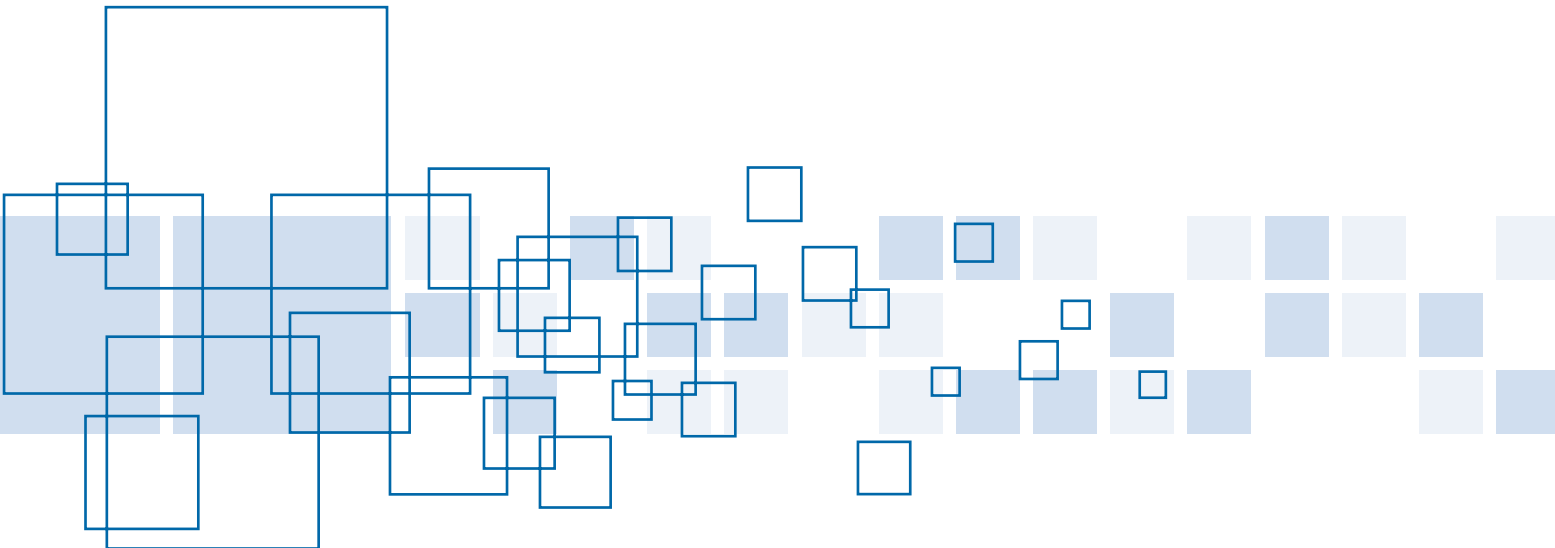




MARSH MERCER KROLL  
OLIVER WYMAN



# 2008 Notice of Annual Meeting and Proxy Statement

**Important Notice Regarding the Availability of Proxy Materials for the MMC Annual Meeting of Stockholders to be held on May 15, 2008: This proxy statement and MMC's 2007 Annual Report are available at <http://www.proxy08.mmc.com>.**





**MARSH & McLENNAN COMPANIES, INC.**  
**1166 Avenue of the Americas**  
**New York, New York 10036-2774**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
AND  
PROXY STATEMENT**

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**Time:** 10:00 a.m. Local Time  
**Date:** May 15, 2008  
**Place:** Second Floor Auditorium  
1221 Avenue of the Americas  
New York, New York

**Purpose:**

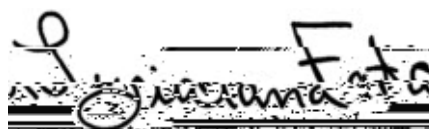
1. To elect four persons to serve as Class I directors for a new three-year term; and two persons to serve as Class III directors for the remaining two-year term of that class;
2. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm;
3. To vote on a company-sponsored proposal to amend MMC's Restated Certificate of Incorporation to eliminate MMC's classified Board structure;
4. To vote on one stockholder proposal; and
5. To conduct any other business that may properly come before the meeting.

Our Board of Directors recommends that you vote "FOR" the election of all director nominees, "FOR" the ratification of the selection of Deloitte & Touche LLP, "FOR" the amendment of the Restated Certificate of Incorporation, and "AGAINST" the stockholder proposal.

This notice and proxy statement is being mailed or made available on the Internet to stockholders on or about April 1, 2008. These materials describe the matters being voted on at the annual meeting and contain certain other information. In addition, these materials are accompanied by a copy of MMC's 2007 Annual Report, which includes financial statements as of and for the fiscal year ended December 31, 2007. In these materials we refer to Marsh & McLennan Companies, Inc. as "MMC," "we" and "our."

Only stockholders of record on March 20, 2008 may vote, in person or by proxy, at the annual meeting. If you plan to attend the meeting in person, you will need proof of record or beneficial ownership of MMC common stock as of that date in order to enter the meeting.

