other sources of law.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breach, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, our operational size, the multiple locations from which we operate, and our existing back-up systems would provide us with an important advantage. Nevertheless, we could still experience near-term operational challenges with regard to particular areas of our operations, such as key executive officers or personnel.

Our operations, particularly within our Consulting and Risk Consulting and Technology segments, are dependent upon our ability to protect our technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. We could potentially lose client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster recovery scenario.

We regularly assess and take steps to improve upon our existing business continuity plans and key management succession. However, a disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability.

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Competitive Risks

Each of MMC s businesses operates in a highly competitive environment. If we fail to compete effectively, our business and results of operations will suffer.

As a global professional services firm, MMC experiences acute and continuous competition in each of its operating segments. Our ability to compete successfully depends on a variety of factors, including our geographic reach, the sophistication and quality of our services, and our pricing relative to our competitors. If we are unable to respond successfully to the competition we face, our business and results of operations will suffer.

In our Risk and Insurance Services segment, we compete intensely against two other major global brokerage firms, Aon and Willis, for both client business and employee talent. We also face competition from a wide range of other insurance brokerage firms that operate on a regional, national or local scale; many of these firms, unlike Marsh, Aon and Willis, have not stopped accepting contingent commissions, and thus may have greater pricing flexibility than we do. We compete as well with insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or other market intermediaries, and with various other companies that provide risk-related services. The above competition is intensified by an industry trend toward a syndicated or distributed approach to the purchase of insurance brokerage services, whereby a client engages multiple brokers to service different portions of the client s account.

In our Consulting and Risk Consulting and Technology segments, we compete for business and employee talent with numerous independent consulting firms and organizations affiliated with accounting, information systems, technology and financial services firms around the world. Kroll also competes with law firms for certain of its services.

The loss of key professionals could hurt our ability to retain existing client revenues and generate revenues from new business.

Across all of our businesses, our personnel are crucial to developing and retaining the client relationships on which our revenues depend. It is therefore very important for us to retain significant revenue-producing employees and the key managerial and other professionals who support them. We face numerous challenges in this regard, including:

- the intense competition for talent in all of our businesses;
- the general mobility of professionals in our businesses; and
- the difficulties we may face in offering compensation of a type and amount (including equity-based compensation) sufficient to attract, motivate and retain valuable employees.

Losing employees who manage or support substantial client relationships or possess substantial experience or expertise could adversely affect our ability to secure and complete client engagements, which would adversely affect our results of operations. In addition, if any of our key professionals were to join an existing competitor or form a competing company, some of our clients could choose to use the services of that competitor instead of our services.

Consolidation in the industries that we serve could adversely affect our business.

Particularly in the current economic environment, companies in the industries that we serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of our current clients merge or consolidate and combine their operations, it may decrease the amount of work that we perform for these clients. If one of our current clients merges or consolidates with a company that relies on another provider for its services, we may lose work from that client or lose the opportunity to gain additional work. The increased market power of larger companies could also increase pricing and competitive pressures on us. Any of these possible results of industry consolidation could adversely affect our business. Guy Carpenter is especially susceptible to this risk given the limited number of insurance company clients and reinsurers in the marketplace.

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Our businesses face rapid technological changes and our failure to adequately anticipate or respond to these changes could adversely affect our business and results of operations.

To remain competitive in many of our business areas, we must identify the most current technologies and methodologies and integrate them into our service offerings. For example, Guy Carpenter s risk-modeling services are increasingly dependent on implementing advanced software and data-compilation tools; Kroll s e-discovery business depends on advanced search technology and computerized document processing; and Mercer s ability to price its outsourcing services competitively is highly dependent on the efficient and cost effective use of technology. If we do not make the correct technology choices or investments, or if our choices or investments are insufficiently prompt or cost-effective, our business and results of operations could suffer.

Financial Risks

Our results of operations could be adversely affected by economic and political conditions and the effects of these conditions on our clients businesses and levels of business activity.

