



MARSH  
MERCER  
KROLL  
GUY CARPENTER  
PUTNAM









## **INFORMATION ABOUT OUR ANNUAL MEETING AND SOLICITATION OF PROXIES**

### **Who can vote?**

Holders of our common stock, as recorded in our stock register on March 20, 2007, may vote, either in person or by proxy, at the annual meeting. You may vote all shares of common stock owned by you as of March 20, 2007, including (i) shares held directly in your name as the record holder and (ii) shares held for you in “street name,” which refers to shares that you own beneficially but that are held of record in the name of a broker, bank, trustee or other intermediary.

Each share of common stock is entitled to one vote on each matter properly brought before the annual meeting. As of March 20, 2007, there were outstanding 550,830,240 shares of MMC common stock entitled to vote.

A list of MMC’s common stockholders of record will be available for inspection at the principal executive offices of MMC at 1166 Avenue of the Americas, New York, New York for at least ten days prior to the annual meeting.

### **Who can attend the annual meeting?**

### **How do proxies work?**

MMC's board of directors is asking for your proxy. Giving us your proxy means you authorize us to vote your shares at the annual meeting, or at any adjournment or postponement thereof, in the manner you direct. With respect to each matter requiring a stockholder vote, you may vote "for" or "against" or abstain from voting.

The persons named in the proxy, who are our officers, will vote according to your directions. If you sign and return a proxy card or otherwise vote by Internet or telephone, but do not specify how to vote, we will vote your shares in favor of our director nominees, in favor of Items 2 and 3 and against Item 4.

### **Can I revoke my proxy?**

Yes. You may revoke your proxy before it is voted by (i) submitting a new proxy with a later date, (ii) voting in person at the annual meeting, or (iii) sending written notification of revocation addressed to:

Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, New York 10036-2774  
Attn: Luciana Fato, Esq., Corporate Secretary

Note that your mere attendance at the meeting will not revoke a proxy that you previously submitted to MMC.

### **What are the voting requirements to elect directors and to approve each of the proposals discussed in this proxy statement?**

In order to carry on the business of the meeting, we must have a quorum. This means at least a majority of the outstanding shares eligible to vote must be present in person or represented by proxy at the annual meeting. With respect to each matter properly brought before the meeting, each stockholder who held shares as of the record date is entitled to one vote, in person or by proxy, for each share of common stock held as of the record date.

The voting standards applicable to the annual meeting are as follows:

**Uncontested Elections.** In December 2006, MMC amended its bylaws to adopt a majority voting standard for the election of directors. In an uncontested election of directors (i.e., where the number of nominees does not exceed the number of directors to be elected), a nominee will be elected if the number of votes cast "for" the nominee's election exceeds the number of votes cast "against" the nominee's election. In an uncontested election, abstentions and broker nonvotes with respect to a nominee's election will not be included in the total number of votes cast and therefore will have no effect on the election's outcome. MMC's Guidelines for Corporate Governance address the procedures to be followed if an incumbent director standing for reelection in an uncontested election of directors fails to receive a majority of the votes cast. See "Director Election Voting Standard" at page 10.

**Contested Elections.** In a contested election of directors (i.e., where the number of nominees exceeds the number of directors to be elected), a nominee will be elected by a plurality of the votes cast.

Items 2, 3 and 4 will be decided by the affirmative vote of a majority of the shares of MMC common stock present or represented and entitled to vote at the annual meeting. In accordance with Delaware law, abstentions will be treated as present and entitled to vote for purposes of this paragraph, while broker nonvotes will not.

The rules of the New York Stock Exchange prohibit a broker or other record holder from voting on certain matters (often referred to as “non-routine”) if the broker has not received specific voting instructions from its client (i.e., the beneficial owner of the shares) on those matters. In such a case, the broker may submit a proxy but it will not vote the client’s shares on the matter(s) for which instructions were required but not provided by the client. Shares subject to such “broker nonvotes” are not counted as present or represented with respect to the non-routine matters; however, they are counted as present and represented for purposes of determining the presence of a quorum at the annual meeting. Under the NYSE rules, Items 3 and 4 described in this proxy statement are considered non-routine.

**Could additional matters be decided at the annual meeting?**

As of the date of this proxy statement, we do not know of any business not described in this proxy statement that will be presented at the meeting. However, if other business shall properly come before the meeting, the persons named in the proxy will vote on your behalf using their discretion.

**Who conducts the annual meeting?**

The chairman of MMC’s board of directors acts as chairman of the annual meeting, and has the authority to conduct the annual meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, the chairman has the discretion to establish reasonable rules for discussion, comments and questions during the meeting. The chairman also is entitled to rely upon applicable law regarding disruptions or disorderly conduct to ensure that the meeting is conducted in a manner that is fair to all participants.

**Who will count the vote at the annual meeting?**

Representatives of ADP Investor Communication Services will tabulate the votes and act as inspectors of election.