**Your vote is important. If you accessed this proxy statement through the Internet after receiving a Notice of Internet Availability of Proxy Materials by e-mail or regular mail, you may cast your vote by telephone or over the Internet by following the instructions in the notice. If you received this proxy statement by regular mail, you may cast your vote by mail, by telephone or over the Internet by following the instructions on the enclosed proxy card.**



LUCIANA FATO

April 1, 2008

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

### **Why did I receive a Notice regarding the Internet Availability of Proxy Materials instead of printed copies of these materials in the mail this year?**

This year, in accordance with new rules promulgated by the Securities and Exchange Commission, we have elected to furnish our proxy materials to stockholders over the Internet. Accordingly, most stockholders are receiving by mail a Notice of Internet Availability of Proxy Materials (“Notice”), which provides general information about the annual meeting, the address of the website on which our proxy statement and annual

You may vote in the following manner:

**By Telephone or the Internet**—Stockholders may vote their shares via telephone or the Internet as instructed in the Notice or the proxy card. The telephone and Internet procedures are designed to authenticate a stockholder's identity, to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

**By Mail**—Stockholders who have requested hard copies of the proxy materials may choose to vote by mail and, if they so choose, should complete, sign and date their proxy card or voting instruction card and mail it in the pre-addressed envelope that accompanied the delivery of the paper proxy materials. Note that if you sign and return a proxy card or voting instruction card but do not specify how to vote, your shares will be voted with management, which will be in favor of our director nominees, in favor of Items 2 and 3 and against Item 4.

### **Can I vote my shares in person at the annual meeting?**

Yes. However, even if you plan to attend the meeting, we recommend that you vote in advance of the meeting in order to ensure that your vote is counted. If you vote in advance and then attend the meeting, you can always change your vote at the meeting. If your shares are held in street name and you decide to vote in person at the annual meeting, you must obtain from the intermediary that holds your shares a valid proxy giving you the right to vote the shares, and bring that proxy to the meeting.

### **Can I change my vote?**

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

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

If you hold your shares in street name, you may change your vote by submitting new voting instructions to your broker or other intermediary, following the instructions they provided; or, if you have obtained a legal proxy from your broker or other intermediary giving you the right to vote your shares, by attending the meeting and voting in person.

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

Stockholders (of record or beneficial), their proxy holders and MMC's guests may attend the meeting. Verification of share ownership will be requested at the admissions desk. If your shares are held in street name, you must bring to the meeting an account statement or letter from the record holder (i.e., the broker, bank, trustee or other intermediary organization that holds your shares) indicating that you were the beneficial owner of the shares on March 20, 2008.

### **What are the requirements to conduct business at the annual meeting?**

In order to carry on the business of the annual meeting, we must have a quorum. This means at least a majority of the outstanding shares eligible to vote must be present in person or represented by proxy at the annual meeting. Both abstentions and broker nonvotes (described below) are counted for the purpose of determining the presence of a quorum.



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

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

### ***Election of Directors***

At the 2008 annual meeting, the election of directors will be “uncontested,” meaning that the number of nominees does not exceed the number of directors to be elected. MMC’s by-laws provide that in an uncontested election, a nominee will be elected if the number of votes cast “for” the nominee’s election exceeds the number of votes cast “against” the nominee’s election. Abstentions and broker nonvotes with respect to a nominee’s election will not be included in the total number of votes cast and therefore will have no effect on the election’s outcome.

MMC’s Guidelines for Corporate Governance address the procedures to be followed if an incumbent director standing for reelection in an uncontested election of directors fails to receive a majority of the votes cast. See “Director Election Voting Standard” at page 11.

### ***Other Proposals***

Item 2 (Ratification of Selection of Independent Registered Public Accounting Firm) and Item 4 (Stockholder Proposal Regarding Disclosure of Political Contributions) will be decided by the affirmative vote of a majority of the shares of MMC common stock present or represented and entitled to vote at the annual meeting. In accordance with Delaware law, abstentions will be treated as present and entitled to vote for purposes of voting on these items, while broker nonvotes will not.

Item 3 (Company Proposal to Amend MMC’s Restated Certificate of Incorporation to Eliminate Classified Board Structure) will be decided by the affirmative vote of a majority of the shares of MMC common stock outstanding and entitled to vote at the annual meeting.

### ***Significance of “Broker Nonvotes”***

The rules of the New York Stock Exchange (“NYSE”) provide that, when a matter to be voted on at an annual meeting is “non-routine,” a broker holding shares of record on behalf of a client may vote those shares only if the broker has received voting instructions from the client. If the broker has not received voting instructions from the client, the broker may submit a proxy but may not vote the client’s shares on the matter(s) for which instructions were required but not provided. When a broker submits a proxy but refrains from voting in this way, a “broker nonvote” occurs. Shares subject to a broker nonvote are not counted as present or represented with respect to the non-routine matters being addressed at the annual meeting; however, they are counted as present and represented for purposes of determining the presence of a quorum at the annual meeting. Under the rules of the NYSE, Item 3 and Item 4 described in this proxy statement are considered non-routine.

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

As of the date of this proxy statement, we do not know of any matters not described in this proxy statement that will be presented at the meeting. However, if any other matter shall properly come before the meeting, the persons named in the proxy will use their discretion to vote on such matter on behalf of shares for which proxies were submitted.

## **Who conducts the annual meeting?**

The chairman of MMC’s Board of Directors acts as chairman of the annual meeting, and has the authority to conduct the annual meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, the chairman has the discretion to establish reasonable rules for discussion, comments and questions during the meeting.

### **Who will count the votes at the annual meeting?**

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as independent inspectors of election.