Global economic and political conditions affect our clients businesses and the markets they serve. Recently, the credit markets and the financial services industry have been experiencing a period of unprecedented turmoil and upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions and an unprecedented level of intervention from the United States and foreign governments. These economic conditions have resulted in negative impacts on businesses and financial institutions, and financial services entities in particular. The current global economic crisis is having a significant effect on our Consulting and Risk Consulting and Technology segments in particular. Many of our clients have been reducing expenses, including amounts they spend on consulting services. If these economic conditions persist or deteriorate, they could potentially have a significant impact on our operations.

These economic conditions may reduce demand for our services or depress pricing of those services, which could have a material adverse effect on our results of operations. Changes in global economic conditions could also shift demand to services for which we do not have competitive advantages, and this could negatively affect the amount of business that we are able to obtain. Should it become necessary for us to further restructure our business, including reducing our work force, as a result of these market conditions or other factors that reduce the demand for our products and services, our ability to execute our business strategy could be adversely affected.

Financial institution failures may cause us to incur increased expenses or make it more difficult either to utilize our existing debt capacity or otherwise obtain financing for our operations, investing activities (including the financing of any future acquisitions), or financing activities.

Our cash investments, including those held in a fiduciary capacity, are subject to general credit, liquidity, counterparty, market and interest rate risks that may be exacerbated by the recent global financial crisis. If the banking system or the fixed income, credit or equity markets continue to deteriorate or remain volatile, the values and liquidity of our investments could be adversely affected.

Our significant non-U.S. operations expose us to exchange rate fluctuations and various risks that could impact our business.

We are subject to exchange rate risk because some of our subsidiaries receive revenue other than in their functional currencies, and because we must translate the financial results of our foreign subsidiaries into U.S. dollars. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars. In certain jurisdictions (primarily the United Kingdom), however, our Risk and Insurance Services operations generate revenue in a number of different currencies, but expenses are almost entirely incurred in local currency. Due to fluctuations in foreign exchange rates, we are subject to economic exposure as well as currency translation exposure on the profits of our operations. Exchange rate risk could have a material adverse effect on our financial condition, results of operations or cash flow.

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Changes in interest rates and increased counterparty risk could reduce the value of our investment portfolio and adversely affect our financial condition or results.

The recent failures, bankruptcies, rescues and distressed acquisitions of previously highly rated financial institutions indicate a possibly dramatic realignment of companies in the financial services sector and reflect the market s lack of a clear understanding of the financial health of financial institutions. Many widely-held investments previously rated investment grade have declined in value precipitously and unexpectedly in recent months, resulting in substantial trading and investment losses for corporate and other investors. In order to avoid these risks, investors have favored securities issued, guaranteed or supported by the U.S. or international governments, which has resulted in reduced yields on these and other investments considered to be lower risk. Although we generally employ a conservative investment strategy with respect to our cash investments, including those held in a fiduciary capacity, we may incur investment losses as a result of these unusual and unpredictable market developments and we may experience reduced investment earnings if the yields on investments deemed to be low risk remain low or decline further in this time of economic uncertainty.

Credit rating downgrades would increase our financing costs and could subject us to operational risk.

Both Moody s and Standard & Poor s downgraded MMC s senior debt credit rating in late 2004 and S&P announced a further downgrade in December 2007. Currently, MMC s senior debt is rated Baa2 by Moody s and BBB- by S&P. These ratings are the next-to-lowest investment grade rating for Moody s, and the lowest investment-grade rating for S&P.

If we need to raise capital in the future (for example, in order to fund maturing debt obligations or finance acquisitions or other initiatives), any further credit rating downgrade would increase our financing costs, and could limit our access to financing sources. Further, we believe that a downgrade to a rating below investment-grade could result in greater operational risks through increased operating costs and increased competitive pressures.

Our pension obligations may cause MMC s earnings and cash flows to fluctuate.

MMC has significant pension obligations to its current and former employees, totaling approximately $8.5 billion at December 31, 2008. The magnitude of our worldwide pension plans means that our earnings are comparatively sensitive to factors such as equity and bond market returns, the assumed interest rates we use to discount our pension liabilities, rates of inflation and mortality assumptions. Variations in any of these factors could cause significant fluctuation in our earnings from year to year and may result in increased levels of contributions to our pension plans.

Acquisitions and Dispositions

We face risks when we acquire and dispose of businesses.

