MARSH & McLENNAN
COMPANIES

MAR LRC

MARSH & McLENNAN COMPANIES is a global professional services firm offering clients advice and solutions in the areas of risk, strategy, and human capital.

MARSH is a global leader in insurance broking and risk management.

GUY CARPENTER is a global leader in risk and reinsurance intermediary services.

MERCER is a global leader in talent, health, retirement, and investment consulting.

OLIVER WYMAN is a global leader in management consulting.

Our approximately 54,000 employees worldwide provide analysis, advice, and transactional capabilities to clients in more than 100 countries. The Company prides itself on being a responsible corporate citizen and making a positive impact in the communities in which it operates.

This annual report contains “forward-looking statements,” as defined in the Private Securities Litigation Reform Act of 1995. Please see “Information Concerning Forward-Looking Statements” on page i in the Form 10-K included in this annual report.

*

D I

As a professional services firm, our performance relies on the talent of our people and their contributions to our Company. In support of this core strength, we will focus on our colleagues' development, motivation, and engagement.

We will pursue operational excellence

We will seek continuous improvement,

We will manage risk intelligently,

LEADERSHIP STRENGTH

01 A 00 000. D &A 01

A DEBT OF GRATITUDE

D 01 D & ,000 .A

D

&

7, 01

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains “forward-looking statements,” as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future events or results, use words like “anticipate,” “assume,” “believe,” “continue,” “estimate,” “expect,” “future,” “intend,” “plan,” “project” and similar terms, and future or conditional tense verbs like “could,” “may,” “might,” “should,” “will” and “would.” For example, we may use forward-looking statements when addressing topics such as: the outcome of contingencies; the expected impact of acquisitions and dispositions; pension obligations; market and industry conditions; the impact of foreign currency exchange rates; our effective tax rates; the impact of competition; changes in our business strategies and methods of generating revenue; the development and performance of our services and products; changes in the composition or level of our revenues; our cost structure, dividend policy, cash flow and liquidity; future actions by regulators; and the impact of changes in accounting rules.

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, among other things:

- our exposure to potential liabilities arising from errors and omissions claims against us, particularly in our Marsh and Mercer businesses;
- our ability to make strategic acquisitions and dispositions and to integrate, and realize expected synergies, savings or strategic benefits from the businesses we acquirets,” as defined in the Private tlssN Q q 1 0 0 1 9 9 cm 0.0000 g BT 0 Tr /F4 10 Tf 1 0 0 1 72 694.0i nal tense

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS.

References in this report to “we”, “us” and “our” are to Marsh & McLennan Companies, Inc. (the “Company”) and one or more of its subsidiaries, as the context requires.

GENERAL

The Company is a global professional services firm providing advice and solutions principally in the areas of risk, strategy and human capital. It is the parent company of a number of the world's leading risk experts and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and related financial advice and services; and Oliver Wyman Group, the management, economic and brand consultancy. With approximately 54,000 employees worldwide and annual revenue of approximately $12 billion, the Company provides analysis, advice and transactional capabilities to clients in more than 100 countries.

The Company conducts business through two segments:

- Risk and Insurance Services includes risk management activities (risk advice, risk transfer and risk control and mitigation solutions) as well as insurance and reinsurance broking and services. We conduct business in this segment through Marsh and Guy Carpenter.
- Consulting includes Retirement, Health, Talent and Investments consulting and services, and specialized management and economic consulting services. We conduct business in this segment through Mercer and Oliver Wyman Group.

We describe our current segments in further detail below. We provide financial information about our segments in our consolidated financial statements included under Part II, Item 8 of this report.

OUR BUSINESSES

RISK AND INSURANCE SERVICES

The Risk and Insurance Services segment generated approximately 55% of the Company's total revenue in 2012 and employs approximately 29,000 colleagues worldwide. The Company conducts business in this segment through Marsh and Guy Carpenter.

MARSH

Marsh is a world leader in delivering risk and insurance services and solutions to its clients. From its founding in 1871solu78.75 1 9 9 cm 0.00s5 2 rdayivering risk and insurance services and soluurance services and solu analysis and risk management consulting services. Within Marsh, there are significant specialties or businesses in addition to its main brokerage operations that serve as an important part of the overall capabilities it offers clients. These include Multinational Client Service; Risk, Specialty and Industry Practices; Marsh Global Analytics; Marsh Risk Solutions; Bowring Marsh; Marsh & McLennan Agency; Insurance Services Businesses; Global Consumer Operations; and Insurer Consulting.

Multinational Client Service

Multinational Client Service (MCS) is focused on delivering service excellence and insurance solutions to multinational clients, irrespective of their size. MCS provides risk management programs with a service platform that comprises a combination of proprietary tools and technology and specialized resources. MCS provides global expertise and an intimate knowledge of local markets, helping clients navigate local regulatory and legal environments and address the worldwide risk issues that confront them.

Risk, Specialty and Industry Practices

In further support of its clients' strategic, operational and risk management objectives, Marsh provides consultative advice, brokerage and claims advocacy services through dedicated global Risk, Specialty and Industry Practices in the areas listed below. For both large and mid-size organizations, Practice colleagues apply their experience and working knowledge of clients' industry sectors, and of the unique environments in which they operate, to facilitate the requisite breadth of coverage and to reduce the cost of risk.

Risk & Specialty Practices	Industry Practices
• Aviation & Aerospace	• Chemicals
• Casualty	• Communications, Media and Technology
• Claims	• Construction
• Employee Benefits	• Education
• Energy	• Financial Institutions
• Environmental	• Healthcare
•	

issues. MRC helps clients identify exposures, assess critical business functions and evaluate existing risk treatment practices and strategies. MRC provides client services in four main areas of exposure:

- Property Risk Consulting: Delivers a range of property risk engineering and loss control identification, assessment, and mitigation consulting solutions.
- Financial Advisory, Claims, Litigation Support: Provides a range of services, including forensic accounting, complex claim consulting and management, claim accounting preparation, mass tort consulting, and construction delay and dispute consulting.
- Workforce Strategies: Supports clients' efforts to reduce workers' compensation loss costs, increase the quality, safety, and efficiency of operations, and develop and implement sustainable safety and health management systems.
- Strategic Risk Consulting: Provides a range of services, including supply and value chain management, crisis management, reputational risk, clinical health care risk management, and enterprise risk and resiliency services.

Captive Solutions . Operating in 36 captive domiciles, along with consulting expertise residing in Marsh brokerage offices worldwide, the Captive Solutions practice serves more than 1,200 captive facilities, including single-parent captives, reinsurance pools, risk retention groups and others. The practice includes the Captive Advisory group, a consulting arm that performs captive feasibility studies and helps to structure and implement captive solutions, and Captive Management, an industry leader in managing captive facilities and in providing administrative, consultative and insurance-related services.

Bowring Marsh

Bowring Marsh is an international placement broker for property (including terrorism) and casualty risks. Bowring Marsh utilizes placement expertise in major international insurance market hubs, including Bermuda, Brazil, Dublin, London, Miami, Singapore, Tokyo and Zurich, and an integrated global network to secure advantageous terms and conditions for its clients throughout the world.

Marsh & McLennan Agency

Established in 2008, the Marsh & McLennan Agency ("MMA") meets the needs of mid-sized businesses in the United States. MMA's services are targeted to customers who seek professional advice on program structure, market knowledge, experience and expertise in their industry, competitive prices, and local resources and service professionals. MMA offers a broad range of commercial property, casualty and surety products and services, personal lines, as well as a broad range of solutions for employee health and benefits, retirement and administration needs, and life insurance/estate planning to clients through a dedicated sales and service force in retail locations, operating separately and in coordination with Marsh's other insurance broking operations.

Insurance Services Businesses (ISB)

Effective January 1, 2013, the management of Marsh's U.S. Consumer businesses, the Schinnerer Group and CS STARS were combined into one business unit called Insurance Services Businesses.

Marsh U.S. Consumer . Marsh has operated an array of consumer-oriented businesses which focus on insurance administration, servicing and sales to individual clients, either as standalone customers or as part of an affinity program. These businesses include Corporate Benefits, Association, Private Client Services and Sponsored Program & Franchise. Corporate Benefits, Association and Sponsored Program & Franchise are affinity/program businesses that sell and administer insurance products and services, most typically working through a sponsoring organization (e.g., employers, franchisors, associations). Products sold include property & casualty homeowners and/or commercial insurance as well as life, accident and health insurance coverages. Private Client Services provides sales and service to high net worth individuals, families and their advisors and focuses on delivery of property and casualty risk management solutions.

Effective January 1, 2013, the Corporate Benefits and Association businesses transferred to Mercer, while the Private Client Services and Sponsored Program & Franchise businesses will remain within the Insurance Services Businesses division at Marsh.

In 2011, Marsh decided to exit its business processing outsourcing ("BPO") business and in 2012, Marsh decided to exit its individual life insurance business in the U.S. known as Private Client Life Insurance Services, both of which were previously included in the Marsh U.S. Consumer operating unit.

Schinnerer Group. As one of the largest underwriting managers of professional liability and specialty insurance programs in the United States, Victor O. Schinnerer & Co. provides risk management and insurance solutions to clients through licensed brokers. This group includes ENCON Group Inc., a leading managing general agent in Canada. ENCON offers professional liability and construction insurance, as well as group and retiree benefits programs for individuals, professionals, organizations and businesses, through a national network of licensed insurance brokers and plan advisors.

CS STARS serves the technology needs of risk management professionals, as well as insurance carriers and third-party administrators, through integrated software and services that support risk management, claims administration, compliance management, and data management.

Global Consumer Operations

Marsh also operates a global Consumer business outside of the ISB business unit that focuses on either or both of affinity/program marketing and administration opportunities and high net worth individual insurance sales. These programs include a range of group health and life coverages, as well as property and casualty coverages.

Insurer Consulting

Marsh provides consulting and data analytics services to insurers. Through Marsh's patented electronic platform, MarketConnect, Marsh provides to insurers individualized pre 0 ed p saleetg and datk manTJ ET Q q 1 0 0 1 9 on the efficient use of capital. Guy Carpenter's GC Analytics® unit serves as a local resource that helps clients better understand and quantify the uncertainties inherent in their businesses. Working in close partnership with Guy Carpenter account executives, GC Analytics specialists can help support clients' critical decisions in numerous areas, including reinsurance utilization, catastrophe exposure portfolio management, new product/market development, rating agency, regulatory and account impacts, loss reserve risk, capital adequacy and return on capital.

Compensation for Services in Risk and Insurance Services

Marsh and Guy Carpenter are compensated for brokerage and consulting services primarily through fees and commissions. Commission rates vary in amount depending upon the type of insurance or reinsurance coverage provided, the particular insurer or reinsursur yh gs ssio1ancal adequacy and return on capital.

countries. Mercer's services cover all stages of the institutional investment process, from strategy, structure and implementation to ongoing portfolio management.

- Marketing and Sales.

intermediary operations in the European Union to become subject to enhanced regulatory requirements. In January 2005, as part of the implementation of the Directive in the United Kingdom, the power and responsibilities of the Financial Services Authority ("FSA") were expanded to include regulation of insurance and reinsurance intermediaries in the United Kingdom.

Insurance authorities in the United States and certain other jurisdictions in which the Company's subsidiaries do business, including the FSA in the United Kingdom, also have enacted laws and regulations governing the investment of funds, such as premiums and claims proceeds, held in a fiduciary capacity for others. These laws and regulations typically provide for segregation of these fiduciary funds and limit the types of investments that may be made with them, and generally apply to both the insurance and reinsurance business.

Certain of the Company's Risk and Insurance Services activities are governed by other regulatory bodies, such as investment, securities and futures licensing authorities. In the United States, Marsh and Guy Carpenter use the services of MMC Securities Corp., a broker-dealer and investment adviser, registered in the U.S. with the SEC, and a member of the Financial Industry Regulatory Agency (FINRA) and the Securities Investor Protection Corporation (SIPC), primarily in connection with investment banking-related services relating to insurance-linked and alternative risk financing transactions. Also in the United States, Marsh uses the services of NIA Securities, LLC, a U.S. registered broker-dealer and investment adviser. Guy Carpenter provides advice on securities or investments in the European Union through MMC Securities (Europe) Limited, which is authorized and regulated by the FSA. Marsh also receives investment management services in the European Union from Marsh Investment Services Limited, which is also regulated by the FSA. MMC Securities Corp., MMC Securities (Europe) Limited, NIA Securities, LLC, and Marsh Investment Services Limited are indirect, wholly-owned subsidiaries of Marsh & McLennan Companies, Inc.

In some jurisdictions, insurance-related taxes may be due either directly from clients or from the insurance broker. In the latter case, the broker customarily looks to the client for payment.

Consulting . Certain of Mercer's retirement-related consulting services are subject to pension law and financial regulation in many countries, including by the SEC in the United States and the FSA in the United Kingdom. In addition, the trustee services, investment services (including advice to persons, institutions and other entities on the investment of pension assets and assumption of discretionary investment management responsibilities) and retirement and employee benefit program administrative services provided by Mercer and its subsidiaries and affiliates are subject to investment and securities regulations in various jurisdictions. The benefits insurance consulting and brokerage services provided by Mercer and its subsidiaries and affiliates are subject to the same licensing requirements and regulatory oversight as the insurance market intermediaries described above regarding our Risk and Insurance Services businesses. Mercer uses the services of MMC Securities Corp. with the provision of certain retirement and employee benefit services. Oliver Wyman Group uses the services of MMC Securities Corp. (in the United States) and MMC Securities (Europe) Limited (in the European Union), primarily in connection with corporate finance advisory services.

COMPETITIVE CONDITIONS

The Company faces strong competition in all of its businesses from providers of similar products and services, including competition with regard to identifying and pursuing acquisition candidates. The Company also encounters strong competition throughout its businesses from both public corporations and private firms in attracting and retaining qualified employees. In addition to the discussion below, see “Risks Relating to the Company Generally-Competitive Risks,” in Part I, Item 1A of this report.

Risk and Insurance Services . The Company's combined insurance and reinsurance services businesses are global in scope. The principal bases upon which our insurance and reinsurance businesses compete include the range, quality and cost of the services and products provided to clients. The Company encounters strong competition from other insurance and reinsurance brokerage firms that operate on a nationwide or worldwide basis, from a large number of regional and local firms in the United States, the European Union and elsewhere, from insurance and reinsurance companies that market, distribute and service their insurance and reinsurance products without the assistance of brokers or agents and from other businesses, including commercial and investment banks, accounting firms and consultants, that provide risk-related services and products.

Certain insureds and groups of insureds have established programs of self insurance (including captive insurance companies) as a supplement or alternative to third-party insurance, thereby reducing in some cases their need for insurance placements. Certain insureds also obtain coverage directly from insurance providers. There are also many other providers of affinity group and private client services, including specialized firms, insurance companies and other institutions.

Consulting. The Company's consulting and HR outsourcing businesses face strong competition from other privately and publicly held worldwide and national companies, as well as regional and local firms. These businesses compete generally on the basis of the range, quality and cost of the services and products provided to clients. Competitors include independent consulting and outsourcing firms, as well as consulting and outsourcing operations affiliated with accounting, information systems, technology and financial services firms.

Mercer's investments business faces competition from many sources, including multi-manager services offered by other investment consulting firms and financial institutions. In many cases, clients have the option of handling the services provided by Mercer and Oliver Wyman Group internally, without assistance from outside advisors.

Segmentation of Activity by Type of Service and Geographic Area of Operation.

Financial information relating to the types of services provided by the Company and the geographic areas of its operations is incorporated herein by reference to Note 16 to the consolidated financial statements included under Part II, Item 8 of this report.

Employees

As of December 31, 2012, the Company and its consolidated subsidiaries employed approximately 54,000 people worldwide, including approximately 29,000 in risk and insurance services, 23,000 in consulting, and 1,600 individuals at the parent-company level.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are appointed annually by the Company’s Board of Directors. Effective as of March 1, 2013, the following individuals will be executive officers of the Company:

Peter J. Beshar, age 51, is Executive Vice President and General Counsel of Marsh & McLennan Companies. Before joining Marsh & McLennan Companies in November 2004, Mr. Beshar was a Litigation Partner in the law firm of Gibson, Dunn & Crutcher LLP. Mr. Beshar joined Gibson, Dunn & Crutcher in 1995 after serving as an Assistant Attorney General in the New York Attorney General's office and as the Special Assistant to Cyrus Vance in connection with the peace negotiations in the former Yugoslavia.

J. Michael Bischoff, age 65, is the Company's Chief Financial Officer. Mr. Bischoff has held a number of senior financial management positions with Marsh & McLennan Companies since joining the Company in 1982. In his most recent role as Vice President, Corporate Finance, Mr. Bischoff was responsible for leading and directing the Company's Corporate Development, Mergers & Acquisitions, Treasury and Investor Relations functions. His prior experience was with the Board of Governors of the Federal Reserve System.

John P. Drzik, age 50, is President and Chief Executive Officer of Oliver Wyman Group, a position he assumed in June 2006. From 2003 to 2006, Mr. Drzik was President of Mercer Oliver Wyman, which was formed following Marsh & McLennan Companies' acquisition of Oliver, Wyman & Company in 2003. He joined Oliver, Wyman & Company in 1984 and became President in 1995.

E. Scott Gilbert, age 57, is Senior Vice President and Chief Risk and Compliance Officer of Marsh & McLennan Companies. In addition to managing the Company's Risk and Compliance function, Mr. Gilbert also oversees the Company's Business Resiliency Management, Global Security and Global Technology Infrastructure groups. Prior to joining Marsh & McLennan Companies in January 2005, he had been the Chief Compliance Counsel of the General Electric Company since September 2004. Prior thereto, he was

AVAILABLE INFORMATION

The Company is subject to the informational reporting requirements of the Securities Exchange Act of 1934. In accordance with the Exchange Act, the Company files with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The Company makes these reports and any amendments to these reports available free of charge through its website, www.mmc.com, as soon as reasonably practicable after they are filed with, or furnished to, the SEC. The public may read and copy these materials at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC, 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, like the Company, that file electronically with the SEC.

The Company also posts on its website the following documents with respect to corporate governance:

- Guidelines for Corporate Governance;
- Code of Conduct, *The Greater Good*;
- Procedures for Reporting Complaints and Concerns Regarding Accounting Matters; and
- the charters of the Audit Committee, Compensation Committee, Compliance and Risk Committee, Corporate Responsibility Committee and Directors and Governance Committee of the Company's Board of Directors.

All of the above documents are available in printed form to any Company stockholder upon request.

Item 1A. Risk Factors

You should consider the risks described below in conjunction with the other information presented in this report. These risks have the potential to materially adversely affect the Company's business, results of operations or financial condition.