**How may I obtain an electronic copy of the proxy statement and annual report?**

This proxy statement and our 2006 Annual Report can be viewed on our website at <http://www.mmc.com/annualreport.html>. Most stockholders can also receive a copy of the proxy statement and annual report by email. To receive a copy of the proxy statement and annual report by email, you must first register your email address with us. To register your email address, please contact our Investor Relations Department at (908) 438-1000 or [ir@mmc.com](mailto:ir@mmc.com).

**What is “householding”?**

We have adopted a procedure approved by the Securities and Exchange Commission called “householding.” Under this procedure, a single copy of MMC’s proxy statement and annual report is sent to stockholders of record and holders of shares in certain MMC, Putnam and Mercer employee benefit plan accounts who share the same last name and reside at the same mailing address, unless one of the stockholders at that address notifies us that they

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## CORPORATE GOVERNANCE

We describe highlights of our governance environment below, and also in the next section of this proxy statement, captioned "Board of Directors and Committees." All of MMC's key corporate governance materials are available online at <http://www.mmc.com/corpgov.html>, and will be sent in hard copy to any stockholder who so requests.

### Recent Developments

Since late 2004, MMC has significantly enhanced its corporate governance practices. Highlights of these initiatives include:

• Over the last 30 months, we have substantially reconfigured our board. Currently, 11 of MMC's 12 directors are independent.

• In February 2005, the board established a compliance to63520(p)14(l)r oratM el(a)3(s)1(st)-18(a)pm635206u(0)-6(s)-9(l)-1(y)54(0)21(tM)me3(l)4(i)2(i)

- overseeing the integrity of MMC's financial statements and financial reporting processes;
- ensuring the adequacy of MMC's processes for legal and ethical compliance; and
- monitoring the effectiveness of MMC's corporate governance practices. (Section B)
- CEO/chairman separation. (Section F.2)
- 8: D'hj XXZh'hc ea'c c'c \ Vc Y'b Vc \ Zb Zci YZkZadeb Zci# (Section C)
- B V\_dg'in'kdi 'c \ 'c Y'gZX'dg'ZaZX'hc h# (Section E.3)
- 9'gZX'dgf j Va[ ^Xi 'dc hi Vc YVgYhVc Y'Y'gZX'dg'c YZe Zc YZc XZ# (Sections D.2 and D.3)
- GZi 'gZb Zci 'gZf j 'gZb Zci h[ dg'c dc!b Vc \ Zb Zci Y'gZX'dg# (Section E.6)
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copy is available to any stockholder upon request. MMC has also adopted a Code of Ethics for the Chief Executive and Senior Financial Officers, which applies to our chief executive officer, chief financial officer and controller. A copy of this code is filed as an exhibit to our 2002 Annual Report on Form 10-K. We would disclose any amendments to, or waivers of, the Code of Ethics for the Chief Executive Officer and Senior Financial Officers, on our website within four business days.

Under the Code of Business Conduct and Ethics, directors and senior executives may not have an ownership interest in any company that competes or does business with MMC without first consulting with MMC's general counsel. Under the Governance Guidelines, directors must offer to resign if they have any significant change in their personal circumstances, including a significant change in employment or business activities. Directors are expected to recuse themselves from any board discussion or decision affecting their personal, business or professional interests.

### **Review of Related-Person Transactions**

MMC maintains a written Policy Regarding Related-Person Transactions, which sets forth standards and procedures for the review and approval or ratification of transactions between MMC and related persons. The policy is administered by the directors and governance committee of the board, with assistance from MMC's corporate secretary.

The policy applies to any "related-person transaction." This means a transaction (i) to which MMC is a party, (ii) which involves an aggregate value of \$120,000 or more, and (iii) in which a related person has a direct or indirect material interest. A "related person" means a director or executive officer of MMC, a nominee for election as a director of MMC, a beneficial owner of more than five percent of MMC's outstanding common stock, or an immediate family member of any of the foregoing persons.

In determining whether to approve or ratify a related-person transaction, the directors and

## **Communicating Concerns to Directors**

MMC's audit committee has established procedures to enable anyone who has a concern about the company's accounting, internal accounting controls or auditing practices to communicate that concern directly to the board, the chairman of the board or the non-management directors as a group. These communications, which may be made on a confidential or anonymous basis, may be submitted in writing or by telephone, as follows:

By mail to:  
Marsh & McLennan Companies, Inc.  
P.O. Box 4974  
New York, N.Y. 10185-4974

By telephone to the MMC Ethics & Compliance Line:  
Canada & the U.S.: 1-800-381-2105

Outside Canada & the U.S, use your country's AT&T Direct® service number to reach the MMC Ethics & Compliance Line toll-free.

Further details of MMC's procedures for handling complaints and concerns of employees and other interested parties are posted on our website at <http://www.mmc.com/corpgov.html>. MMC policy prohibits retaliation against anyone who raises an integrity concern of the type described above.

