in August 2007, included in discontinued operations. For 2008, adjusted earnings per share increased 9 percent to $1.45, compared with $1.33 in 2007.

Brian Duperreault, president and chief executive officer of MMC, said: “I am pleased with the successful execution of the goals we set for MMC in 2008. Improved performance at Marsh was our highest priority. The substantial rise in Marsh’s profitability along with increased new business production and improved client revenue retention were significant achievements. The work at Marsh continues and its leadership is implementing operational improvements that should contribute to continued growth and profitability. Guy Carpenter is being run more effectively on a global basis. Its new leadership has successfully implemented cost containment and restructuring initiatives that have resulted in improved profitability in challenging reinsurance market conditions.

“Mercer and Oliver Wyman are being managed well in difficult times. Costs are being controlled closely while high levels of service are maintained. Both companies have strong global franchises, resources and capabilities that are highly valued and sought out by clients.

“For Kroll, 2008 was a year of transition. We redefined Kroll, put new leadership in place and assessed how its businesses fit into MMC’s long-term business strategy. The Corporate Advisory and Restructuring business was divested, and Kroll is continuing to streamline its operations to improve profitability.”

Risk and Insurance Services

Marsh’s revenue in the fourth quarter of $1.1 billion decreased 5 percent from last year, but increased 3 percent on an underlying basis. Underlying revenue increased 3 percent in the United States and Canada and 2 percent in international operations. Marsh had another quarter of strong new business production. Client revenue retention increased in the quarter, continuing the trend seen throughout the year. Marsh’s fourth quarter results were achieved in an environment of price competition in the global commercial property and casualty insurance marketplace.

In the fourth quarter, reinsurance premium rates declined globally across most lines. Guy Carpenter’s fourth quarter revenue declined 6 percent to $146 million, or 2 percent

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

- the impact of current financial market conditions on our results of operations and financial condition;
- the potential impact of legislative, regulatory, accounting and other initiatives which may be taken in response to the current financial crisis;
- our ability to meet our financing needs by generating cash from operations and accessing external financing sources, including the impact of current economic conditions on our cost of financing or ability to borrow;
- the potential impact of rating agency actions on our cost of financing and ability to borrow, as well as on our operating costs and competitive position;
- the impact on our net income caused by fluctuations in foreign exchange rates;
- the potential impact of changes in interest rates and increased counterparty risk in the current economic environment;
- changes in the funded status of our global defined benefit pension plans and the impact of any increased pension funding resulting from those changes;
- the impact on risk and insurance services commission revenues of changes in the availability of, and the premiums insurance carriers charge for, insurance and reinsurance products, including the impact on premium rates and market capacity attributable to catastrophic events;
- the extent to which we retain existing clients and attract new business, and our ability to incentivize and retain key employees;
- the challenges we face in achieving profitable revenue growth and improving operating margins at Marsh;
- the impact on our consulting segment of pricing trends, utilization rates, the general economic environment and legislative changes affecting client demand;
- the impact of competition, including with respect to pricing, the emergence of new competitors, and the fact that many of Marsh's competitors are not constrained in their ability to receive contingent commissions;
- our exposure to potential liabilities arising from errors and omissions claims against us, including claims of professional negligence in providing actuarial services, such as those alleged by the Alaska Retirement Management Board and Milwaukee County against Mercer;
- the ultimate economic impact on MMC of contingencies described in the notes to our financial statements, including the risk of a significant adverse outcome in the shareholder lawsuit against MMC concerning the late 2004 decline in MMC's share price;
- the potential impact of consolidation in the industries we serve, particularly in the reinsurance industry;
- our ability to successfully obtain payment from our clients of the amounts they owe us for work performed;
- the impact of, and potential challenges in complying with, legislation and regulation in the jurisdictions in which we operate, particularly given the global scope of our businesses and the possibility of conflicting regulatory requirements across the jurisdictions in which we do business;
- our exposure to potential criminal sanctions or civil remedies if we fail to comply with foreign and U.S. laws and regulations that a]TJ0.00re to ti(ee Fler finar1(it0 Tn452.0008 Tw 180.0 par to) B1eu Tm0/MCID 1osure tTJ0/MCts sureu5(cr)-4(ofor), aw

(In millions, except per share figures)
(Unaudited)

	2007		2007

(Millions) (Unaudited)

	2007				
Marsh	$4,369	4%*	1%	-	2%*
Guy Carpenter	854	(6)%	1%	-	(7)%
Fiduciary Interest Income	177	(22)%	1%	-	(23)%
Total Risk and Insurance Services	5,400	1%	1%	-	-
Mercer	3,368	8%	-	1%	7%
Oliver Wyman Group	1,516	2%	1%	3%	(2)%
Total Consulting	4,884	6%	-	2%	4%

(Millions) (Unaudited)

MMC presents below certain additional financial measures that are "non-GAAP measures," within the meaning of Regulation G under the Securities Exchange Act of 1934. These measures are: *adjusted operating income*; *adjusted operating margin; and adjusted income, net of tax.*

MMC presents these non-GAAP measures to provide investors with additional information to analyze the company's performance from period to period. Management also uses these measures to assess performance for incentive compensation purposes and to allocate resources in managing MMC's businesses. However, investors should not consider these non-GAAP measures in isolation from, or as a substitute for, the financial information that MMC reports in accordance with GAAP. MMC's non-GAAP measures reflect subjective determinations by management, and may differ from similarly titled non-GAAP measures presented by other companies.

Adjusted operating income is calculated by excluding the impact of certain noteworthy items from MMC's GAAP operating income. The following tables identify these noteworthy items and reconcile adjusted operating income to GAAP operating income, on a consolidated and segment basis, for the twelve months ended December 31, 2008 and 2007. The following tables also present a*djusted operating margin*, which is calculated by dividing adjusted operating income by consolidated or segment GAAP revenue.

(Millions) (Unaudited)

In the fourth quarter of 2008, MMC changed the presentation of its revenue analysis in the risk and insurance services segment so that fiduciary interest income is segregated from Marsh's and Guy Carpenter's revenue.

The following tables provide detailed revenue and fiduciary interest income information by quarter for 2008 and 2007.

	First Quarter 2008	Second Quarter 2008	Third Quarter 2008	Fourth Quarter 2008	Full Year 2008
Marsh	$1,196	$1,183	$1,040	$1,105	$4,524
Guy Carpenter	264	196	197	146	803
Fiduciary Interest Income	40	36	38	25	139
Total Risk and Insurance Services	1,500	1,415	1,275	1,276	5,466

(Millions) (Unaudited)

	December 31, 2007
Current assets:	
Cash and cash equivalents	$ 2,133
Net receivables	2,874
Other current assets	447
	5,454
Goodwill and intangible assets	7,759
Fixed assets, net	992
Pension related asset	1,411
Other assets	1,743
	$17,359
Current liabilities:	
Short-term debt	$ 260
Accounts payable and accrued liabilities	1,670
Regulatory settlements-current portion	177
Accrued compensation and employee benefits	1,290
Accrued income taxes	96
	3,493
Fiduciary liabilities	3,612
Less – cash and investments held in a fiduciary capacity	(3,612)
	-
Long-term debt	3,604
Pension, postretirement and postemployment benefits	709
Liabilities for errors and omissions	596
Other liabilities	1,135
	7,822
	$17,359