RISKS RELATING TO THE COMPANY GENERALLY

Legal and Regulatory Issues

We are subject to significant uninsured exposures arising from "errors and omissions" claims.

Our operating companies provide numerous professional services, including the placement of insurance and the provision of consulting, actuarial and other services for corporate and public clients around the world. As a result of these activities, the Company and its subsidiaries are subject to a significant number of errors and omissions, or "E&O" claims, particularly in our Marsh and Mercer businesses in the U.S. and the U.K. In our Risk and Insurance Services segment, such claims include allegations of damages arising from our failure to adequately place coverage or notify insurers of potential claims on behalf of clients. In our Consulting segment, such claims include allegations of damages arising from our actuarial, consulting, pension administration and other services, which frequently involve (1) assumptions and estimates concerning contingent future events, (2) complex drafting and interpretation of documentation governing pension plans, and (3) calculating benefits within complicated pension structures. Given the long-tail nature of professional liability claims, E&O matters often relate to services provided by the matter could have a material adverse effect on the Company's businesses, results of operations, financial condition or cash flow in a given quarterly or annual period.

To the extent that expected losses exceed our deductible in any policy year, the Company also records an asset for the amount that we expect to recover under any available third-party insurance programs. The Company has varying levels of third-party insurance coverage, with policy limits and coverage terms varying significantly by policy year.

Further, as more fully described in Note 15 to our consolidated financial statements included under Part II, Item 8 of this report, we are subject to legal proceedings, regulatory investigations and other contingencies other than E&O claims which, if determined unfavorably to us, could have a material adverse effect on our business, results of operations or financial condition.

Our internal systems and controls cannot guarantee that we are in compliance with all potentially applicable U.S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have a material adverse effect on our business.

Our activities are subject to extensive regulation under the laws of the United States and its various states, the European Union and its member states, and the other jurisdictions in which we operate. For example, we are subject to regulation by foreign and domestic governments, regulatory agencies such as the SEC in the United States and the FSA in the United Kingdom, and self-regulatory organizations in the last two years. Future changes in the regulatory environment may impact our ability to earn certain revenue streams. Adverse regulatory developments regarding the forms of compensation that we earn could have a material adverse effect on our business, results of operations or financial condition.

Finally, government involvement in the insurance or reinsurance markets could displace insurance or reinsurance currently available from the private market and adversely affect our business, results of operations or financial condition.

Improper disclosure of personal data could result in legal liability or harm our reputation.

In many jurisdictions, we are subject to laws relating to the collection, use, retention, security and transfer of our clients' confidential and proprietary information and the personal information of our employees, our individual customers, and our clients' employees and retirement and other benefit plan participants. In many cases, these laws apply not only to third-party transactions, but also to transfers of information among our affiliates. We maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information. Nonetheless, we cannot entirely eliminate the risk of improper access to or disclosure of personal information. Such disclosure could harm our reputation and subject us to liability under our contracts, as well as laws and regulations, resulting in increased costs or loss of revenue.

Further, data privacy is subject to frequently changing laws, rules and regulations in the various jurisdictions and countries in which we operate. For example, a revision to the 1995 European Union Data Protection Directive is currently being considered by European legislative bodies that may include more stringent operation requirements and significant penalties for non-compliance. Our failure to adhere to or successfully implement processes in response to changing legal or regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, as well as the general risks described above relating to our compliance systems and controls.

Financial Risks

Our pension obligations may cause the Company's earnings and cash flows to fluctuate.

The Company has significant pension obligations to its current and former employees, totaling approximately $13.8 billion and related plan assets of approximately $12.2 billion at December 31, 2012. The Company's policy for funding its tax qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth by U.S. law and the laws of the non-U.S. jurisdictions in which the Company offers defined benefit plans. In the U.S., contributions to the tax-qualified defined benefit plans are based on ERISA guidelines. Contribution rates for non-US plans are generally based on local funding practices and statutory requirements, which may differ from measurements under U.S. GAAP. In the U.K., for example, contributions to defined benefit pension plans are determined through a negotiation process between the Company and the plans' trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. This process is governed by U.K. pension regulations. The assumptions that result from the funding negotiations are different from those used for U.S. GAAP and currently result in a lower funded status than under U.S. GAAP.

During 2012, the Company contributed $124 million to its U.S. pension plans and $389 million to non-U.S. pension plans. As more fully described in Note 8 to our consolidated financial statements, funding amounts will be impacted by future asset performance, the assumed interest rates we use to discount our pension liabilities, rates of inflation, mortality assumptions and other variables impacting the assets and/or liabilities of the plan. In accordance with ASC Topic No. 715, the Company reflects the over- or under-funded amount of its pension plans as assets or liabilities, respectively. Given the magnitude of our worldwide pension plans, variations in any of the preceding factors could cause significant fluctuation in our earnings as well as our equity from year to year and may result in increased levels of contributions to our pension plans, particularly in the U.K.

Our results of operations could be adversely affected by economic and political conditions and the effects of these conditions on our clients' businesses and levels of business activity.

Global economic and political conditions affect our clients' businesses and the markets they serve. These economic conditions may reduce demand for our services or depress pricing of those services, which could have a material adverse effect on our results of operations. Changes in global economic conditions could also shift demand to services for which we do not have competitive advantages, and this could negatively affect the amount of business that we are able to obtain. Should it become necessary for us to restructure our business, including reducing our work force, as a result of market conditions or other factors that reduce the demand for our products and services, our ability to execute our business strategy could be adversely affected.

Financial institution failures may cause us to incur increased expenses or make it more difficult either to utilize our existing debt capacity or otherwise obtain financing for our operations, investing activities (including the financing of any future acquisitions), or financing activities.

Our cash investments, including those held in a fiduciary capacity, are subject to general credit, liquidity, counterparty, market and interest rate risks that may be exacerbated by the difficulties faced by financial institution counterparties. If the banking system or the fixed income, credit or equity markets deteriorate, the values and liquidity of our investments could be adversely affected.

Concerns regarding the European debt crisis and market perceptions concerning the instability of the Euro could adversely affect the Company's operating results as well as the value of the Company's Euro-denominated assets.

Concerns persist regarding the ability of certain Eurozone countries to service their debt obligations. As a result, a number of these countries have undertaken a variety of actions, such as cutting spending and raising taxes, designed to ease their future debt burdens. A potential consequence may be stagnant growth, or even recession, in the Eurozone economies and beyond. Also, the stability of the Euro and its viability as a single currency is being called into question. In the future, certain countries may find it advantageous to leave the Eurozone and reintroduce their local currencies to retain better control over their economic situations. A more extreme outcome is the complete dissolution of the Euro. Any of these developments could lead to further contraction in the Eurozone economies, adversely affecting our operating results in the region. The Company may also face increased credit risk as our clients and financial institution counterparties in the region find themselves with reduced resources to meet their obligations. Finally, the value of the Company's assets held in the Eurozone, including cash holdings, will decline if the currency devalues.

Our significant non-U.S. operations expose us to exchange rate fluctuations and various risks that could impact our business.

We are subject to exchange rate risk because some of our subsidiaries receive revenue other than in their functional currencies, and because we must translate the financial results of our foreign subsidiaries into U.S. dollars. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars. In certain jurisdictions, however, our Risk and Insurance Services operations generate revenue in a number of different currencies, but expenses are almost entirely incurred in local currency. Due to fluctuations in foreign exchange rates, we are subject to economic exposure as well as currency translation exposure on the profits of our operations. Exchange rate risk could have a significant impact on our financial condition, results of operations or cash flow.

Increased counterparty risk and changes in interest rates could reduce the value of our investment portfolio and adversely affect our financial results.

During times of stress in the banking industry counterparty risk can quickly escalate, potentially resulting in substantial trading and investment losses for corporate and other investors. In addition, we may incur investment losses as a result of unusual and unpredictable market developments, and we may continue

If we need to raise capital in the future (for example, in order to fund maturing debt obligations or finance acquisitions or other initiatives), a credit rating downgrade would increase our financing costs, and could limit our access to financing sources. Further, we believe that a downgrade to a rating below investment-grade could result in greater operational risks through increased operating costs and increased competitive pressures.

We are a holding company and, therefore, may not be able to receive dividends or other distributions in needed amounts from our subsidiaries.

The Company is organized as a holding company, a legal entity separate and distinct from our operating subsidiaries. As a holding company without significant operations of our own, we are dependent upon dividends and other payments from our operating subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, for paying dividends to stockholders and for corporate expenses. In the event our operating subsidiaries are unable to pay dividends and other payments to the Company, we may not be able to service debt, pay obligations or pay dividends on common stock.

Further, the Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside the U.S. Since the majority of financing obligations as well as dividends to stockholders are made from the U.S., it is important to be able to access cash generated outside the U.S.

Funds from the Company's operating subsidiaries outside the U.S. are regularly repatriated to the U.S. via stockholder distributions and intercompany financings. A number of factors may arise that could limit our ability to repatriate funds or make repatriation cost prohibitive, including, but not limited to, foreign exchange rates and tax-related costs.

In the event we are unable to generate cash from our operating subsidiaries for any of the reasons discussed above, our overall liquidity could deteriorate.

Our quarterly revenues and profitability may fluctuate significantly.

Quarterly variations in revenues and operating results may occur due to several factors. These include:

- the significance of client engagements commenced and completed during a quarter;
- the possibility that clients may decide to delay or terminate a current or anticipated project as a result of factors unrelated to our work product or progress;
- fluctuations in hiring and utilization rates and clients' ability to terminate engagements without penalty;
- seasonality due to the impact of regulatory deadlines, policy renewals and other timing factors to which our clients are subject;
- the success of our strategic acquisitions, alliances or investments;
- macroeconomic factors such as changes in foreign exchange rates, interest rates and global securities markets, particularly in the case of Mercer, where fees in certain business lines are derived from the value of assets under management (or administration), and declines in global securities markets; and
- general economic conditions, since results of operations are directly affected by the levels of business activity of our clients, which in turn are affected by the level of economic activity in the industries and markets that they serve.

A significant portion of our total operating expenses is relatively fixed in the short term. Therefore, a variation in the number of client assignments or in the timing of the initiation or the completion of client assignments can cause significant variations in quarterly operating results for these businesses.

<u>International Operations</u>

We are exposed to multiple risks associated with the global nature of our operations.

We do business worldwide. In 2012, 56% of the Company's total revenue was generated from operations outside the United States, and over one-half of our employees are located outside the United States. We expect to expand our non-U.S. operations further.

The geographic breadth of our activities subjects us to significant legal, economic, operational, market, compliance and reputational risks. These include, among others, risks relating to:

- economic and political conditions in foreign countries, including the European debt crisis;
- unexpected increases in taxes or changes in U.S. or foreign tax laws;
- withholding or other taxes that foreign governments may impose on the payment of dividends or other remittances to us from our non-U.S. subsidiaries;
- potential transfer pricing-related tax exposures that may result from the allocation of U.S.-based costs that benefit our non-U.S. businesses;
- potential conflicts of interest that may arise as we expand the scope of our businesses and our client base;
- international hostilities, terrorist activities, natural disasters and infrastructure disruptions;
- local investment or other financial restrictions that foreign governments may impose;
- potential costs and difficulties in complying with a wide variety of foreign laws and regulations (including tax systems) administered by foreign government agencies, some of which may conflict with U.S. or other sources of law;
- potential costs and difficulties in complying, or monitoring compliance, with foreign and U.S. laws and regulations that are applicable to our operations abroad, including trade sanctions laws such as the Iran Threat Reduction and Syria Human Rights Act of 2012, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the UK Bribery Act 2010, local laws prohibiting corrupt payments to governmental officials, as well as import and export restrictions;
- limitations or restrictions that foreign or U.S. legislative bodies or regulators may impose on the products or services we sell or the methods by which we sell our products and services;
- limitations that foreign governments may impose on the conversion of currency or the payment of dividends or other remittances to us from our non-U.S. subsidiaries;
- the length of payment cycles and potential difficulties in collecting accounts receivable, particularly in light of the increasing number of insolvencies in the current economic environment and the numerous bankruptcy laws to which they are subject;
- engaging and relying on third parties to perform services on behalf of the Company; and
- potential difficulties in monitoring employees in geographically dispersed locations.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breach, cyber attack, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, our operational size, the multiple locations from which we operate, and our existing back-up systems would provide us with an important advantage. Nevertheless, we could still experience near-term operational challenges with regard to particular areas of our operations, such as key executive of

Competitive Risks

Each of the Company's businesses operates in a highly competitive environment. If we fail to compete effectively, our business and results of operations will suffer.

As a global professional services firm, the Company faces acute and continuous competition in each of its operating segments. Our ability to compete successfully depends on a variety of factors, including our geographic reach, the sophistication and quality of our services, our pricing relative to competitors and our customers' option to self-insure or utilize internal resources instead of consultants. If we are unable to respond successfully to the competition we face, our business and results of operations will suffer.

In addition, given the global breadth of the Company's operations, the Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside the United States. Funds from the Company's operating subsidiaries located outside the U.S. are regularly repatriated to the United States out of annual earnings to pay dividends to stockholders, fund share repurchases and for other corporate purposes. The Company's consolidated tax rate is higher than a number of its key competitors that are domiciled outside the United States where corporate tax rates are lower than the U.S. statutory tax rate. The consolidated tax rate at which our earnings are taxed could have an adverse impact on our ability to compete with our peers.

In our Risk and Insurance Services segment, we compete intensely against a wide range of other insurance and reinsurance brokerage firms that operate on a global, regional, national or local scale for both client business and employee talent. We compete as well with insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or other market intermediaries, and with various other companies that provide risk-related services. The above competition is intensified by an industry trend toward a “syndicated” or “distributed” approach to the purchase of insurance and reinsurance brokerage services, whereby a client engages multiple brokers to service different portions of the client's account.

In our Consulting segment, we compete for business and employee talent with numerous consulting firms and organizations affiliated with accounting, information systems, technology and financial services firms around the world.

The loss of key professionals could hurt our ability to retain existing client revenues and generate revenues from new business.

Across all of our businesses, our colleagues are critical to developing and retaining the client relationships on which our revenues depend. It is therefore very important for us to retain significant revenue-producing employees and the key managerial and other professionals who support them. We face numerous challenges in this regard, including the intense competition for talent in all of our businesses and the general mobility of professionals in our businesses.

Losing employees who manage or support substantial client relationships or possess substantial experience or expertise could adversely affect our ability to secure and complete client engagements, which would adversely affect our results of operations. In addition, if any of our key professionals were to join an existing competitor or form a competing company, some of our clients could choose to use the services of that competitor instead of our services.

Consolidation in the industries we serve could adversely affect our business.

Companies in the industries that we serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of our current clients merge or consolidate and combine their operations, it may decrease the amount of work that we perform for these clients. If one of our current clients merges or consolidates with a company that relies on another provider for its services, we may lose work from that client or lose the opportunity to gain additional work. Any of these possible results of industry consolidation could adversely af

Our businesses face rapid technological changes and our failure to adequately anticipate or respond to these changes or to successfully implement strategic initiatives could adversely affect our business and results of operations.

T

combinations associated with an economic downturn, especially insolvencies and combinations in the insurance industry plans and have moved to defined contribution plans resulting in reduced revenue for Mercer's retirement business. These developments could adversely affect Mercer's business and operating results.

Our profitability may suffer if we are unable to achieve or maintain adequate utilization and pricing rates for our consultants.

The profitability of our Consulting businesses depends in part on ensuring that our consultants maintain adequate utilization rates (i.e., the percentage of our consultants' working hours devoted to billable activities). Our utilization rates are affected by a number of factors, including:

- our ability to transition consultants promptly from completed projects to new assignments, and to engage newly-hired consultants quickly in revenue-generating activities;
- our ability to continually secure new business engagements, particularly because a portion of our work is project-based rather than recurring in nature;
- our ability to forecast demand for our services and thereby maintain appropriate headcount in each of our geographies and workforces;
- our ability to manage attrition;
- unanticipated changes in the scope of client engagements;
- the potential for conflicts of interest that might require us to decline client engagements that we otherwise would have accepted;
- our need to devote time and resources to sales, training, professional development and other non-billable activities;
- the potential disruptive impact of acquisitions and dispositions; and
- general economic conditions.

If the utilization rate for our consulting professionals declines, our profit margin and profitability may suffer.

In addition, the profitability of our Consulting businesses depends on the prices we are able to charge for our services. Our pricing power is affected by a number of factors, including:

- clients' perception of our ability to add value through our services;
- market demand for the services we provide;
- our ability to develop new services and the introduction of new services by competitors;
- the pricing policies of our competitors;
perform th375.7fitabilitye7259.71119gBT0 TrTn/F4 10 Tf1 0 0 1 144 351.75 Tm[(perform th375.7fita
- changes in the extent to which our clients develop in-house or other capabilities to perform the services that they might otherwise purchase from us; and
375.7fitabilitye74e78m
- general economic conditions.

If we are unable to achieve and maintain adequate billing rates for our services, our margins and profitability could suffer.

If we are unable to collect our receivables or unbilled services, our results of operations and cash flows could be adversely affected.

Item 1B. Unresolved Staff Comments.

There are no unresolved comments to be reported pursuant to Item 1B.

Item 2. Properties.

Marsh & McLennan Companies and its subsidiaries maintain their corporate headquarters in and around New York City. We also maintain other offices around the world, primarily in leased space. In certain circumstances we may have space that we sublet to third parties, depending upon our needs in particular locations.

Marsh & McLennan Companies and certain of its subsidiaries own, directly and indirectly through special purpose subsidiaries, a 58% condominium interest of a building approximately 900,000 square feet and 44 stories in New York City. This real estate serves as the Company's headquarters and is occupied primarily by the Company and its affiliates for general corporate use. The remaining 42% condominium interest in the 1166 Property is owned by an unaffiliated third party. The Company’s owned interest is financed by a 30-year loan that is non-recourse to the Company (except in the event of certain prohibited actions) and secured by a first mortgage lien on the condominium interest and a first priority assignment of leases and rents. In the event (1) the Company is downgraded below B/B2 (Stable) by any of S&P, Fitch and Moody’s or (2) an event of default has occurred and is continuing, the Company would be obligated to pre-fund certain reserve accounts relating to the mortgaged property, including a rent reserve account in an amount equal to three months rent for the entire occupancy of the mortgaged property.

Item 3. Legal Proceedings.

Information regarding legal proceedings is set forth in Note 15 to the consolidated financial statements appearing under Part II, Item 8 (“Financial Statements and Supplementary Data”) of this report.

PART II

Item 5. Market for the Company’

Item 6. Selected Financial Data.

