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## News Release

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### **MMC REPORTS FOURTH QUARTER AND YEAR-END RESULTS**

NEW YORK, NEW YORK, February 14, 2006—Marsh & McLennan Companies, Inc. (MMC) today reported financial results for the quarter and year ended December 31, 2005. Marsh's U.S. wholesale broking operations and Sedgwick Claims Management Services, sold in October 2005 and January 2006, respectively, are shown in MMC's financial results as discontinued operations.

In the fourth quarter, consolidated revenues were \$2.8 billion, a 2 percent decline from the fourth quarter of 2004. Net income was \$35 million, or \$.06 per share, compared with a net loss of \$680 million, or \$1.29 per share, in the fourth quarter of 2004. Income from continuing operations was \$17 million, or \$.03 per share, compared with a net loss of \$683 million, or \$1.29 per share, in the fourth quarter of 2004. Excluding noteworthy items and stock option expense described in the attached supplemental schedules, earnings per share from net income in the fourth quarter of 2005 was \$.28, compared with \$.26 in the same period of 2004.

Full-year consolidated revenues were \$11.7 billion, compared with \$11.8 billion in 2004. Net income for the full year was \$404 million, or \$.74 per share, compared with \$176 million, or \$.33 per share, in 2004. Income from continuing operations was \$369 million, or \$.67 per share, compared with \$154 million, or \$.29 per share, in 2004. Excluding noteworthy items and stock

option expense, earnings per share for the full year from net income was \$1.57, compared with \$2.38 in 2004. The accompanying supplemental schedules give effect to discontinued operations and segment reclassifications. Quarterly trends are shown on pages 13, 15, and 16.

Michael G. Cherkasky, president and chief executive officer of MMC, said: “Two thousand five was a challenging year for MMC. We did what we critically needed to do. We stabilized MMC; we preserved our great brands—Marsh, Mercer, Putnam, Kroll, and Guy Carpenter; and we overwhelmingly retained our clients and employees. MMC is a much stronger company today than it was a year ago. Marsh had better client and staff retention and better profitability in the fourth quarter than in the previous quarters of 2005. We expect those trends to continue in 2006. Mercer Human Resource Consulting, Mercer Specialty Consulting, and Kroll grew revenues and are positioned for increased profitability in 2006, as is Guy Carpenter. Putnam continues to reduce its net outflows as it slowly but steadily completes its turnaround. MMC is headed in the right direction.”

#### Risk and Insurance Services

The improved business tone at Marsh is apparent in fourth quarter results. Both worldwide and North American client retention rates improved meaningfully from what has been reported throughout the year. Underlying revenues, excluding market services revenues, declined 2 percent, also a marked improvement from previous quarters. These results were achieved despite continued premium rate declines in the commercial insurance marketplace, particularly in Europe.

Guy Carpenter’s revenues in the fourth quarter were \$155 million, unchanged from the same period of 2004. While not reflected in 2005 results, January 2006 renewals showed premium rate increases in property catastrophe coverage.

Revenues from Marsh & McLennan Risk Capital Holdings were \$27 million, reflecting lower sales of equity investments. This was a marked decline not only from the \$58 million of revenues in the fourth quarter of 2004 but also from the first three quarters of 2005.

Total risk and insurance services revenues declined 7 percent to \$1.3 billion in the fourth quarter. The decline was primarily due to the year-over-year effect of market services revenues, the reduced sales of equity investments, and foreign currency translation. These results exclude strong revenue growth by Sedgwick Claims Management Services, which previously had been included in related insurance

### Other Items

The 2005 restructuring program resulted in savings of \$160 million in the year, with the remaining \$215 million of the total annualized savings of \$375 million to occur in 2006, all in risk and insurance services. Restructuring-related costs totaled \$320 million in 2005, and the remaining \$50 million is anticipated in the first half of 2006.

Fourth quarter results also include expenses of \$40 million in connection with certain litigation and related matters.

MMC's net debt (total debt less cash and cash equivalents) was \$3.5 billion at year-end, reflecting a decline of approximately \$250 million in the fourth quarter and \$430 million for the full year, driven primarily by strong operating cash flows. In addition, the company made discretionary cash contributions of \$235 million to its U.K. pension plans, bringing aggregate discretionary pension contributions in the United States and the United Kingdom to \$440 million for the full year.