## **BOARD OF DIRECTORS AND COMMITTEES**

### **Board Composition, Leadership and Size**

Our board of directors currently has 12 members. Following the retirement of Lewis W.

meeting. Therefore, to recommend a candidate to the directors and governance committee for consideration for nomination by the board at MMC's 2008 annual meeting of stockholders, a stockholder must submit the recommendation, in writing, by December 4, 2007.

The written recommendation must demonstrate that it is being submitted by a stockholder (beneficial or of record) of MMC and include information about recommended director candidate, including name, age, business address, principal occupation, principal qualifications and other relevant biographical information. In addition, the stockholder

committees on which they served. Barring unforeseen circumstances, all directors are





All members of the directors and governance committee are independent as required by MMC and the listing standards of the New York Stock Exchange.

The compliance committee is a subcommittee of the audit committee. It was formed in February 2005 pursuant to the settlement agreement dated January 30, 2005 among MMC, Marsh Inc., the Attorney General of the State of New York and the Superintendent of Insurance of the State of New York. Among other things, the compliance committee:

- assists the board with the oversight of MMC's compliance with legal and regulatory requirements;
- monitors Marsh's compliance with the standards of conduct mandated by the settlement agreement; and
- discharges such other responsibilities relating to compliance oversight as the chairman of the audit committee may, from time to time, assign to the compliance committee.

### **Director Compensation**

Executive directors (currently only Mr. Cherkasky) receive no compensation specific to their service as directors.

We currently pay the following compensation with regard to the service of our non-management directors:

- a basic retainer of \$40,000 per year (June 1 – May 31) and an annual stock grant on June 1 (1,800 shares in 2006) as determined by the directors and governance committee;
- an additional retainer of \$5,000 per year to the chair of each committee;
- an additional retainer of \$2,000 per year to other members of each committee;
- a fee of \$1,000 and reimbursement of related expenses for each meeting of the board or a committee attended; and
- a supplemental annual retainer of \$100,000 per year to our non-management chairman.

We offer travel accident insurance benefits to non-management directors in connection with MMC-related business travel. Non-management directors are eligible to participate in MMC's matching-gift program for certain charitable gifts by employees.

Under the terms of MMC's Directors' Stock Compensation Plan, the non-management directors receive twenty-five percent of their basic annual retainer (i.e., \$10,000) in MMC stock at the fair market value thereof, as well as their annual stock grant, on each June 1. The balance of their compensation (including attendance fees and committee retainers) is paid quarterly in MMC common stock, cash or a combination thereof, as the director elects. The non-management directors may defer receipt of all or a portion of their compensation to be paid in MMC common stock until the year following either their retirement from the board or a specified earlier date.









**Michael G. Cherkasky**  
Executive Committee

**Director since 2004**

Mr. Cherkasky, age 57, is president and chief executive officer of MMC. He served as chairman and chief executive officer of Marsh Inc., MMC's risk and insurance services subsidiary, from October 2004 until September 2005. Before its business combination with MMC in July 2004, Mr. Cherkasky was president and chief executive officer of Kroll Inc., the global risk consulting company. Mr. Cherkasky joined Kroll in 1994, rising to the position of president and chief executive officer in 2001. Prior to joining Kroll, Mr. Cherkasky spent 16 years in the criminal justice system, including serving as chief of the

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- (1) No director or named executive officer beneficially owned more than 1% of the outstanding common stock, and all directors and executive officers as a group beneficially owned approximately .09% of the outstanding common stock.
  - (2) This column includes shares of common stock that: (i) are held in the form of shares of restricted stock; (ii) are held indirectly for the benefit of such individuals or jointly, or directly or indirectly for certain members of such individuals' families, with respect to which beneficial ownership in certain cases may be disclaimed; and/or (iii) represent such individuals' interests in MMC's Stock Investment Plan. This column also includes MMC stock units that are subject to issuance in the future with respect to the Directors' Stock Compensation Plan, cash bonus deferral plans or MMC's Stock Investment Supplemental Plan, and restricted stock units in the following aggregate amounts: Mr. Bartley, 47,025 shares; Mr. Bernard, 78,315 shares; Ms. Burns, 25,946 shares; Mr. Carter, 6,615 shares; Mr. Cherkasky, 142,283 shares; Mr. Haldeman, 42,554 shares; Mr. Hardis, 35,704 shares; Ms. King, 21,147 shares; Mr. Schapiro, 11,093 shares; Mrs. Simmons, 38,908 shares; Mr. Spiller, 116,643 shares; Mr. Storms, 226,360 shares; and all directors and executive officers as a group, 1,098,573 shares. This column also includes shares of MMC common stock which may be acquired on or





surveys to benchmark positions and assess the competitiveness of our pay and programs against our relevant market; to review senior executive share ownership guidelines; and to provide compensation trends for 2006 for our core comparator groups.

## **COMPENSATION PHILOSOPHY**

### **Putnam Executive Compensation Program**

Members of Putnam's senior management group (including its chief executive officer, Mr.

success beyond the transition period. The employment agreements document the terms and conditions of the senior executive's employment, clarify the respective rights and obligations of these senior executives and MMC and support our objective of retaining key executives.