Marsh & McLennan Companies, Inc. and Subsidiaries
FIVE-YEAR STATISTICAL SUMMARY OF OPERATIONS

For the Years Ended December 31, *(In millions, except per share figures)*	**2012**	2011	2010	2009	2008
Revenue	**$ 11,924**	$ 11,526	$ 10,550	$ 9,831	$ 10,730
Expense:					
Compensation and Benefits	**7,134**	6,969	6,465	6,182	6,830
Other Operating Expenses	**2,961**	2,919	3,146	2,871	3,221
Operating Expenses	**10,095**	9,888	9,611	9,053	10,051
Operating Income [(a)]	**1,829**	1,638	939	778	679
Interest Income	**24**	28	20	17	47
Interest Expense	**(181)**	(199)	(233)	(241)	(220)
Cost of Extinguishment of Debt	**—**	(72)	—	—	—
Investment Income (Loss)	**24**	9	43	(2)	(12)
Income Before Income Taxes	**1,696**	1,404	769	552	494
Income Tax Expense	**492**	422	204	21	113
Income From Continuing Operations	**1,204**	982	565	531	381
Discontinued Operations, Net of Tax	**(3)**	33	306	(290)	(443)
Net Income (Loss)	**1,201**	1,015	871	241	(62)
Less: Net Income Attributable to Non-Controlling Interests	**25**	22	16	14	11
Net Income (Loss) Attributable to the Company	**$ 1,176**	$ 993	$ 855	$ 227	$ (73)
Basic Income (Loss) Per Share Information:					
Income From Continuing Operations	**$ 2.16**	$ 1.76	$ 1.01	$ 0.97	$ 0.70
Discontinued Operations	**—**	0.06	0.55	(0.54)	(0.83)
Net Income (Loss) Attributable to the Company	**$ 2.16**	$ 1.82	$ 1.56	$ 0.43	$ (0.13)
Average Number of Shares Outstanding	**544**	542	540	522	514
Diluted Income (Loss) Per Share Information:					
Income From Continuing Operations	**$ 2.13**	$ 1.73	$ 1.00	$ 0.96	$ 0.70
Income (Loss) From Discontinued Operations	**—**	0.06	0.55	(0.54)	(0.84)
Net Income (Loss) Attributable to the Company	**$ 2.13**	$ 1.79	$ 1.55	$ 0.42	$ (0.14)
Average Number of Shares Outstanding	**552**	551	544	524	515
Dividends Paid Per Share	**$ 0.90**	$ 0.86	$ 0.81	$ 0.80	$ 0.80
Return on Average Equity	**19** %	16 %	14 %	4 %	N/A
Year-end Financial Position:					
Working capital	**$ 2,399**	$ 1,909	$ 2,171	$ 1,216	$ 1,391
Total assets	**$ 16,288**	$ 15,454	$ 15,310	$ 15,337	$ 15,206
Long-term debt	**$ 2,658**	$ 2,668	$ 3,026	$ 3,034	$ 3,194
Total equity	**$ 6,606**	$ 5,940	$ 6,415	$ 5,863	$ 5,760
Total shares outstanding (net of treasury shares)	**545**	539	541	530	514
Other Information:					
Number of employees	**54,000**	52,000	51,000	49,000	50,100
Stock price ranges—					
U.S. exchanges — High	**$ 35.78**	$ 32.00	$ 27.50	$ 25.46	$ 36.82
— Low	**$ 30.69**	$ 25.29	$ 20.21	$ 17.18	$ 20.96

(a) Includes the impact of net restructuring costs of $78 million, $518 million, 2cTJETQq0[(32.00)] TJETQq0.0000 gBT0 Tr/F4 7 Tf1 0 0 1 372illion, $518 million, 2c

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

General

Marsh & McLennan Companies, Inc. and Subsidiaries (the “Company”) is a global professional services

Consolidated Results of Operations

For the *(In millions, except per share figures)*		**2012**		2011		2010
Revenue	**$**	**11,924**	$	11,526	$	10,550
Other Operating Expenses		**2,961**		2,919		3,146
Operating Expenses		**10,095**		9,888		9,611
Operating Income	**$**	**1,829**	$	1,638	$	939
Net Income Before Non-Controlling Interests	**$**	**1,201**	$	1,015	$	871
Net Income Attributable to the Company	**$**	**1,176**	$	993	$	855
Net Income from Continuing Operations Per Share:						
Net Income Per Share Attributable to the Company:						

Consolidated operating income increased 12% to $1.8 billion in 2012 compared with $1.6 billion in 2011. Revenue in 2012 increased 3% compared to 2011, or 4% on an underlying basis, with growth in each operating company, while expenses increased 2%, or 3% on an underlying basis. This reflects the Company's improved operating efficiency as it continues to monitor and control its expenses in each of its operations.

Rimpared with $11

("KLS") totaling $282 million, and insurance recoveries of $16 million related to Putnam market-timing related matters.

Discontinued operations also includes the accretion of interest related to an indemnity for uncertain tax positions provided as part of the purchase by Great-West Life Co. Inc., of Putnam Investments Trust from the Company in August 2007.

Consolidated net income attributable to the Company was $1.2 billion in 2012, compared with $993 million in 2011 and $855 million in 2010.

Consolidated Revenue and Expense

The Company conducts business in many countries, as a result of which the impact of foreign exchange rate movements may impact period-to-period comparisons of revenue. Similarly, the revenue impact of acquisitions and dispositions may impact period-to-period comparisons of revenue. Underlying revenue measures the change in revenue from one period to another by isolating these impacts. The impact of foreign currency exchange fluctuations, acquisitions and dispositions including transfers among businesses, on the Company's operating revenues is as follows:

	Year Ended December 31,			Components of Revenue Change*		
(In millions, except percentage figures)	**2012**	2011	**% Change GAAP Revenue**	**Currency Impact**	**Acquisitions/ Dispositions Impact**	**Underlying Revenue**
Risk and Insurance Services						
Marsh	**$ 5,463**	$ 5,213	5 %	**(2)%**	2 %	5%
Guy Carpenter	**1,079**	1,041	**4** %	(1)%	(1)%	6**%**

Subtotc0 0 1 404.2 450.68 Tm[()%)] TJETQq0.0000 gB1ETQqeQq0.0000 gBT05 435.68 Tm[(%)] TJETQq0.000T6A8.p01.u25BT0 Tr/F4 8 Tf1 0 0 1

The following table provides more detailed revenue information for certain of the components presented above:

	Year Ended December 31,			Components of Revenue Change*		
(In millions, except percentage figures)	**2012**	2011	% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Marsh:						
EMEA	**$ 1,860**	$ 1,796	4 %	(5)%	3 %	5%
Asia Pacific	**656**	612	7 %	(1)%	— %	7%
Latin America	**353**	334	6 %	(7)%	— %	13%
Total International	**2,869**	2,742	5 %	(4)%	2 %	6%
U.S. / Canada	**2,594**	2,471	5 %	— %	2 %	3%
Total Marsh	**$ 5,463**	$ 5,213	5 %	(2)%	2 %	5%
Mercer:						
Retirement	**$ 1,066**	$ 1,071	— %	(2)%	1 %	1%

	Year Ended December 31,			Components of Revenue Change*	
(In millions, except percentage figures)	2011	2010	**% Change GAAP Revenue**	**Currency Impact**	**Acquisitions/ 0 0 1 3s Tf1 0isitions/ 0 0 1 3s Tf1**

Revenue

Consolidated revenue for 2012 increased 3% to $11.9 billion compared with $11.5 billion in 2011, reflecting a 4% increase in underlying revenue, a 1% increase due to acquisitions and a 2% negative impact of foreign currency translation. Revenue in the Risk and Insurance Services segment increased 4% in 2012 compared with 2011 or 5% on an underlying basis, reflecting increases of 5% in Marsh and 6% in Guy Carpenter. Consulting segment revenue increased 2%, resulting from a 4% increase in Mercer partly offset by a 1% decrease in the Oliver Wyman Group. On an underlying basis, Consulting segment revenue increased 4%, reflecting a 4% increase in Mercer and a 3% increase in the Oliver Wyman Group.

Consolidated revenue for 2011 increased 9% to $11.5 billion compared with $10.6 billion in 2010, reflecting a 5% increase in underlying revenue, a 2% increase due to acquisitions and a 2% positive impact of foreign currency translation. Revenue in the Risk and Insurance Services segment increased 9% in 2011 compared with 2010 or 5% on an underlying basis, reflecting increases of 4% in Marsh and 5% in Guy Carpenter. Consulting segment revenue increased 9%, resulting from 9% increases in both Mercer and the Oliver Wyman Group. On an underlying basis, revenue increased 5%, reflecting a 4% increase in Mercer and a 7% increase in the Oliver Wyman Group.

Operating Expense

Consolidated operating expenses increased 2% in 2012 compared with the same period in 2011. The increase reflects a 3% increase in underlying expenses, a 1% increase due to the impact of acquisitions, offset by a 2% decrease due to the impact of foreign currency exchange translation. The increase in underlying expenses primarily reflects higher incentive compensation and benefits costs and restructuring costs at Mercer, which include exit costs related to a portion of Mercer's Canadian outsourcing business. These increases are partly offset by credits related to the adjustment of acquisition related contingent consideration liabilities.

Consolidated operating expenses increased 3% in 2011 compared with the same period in 2010. Expenses in 2010 include the $400 million ARMB settlement at Mercer. Restructuring and other noteworthy charges, which include legal fees arising from regulatory actions, net of insurance recoveries and credits related to the CARG business divested in 2008, decreased $116 million to $23 million in 2011 as compared to $139 million in 2010. Excluding these charges, expenses were $9.9 billion in 2011 compared with $9.1 billion in 2010, an increase of 9%. The increase reflects a 3% increase due to the impact of foreign currency exchange, a 2% increase due to the impact of acquisitions and a 4% increase in underlying expenses. The increase in underlying expenses primarily reflects higher compensation and benefits costs, including increased pension costs, higher consulting costs, asset-based fees and expenses reimbursable from clients.

Restructuring

In 2012, the Company implemented restructuring actions which resulted in costs totaling $78 million. Approximately $58 million of the restructuring charges related to Mercer, with approximately $51 million in expenses recorded in the fourth quarter of 2012 relating to senior management's operations review, including costs of approximately $16 million related to the disposal of a portion of Mercer's Canadian outsourcing business. The restructuring costs consist primarily of severance and benefits, costs for future rent and other real estate costs. These costs were incurred as follows: Risk and Insurance Services $8 million (all acquisition related $8 million); Consulting $58 million (acquisition related $1 million); and Corporate $12 million.

Businesses Exited

Marsh's BPO business, previously part of the Marsh U.S. Consumer business, provided policy, claims, call center and accounting operations on an outsourced basis to life insurance carriers. Marsh invested in a technology platform that was designed to make the BPO business scalable and more efficient. During 2011, Marsh decided that it would cease investing in the technology platform and instead exit the business via a sale. In the fourth quarter of 2011, management initiated a plan to sell the Marsh BPO business, which was completed in August 2012. The Company wrote off capitalized software of the BPO business of $17 million, net of tax, which is included in discontinued operations in 2011.

In February 2010, Kroll sold KLS, its substance abuse testing business for $110 million. On August 3, 2010, the Company completed the sale of Kroll to Altegrity for $1.13 billion. The account balances and activities of Kroll and KLS have been segregated and reported as discontinued operations in the accompanying financial statements for 2010. The gain on the sale of Kroll and related tax benefits and the after-tax loss on the disposal of KLS, along with Kroll's and KLS's 2010 results of operations are included in discontinued operations.

Risk and Insurance Services

In the Risk and Insurance Services segment, the Company's subsidiaries and other affiliated entities act as brokers, agents or consultants for insureds, insurance underwriters and other brokers in the areas of risk management, insurance broking and insurance program management services, primarily under the name of Marsh; and engage in reinsurance broking, catastrophe and financial modeling services and related advisory functions, primarily under the name of Guy Carpenter.

Marsh and Guy Carpenter are compensated for brokerage and consulting services primarily through fees paid by clients and/or commissions paid out of premiums charged by insurance and reinsurance companies. Commission rates vary in amount depending upon the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer, the capacity in which the broker acts and negotiations with clients. Revenues can be affected by premium rate levels in the insurance/reinsurance markets, the amount of risk retained by insurance and reinsurance clients themselves and by the value of the risks that have been insured since commission based compensation is frequently related to the premiums paid by insureds/reinsureds. In many cases, fee compensation may be negotiated in advance, based on the type of risk, coverage required, and service provided by the Company and ultimately placed into the insurance market or retained by the client. The trends and comparisons of revenue from one period to the next can be affected by changes in premium rate levels, fluctuations in client risk retention, and increases or decreases in the value of risks that have been insured, as well as new and lost business, and the volume of business from new and existing clients.

In certain countries, Marsh and Guy Carpenter receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others. The investment of fiduciary funds is regulated by state and other insurance authorities. These regulations typically provide for segregation of fiduciary funds and limit the types of investments that may be made with them. Interest income from these investments varies depending on the amount of funds invested and applicable interest rates, both of which vary from time to time. For presentation purposes, fiduciary interest is segregated from the other revenues of Marsh and Guy Carpenter and separately presented within the segment, as shown in the revenue by segments charts earlier in this MD&A. In certain countries, Marsh is compensated for insurer consulting services in the form of a fee or as a percentage of premium (or a combination of both).

The results of operations for the Risk and Insurance Services segment are presented below:

(In millions of dollars)	**2012**	2011	2010
Revenue	**$ 6,581**	$ 6,301	$ 5,764
Compensation and Benefits	**3,579**	3,482	3,261
Other Operating Expenses	**1,628**	1,590	1,531
Operating Expenses	**5,207**	5,072	4,792
Operating Income	**$ 1,374**	$ 1,229	$ 972
Operating Income Margin	**20.9%**	19.5%	16.9%

Revenue

Revenue in Risk and Insurance Services increased 4% in 2012 compared with 2011 reflecting a 5% increase on an underlying basis, a 2% increase from acquisitions, partly offset by a 2% decrease from the impact of foreign currency exchange translation.

In Marsh, revenue in 2012 was $5.5 billion, an increase of 5% from the prior year, reflecting 5% growth in underlying revenue, a 2% increase from acquisitions partly offset by a 2% decrease resulting from the impact of foreign currency translation. The underlying revenue increase of 5% reflects growth in all major

geographies, driven by higher retention rates and new business development. Underlying revenue increased 14% in Latin America, 9% in Asia Pacific, 3% in U.S. / Canada and 4% in EMEA.

Guy Carpenter's revenue increased 7% to $1.0 billion in 2011 compared with 2010, or 5% on an underlying basis. The increase in underlying revenue was driven by strong new business development and high retention rates.

Fiduciary interest income was $47 million in 2011 compared to $45 million in 2010 due to higher average invested funds partly offset by lower interest rates.

Expense

Expenses in the Risk and Insurance Services segment increased 3% in 2012 compared with 2011, reflecting a 2% increase from acquisitions and a 2% decrease due to the impact of foreign currency translation. Expenses on an underlying basis increased 3% primarily due to higher base salaries and incentive compensation and benefits costs partly offset by credits related to adjustments to acquisition related contingent consideration liabilities.

Expenses in the Risk and Insurance Services segment increased 6% in 2011 compared with 2010, reflecting a 3% increase from acquisitions and a 2% increase due to the impact of foreign currency translation. Expenses on an underlying basis increased 1%. The increase in underlying expenses is primarily due to higher base salaries and incentive compensation costs, non-restructuring related severance costs and facilities and equipment costs, partly offset by lower restructuring expenses and a credit of $31 million for insurance recoveries on previously expensed legal fees.

Consulting

The Company conducts business in its Consulting segment through two main business groups. Mercer provides consulting expertise, advice, services and solutions in the areas of talent, health, retirement and investments. Oliver Wyman Group provides specialized management, economic and brand consulting services.

The major component of revenue in the Consulting segment business is fees paid by clients for advice and services. Mercer, principally through its health & benefits line of business, also earns revenue in the form of commissions received from insurance companies for the placement of group (and occasionally individual) insurance contracts, primarily life, health and accident coverages. Revenue for Mercer's investment management business and certain of Mercer's outsourcing businesses consists principally of fees based on assets under management or administration.

Revenue in the Consulting segment is affected by, among other things, global economic conditions, including changes in clients' particular industries and markets. Revenue is also affected by competition due to the introduction of new products and services, broad trends in employee demographics, including levels of employment, the effect of government policies and regulations, and fluctuations in interest and foreign exchange rates. Revenues from the provision of investment management services and retirement trust and administrative services are significantly affected by securities market performance.

The results of operations for the Consulting segment are presented below:

(In millions of dollars)	**2012**	2011	2010
Revenue	**$ 5,382**	$ 5,265	$ 4,835
Compensation and Benefits	**3,221**	3,233	2,974
Other Operating Expenses	**1,509**	1,444	1,732
Operating Expenses	**4,730**	4,677	4,706
Operating Income	**$ 652**	$ 588	$ 129
Operating Income Margin	**12.1%**	11.2%	2.7%

Revenue

Consulting revenue in 2012 increased 2% compared with 2011, or 4% on an underlying basis. Mercer's revenue was $3.9 billion in 2012, an increase of 4% on both a reported and underlying basis as compared to 2011, with growth in each of its businesses. The underlying revenue growth was primarily driven by a 7% increase in health and benefits and an 8% increase in investments. Oliver Wyman's revenue decreased 1% in 2012 compared to 2011, but increased 3% on an underlying basis.

During 2012, Mercer completed the following three acquisitions:

- February - Mercer acquired the remaining 49% of Yokogawa-ORC, a global mobility firm based in Japan, which was previously accounted for under the equity method, and Pensjon & Finans, a leading Norway-based financial investment and pension consulting firm.
- March - Mercer acquired REPCA, a France-based broking and advisory firm for employer health and benefits plans.

Consulting revenue in 2011 increased 9% compared with 2010, or 5% on an underlying basis. Mercer's revenue was $3.8 billion in 2011, an increase of 9% or 4% on an underlying basis. Within Mercer's consulting lines, revenue on an underlying basis increased 4% in 2011 compared with 2010, reflecting increases of 6% in health and benefits and 11% in talent, rewards & communications, partly offset by a 1% decline in retirement. Outsourcing revenue grew 9% and was flat on an underlying basis. Investments revenue increased 26% or 11xe, 0 0 1 9 9 cm0.0000 gBT0 Tr/F4 10 Tf1 0 0 1 72 566.75 Tmec19 cm0.0000 the expiration of the statutes of limitations related to certain of the indemnified matters, primarily with respect to Putnam.