We have a history of making acquisitions, including our $1.9 billion acquisition of Kroll in July 2004 and a total of 44 acquisitions in the period 2005-2008 for aggregate purchase consideration of $593 million. We have also exited various businesses, including the sale of Putnam in August 2007 and the divestiture of three separate restructuring businesses one in the U.S. and two in the U.K. in 2008. We expect that targeted acquisitions and dispositions will continue to be part of our business strategy. Our success in this regard will depend on our ability to identify appropriate acquisition and disposition candidates and to complete with favorable results the transactions we decide to pursue.

While we intend that our acquisitions will improve our competitiveness and profitability, we cannot be certain that our past or future acquisitions will be accretive to earnings or otherwise meet our operational or strategic expectations. Acquisitions involve special risks, including the potential assumption of unanticipated liabilities and contingencies and difficulties in integrating acquired businesses, and acquired businesses may not achieve the levels of revenue, profit or productivity we anticipate or otherwise perform as we expect. In addition, if the operating performance of an acquired business deteriorates significantly, we may need to write down the value of the goodwill and other acquisition-related intangible assets recorded on our balance sheet. Given the significant size of

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MMC s goodwill and intangible assets, a write-down of this sort could have a material adverse effect on our results of operations in any given period. As of December 31, 2008, MMC s consolidated balance sheet reflected $7.2 billion of goodwill and intangible assets, representing approximately 47 percent of MMC s total consolidated assets and allocated by reporting segment as follows: Risk and Insurance Services, $3.7 billion; Consulting, $2 billion; and Risk Consulting and Technology, $1.1 billion.

When we dispose of businesses we are subject to the risk, contractually agreed or otherwise, of post-transaction liabilities. For example, as described in Note 16 to our consolidated financial statements included under Part II, Item 8 of this report, we have retained certain contingent litigation liabilities relating to Putnam.

RISKS RELATING TO OUR RISK AND INSURANCE SERVICES SEGMENT

Our Risk and Insurance Services segment, conducted through Marsh and Guy Carpenter, represented 47 percent of MMC s total operating segment revenue in 2008. Our business in this segment is subject to particular risks.

Volatility or declines in premiums and other market trends may significantly impede our ability to improve revenues and profitability.

A significant portion of our Risk and Insurance Services revenue consists of commissions paid to us out of the premiums that insurers and reinsurers charge our clients for coverage. We have no control over premium rates, and our revenues and profitability are subject to change to the extent that premium rates fluctuate or trend in a particular direction. The potential for changes in premium rates is significant, due to the general phenomenon of pricing cyclicality in the commercial insurance and reinsurance markets.

In addition to movements in premium rates, our ability to generate premium-based commission revenue may be challenged by the growing availability of alternative methods for clients to meet their risk-protection needs. This trend includes a greater willingness on the part of corporations to self-insure; the use of so-called captive insurers; and the advent of capital markets-based solutions to traditional insurance and reinsurance needs.

We may not be as successful as we hope in implementing Marsh s evolving business model and otherwise coping with changing modes of compensation in the insurance brokerage industry.

In late 2004, Marsh made significant changes to its business model, including the elimination of market service/contingent commission agreements with insurers. The elimination of market service revenue has negatively affected our financial results. In 2004, we recognized market service revenue of $516 million, relating to insurance placements made before October 1, 2004. By contrast, in 2005, 2006, 2007 and 2008 respectively, we recognized $114 million, $43 million, $3 million and $1.7 million of market service revenue relating to placements made before October 1, 2004. In addition to lost revenue, Marsh has and will likely continue to incur significant costs to ensure compliance with this business model and to provide disclosure relating thereto.

Although other large insurance brokers have similarly terminated the use of contingent commission agreements, many specialist, regional and local insurance brokers have not. To date, there has been no regulatory action to end the use of contingent commission arrangements throughout the brokerage industry, and it is therefore unclear to what extent many of our competitors will continue to accept contingent commission revenue. It is possible that Marsh will continue indefinitely to suffer competitive disadvantage compared to the brokers that have not given up the use of contingent commission arrangements. If that occurs, Marsh would continue to face pressure on its revenues, operating margin and market share.