The employment agreements for the named executive officers are designed to reflect terms and conditions that are reasonable, market competitive and necessary to attract and

2006 performance year in accordance with MMC's total compensation framework (which includes total direct compensation together with benefits) for each of the named executive officers (other than Ms. Wijnberg, whose employment concluded effective March 31, 2006).

	<b>Total Direct Compensation for Performance Year 2006</b>					
	<b>Michael G. Cherkasky</b>	<b>Matthew B. Bartley</b>	<b>M. Michele Burns</b>	<b>Charles E. Haldeman</b>	<b>Brian M. Storms</b>	<b>David H. Spiller</b>
Annual Base Salary . .	\$1,000,000	\$ 461,437	\$ 625,000	\$ 900,000	\$1,000,000	\$ 700,000
Annual Short-term Incentive Award . .	2,650,000	650,000	750,000	6,453,105	2,500,000	1,250,000
Total Cash Compensation . . . .	3,650,000	1,111,437	1,375,000	7,353,105	3,500,000	1,950,000
Annual Grant of Long- term Equity-based Awards . . . . .	5,000,024	1,000,005	1,000,005	6,450,000	3,500,017	1,500,007
Total Direct Compensation . . . .	\$8,650,024	\$2,111,442	\$2,375,005	\$13,803,105	\$7,000,017	\$3,450,007

The annual long-term incentive awards granted on February 12, 2007 for the 2006 performance year and shown in the table above are not reflected in the Summary Compensation Table on page 39, which, in accordance with Securities and Exchange Commission rules, reflects the amortized compensation cost of equity-based awards recognized in calendar year 2006.

**COMPONENTS OF THE EXECUTIVE COMPENSATION PROGRAM**

The main components of our executive compensation program are:

- Base salary;
- Annual short-term incentive compensation;
- Annual long-term incentive compensation; and
- Benefits

**Base Salary**

Base salaries for the named executive officers are set forth in their employment agreements. Base salary is intended to provide a fixed level of compensation that is appropriate given an executive's role in the organization, his or her skills and experience, and pay in the competitive market. Our philosophy is that increases in compensation for an executive should come primarily as a result of performance, and this should generally be effected by increases in the annual short-term and long-term variable components of the executive's

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of mid-teens non-GAAP earnings per share growth for the remainder of the performance period, we believe that the targeted performance level for the MMC performance-based restricted stock units should be attained.

Amortization of the grants made in 2006 is reported in the Stock Awards column of the Summary Compensation Table on page 39. Additional information on the performance-based restricted stock units granted in 2006, including the potential number of MMC shares payable at threshold, target, and maximum performance levels, are reported in the Grants of Plan-Based Awards Table on page 43.

The performance-based restricted stock units granted to the named executive officers on February 12, 2007 for the 2006 performance year are scheduled to vest on February 12, 2010 and be delivered in MMC shares based on MMC performance (three-year cumulative non-GAAP earnings per share) on an overall basis for the three-year performance period from January 1, 2007 through December 31, 2009. The performance target for the performance-based restricted stock units granted in 2007 incorporates our stated financial objectives of mid-teens non-GAAP earnings per share growth over the 2007-2009 performance period. The grant date fair value (as adjusted for the expected payout range of 0% to 200%) of the performance-based restricted stock units granted to the named executive officers is amortized over the 36-month vesting period, and no expense for the February 2007 awards was incurred during 2006.

Performance-contingent stock options represent the right to purchase a specified number of shares of MMC common stock at a specified exercise price. Performance-contingent stock options are scheduled to vest in four equal annual installments beginning on the first anniversary of the grant date, with earlier vesting in the event of death and certain terminations of employment. The options have an exercise price equal to the average of the high and low trading prices of MMC common stock on the trading day immediately preceding the grant date. The options are exercisable after vesting only to the extent that the closing market price of MMC common stock equals or exceeds 115% of the exercise price for ten consecutive trading days after the performance-contingent stock option has vested. Certain options granted to Mr. Cherkasky are exercisable after vesting only to the extent that the closing market price of MMC common stock equals or exceeds 115% of the exercise price for 30 consecutive trading days after the performance-contingent stock option has vested. Options have a term of ten years beginning with the grant date.

The amortization of the grant date fair value of the stock options granted to the named executive officers for grants made prior to 2007 is reported in the Option Awards column of Summary Compensation Table on page 39. Additional information on the performance-contingent stock options granted in 2006, including the number of shares subject to each option, is reported in the Grants of Plan-Based Awards Table on page 43. The performance-contingent stock options granted in 2006 will become exercisable when the closing market price of MMC common stock equals or exceeds \$34.75 per share for ten consecutive trading days after the option installment has vested.



tax imposed by section 4999 of the Internal Revenue Code of 1986, as amended, MMC will make a payment to the grantee as necessary to restore such grantee to the same after-tax position had such excise tax not been imposed. The change in control provisions of our employment agreements contain a “double trigger”, requiring a change in control followed by a termination of employment to occur for an executive to receive change in control related severance benefits, and do not contain a “gross up” provision. We use the same definition of “change in control” in the employment agreements and the equity incentive plans.