Marsh's BPO business, previously part of Marsh U.S. Consumer business, provided policy, claims, call center and accounting operations on an outsourced basis to life insurance carriers. Marsh invested in a technology platform that was designed to make the BPO business scalable and more efficient. During 2011, Marsh decided that it would cease investing in the technology platform and instead exit the business via a sale. In the fourth quarter of 2011, management initiated a plan to sell the Marsh BPO business which was completed in August 2012. The Company wrote off capitalized software of the BPO business of $17 million, net of tax, which is included in discontinued operations in 2011.

In the first quarter of 2010, Kroll completed the sale of KLS and on August 3, 2010, the Company completed the sale of Kroll to Altegrity.

Kroll's results of operations are reported as discontinued operations in the Company's consolidated statement of income for the portion of 2010 prior to Kroll's disposal. The year ended 2010 also includes the gain on the sale of Kroll and related tax benefits and the loss on the sale of KLS, which includes the tax provision of $36 million on the sale.

The Company's tax basis in its investment in the stock of Kroll at the time of sale exceeded the recorded amount primarily as a result of prior impairments of goodwill recognized for financial reporting, but not tax. A $265 million deferred tax benefit was recorded in discontinued operations in 2010 as a result of the sale of Kroll.

Summarized Statements of Income data for discontinued operations is as follows:

For the Years Ended December 31, *(In millions of dollars, except per share figures)*	**2012**	2011	2010
Kroll Operations			
Revenue	**$ —**	$ —	$ 381
Operating expenses	**—**	—	345
Operating income	**—**	—	36
Income tax expense	**—**	—	16
Income from Kroll operations, net of tax	**—**	—	20
Other discontinued operations, net of tax	**—**	(17)	(7)
Income (loss) from discontinued operations, net of tax	**—**	(17)	13
Disposals of discontinued operations [(a)]	**(2)**	25	58
Income tax expense (credit) [(b)]	**1**	(25)	(235)
Disposals of discontinued operations, net of tax	**(3)**	50	293
Discontinued operations, net of tax	**$ (3)**	$ 33	$ 306
Discontinued operations, net of tax per share			
—Basic	**$ —**	$ 0.06	$ 0.55
—Diluted	**$ —**	$ 0.06	$ 0.55

(a) Includes gain on sale of Kroll and the gain on the sale of KLS in 2010.

(b) The income tax credit related to the disposal of discontinued operations for 2010 primarily represents the recognition of tax benefits related to the sale of Kroll, partly offset by a tax provision of $36 million related to the sale of KLS.

of which all but approximately $80 million is considered to be permanently invested in those operations to fund foreign investments and working capital needs. The non-U.S. cash and cash equivalents considered permanently reinvested includes approximately $250 million of operating funds required to be maintained for regulatory requirements or as collateral under certain captive insurance arrangements. The Company expects to continue its practice of repatriating foreign funds out of current annual earnings. While management does not foresee a need to repatriate the funds which are currently deemed permanently invested, if facts or circumstances change management could elect to repatriate them, if necessary, which could result in higher effective tax rates in the future.

Cash on our consolidated balance sheets includes funds available for general corporate purposes. Funds held on behalf of clients in a fiduciary capacity are segregated and shown separately in the consolidated balance sheets as an offset to fiduciary liabilities. Fiduciary funds cannot be used for general corporate purposes, and should not be considered as a source of liquidity for the Company.

Operating Cash Flows

The Company generated $1.3 billion of cash from operations in 2012 compared with $1.7 billion in 2011. These amounts reflect the net income reported by the Company during those periods, excluding gains or losses from investments and the disposition of businesses, adjusted for non-cash charges and changes in working capital which relate, primarily, to the timing of payments for accrued liabilities or receipts of assets. The reduction in cash generated from operations is primarily due to the cash refunds of U.S. federal income taxes received in 2011, discussed below. Cash generated from the disposition of businesses is included in investing cash flows.

The Company received $322 million in cash refunds of U.S. federal income taxes during the second quarter of 2011, comprising $212 million from carrying back the net capital loss incurred in 2010 from the sale of Kroll and various other assets, and $110 million from the cash settlement of the IRS audit for the periods 2006 through 2008. The audit settlement primarily reflected the allowance of carry back claims for net operating losses and excess foreign tax credits arising in 2008. The impact on the tax provision of these events was reflected in prior periods and did not impact income tax expense reported in 2011.

On June 11, 2010, the Company resolved the litigation brought by the ARMB on behalf of two Alaska benefit plans against Mercer, relating to work in the period 1992 to 2004. Under the terms of the settlement agreement, Mercer paid $500 million, of which $100 million was covered by insurance.

Pension Related Items

During 2012, the Company contributed $124 million to its U.S. pension plans and $389 million to non-U.S. pension plans, which includes discretionary contributions of $100 million to each of the U.S. and the U.K. plans, compared with $24 million for U.S. plans and $320 million for non-U.S. plans in 2011.

In the U.S., contributions to the tax-qualified defined benefit plans are based on ERISA guidelines and the company generally expects to maintain a funded status of 80% or more of the liability determined under the ERISA guidelines. The pension stabilization provisions included in the "Moving Ahead for Progress in the 21st Century Act", enacted on July 6, 2012, changed the methodology for determining the discount rate used for calculating plan liabilities under ERISA, which determines, in part, the funding requirements. After considering the impact of the pension funding stabilization provisions discussed above, the Company does not expect any contributions will be required to its U.S. tax-qualified plan through the end of 2014. The Company expects to fund approximately $25 million to its non-qualified U.S. pension plans in 2013.

The Company has a large number of non-U.S. defined benefit pension plans, the largest of which are in the U.K., which comprise approximately 82% of non-U.S. plan assets. Contribution rates for non-U.S. plans are generally based on local funding practices and statutory requirements, which may differ significantly from measurements under U.S. GAAP. In the U.K., contributions to defined benefit pension plans are determined through a negotiation process between the Company and the plans' Trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. This process is governed by U.K. pension regulations. The assumptions that result from the funding negotiations are different from those used for U.S. GAAP and currently result in a lower funded status than under U.S. GAAP. The current funding plan was based on assumptions (including interest rates, inflation, salary increases and mortality) that reflected market conditions as of year-end 2009, was agreed to in early 2011 and forms the basis for the Company's aggregate contributions to the U.K. plans for 2011 through 2013.

Dividends

The Company paid total dividends of $497 million in 2012 ($0.90 per share), $480 million in 2011 ($0.86 per share) and $452 million in 2010 ($0.81 per share).

Investing Cash Flows

Net cash used for investing activities amounted to $583 million in 2012 compared with $457 million used for investing activities in 2011. The Company made 15 acquisitions in 2012. Cash used for these acquisitions, net of cash acquired was $230 million. In addition, in 2012, the Company paid $59 million of deferred purchase consideration related to acquisitions made in prior years and $3 million for the purchase of other intangible assets. Remaining deferred cash payments of approximately $42 million for acquisitions completed in 2012 and in prior years are recorded in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at December 31, 2012.

The Company made 12 acquisitions in 2011. Cash used for these acquisitions, net of cash acquired, was $160 million compared with $427 million used for acquisitions in 2010. In addition, the Company recorded a liability of $33 million for estimated contingent purchase consideration related to the acquisitions completed in 2011. In 2011, the Company also paid $11 million for deferred purchase consideration, $62 million into escrow for future acquisitions and $4 million for the purchase of other intangible assets. In 2010, in addition to the cash paid, the Company issued approximately 7.6 million shares of common stock with an acquisition date value of $183 million, and also paid $60 million of deferred purchase timing and amount of ultimate payment of such liability is dependent upon future events, including, but not limited to, future returns on plan assets, and changes in the discount rate used to measure the liabilities. The amounts of estimated future benefits payments to be made from plan assets are disclosed in Note 8 to the consolidated financial statements. In 2013, the Company expects to contribute approximately $25 million and $623 million to its U.S. and non-U.S. pension plans, respectively.

Management's Discussion of Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities. Management considers the policies discussed below to be critical to understanding the Company's financial statements because their application places the most significant demands on management's judgment, and requires management to make estimates about the effect of matters that are inherently uncertain. Actual results may differ from those estimates.

Legal and Other Loss Contingencies

The Company and its subsidiaries are subject to numerous claims, lawsuits and proceedings including claims for errors and omissions. GAAP requires that a liability be recorded when a loss is both probable and reasonably estimable. Significant management judgment is required to apply this guidance. The Company utilizes case level reviews by inside and outside counsel, an internal actuarial analysis and other analyses to estimate potential losses. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable. Given the unpredictability of E&O claims and of litigation that could flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on the Company's businesses, results of operations, financial condition or cash flow in a given quarterly or annual period.

In addition, to the extent that insurance coverage is available, significant management judgment is required to determine the amount of recoveries that are probable of collection under the Company's various insurance programs.

Retirement Benefits

The Company maintains qualified and non-qualified defined benefit pension and defined contribution plans for its eligible U.S. employees and a variety of defined benefit and defined contribution plans for its eligible non-U.S. employees. The Company's policy for funding its tax qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth in U.S. and applicable foreign laws.

The Company recognizes the funded status of its over-funded defined benefit pension and retiree medical plans as a net benefit plan asset and its unfunded and underfunded plans as a net benefit plan liability. The gains or losses and prior service costs or credits that have not been recognized as components of net periodic costs are recorded as a component of Accumulated Other Comprehensive Income ("AOCI"), net of tax, in the Company's consolidated balance sheets. The gains and losses that exceed specified corridors are amortized prospectively out of AOCI over a period that approximates the average remaining service period of active employees, or for plans in which substantially all the participants are inactive, over the remaining life expectancy of the inactive employees.

The determination of net periodic pension cost is based on a number of assumptions, including an expected long-term rate of return on plan assets, the discount rate, mortality and assumed rate of salary increase. Significant assumptions used in the calculation of net periodic pension costs and pension liabilities are disclosed in Note 8 to the consolidated financial statements. The Company believes the assumptions for each plan are reasonable and appropriate and will continue to evaluate assumptions at least annually and adjust them as appropriate. Based on its current assumptions, the Company expects pension expense in 2013 to increase approximately $30 million compared with 2012 before partly-offsetting impacts of bonuses and other incentive compensation and possible movements in foreign exchange rates.

Future pension expense or credits will depend on plan provisions, future investment performance, future assumptions and various other factors related to the populations participating in the pension plans. Holding all other assumptions constant, a half-percentage point change in the rate of return on plan assets and discount rate assumptions would affect net periodic pension cost for the U.S. and U.K. plans, which together comprise approximately 88% of total pension plan liabilities, as follows:

	0.5 Percentage Point Increase		0.5 Percentage Point Decrease	
(In millions of dollars)	U.S.	U.K.	U.S.	U.K.
Assumed Rate of Return on Plan Assets	$ (18)	$ (35)	$ 18	$ 35
Discount Rate	$ (20)	$ (25)	$ 20	$ 25

Changing the discount rate and leaving the other assumptions constant may not be representative of the impact on expense, because the long-term rates of inflation and salary increases are often correlated with the valuation allowance accordingly. The Company evaluates all significant available positive and negative evidence, including the existence of losses in recent years and its forecast of future taxable income by jurisdiction, in assessing the need for a valuation allowance. The Company also considers tax-planning strategies that would result in realization of deferred tax assets, and the presence of taxable income in prior period tax filings in jurisdictions that allow for the carryback of tax attributes pursuant to the applicable tax law. The underlying assumptions the Company uses in forecasting future taxable income require significant judgment and take into account the Company's recent performance. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary differences or carry-forwards are deductible or creditable. Valuation allowances are established for deferred tax assets when it is estimated that it is more likely thacswlnQBT0 Tr/F49r1 .r/F4

As of December 31, 2012, there was $18 million of unrecognized compensation cost related to stock option awards. The weighted-average periods over which the costs are expected to be recognized is 1.3 years. Also as of December 31, 2012, there was $135 million of unrecognized compensation cost related to the Company’s restricted stock, restricted stock unit and deferred stock unit awards.

See Note 9 to the consolidated financial statements for additional information regarding accounting for share-based payments.

New Accounting Pronouncements

Note 1 to the consolidated financial statements contains a summary of the Company’s significant accounting policies, including a discussion of recently issued accounting pronouncements and their impact or potential future impact on the Company’s financial results, if determinable, under the sub-heading "New Accounting Pronouncements".

Item 7A. Qualitative and Quantitative Disclosures About Market Risk

Market Risk and Credit Risk

Certai s revenues, expenses, assets and n of the Company'
rate chang es and fluctuati ons i

Interest Rate Ri sk and Credi

The Company has hi stori
vari s asset tables and in February 201, the Company
entered nto two 3.5-year i
i ts 5.375% seni
Company a f i xed rate of 5.375% and the Company wi
LIBOR plus a f i The swaps are desi xed spread of 3.726%.
are deemed to be perfectly effecti ve i

Interest i s cashi ncome g enerated from the Comp
vary wi th the g eneral level of i

The Company had the following ng i

(In mi	l	December 31, 2012
Cash and cash equi deposi	valents i t and i	$2,301
Fi	dci	$3,992

Based on the above balances, i f short-term i
poi , annuali nts, over the course of the year nterest i
would ncrease or decrease by approxi

In add ti
potenti To mi al loss of value due to counter-party credi
subsi . The pol
of pri nci
pri The Company carefully moni
fund nvestments and wi The majori
cash and fi dci
funds.

Forei g n Currency Ri

The translated values of revenue and expense from the Company's i
fluctuati ons due to chang es i

Equity Price Risk

The Company holds investments in both public and private companies, and certain private equity funds that invest primarily in financial services companies. Non-publicly traded investments of $16 million are accounted for using the cost method and $131 million are accounted for using the equity method. The investments that are classified as available for sale or that are not publicly traded are subject to risk of changes in market value, which if determined to be other than temporary, could result in realized impairment losses. The Company periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

Other

A number of lawsuits and regulatory proceedings are pending. See Note 15 to the consolidated financial statements included elsewhere in this report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, *(In millions, except per share figures)*	**2012**	2011	2010
Revenue	**$ 11,924**	$ 11,526	$ 10,550
Expense:			
Compensation and benefits	**7,134**	6,969	6,465
Other operating expenses	**2,961**	2,919	3,146
Operating expenses	**10,095**	9,888	9,611
Operating income	**1,829**	1,638	939
Interest income	**24**	28	20
Interest expense	**(181)**	(199)	(233)
Cost of extinguishment of debt	**—**	(72)	—
Investment income	**24**	9	43
Income before income taxes	**1,696**	1,404	769
Income tax expense	**492**	422	204
Income from continuing operations	**1,204**	982	565
Discontinued operations, net of tax	**(3)**	33	306
Net income before non-controlling interests	**1,201**	1,015	871
Less: Net income attributable to non-controlling interests	**25**	22	16
Net income attributable to the Company	**$ 1,176**	$ 993	$ 855
Basic net income per share – Continuing operations	**$ 2.16**	$ 1.76	$ 1.01
– Net income attributable to the Company	**$ 2.16**	$ 1.82	$ 1.56
Diluted net income per share – Continuing operations	**$ 2.13**	$ 1.73	$ 1.00
–Net income attributable to the Company	**$ 2.13**	$ 1.79	$ 1.55
Average number of shares outstanding – Basic	**544**	542	540
– Diluted	**552**	551	544
Shares outstanding at December 31,	**545**	539	541

The accompanying notes are an integral part of these consolidated statements.

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, *(In millions)*	**2012**	2011	2010
Net income before non-controlling interests	**$ 1,201**	$ 1,015	$ 871
Other comprehensive income (loss), before tax:			
Foreign currency translation adjustments	**177**	(100)	(34)
Unrealized investment loss	**(1)**	(9)	(17)
Loss related to pension/post-retirement plans	**(447)**	(1,114)	(146)
Other comprehensive loss, before tax	**(271)**	(1,223)	(197)
Income tax credit on other comprehensive loss	**(152)**	(335)	(68)
Other comprehensive loss, net of tax	**(119)**	(888)	(129)
Comprehensive income	**1,082**	127	742
Less: Comprehensive income attributable to non-controlling interests	**25**	22	16
Comprehensive income attributable to the Company	**$ 1,057**	$ 105	$ 726

The accompanying notes are an integral part of these consolidated statements.

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, *(In millions, except share figures)*		**2012**		2011
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**2,301**	$	2,113
Receivables				
Commissions and fees		**2,858**		2,676
Advanced premiums and claims		**62**		86
Other		**244**		249
		3,164		3,011
Less-allowance for doubtful accounts and cancellations		**(106)**		(105)
Net receivables		**3,058**		2,906
Current deferred tax assets		**410**		376
Other current assets		**194**		253
Total current assets		**5,963**		5,648
Goodwill and intangible assets		**7,261**		6,963
Fixed assets, net		**809**		804
Pension related assets		**260**		39
Deferred tax assets		**1,223**		1,205
Other assets		**772**		795
	$	**16,288**	$	15,454
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term debt22and accruePrefq00.stock, $1itir value, aut0.0iz0.6,0 1,0 1 shares, none isq0gq0.0tQ TJ03L2	**$**	**260**	$	260
Accounts payable and accrued liabilities		**1,721**		2,016
Accrued compensation and employee benefits		**1,473**		1,400
Accrued income taxes		**110**		63
Total current liabilities		**3,564**		3,739
Fiduciary liabilities		**3,992**		4,082
Less – cash and investme6cJET,000t39				

CONSOLIDATED STATEMENTS OF CASH FLOWS

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, *(In millions, except per share figures)*	**2012**	2011	2010
COMMON STOCK			
Balance, beginning and end of year	**$ 561**	$ 561	$ 561
ADDITIONAL PAID-IN CAPITAL			
Balance, beginning of year	**$ 1,156**	$ 1,185	$ 1,211
Change in accrued stock compensation costs	**(16)**	(13)	6
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax impact	**(34)**	(14)	(17)
Purchase of subsidiary shares from non-controlling interests	**1**	(2)	—
Issuance of shares for acquisitions	**—**	—	(15)
Balance, end of period	**$ 1,107**	$ 1,156	$ 1,185
RETAINED EARNINGS			
Balance, beginning of year	**$ 7,949**	$ 7,436	$ 7,033
Net income attributable to the Company	**1,176**	993	855
Dividend equivalents declared - (per share amounts: $0.90 in 2012, $0.86 in 2011, and $0.81 in 2010)	**(8)**	(14)	(15)
Dividends declared – (per share amounts: $0.90 in 2012, $0.86 in 2011, and $0.81 in 2010)	**(489)**	(466)	(437)
Balance, end of period	**$ 8,628**	$ 7,949	$ 7,436
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance, beginning of year	**$ (3,188)**	$ (2,300)	$ (2,171)
Comprehensive loss, net of tax	**(119)**	(888)	(129)
Balance, end of period	**$ (3,307)**	$ (3,188)	$ (2,300)
TREASURY SHARES			
Balance, beginning of year	**$ (595)**	$ (514)	$ (806)
Issuance of shares under stock compensation plans and employee stock purchase plans	**378**	280	180
Issuance of shares for acquisitions	**—**	—	198
Purchase of treasury shares	**(230)**	(361)	(86)
Balance, end of period	**$ (447)**	$ (595)	$ (514)
NON-CONTROLLING INTERESTS			
Balance, beginning of year	**$ 57**	$ 47	$ 35
Net income attributable to non-controlling interests	**25**	22	16
Distributions	**(16)**	(5)	—
Other changes	**(2)**	(7)	(4)
Balance, end of period	**$ 64**	$ 57	$ 47
TOTAL EQUITY	**$ 6,606**	$ 5,940	$ 6,415

The accompanying notes are an integral part of these consolidated statements.

