

MMC Reports Fourth Quarter and Year-End 2006 Results

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NEW YORK--(BUSINESS WIRE)--

Marsh & McLennan Companies, Inc. (MMC) today reported financial results for the fourth quarter and year ended December 31, 2006. Consolidated revenues in the fourth quarter were \$3.1 billion, an increase of 9 percent from 2005.

- the economic and reputational impact of litigation and regulatory proceedings concerning our insurance and reinsurance brokerage and investment management operations;
- the fact that MMC's agreement to sell Putnam, announced on February 1, 2007, is subject to a number of closing conditions, some of which are outside of MMC's control, and we cannot be certain that the transaction will close as planned or that the announced sale price will not be adjusted pursuant to the terms of the sale agreement;
- Putnam's performance between now and the closing of the announced sale later in 2007, including the actual and relative investment performance of Putnam's mutual funds and institutional and other advisory accounts, Putnam's net fund flows and the level of Putnam's assets under management;
- our ability to effectively deploy MMC's proceeds from the sale of Putnam, and the timing of our use of those proceeds;
- the fact that our estimate of the dilutive impact of the sale of Putnam on MMC's future earnings per share is necessarily based on a set of current management assumptions, including assumptions about MMC's use of sale proceeds and the operating results of Putnam and MMC's other subsidiaries;
- our ability to achieve profitable revenue growth in our risk and insurance services segment by providing both traditional insurance brokerage services and additional risk advisory services to our existing and potential clients.

commissioner's order to delist the company from the New York Stock Exchange, and we can no longer control, and we can no longer control, the proceeds of the sale.

Income from Continuing Operations	223	17	818	367
Discontinued Operations, Net of Tax	3	18	172	37
Net Income	\$ 226	\$ 35	\$ 990	\$ 404
Basic Net Income Per Share				
- Continuing Operations	\$ 0.41	\$ 0.03	\$ 1.49	\$ 0.68
- Net Income	\$ 0.41	\$ 0.06	\$ 1.80	\$ 0.75
Diluted Net Income Per Share				
- Continuing Operations	\$ 0.39	\$ 0.03	\$ 1.45	\$ 0.67
- Net Income	\$ 0.40	\$ 0.06	\$ 1.76	\$ 0.74
Average Number of Shares Outstanding				
- Basic	551	546	549	538
- Diluted	561	555	557	543
Shares Outstanding at 12/31	552	546	552	546

Marsh & McLennan Companies, Inc.
Supplemental Information - Revenue Analysis
Three and Twelve Months Ended
(Millions) (Unaudited)

	Three Months Ended December 31,		% Change GAAP Revenue	Components of Revenue Change		
	2006	2005		Currency Impact	Acquisitions/Dispositions Impact	Underlying Revenue
Risk and Insurance Services	\$1,129	\$1,135	(1)%	2%	(3)%	-
Reinsurance Services	171	155	9%	1%	-	8%
Risk Capital Holdings	74	27	174%	-	-	174%
Total Risk and Insurance Services	1,374	1,317	4%	2%	(3)%	5%
Risk Consulting & Technology	241	215	12%	3%	5%	4%
Consulting Human Resource						

Consul ti ng	769	690	12%	4%	-	8%
Speci al ty						
Consul ti ng	341	276	23%	3%	5%	15%
	-----	-----				
Total						
Consul ti ng	1, 110	966	15%	3%	2%	10%
	-----	-----				

Total Operating Segments	12,052	11,772	2%	-	-	2%
Corporate Eliminations	(131)	(194)				
	-----	-----				
Total Revenue	\$11,921	\$11,578	3%	-	-	3%
	=====	=====				

Notes

Underlying revenue measures the change in revenue, before the impact of acquisitions and dispositions, using consistent currency exchange rates.

Interest income on fiduciary funds amounted to \$45 and \$37 million for the three months ended December 31, 2006 and 2005, respectively and \$180 and \$151 million for the twelve months ended December 31, 2006 and 2005, respectively.

Revenue includes net investment income (loss) of \$72 and \$29 million for Risk and Insurance Services and \$9 and \$(2) million for Investment Management for the three months ended December 31, 2006 and 2005, respectively. Net investment income (loss) was \$196 and \$180 million for Risk and Insurance Services, \$1 and \$0 million for Consulting, and \$25 and \$3 million for Investment Management for the twelve months ended December 31, 2006 and 2005, respectively.