In the fourth quarter of 2005, MMC entered into a new five-year revolving credit agreement in the amount of \$1.2 billion. MMC also repatriated \$585 million of accumulated international earnings at a favorable tax rate pursuant to the American Jobs Creation Act of 2004. To fund the repatriation, certain MMC international subsidiaries incurred borrowings under the new credit facility, which increased both cash and debt levels at the end of 2005.

The combined annualized revenues from Marsh's U.S. wholesale broking operations, Crump Group, and Sedgwick Claims Management Services were approximately \$470 million in 2005 and \$400 million in 2004. The results of these operations, including the after-tax net gain on the sale of Crump, have been reflected as discontinued operations. The gain on the sale of Sedgwick Claims Management Services will be reflected in the first quarter of 2006.

## Conference Call

A conference call to discuss fourth quarter and year-end 2005 results will be held today at 10:00 a.m. Eastern Standard Time. To participate in the teleconference, please dial (888) 208-1812 or (719) 457-2654 (international). The access code for both numbers is 4446190. The audio webcast (which will be listen-only) may be accessed at [www.mmc.com](http://www.mmc.com). A replay of the webcast will be available beginning approximately two hours after the event at the same web address.

MMC is a global professional services firm with annual revenues of approximately \$12 billion. It is the parent company of Marsh, the world's leading risk and insurance services firm; Guy Carpenter, the world's leading risk and reinsurance specialist; Kroll, the world's leading risk consulting company; Mercer, a major global provider of human resource and specialty consulting services; and Putnam Investments, one of the largest investment management companies in the United States. Approximately 55,000 employees provide analysis, advice, and transactional capabilities to clients in over 100 countries. Its stock (ticker symbol: MMC) is listed on the New York, Chicago, Pacific, and London stock exchanges. MMC's website address is [www.mmc.com](http://www.mmc.com).

This press release contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. These statements, which use words like "anticipate," "believe," "estimate," "expect," "intend," "plan," "project" and similar terms, express management's current views concerning future events or results. For example, we may use forward-looking statements when addressing topics such as: future actions by our management or regulators; the outcome of contingencies; changes in our business strategy; changes in our business practices and methods of generating revenue; the development and performance of our services and products; market and industry conditions, including competitive and pricing trends; changes in the composition or level of MMC's revenues; our

period-to-period revenue fluctuations relating to the net effect of new and lost business production and the timing of policy inception dates;

the impact on our commission revenues of changes in the availability of, and the premiums insurance carriers charge for, insurance products;

the actual and relative investment performance of Putnam's mutual funds and institutional and other advisory accounts, and the extent to which Putnam reverses its recent net redemption experience, increases assets under management and maintains management and administrative fees at historical levels;

our ability to implement our restructuring initiatives and otherwise reduce expenses;

our ability to execute our strategy of operating as "one company," which includes employing technology-based business processes across our organization, creating proprietary processes based on enterprise-wide intellectual capital, and cross-selling to clients throughout MMC's businesses;

the impact of competition, including with respect to pricing and the emergence of new competitors;

the impact of increasing focus by regulators, clients and others on potential conflicts of interest;

changes in the value of MMC's investments in individual companies and investment funds;

our ability to make strategic acquisitions and to integrate, and realize expected synergies, savings or strategic benefits from, acquired businesses;

our ability to meet our financing needs by generating cash from operations and accessing external financing sources, including the potential impact of rating agency actions on our cost of financing or ability to borrow;

the impact on our operating results of foreign exchange fluctuations; and

changes in the tax or accounting treatment of our operations, and the impact of other legislation and regulation in the jurisdictions in which we operate.

Forward-looking statements speak only as of the date on which they are made, and MMC undertakes no obligation to update any such statement to reflect events or circumstances 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 position, is contained in MMC's filings with the Securities and Exchange Commission.

MMC and its operating companies use their websites to convey meaningful information about their businesses, including the anticipated release of quarterly financial results and the posting of updates of assets under management at Putnam. Monthly updates of total assets under management at Putnam will be posted to the MMC website the first business day following the end of each month. Putnam posts mutual fund and performance data to its website regularly. Assets for most Putnam retail mutual funds are posted approximately two weeks after each month-end. Mutual fund net asset value (NAV) is posted daily. Historical performance and Lipper rankings are also provided. Investors can link to MMC and its operating company websites through [www.mmc.com](http://www.mmc.com).