1. Summary of Significant Accounting Policies

Nature of Operations: Marsh & McLennan Companies, Inc. the ("Company"), a global professional services firm, is organized based on the different services that it offers. Under this organizational structure, the Company's two business segments are Risk and Insurance Services and Consulting.

The Risk and Insurance Services segment provides risk management and insurance broking, reinsurance broking and insurance program management services for businesses, public entities, insurance companies, associations, professional services organizations, and private clients. The Company conducts business in this segment through Marsh and Guy Carpenter.

The Company conducts business in its Consulting segment through two main business groups. Mercer provides consulting expertise, advice, services and solutions in the areas of talent, health, retirement and investments. Oliver Wyman Group provides specialized management and economic and brand consulting services.

Acquisitions impacting the Risk and Insurance Services and Consulting segments are discussed in Note 4 to the consolidated financial statements.

On August 3, 2010, the Company completed the sale of Kroll, the Company's former Risk Consulting & Technology segment, to Altegrity, Inc. ("Altegrity") for cash consideration of $1.13 billion. In the first quarter of 2010, Kroll completed the sale of Kroll Laboratory Specialists ("KLS"). The gain on the sale of Kroll and related tax benefits and the after-tax loss on the sale of KLS, along with Kroll's, and KLS's 2010 results of operations are included in discontinued operations in 2010.

With the sale of Kroll in August 2010, along with other dispositions between 2008 and 2010, the Company has divested its entire Risk Consulting & Technology Segment. The Company has "continuing involvement" in certain Corporate Advisory and Restructuring businesses ("CARG") that were disposed of in 2008. The runoff of the CARG businesses is being managed by the Company's corporate departments and financial results of these entities are included in "Corporate" for segment reporting purposes.

Principles of Consolidation: The accompanying consolidated financial statements include all wholly-owned and majority-owned subsidiaries. All significant inter-company transactions and balances have been eliminated.

Fiduciary Assets and Liabilities: In its capacity as an insurance broker or agent, the Company generally collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters. The Company also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims proceeds are held by the Company in a fiduciary capacity. Risk and Insurance Services revenue includes interest on fiduciary funds of $39 million, $47 million and $45 million in 2012, 2011 and 2010, respectively. The Consulting segment recorded fiduciary interest income of $4 million in each of 2012 , 2011 and 2010. Since fiduciary assets are not available for corporate use, they are shown in the consolidated balance sheets as an offset to fiduciary liabilities.

Net uncollected premiums and claims and the related payables amounted to $9.1 billion and $9 billion at December 31, 2012 and 2011, respectively. The Company is not a principal to the contracts under which the right to receive premiums or the right to receive reimbursement of insured losses arises. Net uncollected premiums and claims and the related payables are, therefore, not assets and liabilities of the Company and are not included in the accompanying consolidated balance sheets.

In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. These advances are made from corporate funds and are reflected in the accompanying consolidated balance sheets as receivables.

The components of fixed assets are as follows:

Concentrations of Credit Risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, commissions and fees receivable and insurance recoverables. The Company maintains a policy providing for the diversification of cash and cash equivalent investments and places its investments in a large number of high quality financial institutions to limit the amount of credit risk exposure. Concentrations of credit risk with respect to receivables are generally limited due to the large number of clients and markets in which the Company does business, as well as the dispersion across many geographic areas.

Per Share Data: Under the accounting guidance which applies to the calculation of earnings per share ("EPS") for share-based payment awards with rights to dividends or dividend equivalents, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and should be included in the computation of basic and dilutive EPS using the two-class method.

Basic net income per share attributable to the Company and income from continuing operations per share are calculated by dividing the respective after-tax income attributable to common shares by the weighted average number of outstanding shares of the Company's common stock.

Diluted net income per share attributable to the Company and income from continuing operations per share are calculated by dividing the respective after-tax income attributable to common shares by the weighted average number of outstanding shares of the Company's common stock, which have been adjusted for the dilutive effect of potentially issuable common shares (excluding those that are considered participating securities). The diluted earnings per share calculation reflects the more dilutive effect of either (a) the two-class method that assumes that the participating securities have not been exercised or (b) the treasury stock method. Reconciliation of the applicable income components used for diluted earnings per share and basic weighted average common shares outstanding to diluted weighted average common shares outstanding is presented below.

Basic EPS Calculation - *Continuing Operations*			
(In millions, except per share figures)	**2012**	2011	2010
Net income from continuing operations	**$ 1,204**	$ 982	$ 565
Less: Net income attributable to non-controlling interests	**25**	22	16
Net income from continuing operations attributable to the Company	**1,179**	960	549
Less: Portion attributable to participating securities	**2**	6	6
Net income attributable to common shares for basic earnings per share	**$ 1,177**	$ 954	$ 543
Basic weighted average common shares outstanding	**544**	542	540

Basic EPS Calculation - *Net Income*			
(In millions, except per share figures)	**2012**	2011	2010
Net income attributable to the Company	**$ 1,176**	$ 993	$ 855
Less: Portion attributable to participating securities	**2**	6	11
Net income attributable to common shares for basic earnings per share	**$ 1,174**	$ 987	$ 844
Basic weighted average common shares outstanding	**544**	542	540

The consolidated statement of cash flows includes the cash flow impact of discontinued operations in each cash flow category. The cash flow impact of discontinued operations from the operating, financing and investing cash flow categories is as follows:

For the Year Ended December 31, *(In millions of dollars)*	**2012**	2011	2010
Net cash provided by (used for) operations	**$ —**	$ 11	$ (6)
Net cash used for investing activities	**$ —**	$ —	$ (14)
Effect of exchange rate changes on cash and cash equivalents			

For the year ended December 31,	2011		
(In millions of dollars)	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	$ (100)	$ 4	$ (104)
Unrealized investment losses	(9)	(4)	(5)
Pension/post-retirement plans:			
Amortization of losses (gains) included in net periodic pension cost:			
Prior service gains	(32)	(13)	(19)
Net actuarial losses	213	68	145
Subtotal	181	55	126
Net loss arising during period	(1,289)	(388)	(901)
Foreign currency translation adjustments	(14)	(3)	(11)
Other adjustments	8	1	7
Pension/post-retirement plans losses	(1,114)	(335)	(779)
Other comprehensive loss	$ (1,223)	$ (335)	$ (888)

For the year ended December 31,	2010		
(In millions of dollars)	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	$ (34)	$ (7)	$ (27)
Unrealized investment losses	(17)	(5)	(12)
Pension/post-retirement plans:			
Amortization of losses (gains) included in net periodic pension cost:			
Prior service gains	(34)	(13)	(21)
Net actuarial losses	144	48	96
Subtotal	110	35	75
Net loss arising during period	(346)	(111)	(235)
Foreign currency translation adjustments	89	18	71
Other adjustments	1	2	(1)
Pension/post-retirement plans losses	(146)	(56)	(90)
Other comprehensive loss	$ (197)	$ (68)	$ (129)

The components of accumulated other comprehensive income (loss) are as follows:

(In millions of dollars)	**December 31, 2012**	December 31, 2011
Foreign currency translation adjustments (net of deferred tax liability of $9 and $14 in 2012 and 2011, respectively)	$ 140	$ (42)
Net unrealized investment gains (net of deferred tax liability of $2 and $1 in 2012 and 2011, respectively)	4	6
Net charges related to pension / post-retirement plans (net of deferred tax asset of $1,657 and $1,508 in 2012 and 2011, respectively)	(3,451)	(3,152)
	$ (3,307)	$ (3,188)

4. Acquisitions

The Company's acquisitions have been accounted for as purchases. Net assets and results of operations are included in the Company's consolidated financial statements commencing at the respective effective purchase dates. In connection with acquisitions, the Company records the estimated value of the net tangible assets purchased and the value of the identifiable intangible assets purchased, which typically consist of purchased customer lists, trademarks and non-compete agreements. The valuation of purchased intangible assets involves significant estimates and assumptions. Any change in assumptions could affect the carrying value of such intangible assets.

During 2012, Marsh completed the following twelve acquisitions:

- January - Marsh acquired Alexander Forbes' South African brokerage operations, including Alexander Forbes Risk Services and related ancillary operations and insurance broking operations in Botswana and Namibia to expand Marsh's presence in Africa. Marsh subsequently closed the acquisitions of the Alexander Forbes operations in Uganda, Malawi and Zambia.
- March - Marsh & McLennan Agency business ("MMA") acquired KSPH, LLC, a middle-market employee benefits agency based in Virginia, and Marsh acquired Cosmos Services (America) Inc., the U.S. insurance brokerage subsidiary of ITOCHU Corp., which specializes in commercial property/casualty, personal lines, and employee benefits brokerage services to U.S. subsidiaries of Japanese companies.
- June - MMA acquired Progressive Benefits Solutions, an employee benefits agency based in North Carolina, and Security Insurance Services, Inc., a Wisconsin-based insurance agency which offers property/casualty and employee benefits products and services to individuals and businesses.
- August - MMA acquired Rosenfeld-Einstein, a South Carolina-based employee benefits service provider, and Eidson Insurance, a property/casualty and employee benefits services firm located in Florida.
- October - MMA acquired Howalt+McDowell, a South Dakota-based agency which offers property casualty, surety, personal protection and employee benefits insurance to individuals and businesses, and The Protector Group Insurance Agency, a Massachusetts-based agency which provides property casualty, employee benefits services, personal insurance and individual financial services.
- November - MMA acquired Brower Insurance, an Ohio-based company providing employee benefits, property/casualty and consulting services.
- December - MMA acquired McGraw Wentworth, a Michigan-based company providing consulting services to mid-sized organizations, and Liscomb Hood Mason, a Minnesota-based company providing property/casualty and employee benefits products and services.

The MMA acquisitions were made to expand Marsh's presence in the U.S. middle-market business.

During 2012, Mercer completed the following three acquisitions:

- February - Mercer acquired the remaining 49% of Yokogawa-ORC, a global mobility firm based in Japan, which was previously accounted for under the equity method, and Pensjon & Finans, a leading Norway-based financial investment and pension consulting firm.
- March - Mercer acquired REPCA, a France-based broking and advisory firm for employer health and benefits plans.

Total purchase consideration for acquisitions made during 2012 was $360 million, which consisted of cash paid of $252 million, deferred purchase and estimated contingent consideration of $46 million, and cash held in escrow of $62 million at December 31, 2011 that was released in the first quarter of 2012. Contingent consideration arrangements are primarily based on EBITDA and revenue targets over two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. During 2012, the Company also paid $59 million of deferred purchase consideration and $30 million of contingent consideration related to acquisitions made in prior years. In addition, the Company paid $3 million to purchase other intangible assets during 2012.

The following table presents the preliminary allocation of the acquisition cost to the assets acquired and liabilities assumed, based on their fair values:

(In millions)		2012
Cash (includes $62 million held in escrow at December 31, 2011)	$	314
Estimated fair value of deferred/contingent consideration		46
Total Consideration	$	360
Allocation of purchase price:		
Cash and cash equivalents	$	22
Accounts receivable, net		8
Other current assets		—
Property, plant, and equipment		5
Intangible assets (primarily customer lists amortized over 10 years)		147
Goodwill		226
Other assets		5
Total assets acquired		413
Current liabilities		13
Other liabilities		40
Total liabilities assumed		53
Net assets acquired	$	360

Prior Year Acquisitions

During 2011, the Company made seven acquisitions in its Risk and Insurance Services segment and five in its Consulting segment. In January 2011, Marsh acquired RJF Agencies, Inc., an independent insurance broking firm in the Midwest. In February 2011, Marsh acquired Hampton Roads Bonding, a surety bonding agency for commercial, road, utility, maritime and government contractors in the state of Virginia, and the Boston office of Kinloch Consulting Group, Inc. In July 2011, Marsh acquired Prescott Pailet Benefits, an employee benefits broker in the state of Texas. In October 2011, Marsh acquired the employee benefits division of Kaeding, Ernst & Co, a Massachusetts-based employee benefits, life insurance and financial planning consulting firm. In November 2011, Marsh acquired Gallagher & Associates, Inc., a property and casualty insurance agency based in Minnesota. In November 2011, Marsh acquired Seitlin Insurance, an insurance firm based in South Florida. These acquisitions were made to expand Marsh's share in the middle-market through Marsh & McLennan Agency.

In January 2011, Mercer acquired Hammond Associates, an investment consulting company for endowments and foundations in the U.S. In June 2011, Mercer acquired Evaluation Associates LLC, an investment consulting firm. In July 2011, Mercer acquired Mahoney Associates, a health and benefits advisory firm based in South Florida. In August 2011, Mercer acquired Censeo Corporation, a human resource consulting firm based in Florida. In December 2011, Mercer acquired Alicia Smith & Associates, a Medicaid policy consulting firm based in Washington, D.C.

Total purchase consideration for the 2011 acquisitions was $197 million which consisted of cash paid of $164 million and deferred and estimated contingent consideration of $33 million. Contingent consideration arrangements are primarily based on EBITDA and revenue targets over two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. The Company also paid $27 million of deferred purchase and contingent consideration related to acquisitions made in prior years. In addition, the Company paid $4 million to purchase other intangible assets during 2011.

In the second quarter of 2011, Marsh acquired the remaining minority interest of a previously majority owned entity for total purchase consideration of $8 million and accounted for this acquisition under the accounting guidance for consolidations and non-controlling interests. This guidance requires that changes in a parent's ownership interest while retaining financial controlling interest in a subsidiary be accounted for as an equity transaction. Stepping up the acquired assets to fair value or the recording of goodwill is not permitted. Therefore, the Company recorded a decrease to additional paid-in capital in 2011 of $2 million related to this transaction.

In the first quarter of 2011, the Company paid deferred purchase consideration of $13 million

During 2011, Marsh decided that it would cease investing in the technology platform and instead exit the business via a sale. In the fourth quarter of 2011, management initiated a plan to sell the Marsh BPO business, which was completed in August 2012. , which was completed in compared with budget and prior projections used in its estimation of reporting unit fair values, industry and market conditions, and the year over year change in the Company's share price. The Company completed its evaluation in the third quarter of 2012 and concluded that a two-step goodwill impairment test was not required in 2012 and that goodwill was not impaired.

Other intangible assets that are not deemed to have an indefinite life are amortized over their estimated lives and reviewed for impairment upon the occurrence of certain triggering events in accordance with applicable accounting literature.

Changes in the carrying amount of goodwill are as follows:

(In millions of dollars)	**2012**	2011
Balance as of January 1, as reported	**$ 6,562**	$ 6,420
Goodwill acquired	**226**	124
Other adjustments[(a)]	**4**	18
Balance at December 31,	**$ 6,792**	$ 6,562

(a) Reflects increases due to the impact of foreign exchange in both years. 2012 also reflects a reduction due to purchase accounting adjustments.

The goodwill acquired of $226 million in 2012 (approximately $110 million of which is deductible for tax purposes) comprised of $

7. Income Taxes

For financial reporting purposes, income before income taxes includes the following components:

For the Years Ended December 31, (In millions of dollars)	**2012**	2011	2010
Income before income taxes:			
U.S.	**$ 398**	$ 121	$ (296)
Other	**1,298**	1,283	1,065
	$ 1,696	$ 1,404	$ 769

	2012	2011	2010
The expense (benefit) for income taxes is comprised of:			
Income taxes:			
Current–			
U.S. Federal	**$ 42**	$ 7	$ (90)
Other national governments	**336**	289	249
U.S. state and local	**24**	24	21
	402	320	180
Deferred–			
U.S. Federal	**(18)**	5	(28)
Other national governments	**89**	90	50
U.S. state and local	**19**	7	2
	90	102	24
Total income taxes	**$ 492**	$ 422	$ 204

The significant components of deferred income tax assets and liabilities and their balance sheet classifications are as follows:

December 31, (In millions of dollars)	**2012**	2011
Deferred tax assets:		
Accrued expenses not currently deductible	**$ 589**	$ 559
Differences related to non-U.S. operations [(a)]	**159**	188
Accrued retirement & postretirement benefits—non-U.S. operations	**107**	164
Accrued retirement benefits U.S.	**604**	507
Net operating losses [(b)]	**104**	129
Income currently recognized for tax	**75**	62
Foreign tax credit carryforwards	**224**	169
Other	**77**	114
	$ 1,939	$ 1,892
Deferred tax liabilities:		
Unrealized investment holding gains	**$ 2**	$ 3
Differences related to non-U.S. operations	**107**	99
Depreciation and amortization	**245**	233
Other	**4**	9
	$ 358	$ 344

(a) Net of valuation allowances of $7 million in 2012 and $3 million

December 31, *(In millions of dollars)*	**2012**	2011
B[illegible]		
Current assets	**$ 410**	$ 376
Other assets	**$ 1,223**	$ 1,205
Current liabilities	**$ (18)**	$ (12)
Other liabilities	**$ (34)**	$ (21)

U.S. Federal income taxes are not provided on temporary differences with respect to investments in foreign subsidiaries that are essentially permanent in duration, which at December 31, 2012 amounted to approximately $4.3 billion. The determination of the unrecognized deferred tax liability with respect to these investments is not practicable.

A reconciliation from the U.S. Federal statutory income tax rate to the Company's effective income tax rate is shown below.