Under the terms of his employment agreement, Mr. Haldeman received an initial retention award with a grant-date value of \$12 million, comprised of \$9 million of Putnam Class

















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- (1) The amounts shown in column (d) for Messrs. Cherkasky and Storms constitute the mid-point of the target annual short-term incentive ranges within their respective employment agreements. The amount shown











The above sum is reduced by an amount representing a portion of the participant's estimated Social Security benefit. Under the retirement program, participants who have attained five years of vesting service and are at least age 55 are eligible for early retirement benefits. Of the named executive officers, only Mr. Cherkasky is eligible for early retirement benefits.

For periods of service beginning on January 1, 2006, "eligible salary" is determined under a career average approach. Under the career average approach, participants earn a pension benefit each month based on their eligible salary for that month; previously, it was determined under a final average salary approach. With the final average salary approach, participants earned pension benefits based on their highest 60 consecutive months of eligible salary (typically their final 60 months of employment with MMC). Under either the career average or final average salary approach, the compensation taken into account for a particular year consists of regular salary as disclosed in the Salary column of the Summary Compensation Table. Bonuses and other forms of compensation not regularly received are excluded from this calculation under the terms of the plans.

Benefits accrued as of December 31, 2005 for participants who had at least 10 years of vesting service and were at least age 50 as of December 31, 2005 will be increased in proportion to the increase in their final average salary from January 1, 2006 to their actual date of termination. Of the named executive officers, only Mr. Cherkasky is eligible for s acs9(h)11(e)-2(i).





Summary Compensation Tables in our previously filed proxy statements in the year earned to the extent he or she was a named executive officer for purposes of the SEC's executive compensation disclosure.

### NONQUALIFIED DEFERRED COMPENSATION

<u>Name</u>	<u>Plan Name</u>	<u>Executive Contributions in Last FY (\$)</u>	<u>Registrant Contributions in Last FY (\$)</u>	<u>Aggregate Earnings in Last FY (\$ (1)</u>	<u>Aggregate Withdrawals/ Distributions (\$ (2)</u>	<u>Aggregate Balance at Last FYE (\$)</u>
Michael G. Cherkasky . . .	Stock Investment Supplemental Plan	\$78,000	\$ 11,700	\$ 21,713	—	\$ 256,524
Matthew B. Bartley . . . .	Stock Investment Supplemental Plan	19,686	4,857	1,332	—	106,002
	Cash Bonus Voluntary Deferral Plan	—	—	(3,563)	\$ 22,093	302,863
	Total			(2,231)	22,093	408,865
M. Michele Burns . . . . .	N/A	—	—	—	—	—
Sandra S. Wijnberg . . . .	Stock Investment Supplemental Plan	—	—	3,517	244,417	—
	Cash Bonus Voluntary Deferral Plan	—	—	(33,851)	782,884	—
	Total			(30,334)	1,027,301	—
Charles E. Haldeman . . .	Executive Deferred Compensation Plan	—	103,500	23,380	—	248,712
Brian M. Storms . . . . .	Stock Investment Supplemental Plan	—	—	—	—	—
David H. Spiller . . . . .	David Spiller Retirement Plan	—	150,000	—	—	150,000

(1) Aggregate earnings are based upon the performance of mutual funds and MMC common stock (and, in the case of Mr. Haldeman, shares of investment companies). Since earnings are based upon actual market performance, and are therefore not above-market or preferential, none of the amounts on this table are reportable in the Summary Compensation Table. Aggregate earnings that are shown as negative numbers represent negative



tax not been imposed. None of the cash severance payments qualify for the tax gross-up benefit that is available for equity-based awards. In addition, each named executive officer is entitled to certain benefits upon his or her death or “disability” (as described below).

As of December 31, 2006, other than Mr. Cherkasky who is eligible for early retirement benefits, none of the named executive officers were eligible for benefits or payments upon an early retirement or normal retirement.

**POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE IN CONTROL (1)**

	<b>Total Cash Payment (\$ (2))</b>	<b>Unvested Stock Awards (\$ (3))</b>	<b>Unvested Option Awards (\$ (3))</b>	<b>Excise Tax Gross-up (\$ (4))</b>	<b>Other (\$ (5))</b>	<b>Total Termination Benefits (\$ (6))</b>
<b>Michael G. Cherkasky</b>						
Involuntary termination without cause or termination for good reason . . . . .	\$ 9,250,000	\$ 9,050,464	\$ 733,086	—	—	\$ 19,033,550
Involuntary termination or termination for good reason termination upon change in control . . . . .	13,000,000	11,094,444	733,086	1,897,190	—	26,724,720
Death or disability . . . . .	2,250,000	9,050,464	733,086	—	—	12,033,550
<b>Matthew B. Bartley</b>						
Involuntary termination without cause or termination for good reason . . . . .	3,250,000	725,508	—	—	—	3,975,508
Involuntary termination or termination for good reason termination upon change in control (7) . . . . .	3,250,000	875,466	64,671	205,667	—	4,395,804
Death or disability . . . . .	650,000	843,273	64,671	—	—	1,557,944
<b>M. Michele Burns</b>						
Involuntary termination without cause or termination for good reason . . . . .	3,750,000	1,609,650	55,625	—	—	5,415,275
Involuntary termination or termination for good reason						