In addition to the possibility of continued competitive disadvantage as described above, Marsh faces risks relating to the implementation of its new business model. Marsh is currently seeking to increase revenue through higher commissions and fees that are disclosed to its clients, and to generate profitable revenue growth by focusing on the provision of value-added risk advisory services beyond traditional brokerage activities. Marsh s current business and compensation model continues to evolve and in some respects remains untested, including Marsh s creation of placement hubs and the launch of Marsh & McLennan Agency for the small and emerging growth sector. We cannot be certain that it will generate the profitable revenue growth we are targeting. The inability to derive adequate revenues from Marsh s current business and compensation model may significantly impede improvement in our operating results and profitability.

Results in our Risk and Insurance Services segment may be adversely affected by a general decline in economic activity.

Demand for many types of insurance and reinsurance generally rises and falls as economic growth expands or slows. This dynamic affects the level of commissions and fees generated by Marsh and Guy Carpenter. To the extent our clients become adversely affected by declining business conditions, they may choose to limit their purchases of insurance and reinsurance coverage, as applicable, which would inhibit our ability to generate commission revenue; and may decide not to purchase our risk advisory services, which would inhibit our ability to generate fee revenue. Moreover, a growing number of insolvencies and combinations associated with an economic downturn, especially insolvencies and combinations in the insurance industry, could adversely affect our brokerage business through the loss of clients or by hampering our ability to place insurance and reinsurance business. Guy Carpenter is especially susceptible to this risk given the limited number of insurance company clients and reinsurers in the market place.

RISKS RELATING TO OUR CONSULTING AND RISK CONSULTING AND TECHNOLOGY SEGMENTS

Our Consulting segment, conducted through Mercer and Oliver Wyman Group, represented 45 percent of our total operating segment revenue in 2008. Our Risk Consulting and Technology segment, conducted through Kroll, represented 9 percent of our total operating segment revenue in 2008. Our businesses in these two segments are subject to particular risks.

Demand for our services might decrease for various reasons, including a general economic downturn, a decline in a client s or an industry s financial condition, or changes in government regulation.

Our Consulting and Risk Consulting and Technology segments have historically achieved significant annual revenue growth. Despite this history, however, the current global economic conditions have resulted in negative impacts on businesses and financial institutions, and financial services entities in particular. Many of our clients, especially in the financial services industry, have been reducing expenses, including amounts spent on consulting services. The evolving needs or financial circumstances of our clients may challenge our ability to increase revenues and profitability and reduce demand for our services. If the economy or markets in which we operate experience continued weakness at current levels or deteriorate further, our business, financial condition and results of operations could be materially and adversely affected.

In addition, demand for many of Mercer s benefits services is affected by government regulation and tax rules, which drive our clients needs for benefits-related services. For example, significant changes in government regulations affecting the value, use or delivery of benefits and human resources programs, including changes in regulations relating to health and welfare plans, defined contribution plans, or defined benefit plans, may adversely affect the demand for or profitability of Mercer s services.

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Our profitability may suffer if we are unable to achieve or maintain adequate utilization and pricing rates for our consultants.

The profitability of our Consulting and Risk Consulting and Technology businesses depends in part on ensuring that our consultants maintain adequate utilization rates (i.e., the percentage of our consultants working hours devoted to billable activities). Our utilization rates are affected by a number of factors, including:

- our ability to transition consultants promptly from completed projects to new assignments, and to engage newly hired consultants quickly in revenue-generating activities;
- our ability to continually secure new business engagements, particularly because a portion of our work is project-based rather than recurring in nature;
- our ability to forecast demand for our services and thereby maintain appropriate headcount in each of our geographies and workforces;
- our ability to manage attrition;
- unanticipated changes in the scope of client engagements;
- the potential for conflicts of interest that might require us to decline client engagements that we otherwise would have accepted;
- our need to devote time and resources to sales, training, professional development and other non-billable activities; and
- general economic conditions.

The factors listed above, and therefore also our utilization rates for service personnel, have been adversely affected by recent macroeconomic conditions. If the utilization rate for our consulting professionals continues to decline, our profit margin and profitability would suffer.