2011, (iii) profit trends evidenced by continued improvements in the Company's and Marsh's operating performance, (iv) the non-recurring nature of some of the items that contributed to the losses before 2011, (v) the carryforward periods for the net operating losses ("NOLs") and foreign tax credit carryforwards, (vi) the sources and timing of future taxable income, giving weight to sources according to the extent to which they can be objectively verified, and (vii) tax planning strategies that would be implemented, if necessary, to accelerate utilization of NOLs. Based on its assessment, the Company concluded that it is more likely than not that a substantial portion of these deferred tax assets are realizable and a valuation for 2007 for various entities and the Company is currently appealing those assessments. During 2012, the United Kingdom completed its examination of tax year 2010 for various subsidiaries. There are no ongoing tax audits in the jurisdictions outside the U.S. in which the company has significant operations. The Company regularly considers the likelihood of assessments in each of the taxing jurisdictions resulting from examinations. The Company has established appropriate liabilities for uncertain tax positions in relation to the potential assessments. The Company believes the resolution of tax matters will not have a material effect on the consolidated financial position of the Company, although a resolution of tax matters could have a material impact on the Company's net income or cash flows and on its effective tax rate in a particular future period. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between zero and approximately $25 million within the next twelve months due to settlement of audits and expiration of statutes of limitation.

8. Retirement Benefits

The Company maintains qualified and non-qualified defined benefit pension plans for its U.S. and non-U.S. eligible employees. The Company's policy for funding its tax qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth by U.S. law and the laws of the non-U.S. jurisdictions in which the Company offers defined benefit plans.

Combined U.S. and non-U.S. Plans

The weighted average actuarial assumptions utilized for the U.S. and significant non-U.S. defined benefit plans and postretirement benefit plans are as follows:

	Pension Benefits		Postretirement Benefits	
	2012	2011	2012	**2011**
Weighted average assumptions:				
Discount rate (for expense)	**4.91**			

The target asset allocation for the U.S. Plan is 58% equities and equity alternatives and 42% fixed income. At the end of 2012, the actual allocation for the U.S. Plan was 58% equities and equity alternatives and 42% fixed income. The target asset allocation for the U.K. Plan, which comprises approximately 82% of non-U.S. Plan assets, is 53% equities and equity alternatives and 47%

equities and equity alternative9 9 s, is

Unrecognized Actuarial Gains/Losses

In accordance with applicable accounting guidance, the funded status of the Company's pension plans is recorded in the consolidated balance sheets and provides for a delayed recognition of actuarial gains or

	U.S. Pension Benefits		U.S. Postretirement Benefits	
(In millions of dollars)	**2012**	2011	**2012**	2011
Reconciliation of prior service credit (charge) recognized in accumulated other comprehensive income (loss):				
Beginning balance	**$ 39**	$ 55	**$ 13**	$ 26
Recognized as component of net periodic benefit credit	**(16)**	(16)	**(13)**	(13)
Prior service credit, December 31	**$ 23**	$ 39	**$ —**	$ 13

	U.S. Pension Benefits		U.S. Postretirement Benefits	
(In millions of dollars)	**2012**	2011	**2012**	2011
Reconciliation of net actuarial gain (loss) recognized				

The weighted average actuarial assumptions utilized in determining the above amounts for the U.S. defined benefit and other U.S. postretirement plans as of the end of the year are as follows:

	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2012	2011	**2012**	2011
Weighted average assumptions:				
Discount rate (for expense)	**5.15%**	5.90%	**5.10%**	5.95%
Expected return on plan assets	**8.75%**	8.75%	**—**	—
Rate of compensation increase (for expense)	**2.00%**	3.90%	**—**	—
Discount rate (for benefit obligation)	**4.45%**	5.15%	**4.25%**	5.10%
Rate of compensation increase (for benefit obligation)	**2.00%**	2.00%	**—**	—

The projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for U.S. pension plans with accumulated benefit obligations in excess of plan assets were $5.2 billion, $5.1 billion and $3.9 billion, respectively, as of December 31, 2012 and $4.5 billion, $4.5 billion and $3.5 billion, respectively, as of December 31, 2011.

The projected benefit obligation and fair value of plan assets for U.S. pension plans with projected benefit obligations in excess of plan assets was $5.2 billion and $3.9 billion, respectively, as of December 31, 2012 and $4.5 billion and $3.5 billion, respectively, as of December 31, 2011.

As of December 31, 2012, the U.S. qualified plan holds eight million shares of the Company's common stock which were contributed to the Plan by the Company in 2005. This represents approximately 7% of that plan's assets as of December 31, 2012. In addition, plan assets may be invested in funds managed by Mercer Investments.

The components of the net periodic benefit cost for the U.S. defined benefit and other postretirement benefit plans are as follows:

U.S. Plans For the Years Ended December 31,	Pension Benefits			Postretirement Benefits		
(In millions of dollars)	**2012**	2011	2010	**2012**	2011	2010
Service cost	**$ 93**	$ 83	$ 76	**$ 3**	$ 3	$ 3
Interest cost	**230**	231	227	**8**	8	10
Expected return on plan assets	**(322)**	(315)	(295)	**—**	—	—
Amortization of prior service credit	**(16)**	(16)	(18)	**(13)**	(13)	(13)
Recognized actuarial loss (credit)	**152**	100	71	**(1)**	(4)	—
Net periodic benefit cost (credit)	**$ 137**	$ 83	$ 61	**$ (3)**	$ (6)	$ —

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 became law. The net periodic benefit cost shown above for 2012, 2011 and 2010, respectively, includes the subsidy.

The assumed health care cost trend rate for Medicare eligibles is approximately 7.86% in 2012, gradually declining to 4.5% in 2028, and the rate for non-Medicare eligibles is 7.73% in 2012, gradually declining to 4.50% in 2028. Assumed health care cost trend rates have a small effect on the amounts reported for the U.S. health care plans because the Company caps its share of health care trend at 5%. A one percentage point change in assumed health care cost trend rates6e4S in assumed health care cost trend rates6e4S in assumed hea

Non-U.S. Plans

The following schedules provide information concerning the Company's non-U.S. defined benefit pension plans and non-U.S. postretirement benefit plans:

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
(In millions of dollars)	**2012**	2011	**2012**	2011
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 7,717**	$ 6,802	**$ 91**	$ 83
Service cost	**147**	143	**2**	2
Interest cost	**366**	378	**5**	5
Employee contributions	**11**	14	**—**	—
Actuarial loss	**419**	575	**10**	5
Plan amendments	**(71)**	(3)	**—**	—
Effect of settlement	**(11)**	(7)	**—**	—
Effect of curtailment	**(3)**	(1)	**(1)**	—
Benefits paid	**(278)**	(266)	**(4)**	(4)
Foreign currency changes	**280**	66	**4**	—
Other	**2**	16	**—**	—
Benefit obligation at, December 31	**$ 8,579**	$ 7,717	**$ 107**	$ 91
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 7,206**	$ 6,741	**$ —**	$ —
Actual return on plan assets	**721**	311	**—**	—
Effect of settlement	**(11)**	(6)	**—**	—
Company contributions	**389**	320	**4**	4
Employee contributions	**11**	14	**—**	—
Benefits paid	**(278)**	(266)	**(4)**	(4)
Foreign currency changes	**273**	82	**—**	—
Other	**1**	10	**—**	—
Fair value of plan assets, December 31	**$ 8,312**	$ 7,206	**$ —**	$ —
Net funded status, December 31	**$ (267)**	$ (511)	**$ (107)**	$ (91)
Amounts recognized in the consolidated balance sheets:				
Non-current assets	**$ 258**	$ 39	**$ —**	$ —
Current liabilities	**(6)**	(106)	**(4)**	(4)
Non-current liabilities	**(519)**	(444)	**(103)**	(87)
Net liability recognized, December 31	**$ (267)**	$ (511)	**$ (107)**	$ (91)
Amounts recognized in other comprehensive income (loss):				
Prior service credit	**$ 93**	$ 23	**$ —**	$ 1
Net actuarial (loss) gain	**(3,309)**	(3,038)	**(27)**	(19)
Total recognized accumulated other comprehensive (loss) income, December 31	**$ (3,216)**	$ (3,015)	**$ (27)**	$ (18)
Cumulative employer contributions in excess (deficient) of net periodic cost	**2,949**	2,504	**(80)**	(73)
Net amount recognized in consolidated balance sheet, December 31	**$ (267)**	$ (511)	**$ (107)**	$ (91)
Accumulated benefit obligation, December 31	**$ 8,229**	$ 7,246	**$ —**	$ —

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
(In millions of dollars)	**2012**	2011	**2012**	2011
Reconciliation of prior service credit (cost):				

The weighted average actuarial assumptions utilized for the non-U.S. defined and postretirement benefit plans as of the end of the year are as follows:

Estimated Future Contributions

The Company expects to fund approximately $623 million to its non-U.S. pension plans in 2013. Funding requirements for non-U.S. plans vary by country. Contribution rates are generally based on local funding practices and requirements, which may differ significantly from measurements under U.S. GAAP. Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the assets and/or liabilities of the plan. Discretionary contributions may also be affected by alternative uses of the Company's cash flows, including dividends, investments and share repurchases.

Estimated Future Benefit Payments

The Plan's estimated future benefit payments for its pension and postretirement benefits (without reduction for Medicare subsidy receipts) at December 31, 2012 are as follows:

The following table sets forth, by level within the fair value hierarchy, a summary of the U.S. and non-U.S. plans investments measured at fair value on a recurring basis at December 31, 2012 and 2011.

	Fair Value Measurements at December 31, 2012			
Assets *(In millions of dollars)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common/Collective trusts	**$ 16**	**$ 5,376**	**$ —**	**$ 5,392**
Corporate obligations	**—**	**2,236**	**1**	**2,237**
Corporate stocks	**2,005**	**4**	**9**	**2,018**
Private equity/Partnerships	**2**	**2**	**824**	**828**
Government securities	**9**	**309**	**—**	**318**
Real estate	**11**	**8**	**357**	**376**
Short-term investment funds	**410**	**4**	**—**	**414**
Company common stock	**276**	**—**	**—**	**276**
Other investments	**11**	**112**	**216**	**339**
Insurance group annuity contracts	**—**	**—**	**23**	**23**
Swaps	**—**	**4**	**—**	**4**
Total investments	**$ 2,740**	**$ 8,055**	**$ 1,430**	**$ 12,225**

	Fair Value Measurements at December 31, 2011			
Assets *(In millions of dollars)*				

The tables below set forth a summary of changes in the fair value of the plans' Level 3 assets for the years ended December 31, 2012 and December 31, 2011:

Assets *(In millions)*	Fair Value, January 1, 2012

U.S. agency securities (included in government securities): U.S. agency securities are comprised of two main categories consisting of agency issued debt and mortgage pass-throughs. Agency issued debt securities are valued by benchmarking market-derived prices to quoted market prices and trade data for identical or comparable securities. Mortgage pass-throughs include certain “To-be-announced” (TBA) securities and mortgage pass-through pools. TBA securities are generally valued using quoted market prices or are benchmarked thereto. Fair value of mortgage pass-through pools are model driven with respect to spreads of the comparable TBA security.

Private equity and real estate partnerships: Investments in private equity and real estate partnerships are valued based on the fair value reported by the manager of the corresponding partnership. The managers provide unaudited quarterly financial statements and audited annual financial statements which set forth the value of the fund. The valuations obtained from the managers are based on various analyses on the underlying holdings in each partnership, including financial valuation models and projections, comparable valuations from the public markets, and precedent private market transactions. Investments are valued in the accompanying financial statements based on the Plan’s beneficial interest in the underlying net assets of the partnership as determined by the partnership agreement.

Insurance group annuity contracts: The fair values for these investments are based on the current market value of the aggregate accumulated contributions plus interest earned.

Swap assets and liabilities: Fair values for interest rate swaps, equity index swaps and inflation swaps are estimated using a discounted cash flow pricing model. These models use observable market data such as contractual fixed rate, broker quotes, spot equity price or index value and dividend data. The fair values of credit default swaps are estimated using an income approach model which determines expected cash flows based on default probabilities from the issuer specific credit spread curve and credit loss recovery rates, both of which are dependent on market quotes.

Real estate investment trusts: Valued at the closing price reported on an exchange.

Short-term investment funds: Primarily high-grade money market instruments valued at net asset value at year-end.

Real estate: Valued by investment managers generally using proprietary pricing models.

Registered investment companies: Valued at the closing price reported on the primary exchange.

Defined Contribution Plans

The Company maintains certain defined contribution plans for its employees, including the Marsh & McLennan Companies 401(k) Savings & Investment Plan (“401(k) Plan”), that are qualified under U.S. tax laws. Under these plans, eligible employees may contribute a percentage of their base salary, subject to certain limitations. For the 401(k) Plan, the Company matches a fixed portion of the employees’ contributions. The 401(k) Plan contains an Employee Stock Ownership Plan feature under U.S. tax law. Approximately $375 million of the 401(k) Plan’s assets at December 31, 2012 and $366 million at December 31, 2011 were invested in the Company’s common stock. If a participant does not choose an previous equity incentive plans (the 2000 Senior Executive Incentive and Stock Award Plan and the 2000 Employee Incentive and Stock Award Plan).

The types of awards permitted under the 2011 Plan include stock options, restricted stock and restricted stock units payable in Company common stock or cash, and other stock-based and performance-based awards. The Compensation Committee of the Board of Directors (the “Compensation Committee”) determines, at its discretion, which affiliates may participate in the 2011 Plan, which eligible employees will receive awards, the types of awards to be received, and the terms and conditions thereof. The right of an employee to receive an award may be subject to performance conditions as specified by the Compensation Committee. The 2011 Plan contains provisions which, in the event of a change in control of the Company, may accelerate the vesting of the awards. The 2011 Plan retains the remaining share authority of the two previous plans as of the date the 2011 Plan was approved by stockholders. Awards relating to not more than approximately 23.2 million shares of common stock, plus shares remaining unused under certain pre-existing plans, may be made over the life of the 2011 Plan.

Our current practice is to grant non-qualified stock options, restricted stock units and/or performance stock units on an annual basis to senior executives and a limited number of other employees as part of their total compensation. We also grant restricted stock units during the year to new hires or as retention awards for certain employees. We have not granted restricted stock since 2005.

Stock Options: Options granted under the 2011 Plan may be designated as either incentive stock options or non-qualified stock options. The Compensation Committee determines the terms and conditions of the option, including the time or times at which an option may be exercised, the methods by which such exercise price may be paid, and the form of such payment. Options are generally granted with an exercise price equal to the market value of the Company's common stock on the date of grant. These option awards generally vest 25% per annum and have a contractual term of 10 years. Certain stock options granted under the previous equity incentive plans provided for a market-based triggering event before a vested option can be exercised. The terms and conditions of these stock option awards provided that (i) options will vest at a rate of 25% a year beginning one year from the date of grant and (ii) each vested tranche will only become exercisable if the market price of the Company stock appreciates to a level of 15% above the exercise price of the option and maintains that level for at least ten (10) consecutive trading days after the award has vested. The Company accounts for these awards as market-condition options. The effect of the market condition is reflected in the grant-date fair value of such awards. Compensation cost is recognized over the requisite service period and is not subsequently adjusted if the market condition is not met. For awards without a market-based triggering event, compensation cost is generally recognized on a straight-line basis over the requisite service period which is normally the vesting period.

The estimated fair value of options granted without a market-based triggering event is calculated using the Black-Scholes option pricing valuation model. This model takes into account several factors and assumptions. The risk-free interest rate is based on the yield on U.S. T

The assumptions used in the Black-Scholes option pricing valuation model for options granted by the Company in 2012, 2011 and 2010 are as follows:

	2012	2011	2010
Risk-free interest rate	**1.26%-1.27%**	2.28%-2.90%	3.15%-3.20%
Expected life (in years)	**6.50**	6.75	6.75
Expected volatility	**26.2%-26.4%**	25.4%-25.8%	26.3%-27.6%
Expected dividend yield	**2.76%-2.80%**	2.75%-2.86%	3.26%-3.52%

The estimated fair value of options granted with a market-based triggering event is calculated using a binomial valuation model. The factors and assumptions used in this model are similar to those utilized in the Black-Scholes option pricing valuation model except that the risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve over the contractual term of the option, and the expected life is calculated by the model. Since 2009, there have been no options granted with a market-based triggering event.

A summary of the status of the Company's stock option awards as of December 31, 2012 and changes during the year then ended is presented below:

	Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term**	**Aggregate Intrinsic Value ($000)**
Balance at January 1, 2012	**38,895,109**	**$ 29.21**		
Granted	**3,547,733**	**$ 31.88**		
Exercised	**(6,892,731)**	**$ 26.01**		
Canceled or exchanged	**—**	**—**		
Forfeited	**(860,022)**	**$ 27.69**		
Expired	**(2,644,296)**	**$ 42.85**		
Balance at December 31, 2012	**32,045,793**	**$ 29.10**	**4.5 years**	**186,467**
Options vested or expected to vest at December 31, 2012	**32,004,297**	**$ 29.12**	**4.4 years**	**185,871**
Options exercisable at December 31, 2012	**16,115,605**	**$ 28.85**	**3.8 years**	**106,606**

In the above table, forfeited options are unvested options whose requisite service period has not been met. Expired options are vested options that were not exercised. The weighted-average grant-date fair value of the Company's option awards granted during the years ended December 31, 2012, 2011 and 2010 was $6.04, $6.67 and $4.85, respectively. The total intrinsic value of options exercised during the same periods was $57.7 million, $23.6 million and $0.5 million, respectively.

As of December 31, 2012, there was $18 million of unrecognized compensation cost related to the Company's option awards. The weighted-average period over which that cost is expected to be recognized is approximately 1.3 years. Cash received from the exercise of stock options for the years ended December 31, 2012, 2011 and 2010 was $179.3 million, $111.7 million and $1.5 million, respectively.

The Company's policy is to issue treasury shares upon option exercises or share unit conversion. The Company intends to issue treasury shares as long as an adequate number of those shares are available.

Restricted Stock Units and Performance Stock Units: Restricted stock units may be awarded under the Company's 2011 Incentive and Stock Award Plan. The Compensation Committee determines the restrictions on such units, when the restrictions lapse, when the units vest and are paid, and under what terms the units are forfeited. The cost of these awards is amortized over the vesting period, which is generally three years. Awards to senior executives and other employees may include three-year performance-based restricted stock units and three-year service-based restricted stock units. The payout of performance-based restricted stock units (payable in shares of the Company's common stock) may range, generally, from 0-200% of the number of units granted, based on the achievement of objective, pre-determined Company or operating company performance measures, generally, over a three-year performance period. The Company accounts for these awards as performance condition restricted stock units. The performance condition is not considered in the determination of grant date fair value of such awards. Compensation cost is recognized over the performance period based on management's estimate of the number of units expected to vest and is adjusted to reflect the actual number of shares paid out at the end of the three-year performance period. Beginning with awards granted on or after February 23, 2009, dividend equivalents are not paid out unless and until such time that the award vests.