### **How may I obtain electronic delivery of proxy materials in the future?**

Most stockholders may elect to receive future proxy statements and annual reports electronically via e-mail or the Internet instead of receiving paper copies in the mail. If you are a stockholder of record, you may choose this electronic delivery option by following the instructions provided when you vote over the Internet. Active employees of MMC who hold MMC stock in employee stock plan accounts or are stockholders of record generally receive their proxy materials by electronic delivery to their business e-mail accounts.

If you hold your shares beneficially in street name, it is likely that you will have the option to choose future electronic delivery of proxy materials when you vote over the Internet. Otherwise, please contact your broker or other intermediary holder of record for information regarding electronic delivery of proxy materials.

Stockholders who receive their proxy materials electronically receive an e-mail message with instructions on how to access the proxy statement and annual report and vote. If you have chosen to receive proxy materials electronically, your choice will remain in effect until you revoke it.

### **What is “householding”?**

We have adopted a procedure approved by the Securities and Exchange Commission called “householding.” Under this procedure, stockholders of record or who hold shares in certain of our employee benefit plan accounts and who share the same last name and reside at the same mailing address will receive one Notice or one set of proxy materials (if they have elected to receive hard copies of the proxy materials), unless one of the stockholders at that address has notified us that they wish to receive individual copies. Stockholders who participate in householding continue to receive separate control numbers for voting, in the case of those receiving the Notice, or separate proxy cards, in the case of those who receive hard copies of the proxy materials. Householding does not in any way affect dividend check mailings.

If you hold MMC stock of record or in an employee benefit plan account and currently are subject to householding but prefer to receive separate copies of proxy materials and other stockholder communications from MMC, you may revoke your consent to householding at any time by calling Broadridge Financial Solutions, Inc. toll-free at 1-800-542-1061 or by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717.

A number of brokerages and other institutional holders of record have implemented householding. If you hold your shares beneficially in street name, please contact your broker or other intermediary holder of record to request information about householding.

### **How may I obtain another set of proxy materials?**

This proxy statement and our 2007 Annual Report can be viewed on (and printed from) our website at <http://www.proxy08.mmc.com>. If you wish to receive a separate paper copy of our annual report or proxy statement, you may telephone MMC’s office of Investor Relations at (212) 345-5475 or write to:

Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, New York 10036-2774  
Attn: Investor Relations

### **Who will bear the cost of this proxy solicitation?**

We pay the expenses of preparing the proxy materials and soliciting proxies. We also reimburse brokers and other institutional record holders for their expenses in forwarding these materials to, and obtaining voting instructions from, beneficial owners of MMC common stock.

In addition to this mailing, proxies may be solicited personally, electronically or by telephone by our directors, officers, other employees or agents. We have retained Georgeson Shareholder Communications Inc. as our agent to assist in the proxy solicitation at a fee of approximately \$10,000, plus expenses. If any of our directors, officers and other employees assist in soliciting proxies, they will not receive additional compensation for those services.



## Guidelines for Corporate Governance

MMC's Guidelines for Corporate Governance (our "Governance Guidelines") are the means by which MMC and the Board of Directors formally express many of our governance policies. The Governance Guidelines were initially adopted by the Board in May 2003. The Board has subsequently amended them from time to time. The Governance Guidelines are posted on our website at <http://mmc.com/about/GuidelinesCorporateGovernance.pdf>.

The Governance Guidelines address a range of corporate governance matters, including the following (parenthetical references are to the relevant section of the Governance Guidelines):

- Specific Board functions, such as:
  - evaluation of CEO performance and approval of CEO compensation;
  - reviewing MMC's strategic and operating plans, financial objectives and major corporate actions;
  - assessing major risks facing MMC and options for their mitigation;
  - overseeing the integrity of MMC's financial statements and financial reporting processes;
  - ensuring the adequacy of MMC's processes for legal and ethical compliance; and
  - monitoring the effectiveness of MMC's corporate governance practices.
- CEO/chairman separation.
- CEO succession planning and management development.
- Majority voting in director elections.
- Stockholder reelection of directors elected by the Board between annual meetings.
- Director qualification standards and director independence.
- Retirement requirements for non-management directors.
- Executive sessions of non-management directors, which MMC holds at every in-person meeting of the Board.
- Limits on other public board service.
- Director and senior management stock ownership requirements.
- Board access to management and outside advisors.

## Director Independence

The Board has determined that all directors other than Mr. Duperreault are independent. With 11 independent directors out of 12, the Board has satisfied its objective that a substantial majority of MMC's directors should be independent of management.

For a director to be considered "independent," the Board must affirmatively determine that the director has no direct or indirect material relationship with MMC. The Board has established categorical standards to assist it in making determinations of director independence. These standards conform to, or are more exacting than, the independence requirements provided in the NYSE listed company rules. MMC's director independence standards are set forth as Annex A to our Governance Guidelines. With respect to Mr. Nolop, the Board considered, at the time he joined the Board and until March 2008, that he was an executive officer of a company that received payments from MMC for services which did not exceed the greater of \$1 million or 2% of such company's consolidated gross revenues in any of the last three fiscal years.