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

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>Revenue:</b>				
Service Revenue	<b>\$2,799</b>	\$2,823	<b>\$11,469</b>	\$11,561
Investment Income (Loss)	<b>27</b>	57	<b>183</b>	200
<b>Total Revenue</b>	<b>2,826</b>	2,880	<b>11,652</b>	11,761
<b>Expense:</b>				
Compensation and Benefits	<b>1,597</b>	1,692	<b>6,945</b>	6,456
Other Operating Expenses	<b>1,074</b>	1,378	<b>3,811</b>	3,736
Regulatory and Other Settlements	<b>40</b>	702	<b>40</b>	969
<b>Total Expense</b>	<b>2,711</b>	3,772	<b>10,796</b>	11,161
<b>Operating Income (Loss)</b>	<b>115</b>	(892)	<b>856</b>	600
<b>Interest Income</b>	<b>14</b>	6	<b>47</b>	21
<b>Interest Expense</b>	<b>(79)</b>	(66)	<b>(332)</b>	(219)
<b>Income (Loss) Before Income Taxes and Minority Interest Expense</b>	<b>50</b>	(952)	<b>571</b>	402
<b>Income Taxes</b>	<b>29</b>	(271)	<b>192</b>	240
<b>Minority Interest Expense, Net of Tax</b>	<b>4</b>	2	<b>10</b>	8
<b>Income (Loss) From Continuing Operations</b>	<b>17</b>	(683)	<b>369</b>	154
<b>Discontinued Operations, Net of Tax</b>	<b>18</b>	3	<b>35</b>	22
<b>Net Income (Loss)</b>	<b>\$ 35</b>	\$ (680)	<b>\$ 404</b>	\$ 176
<b>Basic Income Per Share - Continuing Operations</b>	<b>\$ 0.03</b>	\$ (1.29)	<b>\$ 0.69</b>	\$ 0.29
<b>Net Income (Loss)</b>	<b>\$ 0.06</b>	\$ (1.29)	<b>\$ 0.75</b>	\$ 0.33
<b>Diluted Income Per Share - Continuing Operations</b>	<b>\$ 0.03</b>	\$ (1.29)	<b>\$ 0.67</b>	\$ 0.29
<b>Net Income (Loss)</b>	<b>\$ 0.06</b>	\$ (1.29)	<b>\$ 0.74</b>	\$ 0.33
<b>Average Number of Shares Outstanding - Basic</b>	<b>546</b>	529	<b>538</b>	526
<b>Diluted</b>	<b>555</b>	529	<b>543</b>	535





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

**Segment Reclassifications and Discontinued Operations**

During the fourth quarter of 2005, MMC implemented several organizational changes that affected MMC's reportable segments. The

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

	<b>Three Months Ended December 31,</b>		<b>Twelve Months Ended December 31,</b>	
	<b>2005</b>	2004	<b>2005</b>	2004
<b>Operating Income (Loss):</b>				
Risk and Insurance Services	<b>\$ 62</b>	\$ (871)	<b>\$ 305</b>	\$ 84
Risk Consulting & Technology	<b>15</b>	22	<b>124</b>	48
Consulting	<b>94</b>	30	<b>451</b>	409
Investment Management	<b>59</b>	(31)	<b>263</b>	98
Corporate (a)	<b>(115)</b>	(42)	<b>(287)</b>	(39)
	<b>\$115</b>	\$(892)	<b>\$ 856</b>	\$600
<b>Segment Operating Margins:</b>				
Risk and Insurance Services	<b>4.7%</b>	(61.8)%	<b>5.5%</b>	1.4%
Risk Consulting & Technology	<b>6.5%</b>	10.9%	<b>13.1%</b>	11.9%
Consulting	<b>9.7%</b>	3.3%	<b>11.9%</b>	11.2%
Investment Management	<b>16.4%</b>	(7.5)%	<b>17.5%</b>	5.7%
<b>Consolidated Operating Margin</b>	<b>4.1%</b>	(31.0)%	<b>7.3%</b>	5.1%
<b>Pretax Margin</b>	<b>1.8%</b>	(33.1)%	<b>4.9%</b>	3.4%
<b>Effective Tax Rate (b)</b>	<b>58.0%</b>	28.5%	<b>33.7%</b>	59.7%
<b>Shares Outstanding at End of Period</b>	<b>546</b>	527		
<b>Potential Minority Interest Associated with the Putnam Equity Partnership Plan Net of Dividend Equivalent Expense Related to MMC Common Stock Equivalents</b>				
	<b>\$ 3</b>	\$ -	<b>\$ 4</b>	\$ (2)

(a) Effective July 1, 2005, MMC adopted SFAS 123(R), Share-Based Payment, using the modified prospective method of adoption. Incremental expenses of \$33 million and \$64 million, respectively, primarily related to stock options, are included in Corporate expenses for the three months and twelve months ended December 31, 2005.