Risk Capital Holdings owns investments in private equity funds and insurance and financial services firms.

Effective January 1, 2007, Risk Consulting and Technology transferred to Insurance Services certain businesses which had revenue of approximately \$25 million in 2006.

Insurance Services revenue includes market service revenue of \$0 and \$29 million for the three months ended December 31, 2006 and 2005, respectively and \$43 million and \$114 million for the twelve months ended December 31, 2006 and 2005, respectively.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Revenue:				
Risk and Insurance Services	\$ 1,374	\$ 1,317	\$ 5,463	\$ 5,592
Risk Consulting & Technology	241	215	979	872
Consulting	1,110	966	4,225	3,802
Investment Management	359	360	1,385	1,506
	-----	-----	-----	-----
Corporate/Eliminations	3,084	2,858	12,052	11,772
	(21)	(47)	(131)	(194)
	-----	-----	-----	-----
	\$ 3,063	\$ 2,811	\$ 11,921	\$ 11,578
	-----	-----	-----	-----
Operating Income (Loss):				
Risk and Insurance Services	\$ 127	\$ 62	\$ 677	\$ 305

Risk Consulting & Technology	45	16	149	121
Consulting	117	94	466	451
Investment Management	86	59	303	263
Corporate	22	(115)	(137)	(287)
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	\$ 397	\$ 116	\$ 1,458	\$ 853
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Segment Operating Margins:

Risk and Insurance Services	9.2%	4.7%	12.4%	5.5%
Risk Consulting & Technology	18.7%	7.4%	15.2%	13.9%
Consulting	10.5%	9.7%	11.0%	11.9%
Investment Management	24.0%	16.4%	21.9%	17.5%
Consolidated Operating Margin	13.0%	4.1%	12.2%	7.4%
Pretax Margin	11.2%	1.8%	10.2%	4.9%
Effective Tax Rate	34.0%	58.8%	31.8%	33.7%

Potential Minority Interest

Associated with the Putnam
Equity Partnership Plan Net
of Dividend Equivalent
Expense Related to MMC

Common Stock Equivalents	\$ 4	\$ 3	\$ 13	\$ 4
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Marsh & McLennan Companies, Inc.
Supplemental Information- Continuing Operations
(Millions) (Unaudited)

Significant Items Impacting the Comparability of Financial Results:

The year-over-year comparability of MMC's fourth quarter and twelve-month financial results is affected by a number of noteworthy items and stock option expense. The following table identifies the impact of noteworthy items on operating income for the periods indicated.

	Risk & Insurance Services	Risk Consulting & Technology	Consulting
	-----	-----	-----

Three Months Ended December 31, 2006

Restructuring Charges (a)	\$ 37	\$ -	\$ 10
Accelerated Amortization/Depreciation	5	-	-
Settlement, Legal and Ref2opEoi zaAs70 -aAs70 -aAs70 -aAs77	(a)	\$ 37	To Inc. option .7()
	-----	-----	-----
	5	5	5

Restructuring 1 (a) \$ 37 Employee 6.7(31. cel Awardsnu ing Operati ons 10TJ0 -2. 266-aAs7

53 Restructuring (a) hr

Twelve Months Ended December 31, 2006

Restructuring Charges (a)	\$ 100	\$ 1	\$ 27
Accelerated Amortization/Depreciation Settlement, Legal and Regulatory (b)	28	-	-
	43	-	-
Total Impact in 2006	\$ 171	\$ 1	\$ 27

Twelve Months Ended December 31, 2005

Restructuring Charges (a)	\$ 257	\$ -	\$ 1
Employee Retention Awards Settlement, Legal and Regulatory (b)	78	-	37
Estimated Mutual Fund Reimbursement (c)	88	-	-
Other	-	-	-
	12	-	-
Total Impact in 2005	\$ 435	\$ -	\$ 38

Investment Management	Corporate	Total
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Three Months Ended December 31, 2006

Restructuring Charges (a)	\$ -	\$ (72)	\$ (25)
Accelerated Amortization/Depreciation Settlement, Legal and Regulatory (b)	-	4	9
	-	-	11
Total Impact in 2006	\$ -	\$ (68)	\$ (5)