In addition, the profitability of our Consulting and Risk Consulting and Technology businesses depends on the prices we are able to charge for our services. Our pricing power is affected by a number of factors, including:

- clients perception of our ability to add value through our services;
- market demand for the services we provide;
- our ability to develop new services and the introduction of new services by competitors;

- the pricing policies of our competitors;

- changes in the extent to which our clients develop in-house or other capabilities to perform the services that they might otherwise purchase from us; and

- general economic conditions.

Our pricing has also been adversely affected by the current economic crisis. If we are unable to achieve and maintain adequate billing rates for our consultants, our profit margin and profitability could suffer.

Our quarterly revenues and profitability may fluctuate significantly.

Quarterly variations in revenues and operating results at Mercer, Oliver Wyman Group and Kroll may occur due to several factors. These include:

- the significance of client engagements commenced and completed during a quarter;

- the unpredictability of the timing and amount of success fees;

- the possibility that clients may decide to delay or terminate a current or anticipated project as a result of factors unrelated to our work product or progress;

- fluctuations in consultant hiring and utilization rates and clients ability to terminate engagements without penalty;

- seasonality at Mercer due to the impact of regulatory deadlines and other timing factors to which our clients are subject;

- the success of our strategic acquisitions, alliances or investments;

- macroeconomic factors such as changes in foreign exchange rates, interest rates and global securities markets; and

- general economic conditions, since results of operations in our Consulting and Risk Consulting and Technology businesses are directly affected by the levels of business activity of our clients, which in turn are affected by the level of economic activity in the industries and markets that they serve.

A significant portion of total operating expenses at Mercer, Oliver Wyman Group and Kroll is relatively fixed. Therefore, a variation in the number of client assignments or in the timing of the initiation or the completion of client assignments can cause significant variations in quarterly operating results for these businesses.

If we are unable to collect our receivables or unbilled services, our results of operations and cash flows could be adversely affected.

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. There is no guarantee that we will accurately assess the creditworthiness of our clients. Macroeconomic conditions could also result in financial difficulties for our clients, and as a result could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. The increasing number of insolvencies in the current economic environment and the numerous bankruptcy laws to which they are subject could also adversely affect our ability to collect receivables or unbilled services. Timely collection of client balances depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of and/or be unable to collect our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

Acceleration of the shift by employers from defined benefit plans to defined contribution plans could adversely affect Mercer s operating results.

Mercer currently provides clients with actuarial and consulting services relating to both defined benefit and defined contribution plans. Defined benefit pension plans generally require more services than defined contribution plans because defined benefit plans typically involve large asset pools, complex calculations to determine employer costs, funding requirements and sophisticated analysis to match liabilities and assets over long periods of time. Recent regulatory initiatives in the United States and certain European countries may result in companies either discontinuing or curtailing defined benefit programs in favor of defined contribution plans. If organizations shift to defined contribution plans more rapidly than we anticipate and we do not successfully adjust our service offerings to take account of that change, Mercer s operating results could be adversely affected.

Item 1B. Unresolved Staff Comments.

There are no unresolved comments to be reported pursuant to Item 1B.

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Item 2. Properties.

MMC and its subsidiaries maintain their corporate headquarters in and around New York City. We also maintain other offices around the world, primarily in leased space. In certain circumstances, we may have space that we sublet to third parties, depending upon our needs in particular locations.

MMC and certain of its subsidiaries own, directly and indirectly through special-purpose subsidiaries, a 55% condominium interest covering approximately 900,000 square feet in a 44-story building in New York City. MMC s owned interest is financed by a loan that is non-recourse to MMC (except in the event of certain prohibited actions) and secured by a first mortgage lien on the condominium interest and a first priority assignment of leases and rents. In the event of a default in the payment of the loan and certain credit rating downgrade events, MMC would be obligated to pay rent for the entire occupancy of the mortgaged property.

Item 3. Legal Proceedings.

Information regarding legal proceedings is set forth in Note 16 to the consolidated financial statements appearing under Part II, Item 8 (Financial Statements and Other Supplementary Data) of this report.

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

None.

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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 on the last page of Part II, Item 8 (Financial Statements and Other Supplementary Data) of this report.