(b) The effective tax rate for the three months ended December 31, 2005 reflects lower tax benefits on restructuring costs, employee retention costs, settlement costs and stock option expense, and the impact of increasing the full year effective tax rate on ongoing operations to 34.2%. The effective tax rate for the three months ended December 31, 2004 reflects non-deductible

**Marsh & McLennan Companies, Inc.**  
**Reconciliation of Non-GAAP Measures**  
**Three and Twelve Months Ended December 31, 2005**  
(Millions) (Unaudited)

NON-GAAP MEASURES: The amounts shown below in Operating Income As Adjusted and Operating Income Margin As Adjusted are non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. Because a number of noteworthy items impacted operating income and interest expense in 2005, MMC believes that the supplemental non-GAAP financial measures presented below may help investors and other users of MMC's financial information to understand aspects of MMC's operating income and net income that may not be apparent from MMC's reported GAAP results. Certain industry peers provide similar supplemental information, although they may not use the same or comparable terminology and may not

**Risk &  
Insurance  
Services (h)**

**Risk  
Consulting &  
Technology**

**Consulting (h)**

	<u>Risk &amp; Insurance Services</u>	<u>Risk Consulting &amp; Technology</u>	<u>Consulting</u>	<u>Investment Management</u>	<u>Corporate &amp; Eliminations</u>	<u>Total</u>
<b>March 31, 2005</b>						
<b>Operating Income As Reported</b>	\$ 137	\$ 37	\$ 110	\$ 50	\$ (73)	\$ 261
<b>Restructuring Charges</b>	96	-	-	-	49	145
<b>Incremental Regulatory and Compliance</b>	43	-	-	-	(17)	26
<b>Estimated Mutual Fund Reimbursement</b>	-	-	-	30	-	30
<b>Employee Retention Awards</b>	15	-	10	-	-	25
<b>Other</b>	3	-	-	-	(3)	-
<b>Adjustments</b>	157	-	10	30	29	226

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

**Three and Twelve Months Ended December 31, 2005**

(a) For the three months and twelve months ended December 31, 2005, market services revenue of \$29 million and \$119 million, respectively, for Risk and Insurance Services, and \$1 million and \$5 million, respectively, for the employee benefits business transferred to Mercer, is included in Operating Income As Reported and Operating Income As Adjusted.

(b) Settlement and Other Costs represent expenses incurred in connection with certain litigation and related matters.

(c) Incremental regulatory and compliance costs in the risk and insurance services segment include professional services provided by other MMC companies and the inter-company amounts are eliminated in Corporate. The credit in Investment Management relates to insurance recoveries of amounts previously presented as Incremental Regulatory and Compliance costs.

(d) Other primarily reflects costs related to a claim against a letter of credit posted by MMC on behalf of an insurance company previously owned by MMC, accelerated leasehold amortization and the bonus impact on the insurance credit received, partly offset by a gain on the sale of the corporate jet.

(e) Corporate expenses in 2005 include restructuring charges of \$49 million related to the consolidation of office space in London, which was recorded in the first quarter of 2005. Because the office space consolidation was driven by MMC to benefit its London operations as a whole, the related charge was recorded in corporate expenses.

(f) Represents estimated costs that Putnam believes will be necessary to address issues relating to the calculation of certain amounts paid by the Putnam mutual funds in previous years. The previous payments were cost reimbursements by the Putnam mutual funds to Putnam for transfer agency services related to defined contribution operations.

(g) In addition to the noteworthy items that impacted operating income, interest expense included a write-off of \$7 million of unamortized costs related to the refinancing of the 2004 revolving credit agreement and a \$34 million mortgage prepayment charge.