A summary of the status of the Company's restricted stock units and performance stock units as of December 31, 2012 and changes during the period then ended is presented below:

	Restricted Stock Units			**Performance Stock Units**		
	Shares		**Weighted Average Grant Date Fair Value**	**Shares**		**Weighted Average Grant Date Fair Value**
Non-vested balance at January 1, 2012	**15,058,428**	**$**	**25.43**	**368,346**	**$**	**30.60**
Granted	**2,797,287**	**$**	**31.96**	**461,756**	**$**	**31.89**
Vested	**(8,209,388)**	**$**	**23.97**	**(25,129)**	**$**	**30.83**
Forfeited	**(682,089)**	**$**	**28.49**	**(81,075)**	**$**	**31.31**
Adjustment due to performance	**—**	**$**	**—**	**6,940**	**$**	**30.60**
Non-vested balance at December 31, 2012	**8,964,238**	**$**	**28.58**	**730,838**	**$**	**31.32**

The weighted-average grant-date fair value of the Company's restricted stock units and performance stock units granted during the year ended December 31, 2011 was $30.46 and $30.60, respectively; the combined weighted-average grant-date fair value of the Company's restricted stock units and performance stock units granted during the year ended December 31, 2010 was $22.81. The total fair value of the shares distributed during the years ended December 31, 2012, 2011 and 2010 in connection with the Company's restricted stock units and performance stock units was $262.6 million, $249 millionr/F3 10 Tf1 0 0 1

A summary of the status of the Company's restricted stock awards as of December 31, 2012 and changes during the period then ended is presented below:

	Shares	Weighted Average Grant Date Fair Value
Non-vested balance at January 1, 2012	**51,700**	**$ 46.86**
Granted	**—**	**$ —**
Vested	**(20,000)**	**$ 46.14**
Forfeited	**—**	**$ —**
Non-vested balance at December 31, 2012	**31,700**	**$ 47.31**

The total fair value of the Company's restricted stock distributed was $0.6 million for each of the years ended December 31, 2012 and December 31, 2011. There were no restricted stock distributions in 2010.

As of December 31, 2012, there was $135 million of unrecognized compensation cost related to the Company's restricted stock, restricted stock units and performance stock unit awards. The weighted-average period over which that cost is expected to be recognized is approximately 1 year.

Marsh & McLennan Companies Stock Purchase Plans

In May 1999, the Company's stockholders approved an employee stock purchase plan (the "1999 Plan") to replace the 1994 Employee Stock Purchase Plan (the "1994 Plan"), which terminated on September 30, 1999 following its fifth annual offering. Under the current terms of the Plan, shares are purchased four times during the plan year at a price that is 95% of the average market price on each quarterly purchase date. Under the 1999 Plan, after including the available remaining unused shares in the 1994 Plan and reducing the shares available by 10,000,000 consistent with the Company's Board of Directors' action in March 2007, no more than 35,600,000 shares of the Company's common stock may be sold. Employees purchased 899,424 shares during the year ended December 31, 2012 and at December 31, 2012, 4,136,312 shares were available for issuance under the 1999 Plan. Under the 1995 Company Stock Purchase Plan for International Employees (the "International Plan"), after reflecting the additional 5,000,000 shares of common stock for issuance approved by the Company's Board of Directors in July 2002, and the addition of 4,000,000 shares due to a shareholder action in May 2007, no more than 12,000,000 shares of the Company's common stock may be sold. Employees purchased 111,073 shares during the year ended December 31, 2012 and there were 3,085,961 shares available for issuance at December 31, 2012 under the International Plan. The plans are considered non-compensatory.

10. Fair Value Measurements

Fair Value Hierarchy

The Company has categorized its assets and liabilities that are valued at fair value on a recurring basis into a three-level fair value hierarchy as defined by the FASB in ASC Topic No. 820 ("Fair Value Measurements and Disclosures"). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy, for disclosure purposes, is determined based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities recorded in the consolidated balance sheets at fair value are categorized based on the inputs in the valuation techniques as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities, most U.S. Government and agency securities, money market mutual funds and certain other sovereign government obligations).

Contingent Purchase Consideration Liability - Level 3

Purchase consideration for some acquisitions made by the Company includes contingent consideration arrangements. Contingent consideration arrangements are primarily based on meeting EBITDA and revenue targets over periods from two to four years. The fair value of contingent consideration is estimated as the present value of future cash flows that would result from the projected revenue and earnings of the acquired entities.

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2012 and 201

The fair value of the contingent purchase consideration liability is based on projections of revenue and earnings for the acquired entities that are reassessed on a quarterly basis. As set forth in the table above, based on the Company's ongoing assessment of the fair value of contingent purchase consideration liability, the Company recorded a net reduction in the estimated fair value of such liabilities for acquisitions made in prior periods of $44 million for the year ended December 31, 2012. A 5% increase in the above mentioned projections would increase the liability by approximately $30 million. A 5% decrease in the above mentioned projections would decrease the liability by approximately $20 million.

Fair Value of Long-term Investments

The Company has certain long-term investments, primarily related to investments in non-publicly traded private equity funds of $16 million and $38 million at December 31, 2012 and December 31, 2011, respectively, carried on the cost basis for which there are no readily available market prices. The carrying values of these investments approximates fair value. Management's estimate of the fair value of these non-publicly traded investments is based on valuation methodologies including estimates from private equity managers of the fair value of underlying investments in private equity funds. The ability to accurately predict future cash flows, revenue or earnings may impact the determination of fair value. The Company monitors these investments for impairment and makes appropriate reductions in carrying values when necessary. These investments would be classified as Level 3 in the fair value hierarchy and are included in Other assets in the consolidated balance sheets. The Company also has investments in publicly traded mutual funds of $19 million and $20 million at December 31, 2012 and December 31, 2011, related to voluntary deferred contribution plans. These investments are classified as Level 1 in the fair value hierarchy and are included in Other assets in the consolidated balance sheets.

11. Long-term Commitments

The Company leases office facilities, equipment and automobiles under non-cancelable operating leases. These leases expire on varying dates; in some instances contain renewal and TJ0 gBT0 Tr/F0,, equipment andd.75 0erc

For the Years Ended December 31, *(In millions of dollars)*		Future Minimum Commitments
2013	$	168
2014		87
2015		48
Subsequent years		118
	$	421

12. Debt

The Company's outstanding debt is as follows:

December 31, *(In millions of dollars)*		**2012**		2011
Short-term:				
Current portion of long-term debt	**$**	**260**	$	260
Long-term:				
Senior notes – 6.25% due 2012 (5.1% effective interest rate)	**$**	**—**	$	250
Senior notes – 4.850% due 2013		**250**		251
Senior notes – 5.875% due 2033		**296**		296
Senior notes – 5.375% due 2014		**326**		326
Senior notes – 5.75% due 2015		**479**		479
Senior notes – 2.30% due 2017		**249**		—
Senior notes – 9.25% due 2019		**398**		398
Senior notes – 4.80% due 2021		**497**		496
Mortgage – 5.70% due 2035		**422**		431
Other		**1**		1
		2,918		2,928
Less current portion		**260**		260
	$	**2,658**	$	2,668

The senior notes in the table above are publically registered by the Company with no guarantees attached.

During the first quarter of 2012, the Company repaid its 6.25% fixed rate $250 million senior notes that matured. The Company used proceeds from the issuance of 2.3% five-year $250 million senior notes in the first quarter of 2012 to fund the maturing notes.

On July 15, 2011, the Company purchased a total of $600 million of outstanding notes comprised of $330 million of its 5.375% notes due in 2014 and $270 million of its 5.750% notes due in 2015. The Company acquired the notes at market value plus a tender premium, which exceeded the notes' carrying values.

The Company used proceeds from the issuance of 4.80% ten-year $500 million senior notes in the third quarter of 2011 and cash on hand to fund the amounts associated with the tendered bonds.

In February 2013, the Company repaid $250 million of maturing senior notes.

The Company and certain of its foreign subsidiaries maintain a $1.0 billion multi-currency five-year unsecured revolving credit facility. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility requires the Company to maintain certain coverage and leverage ratios which are measured quarterly. There were no borrowings outstanding under this facility at December 31, 2012.

In December 2012, the Company closed a $150 mi , thr -year delayed draw ter . The loan faci o
i nter est r ate o n thi s faci
r at The Company has the abi ng s. l i $100 mi dr i ty to l l i
l oan . The f aci l i ty r equi r
the r ev b vi The gr e memo bo cr er e d owi t f nanci
December .

Der i vati ve Fi n an ci

In Febr uar y 2011, the Company enter ed two $125 mi 3.5-year i nto l l i nter es
chang es i $250 mi of the outstandi 5.375% Seni or Notes i ng val ue of the f i n

Under the ter ms of the swaps, the counter -par ti 5.375% and the swi
Company wi l l payi nter 3.726%. The ati
matur i ty date of the seni . The f l oati o , wi th one maturi ng and the swaps r
ever y second r eset occur r i n g. The swaps net settle ever y
si x months o n the seni The swaps ar e desi gn ated to be coupo n payment dates.
i n str ument hedges standar d and are deemed to be per fectly effective. n a
The f ai r val ue of the swaps are at ichang es i n cepti
r ate swaps ar e r efl ected n the car r yi
sheet. The car r yi ng val ue of the debt on the balance sheet w
l oss on the hedg ed f setti tem (fi n g xed r ate debt) a
per i December an d December 31, 2011 s as fol lows:

	2012			2011		
Income statement classification (In millions)	Loss on Swaps	Gain on Notes	Net Income Effect	Gain on Swaps	Loss on Notes	Net Income Effect
Other Operating Expenses	**$ (1)**	**$ 1**	**$ —**	$ 7	$ (7)	$ —

The amounts earned and owed under the swap agreements are accrued each p
i nterest expense. The ineffectiveness r ecog n i

Gnd 0 1borr
and 0 10 0000 g BT 0 0 Tr /F3 10 Tf 1 1

The fair value of the Company’

significant. In establishing liabilities for errors and omissions claims in accordance with FASB ASC Subtopic No. 450-20 (Contingencies-Loss Contingencies), the Company utilizes case level reviews by inside and outside counsel and an internal actuarial analysis to estimate potential losses. A liability is

****

The pending proceedings and other matters described in this Note 15 on Claims, Lawsuits and Other Contingencies may expose the Company or its subsidiaries to liability for significant monetary damages and other forms of relief. Where a loss is both probable and reasonably estimable, we establish liabilities in accordance with FASB ASC Subtopic No. 450-20 (Contingencies-Loss Contingencies). Except as described above, we are not able at this time to provide a reasonable estimate of the range of possible loss attributable to these matters or the impact they may have on the Company's consolidated results of operations, financial position or cash flows. This is primarily because these matters are still developing and involve complex issues subject to inherent uncertainty. Adverse determinations in one or more of these matters could have a material impact on the Company's consolidated results of operations, financial condition or cash flows in a future period.

16. Segment Information

The Company is organized based on the types of services provided. Under this organizational structure, the Company's segments are:

- **Risk and Insurance Services**, comprising insurance services (Marsh) and reinsurance services (Guy Carpenter); and
- **Consulting**, comprising Mercer and Oliver Wyman Group

The accounting policies of the segments are the same as those used for the consolidated financial statements described in Note 1. Segment performance is evaluated based on segment operating income, which includes directly related expenses, and charges or credits related to integration and restructuring but not the Company's corporate-level expenses. Revenues are attributed to geographic areas on the basis of where the services are performed.

Selected information about the Company's segments and geographic areas of operation are as follows:

For the Year Ended December 31, *(In millions)*	Revenue		Operating Income (Loss)		Total Assets		Depreciation and Amortization	Capital Expenditures
2012 –								
Risk and Insurance Services	**$ 6,581**	**(a)**	**$ 1,374**		**$ 9,932**		**$ 198**	**$ 131**
Consulting	**5,382**	**(b)**	**652**		**5,103**		**111**	**117**
Total Operating Segments	**11,963**		**2,026**		**15,035**		**309**	**248**
Corporate / Eliminations	**(39)**	**(c)**	**(197)**	**(c)**	**1,253**	**(d)**	**40**	**72**
Total Consolidated	**$ 11,924**		**$ 1,829**		**$ 16,288**		**$ 349**	**$ 320**
2011 –								
Risk and Insurance Services	$ 6,301	(a)	$ 1,229		$ 9,202		$ 191	$ 146
Consulting	5,265	(b)	588		4,720		110	91
Total Operating Segments	11,566		1,817		13,922		301	237
Corporate / Eliminations	(40)	(c)	(179)	(c)	1,532	(d)	31	43
Total Consolidated	$ 11,526		$ 1,638		$ 15,454		$ 332	$ 280
2010 –								
Risk and Insurance Services	$ 5,764	(a)	$ 972		$ 9,418		$ 177	$ 144
Consulting	4,835	(b)	129		4,437		113	80
Total Operating Segments	10,599		1,101		13,855		290	224
Corporate / Eliminations	(49)	(c)	(162)	(c)	1,455	(d)	29	34
Total Consolidated	$ 10,550		$ 939		$ 15,310		$ 319	$ 258

(a) Includes inter-segment revenue of $5 million, $4 million and $7 million in 2012, 2011 and 2010, respectively, interest income on fiduciary funds of $39 million, $47 million and $45 million in 2012, 2011 and 2010, respectively, and equity method income of $11 million, $14 million and $12 million in 2012, 2011 and 2010, respectively.

(b) Includes inter-segment revenue of $34 million, $36 million and $43 million in 2012, 2011 and 2010, respectively, and interest income on fiduciary funds of $4 million in 2012, 2011 and 2010.

(c) Includes results of corporate advisory and restructuring business.

(d) Corporate assets primarily include insurance recoverables, pension related assets, the owned portion of the Company headquarters building and intercompany eliminations.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Marsh & McLennan Companies, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Marsh & McLennan Companies, Inc. and subsidiaries (the "Company") as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly

Marsh & McLennan Companies, Inc. and Subsidiaries
SELECTED QUARTERLY FINANCIAL DATA AND
SUPPLEMENTAL INFORMATION (UNAUDITED)

		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
(In millions, except per share figures)								
2012:								
Revenue	**$**	**3,051**	**$**	**3,026**	**$**	**2,845**	**$**	**3,002**
Operating income	**$**	**527**	**$**	**518**	**$**	**378**	**$**	**406**
Income from continuing operations	**$**	**354**	**$**	**339**	**$**	**246**	**$**	**265**
Income (loss) from discontinued operations	**$**	**—**	**$**	**(2)**	**$**	**1**	**$**	**(2)**
Net income attributable to the Company	**$**	**347**	**$**	**329**	**$**	**241**	**$**	**259**
Basic Per Share Data:								
Income from continuing operations	**$**	**0.64**	**$**	**0.61**	**$**	**0.44**	**$**	**0.48**
Income (loss) from discontinued operations	**$**	**—**	**$**	**(0.01)**	**$**	**—**	**$**	**—**
Net income attributable to the Company	**$**	**0.64**	**$**	**0.60**	**$**	**0.44**	**$**	**0.48**
Diluted Per Share Data:								
Income from continuing operations	**$**	**0.63**	**$**	**0.60**	**$**	**0.43**	**$**	**0.47**
Income (loss) from discontinued operations	**$**	**—**	**$**	**(0.01)**	**$**	**0.01**	**$**	**—**
Net income attributable to the Company	**$**	**0.63**	**$**	**0.59**	**$**	**0.44**	**$**	**0.47**
Dividends Paid Per Share	**$**	**0.22**	**$**	**0.22**	**$**	**0.23**	**$**	**0.23**
2011:								
Revenue	$	2,884	$	2,928	$	2,806	$	2,908
Operating income	$	472	$	465	$	310	$	391
Income from continuing operations	$	319	$	286	$	133	$	244
Income from discontinued operations	$							
Net income attributable to the Company	$	325	$					

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

(c) Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information as to the directors and nominees for the board of directors of the Company is incorporated herein by reference to the material set forth under the heading “Item 1—Election of Directors” in the 2013 Proxy Statement.

Effective March 1, 2013, the executive officers of the Company will be Peter J. Beshar, J. Michael Bischoff, John Drzik, E. Scott Gilbert, Daniel S. Glaser, Laurie Ledford, Alexander S. Moczarski, David Nadler, Julio A. Portalatin and Peter Zaffino. Information with respect to these individuals is provided in Part I, Item 1 above under the heading “Executive Officers of the Company”.

The information set forth in the 2013 Proxy Statement in the sections “Transactions with Management and Others; Other Information—Section 16(a) Beneficial Ownership Reporting Compliance”, “Corporate Governance—Codes of Conduct” and “Board of Directors and Committees—Committees—Audit Committee” is incorporated herein by reference.

Item 11. Executive Compensation.

The information set forth in the sections “Board of Directors and Committees—Director Compensation” and “Compensation of Executive Officers” in the 2013 Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information set forth in the sections “Stock Ownership of Management and Certain Beneficial Owners” and “Equity Compensation Plan Information” in the 2013 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information set forth in the sections “Corporate Governance—Director Independence”, “Corporate Governance—Review of Related-Person Transactions” and “Transactions with Management and Others; Other Information” in the 2013 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information set forth under the heading “Ratification of Selection of Independent Registered Public Accounting Firm—Fees of Independent Registered Public Accounting Firm” in the 2013 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules. †

The following documents are filed as a part of this report:

(1) Consolidated Financial Statements:

Consolidated Statements of Income for each of the three years in the period ended December 31, 2010

Consolidated Balance Sheets as of December 31, 2010 and 2009

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2010

Consolidated Statements of Stockholders' Equity and Comprehensive Income for each of the three years in the period ended December 31, 2010

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Other:

Selected Quarterly Financial Data and Supplemental Information (Unaudited) for fiscal years 2010 and 2009

Five-Year Statistical Summary of Operations

(2) All required Financial Statement Schedules are included in the Consolidated Financial Statements or the Notes to Consolidated Financial Statements.