All members of the Audit, Compensation, Compliance, and Directors and Governance Committees must be independent directors as defined by MMC's Governance Guidelines. Members of the Audit Committee must also satisfy a separate SEC and NYSE independence requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from MMC or any of its subsidiaries, other than their directors' compensation. Under our Governance Guidelines, if a director whom the Board has deemed independent has a change in circumstances or relationships that might cause the Board to reconsider that determination, he or she must immediately notify the chairman of the Board and the chair of the Directors and Governance Committee.

### **Codes of Conduct**

MMC's reputation is fundamental to our business. MMC's directors and officers and other employees are expected to act ethically at all times. To provide guidance in this regard, MMC has adopted a Code of Business Conduct and Ethics, which applies to all of the above individuals. MMC has also adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers, which applies to our chief executive officer, chief financial officer and controller. Both of these codes are posted on the MMC website at <http://www.mmc.com>, and print copies are available to any stockholder upon request. We would disclose any amendments to, or waivers of, the Code of Ethics for the Chief Executive Officer and Senior Financial Officers on our website within four business days.

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

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

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

In determining whether to approve or ratify a related-person transaction, the Directors and Governance Committee will review the facts and circumstances it considers relevant. These may include: the commercial reasonableness of the terms of the transaction; the benefits of the transaction to MMC; the availability of other sources for the products or services involved in the transaction; the materiality and nature of the related person's direct or indirect interest in the transaction; the potential public perception of the transaction; and the potential impact of the transaction on any MMC director's independence. The Directors and Governance Committee will approve or ratify the related-person transaction only if the Committee, in its sole good faith discretion based on the facts and circumstances it considers relevant, determines that the related-person transaction is in, or is not inconsistent with, the best interests of MMC and its stockholders.

If the Directors and Governance Committee determines not to approve or ratify a related-person transaction, the transaction shall not be entered into or continued, as the case may be. No member of the Directors and Governance Committee will participate in any review or determination with respect to a related-person transaction if the Committee member or any of his or her immediate family members is the related person.







the fifteenth day following the day on which MMC mailed notice of or otherwise publicly disclosed the date of the upcoming annual meeting).

The written recommendation must demonstrate that it is being submitted by a stockholder (beneficial or of record) of MMC, and must include information about the recommended director candidate, including name, age, business address, principal occupation, principal qualifications and other information, as specified in Article II of MMC's by-laws. In addition, the stockholder must confirm that the recommended individual would consent to serve as a director, if nominated and elected. Such recommendations should be sent to:

## Tenure

MMC's by-laws and Governance Guidelines provide that a non-management director shall retire at the annual meeting following his or her 72nd birthday, unless he or she has been a director for less than ten years. In that case, the non-management director shall retire at the annual meeting following the earlier of ten years of service or reaching age 75. Directors who are employees of MMC, in the normal course, resign from the Board when their employment ceases.

## Executive Sessions

The non-management directors meet in executive session without management at every regularly scheduled in-person Board meeting. The chairman of the Board presides at these meetings.

## Committees

Our Board has established an Audit Committee, a Compensation Committee, a Compliance Committee (which is a subcommittee of the Audit Committee), a Directors and Governance Committee, a Finance Committee and an Executive Committee to assist the Board in discharging its responsibilities. Following each committee meeting, the respective committee chair generally reports the highlights of the meeting to the full Board.

Membership on each of the Audit, Compensation, Compliance and Directors and Governance Committees is limited to independent directors. The charters for these committees can be viewed on our website at <http://www.mmc.com/corpgov.html>. Printed copies are available to any stockholder upon request.

The table below indicates current committee assignments and the number of times each committee met in 2007:

Director	Audit	Compliance	Compensation	Directors and Governance	Finance	Executive
Leslie M. Baker, Jr.	X	X			X(chair)	
Zachary W. Carter	X	X(chair)				X
Brian Duperreault(1)					X	X
Oscar Fanjul			X		X	
Stephen R. Hardis			X	X	X	X(chair)
Gwendolyn S. King				X(chair)		X
Lord Lang			X(chair)	X	X	X
Bruce P. Nolop(2)	X				X	
Marc D. Oken	X(chair)				X	X
David A. Olsen	X	X				
Morton O. Schapiro			X	X		
Adele Simmons				X		
2007 Meetings(3)	14	7	10	6	5	1

(1) Mr. Duperreault became a director and MMC's president and chief executive officer on January 29, 2008.

(2) Mr. Nolop became a director on January 16, 2008.

(3) Includes telephonic meetings.

## Audit Committee

The Audit Committee is charged with assisting the Board in fulfilling its oversight responsibilities with respect to:

- the integrity of MMC's financial statements;



executive compensation programs are consistent with our objectives. The independent compensation consultant reports directly to the Compensation Committee and provides advice and analysis solely to the Compensation Committee. The independent compensation consultant supports the Compensation Committee by:

- Participating by invitation in meetings, or portions of meetings, of the Compensation Committee in order to advise the Compensation Committee on specific subjects that arise;
- Offering professional observations regarding the compensation and policy recommendations presented to the Compensation Committee by MMC management and the MMC human resources department; and
- Supplying independent data regarding the compensation practices of comparable companies.

The Compensation Committee requested and received advice from the independent compensation consultant with respect to all significant matters addressed by the Compensation Committee during 2007. The independent compensation consultant does not perform any work for MMC management.