MMC s common stock is listed on the New York, Chicago and London Stock Exchanges. The following table indicates the high and low prices (NYSE composite quotations) of MMC s common stock during 2008 and 2007 and each quarterly period thereof:

	2008 Stock Price Range		2007 Stock Price Range	
	High	Low	High	Low
First Quarter	$ 29.56	23.79	$ 31.75	28.30
Second Quarter	$ 29.38	24.60	$ 33.90	29.06
Third Quarter	$ 36.82	26.08	$ 31.60	24.02
Fourth Quarter	$ 32.35	20.96	$ 27.00	23.12
Full Year	$ 36.82	20.96	$ 33.90	23.12

On February 26, 2009, the closing price of MMC s common stock on the NYSE was $18.21.

MMC did not repurchase any shares of its common stock during the fourth quarter of 2008. In August 2007, MMC s Board of Directors authorized the repurchase by MMC from time to time of up to $1.5 billion of its common stock. Following completion of an $800 million accelerated share repurchase program in 2008, MMC remains authorized to repurchase shares of its common stock up to a dollar value of $700 million. There is no time limit on this authorization.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Oct. 1-31, 2008	__	__	__	$ 700 million
Nov. 1-30, 2008	__	__	__	$ 700 million
Dec. 1-31, 2008	__	__	__	$ 700 million
Total 4Q 2008	__	__	__	$ 700 million

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Item 6. Selected Financial Data.

Marsh & McLennan Companies, Inc. and Subsidiaries

FIVE-YEAR STATISTICAL SUMMARY OF OPERATIONS

For the Years Ended December 31,						Compound Growth Rate
(In millions, except per share figures)	**2008**	2007	2006	2005	2004	2003-2008
Revenue	**$ 11,587**	$ 11,177	$ 10,340	$ 9,899	$ 9,873	3%
Expenses:						
Compensation and Benefits	**7,207**	6,958	6,449	6,287	6,073	3%
Other Operating Expenses	**3,577**	3,373	2,943	3,175	2,853	5%
Goodwill Impairment Charge	**540**					
Regulatory and Other Settlements				30	618	
Total Expenses	**11,324**	10,331	9,392	9,492	9,544	3%
Operating Income	**263**(a)	846(a)	948(a)	407(a)	329	(4)%
Interest Income	**48**	95	60	44	20	
Interest Expense	**(220)**	(267)	(303)	(332)	(219)	
Investment Income (Loss)	**(12)**	173	207	183	153	N/A
Income Before Income Taxes and Minority Interest	**79**	847	912	302	283	(23)%
Income Taxes	**137**	295	272	95	100	
Minority Interest, Net of Tax	**11**	14	8	6	8	
(Loss) Income From Continuing Operations	**(69)**	538	632	201	175	N/A
Discontinued Operations, Net of Tax	**(4)**	1,937	358	203	1	N/A
Net (Loss) Income	**$ (73)**	$ 2,475	$ 990	$ 404	$ 176	N/A
Basic (Loss) Income Per Share Information:						
(Loss) Income From Continuing Operations	**$ (0.13)**	$ 1.00	$ 1.15	$ 0.37	$ 0.33	N/A
Discontinued Operations	**$ (0.01)**	$ 3.60	$ 0.65	$ 0.38	$	N/A
Net (Loss) Income	**$ (0.14)**	$ 4.60	$ 1.80	$ 0.75	$ 0.33	N/A
Average Number of Shares Outstanding	**514**	539	549	538	526	
Diluted (Loss) Income Per Share Information:						
(Loss) Income From Continuing Operations	**$ (0.13)**	$ 0.99	$ 1.14	$ 0.37	$ 0.33	N/A
(Loss) Income From Discontinued Operations	**$ (0.01)**	$ 3.54	$ 0.62	$ 0.37	$	N/A
Net (Loss) Income	**$ (0.14)**	$ 4.53	$ 1.76	$ 0.74	$ 0.33	N/A
Average Number of Shares Outstanding	**514**	546	557	543	535	
Dividends Paid Per Share	**$ 0.80**	$ 0.76	$ 0.68	$ 0.68	$ 1.30	
Return on Average Stockholders Equity	**N/A**	36%	18%	8%	3%	
Year-end Financial Position:						
Working capital	**$ 1,398**	$ 1,961	$ 1,058	$ 1,390	$ (258)	
Total assets	**$ 15,206**	$ 17,359	$ 18,137	$ 17,892	$ 18,498	
Long-term debt	**$ 3,194**	$ 3,604	$ 3,860	$ 5,044	$ 4,691	
Stockholders equity	**$ 5,722**	$ 7,822	$ 5,819	$ 5,360	$ 5,056	
Total shares outstanding (net of	**514**	520	552	546	527	