Three Months Ended December 31, 2005

Restructuring Charges (a)	\$ -	\$ 4	\$ 67
Employee Retention Awards Settlement, Legal and Regulatory (b)	-	-	(3)
Other	10	28	57
	-	11	12
Total Impact in 2005	\$ 10	\$ 43	\$ 133

Twelve Months Ended December 31, 2006

Restructuring Charges (a)	\$ -	\$ (41)	\$ 87
Accelerated Amortization/Depreciation Settlement, Legal and Regulatory (b)	-	10	38
	(7)	-	36
Total Impact in 2006	\$ (7)	\$ (31)	\$ 161

Twelve Months Ended December 31, 2005

Restructuring Charges (a)	\$	-	\$	59	\$	317
Employee Retention Awards		-		-		115
Settlement, Legal and Regulatory (b)		(2)		4		90
Estimated Mutual Fund Reimbursement (c)		35		-		35
Other		4		9		25
Total Impact in 2005	\$	37	\$	72	\$	582

Notes:

(a) Primarily includes severance and related charges, costs for future rent and other costs for real estate resulting from cost reduction initiatives and the gain on the sale of certain floors in MMC's

operating margin are non-GAAP financial measures within the meaning of Regulation G promulgated by the Securities and Exchange Commission. MMC believes that presenting these measures may help investors and others understand aspects of Risk and Insurance Services operating performance that may not be apparent from MMC's reported GAAP results. However, non-GAAP financial measures are not a substitute for MMC's reported GAAP information, and may not be comparable to similar information provided by industry peers.

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

	Dec. 31, 2006	Sept. 30, 2006	June 30, 2006	March 31, 2006	Dec. 31, 2005
Mutual Funds:					
Growth Equity	\$ 26	\$ 26	\$ 27	\$ 31	\$ 31
Value Equity	37	36	36	37	37
Blend Equity	28	26	26	27	26
Fixed Income	33	30	30	31	32
Total Mutual Fund Assets	124	118	119	126	126
Institutional:					
Equity	36	34	32	34	34
Fixed Income	32	30	29	29	29
Total Institutional Assets	68	64	61	63	63
Total Ending Assets	\$ 192	\$ 182	\$ 180	\$ 189	\$ 189
The asset information above includes the following:					
Assets from Non-US Investors	\$ 36	\$ 34	\$ 31	\$ 32	\$ 32
Assets in Prime Money Market Funds	\$ 4.3	\$.5	\$.6	\$.2	\$.5
Average Assets Under Management:					
Quarter	\$ 189	\$ 179	\$ 185	\$ 190	\$ 188
Year-to-Date	\$ 186	\$ 185	\$ 188	\$ 190	\$ 196
Net Flows including Dividends Reinvested:					
Quarter	\$ (0.1)	\$ (3.1)	\$(6.0)*	\$ (6.6)	\$ (6.4)
Year-to-Date	\$(15.8)	\$ (15.7)	\$(12.6)	\$ (6.6)	\$(31.7)
Impact of Market/Performance on Ending Assets Under Management	\$ 9.9	\$ 5.5	\$ (3.5)	\$ 7.0	\$ 2.8

* Net redemptions in the quarter ended June 30, 2006 include \$2.8 billion of redemptions in institutional equity resulting from ending Putnam's alliance with an Australian partner.

Categories of mutual fund assets reflect style designations aligned with Putnam's various prospectuses. All quarter-end assets conform with the current investment mandate for each product.

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

	December 31, 2006	December 31, 2005
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,089	\$ 2,020
Net receivables	3,008	2,730
Assets of discontinued operations	-	153
Other current assets	737	359
	-----	-----
Total current assets	5,834	5,262
Goodwill and intangible assets	7,775	7,773
Fixed assets, net	1,043	1,178
Long-term investments	597	277
Pension related asset	613	1,596
Other assets	2,275	1,806
	-----	-----
TOTAL ASSETS	\$ 18,137	\$ 17,892
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 1,111	\$ 498
Accounts payable and accrued liabilities	2,477	1,733
Regulatory settlements-current portion	238	333
Accrued compensation and employee benefits	1,507	1,413
Liabilities of discontinued operations	-	89
Accrued income taxes	216	192
Dividends payable	-	93
	-----	-----
Total current liabilities	5,549	4,351
Fiduciary liabilities	3,704	3,795
Less - cash and investments held in a fiduciary capacity	(3,704)	(3,795)
	-----	-----
Long-term debt	3,860	5,044
Regulatory settlements	173	348
Pension, postretirement and postemployment benefits	1,089	1,180
Other liabilities	1,647	1,609
Total stockholders' equity	5,819	5,360
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 18,137	\$ 17,892
	=====	=====