**MMC Management:** MMC management, including the MMC human resources department, supports the Compensation Committee by:

- Developing meeting agendas and preparing background material for Compensation Committee meetings; and
- Making recommendations to the Compensation Committee on MMC's compensation philosophy, short- and long-term incentive compensation design, and other key governance initiatives, including by providing input as to the individual performance component of annual short-term incentive compensation and by determining the amount and form of short- and long-term incentive compensation for Mr. Drzik, as discussed in further detail in "Compensation of Executive Officers—Compensation Discussion & Analysis" at page 26.

In addition, MMC's president and chief executive officer provides recommendations with respect to the compensation of other senior executives.

MMC's president and chief executive officer, chief administrative officer and internal legal counsel attend Compensation Committee meetings when invited, but are not present for executive sessions or for any discussion of their own compensation.

The MMC human resources department works with compensation consultants from Mercer and other advisors to help formulate and present proposals to the Compensation Committee and to assist in benchmarking compensation levels for senior executives.

**Timing and Procedures of Equity-Based Compensation Awards:** Awards under the annual long-term incentive compensation program are granted after the end of the year at a pre-scheduled meeting of the Compensation Committee. Awards in 2008 were approved at a Compensation Committee meeting on February 26, 2008 and, consistent with our historical practice, were granted on that date. The performance-contingent stock options granted on February 26, 2008 have an exercise price equal to the average of the high and low trading prices on February 25, 2008, the trading day immediately preceding the grant date.

The Compensation Committee periodically awards stock options and restricted stock units to new hires, as well as to continuing executives for retention purposes. These awards are granted at regularly scheduled Compensation Committee meetings. The Compensation Committee has also authorized MMC's president and chief executive officer to make such awards to individuals who are not senior executives, subject to additional limitations. These awards are granted on the first trading day of the month following the MMC president and chief executive officer's approval of the award. Restricted stock unit awards

are typically denominated as a dollar value and then converted into a number of restricted stock units using the average of the high and low trading prices of MMC common stock on the trading day immediately preceding the grant date. Stock options granted in 2007 were made as to a specific number of shares underlying the stock options. All stock options have an exercise price equal to the average of the high and low trading prices of MMC common stock on the trading day immediately preceding the grant date. We believe that our granting procedures effectively protect against the manipulation of grant timing for employee gain.

The MMC human resources department periodically monitors and updates the Compensation Committee on the usage of shares for equity-based awards and the number of shares available for future awards under our equity-based compensation plans. As part of the process of granting annual long-term incentive compensation, the Compensation Committee considers share usage to ensure that annual long-term incentive compensation awards are at a reasonable level.

### **Directors and Governance Committee**

Among other things, the Directors and Governance Committee:

- develops, reviews and periodically reassesses MMC's corporate governance principles and recommends proposed changes to the Board;
- oversees the development and implementation of succession planning for MMC's president and chief executive officer;
- identifies, considers and recommends qualified candidates to the Board for election as directors, including the slate of directors that the Board proposes for election at the annual meeting;
- in consultation with the Board committee chairs, recommends committee assignments to the Board;
- reviews and makes recommendations to the Board regarding compensation of MMC's non-management directors; and
- and recan erd;

### **Non-Management Directors**

In early 2007, the Board revised MMC's non-management director compensation arrangements, which had been largely unchanged for several years. These revisions are indicated in the table below.

The Board's compensation year runs from June 1 through May 31. Therefore, the Board scheduled the revised compensation arrangements to take effect on June 1, 2007. As a result of this timing, MMC's non-management directors were compensated under the Board's historical pay arrangements from January 1 through May 31, 2007, and under the revised pay arrangements from June 1 through December 31, 2007.

#### **Elements of Non-Management Director Compensation—Fiscal 2007**

<b>Element of Compensation</b>	<b>Historical Arrangements (January 1—May 31, 2007)</b>	<b>Revised Arrangements (June 1—December 31, 2007)</b>
Basic Annual Retainer for All Non-Management Directors	\$40,000	\$100,000
Supplemental Annual Retainer for Non-Management Chairman	\$100,000	\$150,000
Supplemental Annual Retainer for Committee Chairs	\$5,000	\$15,000
Supplemental Annual Retainer for Committee Members Other than Chairs	\$2,000	Eliminated
Meeting Fees (per Board and committee meeting attended)	\$1,000	Eliminated
Annual Grant of MMC Common Stock (June 1 of each year) under MMC Directors' Stock Compensation Plan	Number of shares determined by Directors and Governance Committee. Annual grant had been 1,800 shares since 1998. The last grant under this structure occurred June 1, 2006.	Number of shares having grant-date market value of \$100,000. The first grant under this structure occurred June 1, 2007.

Non-management directors are also eligible to participate in MMC's matching-gift program for certain charitable gifts by employees.