## **TRANSACTIONS WITH MANAGEMENT AND OTHERS; OTHER INFORMATION**

MMC has adopted specific policies and procedures regarding board review and approval or ratification of certain transactions between MMC and its directors, executive officers and others. See the discussion under the caption "Review of Related-Person Transactions" appearing at page 7 of this proxy statement.

Salvatore D. Zaffino retired as chief executive officer of Guy Carpenter & Co. and ceased to be an executive officer of MMC on July 1, 2006. He retired from employment at Guy Carpenter in February 2007. Mr. Zaffino's son, Peter Zaffino, is a managing director of Guy Carpenter, the eastern regional manager and a member of Guy Carpenter's executive committee. During 2006, Peter Zaffino received a salary and bonus of \$706,250, plus stock options, dividends, and contingent awards that vest over a number of years. He also received \$77,178 in previously

## ITEM 2

### RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee has recommended the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the 2007 fiscal year, subject to stockholder ratification. Deloitte & Touche will audit our consolidated financial statements for fiscal year 2007 and perform other services. Deloitte & Touche acted as MMC's independent registered public accounting firm for the year ended December 31, 2006. A Deloitte & Touche representative will be present at the annual meeting, and will have an opportunity to make a statement and to answer your questions.

The affirmative vote of a majority of the shares of MMC common stock present or represented and entitled to vote at the annual stockholders meeting is required to ratify the appointment of Deloitte & Touche LLP. Unless otherwise directed in the proxy, the persons named in the proxy will vote **FOR** the ratification of Deloitte & Touche LLP.

**The board recommends you vote FOR this proposal.**

#### Fees of Independent Registered Public Accounting Firm

For the fiscal years ended December 31, 2006 and 2005, fees for services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates were as follows:

	(\$ in '000s)	
	2006	2005
<b>Audit Fees</b>	\$20,863	\$20,299
Includes an audit of the effectiveness of MMC's controls over financial reporting at December 31, 2006, an audit of MMC's consolidated financial statements and reviews of the consolidated financial statements included in MMC's quarterly reports on Form 10-Q, statutory reports and regulatory audits.		

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be presented to the audit committee for approval prior to the commencement of the relevant engagement. The audit committee chair, or, if he is not available, any other member of the committee, may grant approval for any such engagement if approval is required prior to the next scheduled meeting of the committee. At least twice a year, the audit committee is presented with a report showing amounts billed by the independent registered public accounting firm compared to the budget approvals for each of the categories of permitted services. The committee reviews the suitability of the pre-approval policy at least annually.





**ITEM 3**

**PROPOSAL TO APPROVE AN AMENDMENT TO MMC'S  
STOCK PURCHASE PLAN FOR INTERNATIONAL EMPLOYEES**



**Participation.** The International Plan enables eligible employees to purchase shares of MMC common stock during specified 12-month offering periods. To become a participant in the International Plan, an eligible employee must complete an election form in accordance with the terms and conditions set forth in the plan. On his or her election form, the participant





- (7) Includes the following:
- 9,591,827 shares available for future awards under the Stock Purchase Plan for International Employees, Stock Purchase Plan for French Employees, Save as You Earn Plan (U.K.), and Irish Savings Related Share Option Scheme 2001.
  - 17,220,027 shares available for future awards under the 2000 Employee Incentive and Stock Award Plan. Awards may consist of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock units, deferred bonus units, dividend equivalents, stock bonus, performance awards and other unit-based or stock-based awards.
  - 104,725 shares available for future awards under the Approved Share Participation Schemes for employees in Ireland. Awards are made in shares of stock.
  - 1,398,032 shares available for future awards and 400,240 shares that may be issued to settle outstanding awards, under the Special Severance Pay Plan. Awards consist of stock units and dividend equivalents.
- (8) MMC's Board of Directors has authorized the repurchase of common stock, including an ongoing authorization to repurchase shares in connection with awards granted under equity-based -382(s)-9(t)--14(e)-16(d )-c( 48(y)7(-)

- **Special Severance Pay Plan.** Under this plan, certain holders of restricted stock or awards in lieu of restricted stock with at least 10 years of service will receive payment in shares upon forfeiture of their award if their employment with MMC or one of its



#### ITEM 4

##### STOCKHOLDER PROPOSAL: POLITICAL CONTRIBUTIONS

The AFL-CIO Reserve Fund, 815 Sixteenth Street, N.W., Washington, D.C. 20006, the beneficial owner of 400 shares of MMC common stock, has notified MMC that it intends to present the following proposal at the annual meeting:

**Resolved**, that the shareholders of Marsh & McLennan Companies (“Marsh & McLennan,” “Marsh” or the “Company”) hereby request that the Company provide a report, updated semi-annually, disclosing the Company’s:

1. s8(c9(“)-tsTJET0 q)1573c(1)-1(5 )11286(0)-35((72(-10(n)-)76(c9(“)-tso)48(p)605d45((72(1(s)-6))-5(7)s)-186



In view of the foregoing, the board believes the report described in the proposal would be unnecessary to protect the interests of MMC's stockholders and an unnecessary distraction to management.