**Three and Twelve Months Ended December 31, 2004**

(h) For the three months and twelve months ended December 31, 2004, market services revenue of \$70 million and \$521 million, respectively, for Risk and Insurance Services, and \$3 million and \$20 million, respectively, for the employee benefits business transferred to Mercer, is included in Operating Income As Reported and Operating Income As Adjusted.

(i) Settlement and Other Costs include charges related to the investigation of Marsh by New York regulators and Putnam's settlements with the SEC and State of Massachusetts and a credit for the final insurance settlement related to WTC in Corporate.

(j) In connection with accounting guidance issued by the Institute of Chartered Accountants in the U.K., MMC reassessed its obligation to provide future claims handling and certain administrative services for brokerage clients in the European marketplace. MMC has determined that under certain circumstances it is obligated to provide such services based on its current business practices. MMC recorded a pretax charge to reflect the change in estimated cost to provide these services. This change does not result in any incremental cash outflow for MMC.

(k) The tax effect for the twelve months ended December 31, 2004 reflects non-deductible Putnam settlement, reserve for possible Marsh settlement at 34% tax rate, credit related to insurance settlement at 40% tax rate, service obligation estimated at 30% tax rate and other charges and credit at 35% tax rate.



**Marsh & McLennan Companies, Inc.**  
**Supplemental Information – Consolidated Statements of Income Segment Reclassifications**  
(Millions) (Unaudited)



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

	<u>Dec. 31, 2005</u>	<u>Sept. 30, 2005</u>	<u>June 30, 2005</u>	<u>March 31, 2005</u>	<u>Dec. 31, 2004</u>
<b>Mutual Funds:</b>					
Growth Equity	\$ 31	\$ 32	\$ 33	\$ 34	\$ 38
Value Equity	37	38	39	40	41
Blend Equity	26	26	26	26	28
Fixed Income	32	33	34	35	36
Total Mutual Fund Assets	<u>126</u>	<u>129</u>	<u>132</u>	<u>135</u>	<u>143</u>
<b>Institutional:</b>					
Equity	34	33	33	35	40
Fixed Income	29	30	30	29	30
Total Institutional Assets	<u>63</u>	<u>63</u>	<u>63</u>	<u>64</u>	<u>70</u>
<b>Total Ending Assets</b>	<u><b>\$189</b></u>	<u><b>\$192</b></u>	<u><b>\$195</b></u>	<u><b>\$199</b></u>	<u><b>\$213</b></u>
<b>Assets from Non-US Investors</b>	<u><b>\$ 32</b></u>	<u><b>\$ 33</b></u>	<u><b>\$ 34</b></u>	<u><b>\$ 35</b></u>	<u><b>\$ 38</b></u>
<b>Average Assets Under Management:</b>					
Quarter-to-Date	<u><b>\$188</b></u>	<u><b>\$195</b></u>	<u><b>\$196</b></u>	<u><b>\$204</b></u>	<u><b>\$211</b></u>
Year-to-Date	<u><b>\$196</b></u>	<u><b>\$198</b></u>	<u><b>\$200</b></u>	<u><b>\$204</b></u>	<u><b>\$217</b></u>
<b>Net Redemptions including</b>					
<b>Dividends Reinvested:</b>					
Quarter-to-Date	<u><b>\$ (6.4)</b></u>	<u><b>\$ (8.5)</b></u>	<u><b>\$ (7.1)</b></u>	<u><b>\$ (9.7)</b></u>	<u><b>\$ (10.7)</b></u>
Year-to-Date	<u><b>\$(31.7)</b></u>	<u><b>\$(25.3)</b></u>	<u><b>\$(16.8)</b></u>	<u><b>\$ (9.7)</b></u>	<u><b>\$ (51.0)</b></u>

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

	<b>December 31,</b> <u><b>2005</b></u>	December 31, <u>2004</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ <b>2,020</b>	\$ 1,370
Net receivables	<b>2,730</b>	2,859
Assets of discontinued operations	<b>153</b>	173
Other current assets	<u><b>205</b></u>	<u>597</u>
<b>Total current assets</b>	<b>5,108</b>	4,999
Goodwill and intangible assets	<b>7,773</b>	8,055
Fixed assets, net	<b>1,178</b>	1,363
Long-term investments	<b>277</b>	558
Prepaid pension	<b>1,596</b>	1,394
Other assets	<u><b>1,899</b></u>	<u>1,968</u>
<b>TOTAL ASSETS</b>	<u><b>\$17,831</b></u>	<u>\$18,337</u>