Under the terms of MMC's Directors' Stock Compensation Plan, non-management directors receive twenty-five percent of their basic annual retainer in MMC stock at the fair market value thereof, as well as their annual stock grant, on each June 1. The balance of their compensation is paid quarterly (in February, May, August and November) in the form of



The table below indicates total compensation received by non-management directors for service on the Board and its committees during fiscal 2007:

<u>Name</u>	<u>Fees Earned or Paid in Cash \$(1)</u>	<u>Stock Awards \$(2)</u>	<u>All Other Compensation \$(3)</u>	<u>Total (\$)</u>
Leslie M. Baker, Jr. ....	76,000	125,000	—	201,000
Lewis W. Bernard (4) ....	32,500	—	—	32,500
Zachary W. Carter (5) ....	81,500	125,000	—	206,500
Oscar Fanjul (6) ....	75,500	125,000	—	200,500
Stephen R. Hardis (7) ....	205,000	125,000	5,000	335,000
Gwendolyn S. King ....	76,500	125,000	—	201,500
Lord Lang ....	80,000	125,000	—	205,000
Marc D. Oken ....	78,500	125,000	—	203,500
David A. Olsen ....	70,500	125,000	—	195,500
Morton O. Schapiro ....	71,500	125,000	5,000	201,500
Adele Simmons ....	62,500	125,000	5,000	192,500

(1) On June 1, 2007, non-management directors received \$25,000 of their \$100,000 basic annual retainer in the form of MMC common stock, in a number of shares varies



## ITEM 1

### ELECTION OF DIRECTORS

Our Board of Directors currently has twelve members. Pursuant to MMC's Restated Certificate of Incorporation, the Board is divided among three classes. One class of directors is elected at each annual meeting of stockholders, to serve for a term expiring at the annual meeting of stockholders occurring three years later. Each director holds office until his or her successor has been duly elected and qualified or the director's earlier resignation, death or removal.

At the 2008 annual meeting, stockholders will vote on the election of the six nominees described below. Each nominee is currently a member of the Board. Each nominee has indicated to MMC that he or she will serve if elected. We do not anticipate that any of the nominees will be unable or unwilling to stand for election, but if that happens, your proxy may be voted for another person nominated by the Board.

#### **Class I—Four Nominees (Messrs. Hardis and Schapiro, Lord Lang and Ms. Simmons)**

The terms of our Class I directors will expire at the 2008 annual meeting. Stephen R. Hardis, Lord Lang, Morton O. Schapiro and Adele Simmons are the current members of Class I, and were last elected by stockholders at the 2005 annual meeting. The Board has nominated each of these individuals for reelection to the Board at the 2008 annual meeting, to serve until the 2011 annual meeting or until their successors are elected and qualified.

#### **Class III—Two Nominees (Messrs. Duperreault and Nolop)**

The terms of our Class III directors will expire at the 2010 annual meeting. Two members of Class III, Zachary W. Carter and Oscar Fanjul, were elected by stockholders at the 2007 annual meeting. The other two members of Class III, Brian Duperreault and Bruce P. Nolop, were elected by the Board in January 2008. Our Governance Guidelines provide that any director elected by the Board between annual meetings of stockholders will stand for reelection by stockholders at the next annual meeting. Accordingly, the Board has nominated Messrs. Duperreault and Nolop for reelection to the Board at the 2008 annual meeting, to serve until the 2010 annual meeting or until their successors are elected and qualified.

The following section contains information provided by the nominees and continuing directors about their principal occupations, business experience and other matters.

**The Board of Directors recommends a vote FOR the election of all nominees.**

#### **Nominees for Election as Class I Directors for a Term Expiring in 2011**



**Stephen R. Hardis**

**Director since 1998**



Mr. Hardis, age 72, was chairman of Eaton Corporation from 1996 until his retirement in 2000. Mr. Hardis joined Eaton in 1979, and was its chief executive officer from 1995 to 2000. He was chairman of Axcelis Technologies, Inc. from 2000 until May 2005. He is lead director of Axcelis Technologies, Inc. and a director of American Greetings Corporation, Lexmark International Corporation, Nordson Corporation and Progressive Corporation.



**The Rt. Hon. Lord Lang of Monkton, DL**

**Director since 1997**



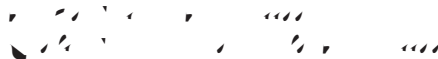
Lord Lang, age 67, was a member of the British Parliament from 1979 to 1997. He served in the cabinet as president of the Board of Trade and secretary of state for trade and industry from 1995 to 1997 and as secretary of state for Scotland from 1990 to 1995. Lord Lang is chairman of Thistle Mining Inc. He is also a non-executive director of Charlemagne Capital Ltd.

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**Morton O. Schapiro**

**Director since 2002**



Mr. Schapiro, age 54, is president of Williams College. Prior to joining Williams College, he was dean of the College of Letters, Arts and Sciences of the University of Southern California from 1994 to 2000, the University's vice president for planning from 1999 to 2000 and chair of its Department of Economics from 1991 to 1994. Mr. Schapiro is a trustee of the Williamstown Theatre Festival, the Sterling & Francine Clark Art Institute, Williams College, the Massachusetts Museum of Contemporary Art and Hillel.

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**Adele Simmons**

**Director since 1978**



Mrs. Simmons, age 66, is vice chair of Chicago Metropolis 2020 and president of the Global Philanthropy Partnership. From 1989 to 1999, she was president of the John D. and Catherine T. MacArthur Foundation. Ms. Simmons is a director of the Shorebank Corporation. She also is a member of the boards of the Field Museum of Chicago, the Union of Concerned Scientists and the Environmental Defense Fund.