**For these reasons, the board of directors recommends a vote AGAINST the proposal.**

## **SUBMISSION OF STOCKHOLDER PROPOSALS FOR 2008 ANNUAL MEETING**

Stockholders who intend to present a proposal and have it included in the proxy statement for MMC's 2008 annual meeting must submit the proposal in writing to MMC at the address indicated below. We must receive the proposal on or before December 4, 2007.

Stockholders who wish to present a proposal at MMC's 2008 annual meeting that will not be included in the proxy statement must submit such proposal in writing to MMC at the address indicated below. In order to be considered timely under MMC's by-laws, we must receive the proposal on or before February 17, 2008. The by-laws of MMC contain further requirements relating to the timing and content of the notice which stockholders must provide to MMC for any nomination or matter to be properly presented at a stockholders meeting.

Proposals should be submitted to the following address:

Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, New York 10036-2774  
Attn: Luciana Fato, Esq.  
Corporate Secretary



The CEO periodically reviews with the non-executive directors the performance of other key members of MMC's senior management, as well as any succession issues relating to those individuals. The Board is responsible for determining that a satisfactory system is in effect with regard to the education, development and orderly succession of senior and mid-level management throughout the MMC organization.

**D. Director Nomination, Qualifications and Related Matters**

- 1. Nomination Process.** The Board, taking into account the recommendation of the Directors and Governance Committee, is responsible for nominating a slate

be independent has a change in circumstances or relationships that might cause the Board to reconsider that determination, he or she must immediately notify the Chairman and the chair of the Directors and Governance Committee.

4. **Commitment of Time.** Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be prepared to serve on the Board for an extended period of time. Directors must tender an offer of resignation to the Chairman in the event of any significant change in their personal circumstances, including a significant change in their employment or business activities. The Directors and Governance Committee will recommend to the Board the action, if any, to be taken in response to such an offer of resignation.
5. **Service on Other Boards.** Directors must consult with the Chairman, the chair of the Directors and Governance Committee and MMC's general counsel before accepting an invitation to serve on another public company board. Directors should carefully consider the number of other public company boards on which they can serve consistent with their duties to MMC's stockholders, and taking into

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- (a) An incumbent director who fails to receive the required number of votes for re-election at a meeting of stockholders shall offer to resign. In addition, the Board shall nominate for election at a meeting of stockholders only



or she has been a director for less than 10 years. In that case, he or she shall retire at the annual meeting of stockholders following the earlier of the 10<sup>th</sup> anniversary of his or her initial election to the Board and his or her 75<sup>th</sup> birthday.

#### **F. Board Leadership**

- 1. Designation of Chairman.** Based upon the criteria it deems appropriate, the Board designates one of its members to serve as Chairman. The Chairman serves for such term as the Board shall determine, and has the powers set forth in MMC's By-laws, as such powers may be supplemented from time to time by resolution of the Board.
- 2. Separation of Chairman and CEO.** Since 2005, the Chairman has been an independent director. The Board generally believes that the Chairman should be an independent director, unless the Board concludes that the interests of MMC and its stockholders would be better served by combining the roles of Chairman and CEO. In the event the Board so concludes, the Board may designate an independent director to serve as lead director.
- 3. Responsibilities of Chairman.** The general duty of the Chairman is to provide leadership on the Board. The specific responsibilities of the Chairman include, among others: (i) establishing the agendas for Board meetings; (ii) coordinating the activities of the Board's committees; (iii) coordinating the activities of the non-executive directors; (iv) serving as a liaison and facilitating dialogue between the non-executive directors and senior management; and (v) presiding at executive sessions of the non-executive directors.

#### **G. Board Committees**

- 1. Role of Committees.** It is MMC's policy that major corporate decisions shall be considered by the Board as a whole. Therefore, as a general matter, the role of the Board's committees is to assist the Board in fulfilling its responsibilities and conducting its deliberations, rather than to function as a substitute for Board action. In view of this policy, the Board generally limits its number of standing committees to those it considers basic to, or required for, the operation of a publicly-owned company in accordance with applicable legal and stock exchange requirements. From time to time, the Board may constitute ad hoc committees to address issues that, because of their complexity, technical nature, time requirements or sensitivity, cannot be addressed adequately within the normal framework of Board and standing committee meetings.
- 2. Standing Committees.** The Board currently maintains four primary standing committees: (i) Audit; (ii) Compensation; (iii) Compliance, which is a subcommittee of the Audit Committee; and (iv) Directors and Governance. In addition, the Board