treasury shares)					
Other Information:					
Number of employees	**54,400**	56,100	52,600	51,900	59,300
Stock price ranges					
U.S. exchanges High	**$ 36.82**	$ 33.90	$ 32.73	$ 34.25	$ 49.69
Low	**$ 20.96**	$ 23.12	$ 24.00	$ 26.67	$ 22.75

(a) Includes net restructuring costs of $335 million, $98 million, $87 million and $317 million in 2008, 2007, 2006 and 2005, respectively.

See Management s Discussion and Analysis of Financial Condition and Results of Operations, appearing under Part II, Item 7 of this report, for discussion of significant items affecting our results of operations in 2008, 2007 and 2006.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

General

Marsh & McLennan Companies, Inc. and Subsidiaries (MMC) is a global professional services firm providing advice and solutions in the areas of risk, strategy, and human capital. MMC s subsidiaries include Marsh, which provides Risk and Insurance Services; Guy Carpenter, which provides reinsurance services; Mercer, which provides human resource and related financial advice and services; Oliver Wyman Group, which provides management consulting and other services and Kroll, which provides risk consulting and technology services. MMC s approximately 54,000 employees worldwide provide analysis, advice and transactional capabilities to clients in over 100 countries.

MMC s business segments are based on the services provided. Risk and Insurance Services includes risk management and insurance and reinsurance broking and services, provided primarily by Marsh and Guy Carpenter. Consulting, which comprises the activities of Mercer and Oliver Wyman Group, includes human resource consulting and related investment and outsourcing services, and specialized management, economic and brand consulting services. Risk Consulting & Technology, conducted through Kroll, includes risk consulting and related investigative, intelligence, financial, security and technology services. During the fourth quarter of 2008, MMC disposed of its U.S. and U.K. restructuring businesses to their respective management teams in separate leveraged buyouts.

We describe the primary sources of revenue and categories of expense for each segment below, in our discussion of segment financial results. A reconciliation of segment operating income to total operating income is included in Note 17 to the consolidated financial statements included elsewhere in this report. The accounting policies used for each segment are the same as those used for the consolidated financial statements.

This MD&A contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See Information Concerning Forward-Looking Statements at the outset of this report.

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Consolidated Results of Operations

For the Years Ended December 31,

(In millions, except per share figures)	**2008**	2007	2006
Revenue	**$ 11,587**	$ 11,177	$ 10,340
Expense			
Compensation and benefits	**7,207**	6,958	6,449
Other operating expenses	**3,577**	3,373	2,943
Goodwill impairment charge	**540**		
Operating expenses	**11,324**	10,331	9,392
Operating Income	**$ 263**	$ 846	$ 948
(Loss) Income from Continuing Operations	**$ (69)**	$ 538	$ 632
Discontinued Operations, net of tax	**(4)**	1,937	358
Net (Loss) Income	**$ (73)**	$ 2,475	$ 990
(Loss) Income from Continuing Operations Per Share:			
Basic	**$ (0.13)**	$ 1.00	$ 1.15
Diluted	**$ (0.13)**	$ 0.99	$ 1.14
Net (Loss) Income Per Share:			
Basic	**$ (0.14)**	$ 4.60	$ 1.80
Diluted	**$ (0.14)**	$ 4.53	$ 1.76
Average number of shares outstanding:			
Basic	**514**	539	549
Diluted	**514**	546	557
Shares outstanding at December 31,	**514**	520	552

Consolidated operating income was $263 million in 2008 compared with $846 million in the prior year. The 2008 results include the negative impact of a $540 million goodwill impairment charge related to the Risk Consulting & Technology segment and restructuring related items of $388 million in 2008, including the $28 million loss on the sale of the U.K. restructuring businesses, compared with restructuring costs of $105 million in 2007. Excluding these charges, consolidated operating income was $1.2 billion in 2008 compared with $951 million in 2007.