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**Nominees for Election as Class III Directors  
for a Term Expiring in 2010**



**Brian Duperreault**

**Director since 2008**

Brian Duperreault, 60, is president and chief executive officer of MMC, a position he assumed in January 2008. Prior to joining MMC, Mr. Duperreault served as chairman and chief executive officer of ACE Limited from 1994 to May 2004. He then served as chairman of the board of ACE from May 2004 through May 2007, and continued as a director through January 2008. Prior to ACE, Mr. Duperreault was with American International Group (AIG) for more than 20 years, holding numerous positions and eventually rising to become executive vice president of AIG Foreign General Insurance and chairman and chief executive officer of AIG's subsidiary American International Underwriters (AIU). Mr. Duperreault is a director of Tyco International Ltd.

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**Bruce P. Nolop**

**Director since 2008**

Bruce P. Nolop, 57, was executive vice president and chief financial officer of Pitney Bowes, Inc. from 2000 through March 1, 2008. From 1993 to 2000, Mr. Nolop was a managing director, mergers & acquisitions, at Wasserstein Perella & Co. Prior thereto, he was a vice president with Goldman, Sachs & Co. for six years, and previously held positions with Kimberly-Clark Corporation and Morgan Stanley & Co. Mr. Nolop serves on the boards of directors of two non-profit organizations, JA Worldwide and Regional Plan Association.

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**Class II Directors Continuing in Office  
(Term Expiring in 2009)**



**Leslie M. Baker, Jr.**

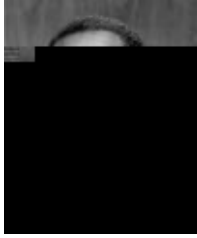
**Director since 2007**

Mr. Baker, age 65, was chairman of Wachovia Corporation from 2001 until his retirement in 2003. Mr. Baker joined Wachovia in 1969, where he served as chairman, president and chief executive officer from 1998 to 2001, and as chief executive officer from 1994 to 1998. He is a director of the North Carolina Arboretum, Marine Corps Heritage Foundation, Old Salem, Inc. and the James B. Hunt Institute for Education.

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**Class III Directors Continuing in Office  
(Term Expiring in 2010)**



**Zachary W. Carter**

**Director since 2004**



Mr. Carter, age 58, is a partner at the law firm of Dorsey & Whitney LLP, where he is co-chair of the White Collar Crime and Civil Fraud practice group. He joined Dorsey & Whitney in 1999. Mr. Carter was the United States Attorney for the Eastern District of New York from 1993 to 1999. Mr. Carter is a director of Cablevision Systems Corporation and is chairman of the Mayor's Advisory Committee on the Judiciary, chairman of the board of directors of Hale House Center, Inc. and a trustee of the New York University School of Law and the Vera Institute of Justice.

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**Oscar Fanjul**

**Director since 2001**



Mr. Fanjul, age 58, is vice chairman and chief executive officer of Omega Capital, a private investment firm in Spain. Mr. Fanjul is honorary chairman of Repsol YPF, where he was chairman and chief executive officer from its inception in 1986 until 1996. He was chairman of Hidroeléctrica del Cantábrico from 1999 to 2001 and chairman of NH Hoteles from 1997 until 1999. Mr. Fanjul is a director of Acerinox, the Lafarge Group, the London Stock Exchange, Areva (Conseil de Surveillance) and a member of MMC's International Advisory Board. He is a trustee of the International Accounting Standards Committee Foundation and the Amigos del Museo del Prado.

## **STOCK OWNERSHIP OF MANAGEMENT AND**

- 
- (1) No director or named executive officer beneficially owned more than 1% of the outstanding common stock, and all directors and executive officers as a group beneficially owned approximately 1.2% of the outstanding common stock.
  - (2) This column includes shares of common stock that: (i) are held in the form of shares of restricted stock; (ii) are held indirectly for the benefit of such individuals or jointly, or directly or indirectly for certain

# **COMPENSATION OF EXECUTIVE OFFICERS**

## **Compensation Discussion and Analysis**



## **Recent Developments Regarding MMC**

In light of MMC's financial performance in 2007, on December 21, 2007, our Board announced that it had initiated a search for a president and chief executive officer of MMC to replace Michael G. Cherkasky. At the request of our Board, Mr. Cherkasky served as MMC's president and chief executive officer during the search for his replacement. On January 29, 2008, Brian Duperreault became our new president and chief executive officer and Mr. Cherkasky's employment with us ceased. Mr. Cherkasky's severance benefits are described below in "Severance Arrangements" at page 37. A brief summary of Mr. Duperreault's employment agreement is described below in "Use of Employment Agreements" at page 29.

Earlier, effective September 30, 2007, Brian M. Storms stepped down as chairman and chief executive officer of Marsh, MMC's insurance services subsidiary. Mr. Storms's severance benefits are described below in "Potential Payments upon Termination or Change in Control" at page 56. Daniel S. Glaser joined Marsh as its chairman and chief executive officer on December 10, 2007.

On February 27, 2008, David H. Spiller stepped down as the chief executive officer of Guy Carpenter, MMC's reinsurance intermediary business and, on that date, Peter Zaffino was appointed president and chief executive officer of Guy Carpenter.

During 2007, in order to strengthen MMC's ability to focus on our core businesses and to enhance our financial flexibility, MMC entered into a stock purchase agreement with Great-West Lifeco Inc. ("Great-West"), pursuant to which Great-West purchased Putnam Investments Trust ("Putnam Investments"), MMC's investment management subsidiary. The consideration was approximately \$3.9 billion in cash. In connection with the closing of this transaction, which occurred on August 3, 2007, Mr. Haldeman ceased employment with MMC.