**(to Guidelines for Corporate Governance)**

**Director Independence Standards**

The Board believes that a substantial majority of its members should be independent of MMC. For a director to be deemed “independent,” the Board must affirmatively determine that he or she has no direct or indirect material relationship with MMC. To assist in making such director independence determinations, the Board has adopted the following categorical standards. These standards conform to or are more exacting than the director independence standards established by the New York Stock Exchange in its rules for listed companies. Under the Board’s categorical standards:

**A director will not be deemed “independent” if:**

- a) within the preceding three years, the director was employed by MMC or a member of his or her immediate family was employed by MMC as an executive officer;
- b) within the preceding three years, the director, or a member of his or her immediate family, received more than \$100,000 during any 12 month period in direct compensation from MMC (other than director and committee fees and pension or certain other forms of deferred compensation);
- c) (i) the director or an immediate family member is a current partner of a firm that is MMC’s internal or external auditor; (ii) the director is a current employee of such a firm; (iii) the director has an immediate family member who is a current employee of such a firm and who participates in the firm’s audit, assurance or tax compliance (but not tax planning) practice; or (iv) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on MMC’s audit within that time;
- d) within the preceding three years, a current MMC executive officer was on the compensation committee of a Company which concurrently employed the director as an executive officer, or which employed an immediate family member of the director as an executive officer;
- e) the director is a current executive officer



4. Stock Subject to the Plan. (a) The aggregate number of shares of Stock which may be sold under the Plan shall not exceed 12,000,000 (adjusted for stock splits to date).

(b) If the number of shares of Stock that participating employees become entitled to purchase is greater than the shares of Stock offered in a particular offering period or remaining available, the available shares of Stock shall be allocated by the Plan Administrator among such participating employees in such manner as he deems fair and equitable.

(c) In the event of any change in the Stock, through recapitalization, merger, consolidation, stock dividend or split, combination or exchanges of shares or otherwise, the Plan Administrator may make such equitable adjustments in the Plan and the then outstanding offerings as he deems necessary and appropriate, including but not limited to changing the number of shares of Stock reserved under the Plan, and the price of the current offering.

(d) Shares of Stock which are to be delivered under the Plan may be obtained by MMC from its treasury, by purchases on the open market or from private sources, or by issuing authorized but unissued shares of its Stock. Shares of authorized but unissued Stock may not be delivered under the Plan if the purchase price thereof is less than the par value of the Stock. Fractional shares of Stock may be issued and sold under the Plan.

5. Eligibility. All employees designated by the Plan Administrator of such Subsidiaries as shall be designated by MMC shall be eligible to participate in the Plan, in accordance with such rules as may be prescribed from time to time; provided, however, that no employee who is subject to Section 16 of the Exchange Act shall be permitted to participate in the Plan.

6. Offerings, Participation. MMC may make one or more offerings of 12 months' duration each, to eligible employees to purchase Stock under the Plan, and an eligible employee may participate in such offering at such time(s) as determined by the Plan Administrator by authorizing regular employee contributions for such purpose in terms of whole number percentages up to a maximum of fifteen percent (15%) of his or her Base Compensation. The Plan Administrator may at any time suspend an offering if required by law or the best interests of the Company. MMC's obligation to sell and deliver Stock under the Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such Stock.

7. Contributions. (a) The Company will maintain accounts for participating employees and shall credit such accounts with interest at such rate as the Plan Administrator may from time to time determine. All funds received or held by the Company under the Plan need not be segregated from other corporate funds and may be used for any corporate

8. Purchase, Limitations. (a)



(ii) For purposes of the Plan, a “change in control” of MMC shall have occurred if:

(A) any “person”, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than MMC, any trustee or other fiduciary holding securities under an employee benefit plan of MMC or any corporation owned, directly or indirectly, by the stockholders of MMC in substantially the same proportions as their ownership of stock of MMC), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of MMC representing 50% or more of the combined voting power of MMC’s then outstanding securities;

(B) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a person who has entered into an agreement with MMC to effect a transaction described in clause (A), (C) or (D) of this Section) whose election by the Board or nomination for election by MMC’s stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof;

(C) the stockholders of MMC approve a merger or consolidation of MMC with any other corporation, other than (a) a merger or consolidation which would result in the voting securities of MMC outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of MMC or such surviving entity or any parent of MMC or such surviving entity outstanding immediately after such merger or consolidation or (b) a merger

10. Effective Date of the Plan. This amended and restated plan is generally effective as of March 15, 2007, however, the addition of shares of Stock for future issuance (as reflected in Section 4) is subject to approval by shareholders.

11. Amendment and Termination. Subject to the provisions of Section 4(b) above, the Plan shall terminate coincident with the completion of any offering under which the limitation on the total number of shares in Section 4(a) above has been reached. The Board may at any time terminate the Plan, or make such amendment of the Plan as it may deem advisable.

12. Governing Law. The Plan shall be interpreted, construed and administered in