Risk and Insurance Services operating income increased $118 million to $460 million in 2008 compared with 2007, or 35%, despite an increase of $149 million in restructuring and related charges.

Consulting s operating income decreased $51 million to $555 million in 2008. Restructuring and related charges in 2008 at Mercer were $40 million compared with $8 million of such charges recorded in 2007.

Risk Consulting & Technology incurred an operating loss of $497 million in 2008 compared with $98 million of operating income in 2007. Operating results in 2008 include the $540 million goodwill impairment charge, restructuring and related charges of $17 million and a loss on the disposal of its U.K. restructuring businesses of $28 million. There were no similar charges recognized in this segment in 2007.

Corporate expenses increased $55 million to $255 million in 2008. In 2008, corporate expenses include $85 million of restructuring and related charges primarily resulting from estimated future rent and other real estate costs to exit space in MMC s New York headquarters building and previously vacated space in the U.K. and other locations. Restructuring and related charges were $28 million in 2007.

The consolidated net loss was $73 million in 2008, which includes charges of $928 million related to the goodwill impairment and restructuring and related charges, compared with net income of $2.5 billion in the prior year. Results for 2007 include a $1.9 billion gain on the disposal of Putnam, partly offset by restructuring and related charges of $105 million.

Discontinued operations in 2007 primarily includes the gain on disposal of Putnam.

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Consolidated Revenues and Expenses

MMC conducts business in many countries, as a result of which the impact of foreign exchange rate movements may impact period-to-period comparisons of revenue. Similarly, the revenue impact of acquisitions and dispositions may impact period-to-period comparisons of revenue. Underlying revenue measures the change in revenue from one period to another by isolating these impacts. The impact of foreign currency exchange fluctuations, acquisitions and dispositions on MMC s operating revenues by segment is as follows:

	Year Ended December 31,			Components of Revenue Change		
					Acquisitions/	
			% Change	Currency	Dispositions	Underlying
(In millions, except percentage figures)	**2008**	2007	**Revenue**	**Impact**	**Impact**	**Revenue**
Risk and Insurance Services						
Marsh	**$ 4,524**	$ 4,369	4%*	1%		2%*
Guy Carpenter	**803**	854	(6)%	1%		(7)%
Fiduciary Interest Income	**139**	177	(22)%	1%		(23)%
Total Risk and Insurance Services	**5,466**	5,400	1%	1%		
Consulting						
Mercer	**3,642**	3,368	8%		1%	7%
Oliver Wyman Group	**1,554**	1,516	2%	1%	3%	(2)%
Total Consulting	**5,196**	4,884	6%		2%	4%
Risk Consulting & Technology						
Kroll	**866**	815	6%		4%	2%
Corporate Advisory and Restructuring	**127**	172	(26)%	(1)%		(25)%
Total Risk Consulting & Technology	**993**	987	1%		4%	(3)%
Total Operating Segments	**11,655**	11,271	3%	1%	1%	1%
Corporate/Eliminations	**(68)**	(94)				
Total Revenue	**$ 11,587**	$ 11,177	4%	1%	1%	2%

	Year Ended December 31,			Components of Revenue Change		
					Acquisitions/	
			% Change	Currency	Dispositions	Underlying
(In millions, except percentage figures)	**2008**	2007	**Revenue**	**Impact**	**Impact**	**Revenue**
Marsh:						
EMEA	**$ 1,706**	$ 1,618	5%	2%		3%
Asia Pacific	**412**	374	10%	2%		8%
Latin America	**252**	239	6%	5%	(5)%	6%
Total International	**2,370**	2,231	6%	2%		4%
U.S. and Canada	**2,154**	2,138	1%			1%
Total Marsh	**$ 4,524**	$ 4,369	4%*	1%		2%*
Mercer:						
Retirement	**$ 1,178**					