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### 2005 RESULTS

NEW YORK, N.Y. — Marsh & McLennan Companies, Inc. (MMC) today reported first quarter 2005 results. Consolidated revenues totaled \$3.2 billion, compared to \$3.1 billion in the first quarter of 2004. These results include pretax charges for non-recurring restructuring and compliance, and potential Putnam-related losses of \$225 million. Excluding these items, earnings per share for the first quarter of 2004, net income was \$446 million, compared to \$415 million in the first quarter of 2004. First quarter 2005 results include settlement expenses, insurance recovery and center losses, severance and regulatory and compliance costs of \$100 million, which reduced 2004 net income by \$100 million. Excluding these items, earnings per share for the first quarter of 2004 have been \$1.96 per share. Additional information on these items and their effect on revenue and earnings per share is provided in the attached supplemental schedule on pages 11 and 12.

Michael G. Cherkasky, president and chief executive officer of MMC said: “We continue to take steps across MMC to make it a stronger, more streamlined company. Marsh is executing its plan to simplify management structure, improve efficiency and account profitability, and increase productivity. These changes should enable us to deliver profitable growth and market leadership. Marsh & McLennan had a strong first quarter for its technology services division. Marsh & McLennan Human Resources is making significant progress in

expanding its outsourcing capabilities and range of investment advice and services, including the combination of its existing benefits administration operations with Putnam's defined contribution administration activities. Mercer's specialty consulting businesses performed very well, reporting strong revenue growth. Putnam's investment performance has continued to improve, reflecting changes made over the last 18 months. We continue to see a moderation in net redemptions."

MMC now reports financial results in four segments:

- **Risk and Insurance Services**, comprising risk management and insurance broking (Marsh), reinsurance broking and services (Guy Carpenter), and related insurance services;
- **Risk Consulting and Technology** (Kroll);
- **Consulting**, including Mercer Human Resource Consulting and Mercer's specialty consulting businesses; and
- **Investment Management** (Putnam).

### **Risk and Insurance Services**

Risk and insurance services revenues declined 11 percent in the quarter to \$1.7 billion.

Underlying revenues, excluding acquisitions and foreign exchange, declined 13 percent. Market services revenues declined \$179 million to \$32 million in the quarter. Excluding the loss of market services revenues, underlying revenues declined 5 percent.

Marsh's risk management and insurance broking revenues declined 19 percent to \$1.2 billion due to the termination of market services agreements, the effect of reduced insurance premium rates, and a lower volume of net new business. The decline was most significant in the United States, with modest declines in the rest of the world consistent with the softening of premium pricing.

Guy Carpenter reported first quarter revenues of \$282 million, unchanged from 2004.

Underlying revenues declined 2 percent. Carpenter's new business in the quarter was stronger than the prior year quarter but was offset by the effect of higher risk retentions and lower premium rates in the reinsurance marketplace.

Related insurance services revenues rose 26 percent to \$294 million, an 18 percent increase on an underlying basis. This reflects strong growth in claims management as well as higher investment gains in the quarter.

As expected, restructuring and other noteworthy expenses significantly affected risk and insurance services operating income of \$171 million. Approximately \$65 million of savings associated with the fourth quarter restructuring were more than offset by \$96 million for additional restructuring, \$43 million of incremental regulatory and compliance costs, and \$15 million for employee retention programs in the first quarter. Bonus accruals for the full year are being kept flat to 2004 levels to assure that the proper levels of incentives are maintained in a challenging year. The elimination of market services revenues removed a significant seasonality factor that had a corresponding impact on bonus accruals. First quarter bonus accruals were \$42 million higher than the prior year quarter. Additional restructuring charges are anticipated over the course of 2005 for severance and real estate costs.

### **Risk Consulting and Technology**

Kroll performed well, reporting \$264 million in revenues. Its growth was excellent, with particular strength in technology services' electronic discovery and background screening operations. First quarter revenues also reflect the integration of portions of Marsh's risk consulting operations. Operating income was \$37 million for the quarter, including \$16 million of identified intangible amortization.

### **Consulting**

Consulting revenues increased 4 percent in the first quarter to \$834 million. Underlying revenues increased 1 percent. Operating income of \$84 million includes \$10 million of retention expenses.

Mercer Human Resource Consulting reported revenues of \$586 million, compared with \$589 million last year. The reduction in underlying revenues was due to the decline in revenues associated with defined contribution plan assets previously administered by Putnam. The health and benefits business and the performance, rewards, and information business both reported

good revenue growth. A modest decline in the retirement business was largely due to lower demand in the United Kingdom.

Mercer's specialty consulting businesses produced \$210 million in revenues, an increase of 17 percent from last year. Underlying revenues grew 13 percent. Mercer Management Consulting, Mercer Oliver Wyman, and NERA Economic Consulting each reported solid revenue growth.

### **Investment Management**

Conference Call

A conference call to discuss first quarter 2005 results will be held today at 10:00 a.m. Eastern Daylight Time. To participate in the live teleconference, please dial (888) 283-6901 or (719) 955-1564 (international). The live audio webcast (which will be listen-only) may be accessed at

- the impact of litigation and regulatory proceedings brought by various state attorneys general and state insurance regulators;
- the impact of class actions, derivative actions and individual suits brought by policyholders and shareholders (including MMC employees) asserting various claims, including claims under U.S. securities laws, ERISA, RICO, unfair business practices and other common law or statutory claims;
- loss of producers or key managers;
- inability to negotiate satisfactory compensation arrangements with insurance carriers or clients;
- inability to reduce expenses to the extent necessary to achieve desired levels of profitability;
- inability to collect previously accrued MSA revenue;
- changes in the availability of, and the market conditions and the premiums insurance carriers charge for, insurance products;
- the impact of litigation and other regulatory matters stemming from market-timing issues at Putnam;
- changes in worldwide and national equity and fixed income markets;
- actual and relative investment performance of the Putnam mutual funds;
- the level of sales and redemptions of Putnam mutual fund shares;
- changes in the value of investments made in individual companies and investment funds; and
- changes in interest rates or the inability to access financial markets.