Marsh & McLennan Companies, Inc.
Supplemental Information - Revenue Analysis - Discontinued Operations
Reclassifications

Risk Consulting & Technology	216	219	222	215	872
Consulting					
Human Resource Consulting	695	718	691	690	2,794
Specialty Consulting	229	254	249	276	1,008
Total Consulting	924	972	940	966	3,802
Investment Management	398	377	371	360	1,506
Total Operating Segments	3,115	2,986	2,813	2,858	11,772
Corporate Eliminations	(62)	(31)	(54)	(47)	(194)
Total Revenue	\$ 3,053	\$ 2,955	\$ 2,759	\$ 2,811	\$ 11,578

Marsh & McLennan Companies, Inc.
Supplemental Information - Revenue Analysis - Discontinued Operations
Reclassification
(Millions) (Unaudited)

The following table provides reclassified prior period reported amounts to reflect discontinued operations classification for Kroll Security International, which was sold in December 2006.

2006	Three Months Ended				Twelve Months Ended
	March 31,	June 30,	Sept. 30,	Dec. 31,	Dec. 31,
Operating Income (Loss):					
Risk and Insurance Services	\$ 268	\$ 139	\$ 143	\$ 127	\$ 677
Risk Consulting & Technology	24	42	38	45	149
Consulting	113	124	112	117	466
Investment Management	64	76	77	86	303
Corporate	(68)	(42)	(49)	22	(137)
	401	339	321	397	1,458
Interest Income	16	13	16	19	64
Interest Expense	(78)	(78)	(75)	(72)	(303)
Income Before Income Taxes and Minority Interest, Net of Tax	339	274	262	344	1,219

Minority Interest Expense, Net of Tax	2	3	4	4	13

Income From Continuing Operations	241	174	180	223	818
Discontinued Operations, Net of Tax	175	(2)	(4)	3	172

Net Income	\$ 416	\$ 172	\$ 176	\$ 226	\$ 990
=====					
Basic Income Per Share -					
Continuing Operations	\$ 0.44	\$ 0.32	\$ 0.33	\$ 0.41	\$ 1.49
=====					
Diluted Income Per Share -					
Continuing Operations	\$ 0.43	\$ 0.31	\$ 0.32	\$ 0.39	\$ 1.45
=====					

	Three Months Ended				Twelve Months Ended
2005	March 31,	June 30,	Sept. 30,	Dec. 31,	Dec. 31,

Operating Income (Loss):					
Risk and Insurance Services	\$ 137	\$ 86	\$ 20	\$ 62	\$ 305
Risk Consulting & Technology	37	34	34	16	121
Consulting	110	130	117	94	451
Investment Management	50	71	83	59	263
Corporate	(73)	(30)	(69)	(115)	(287)

	261	291	185	116	853

Interest Income	9	11	13	14	47
Interest Expense	(69)	(73)	(111)	(79)	(332)

Income Before Income Taxes and Minority Interest, Net of Tax	201	229	87	51	568
Income Taxes	70	68	23	30	191
Minority Interest Expense, Net of Tax	2	2	2	4	10

Income From Continuing Operations	129	159	62	17	367
Discontinued Operations, Net of Tax	5	7	7	18	37

Net Income	\$ 134	\$ 166	\$ 69	\$ 35	\$ 404
	=====	=====	=====	=====	=====
Basic Income Per Share					
-					
Continuing Operations	\$ 0.24	\$ 0.30	\$ 0.11	\$ 0.03	\$ 0.68
	=====	=====	=====	=====	=====
Diluted Income Per					
Share -					
Continuing Operations	\$ 0.24	\$ 0.29	\$ 0.11	\$ 0.03	\$ 0.67
	=====	=====	=====	=====	=====

Source: Marsh & McLennan Companies, Inc.

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