(3) The following exhibits are filed as a part of this report:

(2.1) Stock Purchase Agreement, dated as of June 6, 2010, by and between Marsh & McLennan Companies, Inc. and Altegrity, Inc. (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010)

(3.1) Restated Certificate of Incorporation of Marsh & McLennan Companies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K dated July 17, 2008)

(3.2) Amended and Restated By-Laws of Marsh & McLennan Companies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K dated September 17, 2009)

(4.1) Indenture dated as of June 14, 1999 between Marsh & McLennan Companies and State Street Bank and Trust Company, as trustee (incorporated by reference to the Company's Registration Statement on Form S-3, Registration No. 333-108566)

(4.2) First Supplemental Indenture dated as of June 14, 1999 between Marsh & McLennan Companies and State Street Bank and Trust Company, as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1999)

(4.3) Second Supplemental Indenture dated as of February 19, 2003 between Marsh &

(4.4) Third Supplemental Indenture dated as of July 30, 2003 between Marsh & M
Companies and U.S. National Association Bank (as successor to State Street Bank an
Trust Company), as trustee (incorporated by reference to the Company's Quarterly
Report on Form 10-Q for the quarter ended June 30, 2003)

(4.5) Indenture dated as of March 19, 2002 between Marsh & McLennan Companies
State Street Bank and Trust Company, as trustee (incorporated by reference to the Comp
Registration Statement on Form S-4, Registration No. 333-87510)

(4.6) Indenture, dated as of July 14, 2004, between Marsh & McLennan Companie
The Bank of New York, as trustee (incorporated by reference to the Company's Quarterly
Report on Form 10-Q for the quarter ended June 30, 2004)

(4.7) First Supplemental Indenture, dated as of July 14, 2004, between Marsh &
Companies and The Bank of New York, as trustee (incorporated by reference to the
Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004

(4.8) Second Supplemental Indenture, dated as of September 16, 2005, between
McLennan Companies and The Bank of New York, as trustee (incorporated by reference
to the Company's Current Report on Form 8-K dated September 13, 2005)

(4.9) Indenture, dated as of March 23, 2009, between Marsh & McLennan Companie
The Bank of New York (incorporated by reference to the Company's Annual Report on Form
10-K for the year ended December 31, 2009)

(4.10) First Supplemental Indenture, dated as of March 23, 2009, between Marsh &
Companies and The Bank of New York (incorporated by reference to the Company's
Current Report on Form 8-K dated March 18, 2009)

(4.11) Indenture, dated as of July 15, 2011, between Marsh & McLennan Companies, Inc. a
The Bank of New York Mellon, as trustee (incorporated by reference to the C
Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)

(4.12) First Supplemental Indenture, dated as of July 15, 2011, between Marsh & McLennan
Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by
reference to the Company's Quarterly Report on Form 10-Q for the quarter ended
June 30, 2011)

(4.13) Form of Second Supplemental Indenture between Marsh & McLennan Compani
and The Bank of New York Mellon, as trustee (incorporated by reference to the
Company's Current Report on Form 8-K dated March 7, 2012)

(10.1) Agreement between the Attorney General of the State of New York and the
Superintendent of Insurance of the State of New York, and Marsh & McLennan
Companies, Inc., Marsh Inc. and their subsidiaries and affiliates dated January 30, 2005
(incorporated by reference to the Company's Current Report on Form 8-K dated
January 31, 2005)

(10.2) Amendment No. 1, effective as of January 30, 2005, to Agreement between the Attorney
General of the State of New York and the Superintendent of Insurance of the State o
New York, and Marsh & McLennan Companies, Inc., Marsh Inc. and their subsi
and affiliates dated January 30, 2005 (incorporated by reference to the
Quarterly Report on Form 10-Q for the quarter ended March 31, 2005)

(10.3) Amendment No. 2, dated September 27, 2005, to Agreement between the Attorney
General of the State of New York and the Superintendent of Insurance of the State o
New York, and Marsh & McLennan Companies, Inc., Marsh Inc. and their subsi
and affiliates, dated January 30, 2005 (incorporated by reference to the
Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

(10.4) Amendment No. 3, dated August 17, 2006, to the Agreement, dated January 30, 2005, a
amended, among Marsh & McLennan Companies, Inc., Marsh Inc. and thei
and affiliates, the Attorney General of the State of New York and the Superintendent of
Insurance of the State of New York (incorporated by reference to the Company's Current
Report on Form 8-K dated August 17, 2006)

(10.5) Amendment No. 4, dated August 6, 2007, to the Agreement, dated January 30, 2005, a
amended, among Marsh & McLennan Companies, Inc., Marsh Inc. and thei
and affiliates, the Attorney General of the State of New York and the Superintendent of
Insurance of the State of New York (incorporated by reference to the Company's Current
Report on Form 8-K dated August 6, 2007)

(10.6) Amendment No. 5, dated May 16, 2008, to the Agreement, dated January 30, 2005, as
amended, among Marsh & McLennan Companies, Inc., Marsh Inc. and thei
and affiliates, the Attorney General of the State of New York and the Superintendent of
Insurance of the State of New York (incorporated by reference to the Company's Current
Report on Form 8-K dated June 3, 2008)

(10.7) Amended and Restated Agreement, effective February 11, 2010, to the Agreement, dated
January 30, 2005, as amended, among Marsh & McLennan Companies, Inc
and their subsidiaries and affiliates, the Attorney General of the State of New
the Superintendent of Insurance of the State of New York (incorporated by reference to
the Company's Current Report on Form 8-K dated February 11, 2010)

(10.8) *Marsh & McLennan Companies, Inc. US Employees 1996 Award of Voluntary Bonus
Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K
for the year ended December 31, 1996)

(10.9) *Marsh & McLennan Companies, Inc. US Employees 1997 Award of Voluntary Bonus
Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K
for the year ended December 31, 1997)

(10.10) *Marsh & McLennan Companies, Inc. US Employees 1998 Award of Voluntary Bonus
Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K
for the year ended December 31, 1998)

(10.11) *Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award
Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the
year ended December 31, 1999)

(10.12) *Amendments to Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive
and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Emp
Incentive and Stock Award Plan (incorporated by references to the Company's Quarterly
Report on Form 10-Q for the quarter ended June 30, 2005)

(10.13) *Form of Awards under the Marsh & McLennan Companies, Inc. 2000 Senior
Incentive and Stock Award Plan (incorporated by references to the Company's Quarterly
Report on Form 10-Q for the quarter ended September 30, 2004)

(10.14) *Additional Forms of Awards under the Marsh & McLennan Companies, Inc. 2000
Executive Incentive and Stock Award Plan (incorporated by references to the Com
Quarterly Report on Form 10-Q for the quarter ended March 31, 2005)

(10.15) *Form of Restricted Stock Award under the Marsh & McLennan Companies, Inc. 200
Senior Executive Incentive and Stock Award Plan (incorporated by reference to the
Company's Current Report on Form 8-K dated May 18, 2005)

* Management contract or compensatory plan or arrangement required to be fil
pursuant to Item 15(b) of Form 10-K.

(10.16) *2005 Award of Nonqualified Stock Options under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan

(10.17) *Form of Restricted Stock Unit Award, dated as of February 21, 2011, under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011)

(10.18) *Stock Option and Restricted Stock Unit Award to Brian Duperreault under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2008)

(10.19) *Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2001)

(10.20) *Form of Awards under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)

(10.21) *Additional Forms of Awards under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005)

(10.22) *2005 Award of Nonqualified Stock Options under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan

(10.23) *Form of Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006)

(10.24) *Form of 2007 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007)

(10.25) *Form of 2008 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008)

(10.26) *Form of 2009 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)

---

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.37) *Form of Deferred Stock Unit Award, dated as of February 24, 2012, under the Marsh McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended M 31, 2012)

(10.38) *Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Registration Statement on Form S-8 dated August 5, 2011)

(10.39) *Amendments to Certain Marsh & McLennan Companies Equity Awards Due to U.S. Tax Law Changes Affecting Equity-Based Awards granted under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan, effective January 1, 2009 (incorporated by reference to the Company

(10.50) *Description of compensation arrangements for non-executive directors of Marsh & McLennan Companies, Inc. effective June 1, 2009 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009)

(10.51) *Description of compensation arrangements for non-executive directors of Marsh & McLennan Companies, Inc. effective June 1, 2012 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2011)

(10.52) *Letter Agreement, dated September 19, 2012, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Amendment No. 1 to Current Report on Form 8-K/A dated September 4, 2012, filed on September 24, 2012)

(10.53) *Non-Competition and Non-Solicitation Agreement, effective as of September 19, 2012, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff

(10.54) *Employment Agreement, dated as of January 29, 2008, between Marsh & McLennan Companies, Inc. and Brian Duperreault (incorporated by reference to the Company's Current Report on Form 8-K dated January 29, 2008)

(10.55) *Employment Letter, effective as of September 17, 2009 and January 30, 2011, between Marsh & McLennan Companies, Inc. and Brian Duperreault (incorporated by reference to the Company's Current Report on Form 8-K dated September 16, 2009)

(10.56) *Letter Regarding Qualifying Retirement Determination, dated January 16, 2013, from Marsh & McLennan Companies to Brian Duperreault

(10.57) *General Release, dated January 22, 2013, between Marsh & McLennan Companies, Inc. and Brian Duperreault

(10.58) *Employment Agreement, dated as of December 10, 2007, by and between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)

(10.59) *Letter Agreement, effective as of December 10, 2010, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2010)

(10.60) *Letter Agreement, effective as of April 20, 2011, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2011)

(10.61) *Letter Agreement, effective as of January 1, 2013, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Current Report on Form 8-K/A dated September 20, 2012, filed on December 14, 2012)

(10.62) *Non-Competition and Non-Solicitation Agreement, effective as of January 1, 2013, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Current Report on Form 8-K/A dated September 20, 2012, filed on December 14, 2012)

(10.63) *Letter Agreement, effective as of April 20, 2011, between Marsh & McLennan Companies, Inc. and Alexander Moczarski (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)

(10.64) *Non-Competition and Non-Solicitation Agreement, effective as of April 20, 2011, between Marsh & McLennan Companies, Inc. and Alexander Moczarski

---

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.65)	*Letter Agreement, dated August 18, 2008, between Marsh & McLennan Companies, Inc. and Vanessa A. Wittman (incorporated by reference to the Company's Current Report on Form 8-K dated August 18, 2008)
(10.66)	Non-Solicitation Agreement, dated as of September 10, 2008, between Marsh & McLennan Companies, Inc. and Vanessa A. Wittman
(10.67)	Confidentiality Agreement, dated as of September 10, 2008, between Marsh & McLennan Companies, Inc. and Vanessa A. Wittman
(10.68)	*Letter Agreement, effective as of April 20, 2011, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)
(10.69)	*Non-Competition and Non-Solicitation Agreement, effective as of April 20, 2011, between Marsh & McLennan Companies, Inc. and Peter Zaffino
(12)	Statement Re: Computation of Ratio of Earnings to Fixed Charges
(14)	Code of Ethics for Chief Executive and Senior Financial Officers (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)
(21)	List of Subsidiaries of Marsh & McLennan Companies (as of 2/22/2013)
(23)	Consent of Independent Registered Public Accounting Firm
(24)	Power of Attorney (included on signature page)
(31.1)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
(31.2)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
(32)	Section 1350 Certifications
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MARSH & McLENNAN COMPANIES, INC.

Dated: February 27, 2013

By /s/ DANIEL S. GLASER
Daniel S. Glaser
President and Chief Executive Officer

Each person whose signature appears below hereby constitutes and appoints Luciana Fato and Katherine J. Brennan, and each of them singly, such person's lawful attorneys-in-fact and agents, with full power to them and each of them to sign for such person, in the capacity indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated this 27th day of February, 2013.

Name	Title	Date
/s/ DANIEL S. GLASER Daniel S. Glaser	Director, President & Chief Executive Officer	February 27, 2013
/s/ J. MICHAEL BISCHOFF J. Michael Bischoff	Chief Financial Officer	February 27, 2013
/s/ ROBERT J. RAPPORT Robert J. Rapport	Senior Vice President & Controller (Chief Accounting Officer)	February 27, 2013
/s/ ZACHARY W. CARTER Zachary W. Carter	Director	February 27, 2013
/s/ OSCAR FANJUL Oscar Fanjul	Director	February 27, 2013
/s/ H. EDWARD HANWAY H. Edward Hanway	Director	February 27, 2013
/s/ LORD LANG OF MONKTON Lord Lang of Monkton	Director	February 27, 2013
/s/ ELAINE LA ROCHE Elaine La Roche	Director	February 27, 2013
/s/ STEVEN A. MILLS Steven A. Mills	Director	February 27, 2013

Name	Title	Date
/S/ BRUCE P. NOLOP Bruce P. Nolop	Director	February 27, 2013
/S/ MARC D. OKEN Marc D. Oken	Director	February 27, 2013
/S/ MORTON O. SCHAPIRO Morton O. Schapiro	Director	February 27, 2013
/S/ ADELE SIMMONS Adele Simmons	Director	February 27, 2013
/S/ LLOYD YATES Lloyd Yates	Director	February 27, 2013
/S/ R. DAVID YOST R. David Yost	Director	February 27, 2013

Exhibit 31.1

CERTIFICATIONS

I, Daniel S. Glaser, certify that:

1. I have reviewed this Annual Report on Form 10-K of Marsh & McLennan Companies, Inc.
registrant);

2. Based on my knowledge, this report does not contain any untrue statement o
omit to state a material fact necessary to make the statements made, in light o
which such statements were made, not misleading with respect to the period covere

3. Based on my knowledge, the financial statements, and other financial i
report, fairly present in all material respects the financial condition, resul
the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and ma
disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and
internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for
registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure co
procedures to be designed under our supervision, to ensure that material informati
registrant, including its consolidated subsidiaries, is made known to us by oth
entities, particularly during the period in which this report is being prepar

b) Designed such internal control over financial reporting, or caused such i
financial reporting to be designed under our supervision, to provide reasonable
the reliability of financial reporting and the preparation of financial
in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures
presented in this report our conclusions about the effectiveness of the disclosure controls and
procedures, as of the end of the period covered by this report based on such eval

d) Disclosed in this report any change in the registrant's internal control
that occurred during the registrant's most recent fiscal quarter (the registrant's fourth
the case of an annual report) that has materially affected, or is reasonably likely to materi
the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent
evaluation of internal control over financial reporting, to the registrant's aud
of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design o
control over financial reporting which are reasonably likely to adversely affect the registrant's ability
to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other em
a significant role in the registrant's internal control over financial repo

Date: February 27, 2013

/s/ Daniel S. Glaser

Daniel S. Glaser
President and Chief Executive Officer

Exhibit 31.2

CER TI TI FINS CA

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K for the fiscal quarter ended December 31, 2012 of Marsh & McLennan Companies, Inc. (the “Report”) for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Daniel S. Glaser, the President and Chief Executive Officer, and J. Michael Bischoff, the Chief Financial Officer, of Marsh & McLennan Companies, Inc. each certifies that, to the best of his or her knowledge:

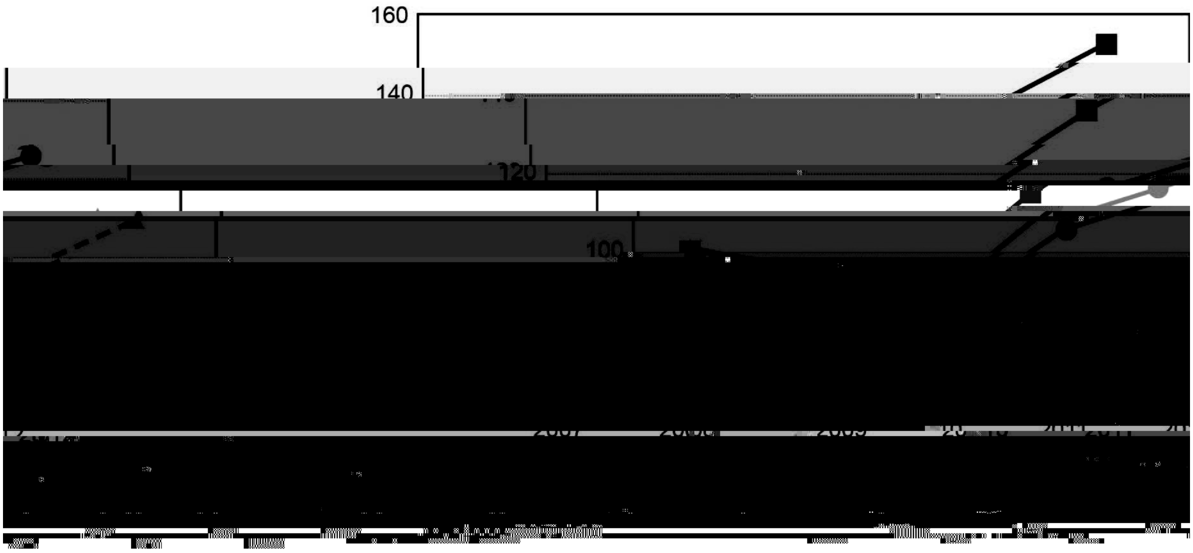
1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Marsh & McLennan Companies, Inc.

Date: February 27, 2013	/s/ Daniel S. Glaser
	Daniel S. Glaser
	President and Chief Executive Officer
Date: February 27, 2013	/s/ J. Michael Bischoff
	J. Michael Bischoff
	Chief Financial Officer

STOCK PERFORMANCE GRAPH

The following graph compares the annual cumulative stockholder return for the five-year period ended December 31, 2012 on: Marsh & McLennan Companies common stock; a management-constructed composite industry index; and the Standard & Poor's 500 Stock Index. The graph assumes an investment of $100 on December 31, 2007 in Marsh & McLennan Companies common stock and each of the two indices, with dividends reinvested. Returns on the composite industry index reflect allocation of the total amount invested among the constituent stocks on a pro rata basis according to each issuer's start-of-the-year market capitalization. The composite industry index consists of Aon plc, Arthur J. Gallagher & Co., Towers Watson & Co., and Willis Group Holdings plc.

COMPARISON OF CUMULATIVE TOTAL STOCKHOLDER RETURN
($100 invested 12/31/07 with dividends reinvested)



BOARD OF DIRECTORS

ZACHARY W. CARTER

OSCAR FANJUL

DANIEL S. GLASER

H. EDWARD HANWAY

LORD LANG OF MONKTON

ELAINE LA ROCHE

STEVEN A. MILLS

BRUCE P. NOLOP

MARC D. OKEN

MORTON O. SCHAPIRO

ADELE SIMMONS

LLOYD M. YATES

R. DAVID YOST

COMMITTEES OF THE BOARD

AUDIT

COMPENSATION

COMPLIANCE AND RISK

CORPORATE RESPONSIBILITY

DIRECTORS AND GOVERNANCE

EXECUTIVE

FINANCE

EXECUTIVE OFFICERS

PETER J. BESHAR

J. MICHAEL BISCHOFF

JOHN P. DRZIK

E. SCOTT GILBERT

DANIEL S. GLASER

LAURIE LEDFORD

ALEX MOCZARSKI

DAVID A. NADLER

JULIO A. PORTALATIN

PETER ZAFFINO

Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, NY 10036
www.mmc.com