Forward-looking statements speak only as of the date on which they are made, and MMC undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events.

MMC is committed to providing timely and materially accurate information to the investing public, consistent with our legal and regulatory obligations. To that end, 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.**  
**Supplemental Information – Revenue Analysis**  
**First Quarter**  
(Millions) (Unaudited)

	Three Months Ended March 31,		% Change	Components of Revenue Change			Underlying Revenue excluding MSA Impact
				GAAP	Currency	Acquisitions/ Dispositions	
	2005	2004	Revenue	Impact	Impact	Revenue	
<b>Risk &amp; Insurance Services</b>							
Risk Management and Insurance Broking	\$1,172	\$1,451	(19)%	2%	-	(21)%	(11)%
Reinsurance Broking and Services	282	283	-	2%	-	(2)%	(2)%
Related Insurance Services	294	233	26%	-	8%	18%	18%
Total Risk and Insurance Services	1,748	1,967	(11)%	1%	1%	(13)%	(5)%
<b>Risk Consulting &amp; Technology</b>	264	26	933%	-	933%	-	
<b>Consulting</b>							
Human Resource Consulting	586	589	-	2%	-	(2)%	
Specialty Consulting	210	180	17%	2%	2%	13%	
	796	769	4%	2%	1%	1%	
Reimbursed Expenses	38	35					
Total Consulting	834	804	4%	2%	1%	1%	
<b>Investment Management</b>	398	450	(12)%	-	-	(12)%	
<b>Total Operating Segments</b>	3,244	3,247	-	1%	8%	(9)%	(4)%
<b>Corporate Eliminations</b>	(62)	(51)					
<b>Total Revenue</b>	\$3,182	\$3,196					

### Notes

Underlying revenue measures the change in revenue, before the impact of acquisitions and dispositions, using consistent currency exchange rates. Underlying revenue for risk management and insurance broking decreased 21% in the first quarter, including a 10% decline related to market services agreements; and for the risk and insurance services segment underlying revenue decreased 13% in the first quarter including an 8% decline related to market services agreements.

Effective October 1, 2004 Marsh agreed to eliminate contingent compensation agreements with insurers. Market services revenue earned but not accrued at September 30, 2004 is recognized when collected or when confirmation of the amount of payment is received from the carriers. First quarter results include market services revenue of \$32 million and \$211 million in 2005 and 2004, respectively.

Interest income on fiduciary funds amounted to \$35 million and \$29 million for the three months ended March 31, 2005 and 2004, respectively.

### Segment Reclassification

MMC has reclassified prior year amounts to reflect organizational changes that affected MMC's reportable segments. The following changes are reflected in the 2004 segment data presented above:

Risk Consulting and Technology, a new reportable segment, includes Kroll, Inc., which was acquired by MMC in July 2004 and portions of risk consulting business previously managed by Marsh. Services include: forensic accounting and litigation support; business continuity management; mass tort and complex liability mitigation; and comprehensive data services for the management of insurance, claims and legal data.

Putnam's defined contribution administration business was transferred from Putnam (Investment Management) to Human Resource Consulting (Consulting). Approximately \$283 million was transferred from Investment Management to Human Resource Consulting.

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

**Three Months Ended**  
**March 31,**

<u>2005</u>	<u>2004</u>
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**Operating Income (Loss) Including Minority Interest Expense:**

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

**March 31,      Dec. 31,      Sept. 30,      June 30,      March 31,**

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

<b>Risk &amp; Insurance Services (a)</b>	<b>Risk Consulting &amp; Technology</b>	<b>Consulting</b>	<b>Investment Management</b>	<b>Corporate &amp; Eliminations</b>	<b>Total</b>
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**Marsh & McLennan Companies, Inc.**  
**Reconciliation of Non-GAAP Measures**  
**Three Months Ended March 31, 2004**  
(Millions) (Unaudited)

	<u>Risk &amp; Insurance Services (a)</u>	<u>Risk Consulting &amp; Technology</u>	<u>Consulting</u>	<u>Investment Management</u>	<u>Corporate &amp; Eliminations</u>	<u>Total</u>
<b>Operating Income As Reported</b>	\$ 633	\$ 4	\$ 87	\$ (24)	\$ 72	\$ 772
<b>Settlements (b)</b>	-	-	-	100	(105)	(5)
<b>Other</b>						
Severance	7	-	11	25	-	43
Incremental Regulatory and Compliance	-	-	-	14	-	14

**Marsh & McLennan Companies, Inc.**  
**Supplemental Information – Revenue Analysis 2004 Segment Reclassifications**  
**(Millions) (Unaudited)**

**Marsh & McLennan Companies, Inc.**  
**Supplemental Information – Operating Income 2004 Segment Reclassifications**  
**(Millions) (Unaudited)**

The table below reflects the impact on previously reported segment operating income resulting from changes in business segments.

**Three Months Ended**

**Year**  
**TD 0 Tc 861 v.75**

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