In addition, during 2007, in order to capitalize on Oliver Wyman's reputation for specialized expertise and recognized excellence in strategy and risk management consulting, MMC combined the businesses of Mercer Delta Organizational Consulting, Mercer Management Consulting and Mercer Oliver Wyman under the Oliver Wyman name. As the president and chief executive officer of Oliver Wyman Group, John P. Drzik, who joined MMC in connection with our acquisition of Oliver, Wyman & Company in 2003, led the effort to combine these businesses and strengthen the Oliver Wyman brand.

## **COMPENSATION PHILOSOPHY AND PRACTICES**

### **MMC Executive Compensation Program**

The Compensation Committee seeks to ensure that MMC's executive compensation policies and programs attract and retain the most highly qualified and capable professionals while motivating them to lead MMC and our diverse businesses in the long-term interest of MMC's shareholders. MMC uses a "total compensation" framework that is intended to coordinate the allocation of compensation among fixed and variable elements of compensation and that lays the foundation for a pay-for-performance approach. Our pay-for-performance approach is generally intended to link variable compensation with key corporate priorities, tangible financial and strategic results and shareholder returns. As a result, a significant portion of a senior executive's total compensation may fluctuate, based on MMC stock price or achievements against pre-established, quantifiable financial performance objectives and individual performance measures.

The Compensation Committee does not establish nor does it require any fixed relationship

### **Total Compensation Framework**

Our total compensation framework is designed to integrate the primary components of our compensation program for each fiscal year, which runs concurrently with the calendar year. Accordingly, the Compensation Committee:

- Considers the performance of MMC and, as applicable, each senior executive's operating company, as well as individual performance, subject to any prior contractual commitments; and
- Determines and approves both the annual short-term incentive awards and the annual long-term incentive awards in the month of February following the end of the year.

This approach enables the Compensation Committee to evaluate performance on a consistent basis and consider the appropriate mix and weight of each element of compensation for each senior executive's total compensation each year. While the Compensation Committee recognizes that adjusting the level of one element of compensation for a senior executive in any year may affect the determination of another element of compensation for that senior executive, the Compensation Committee does not require or assume any fixed relationship among the various elements of compensation within the total compensation framework.

Pension accruals and compensation previously paid to our named executive officers, including amounts realized or realizable under prior equity-based awards, did not affect the Compensation Committee's compensation decisions for fiscal year 2007. This reflects the Compensation Committee's view that a senior executive's total compensation should reflect performance and the market value of his or her services.

### **Focus on Variable Compensation**

Our general pay-for-performance approach ties a significant portion of our senior executives' target total compensation to MMC's performance and, as applicable, to the performance of the appropriate operating company. The terms of the employment agreement for each named executive officer, other than Mr. Drzik, govern the allocation between his or her fixed and variable elements of compensation. (The process for determining Mr. Drzik's compensation allocation is described below in "Annual Short-term Incentive Compensation—Mr. Drzik" at page 34.)

Base salary represents the "fixed" component of our executive compensation program, while our annual short-term incentive compensation program and our annual long-term incentive compensation program represent the "variable" component of our executive compensation program.

## **Competitiveness of Pay**

- Initial equity-based awards consisting of (i) an option to acquire 1,200,000 shares of MMC common stock, (A) one-third of which is a performance-contingent option that will vest with respect to the underlying shares if the trading price of the common stock exceeds the option's initial exercise price of \$27.275 per share by at least 20% for a period of 15 consecutive trading days, (B) one-third of which is a performance-contingent option that will vest with respect to the underlying shares if the trading price of the common stock exceeds the initial exercise price of \$27.275 per share by at least 40% for a period of 15 consecutive trading days and (C) one-third of which will vest based on continued service in two equal installments on January 29, 2009 and January 29, 2010, respectively, and (ii) 300,000 service-based restricted stock units that vest 100% on January 29, 2011;
- Annual long-term incentive compensation with a combined grant-date target value of (i) \$3.5 million in respect of awards granted during fiscal year 2008, and (ii) \$7.0 million in respect of awards granted during each subsequent fiscal year;
- An award of "make-whole" service-based restricted stock units representing 43,997 shares of MMC common stock, which will vest over two years, in recognition of certain compensation relating to his prior employment that Mr. Duperreault forfeited;
- Term life insurance with a face amount of \$5.0 million and eligibility for MMC's retiree medical program without regard to any generally applicable age or service requirements; and
- Full vesting of all initial equity-based awards and long-term incentive compensation (including his "make-whole" awards) if Mr. Duperreault's employment terminates without "cause" or for "good reason."

In addition, we and Mr. Duperreault have agreed to provide for the following in his employment agreement:

- There will be no cash severance payment in connection with any termination of Mr. Duperreault's employment; and
- In the event of a change in control of MMC, any then-outstanding initial performance-contingent stock options and one-third of any then-outstanding initial restricted stock units will vest only if the consideration paid for MMC common stock in connection with the change-in-control transaction meets or exceeds specified thresholds.

## 2007 Corporate Governance Initiatives and Executive Compensation

Our Board reviews corporate governance practices at MMC on an ongoing basis. One of the Compensation Committee's priorities in 2007 was to examine MMC's compensation practices to ensure that they reflect corporate governance best practices. After a comprehensive review and analysis, the Compensation Committee adopted three corporate governance policies affecting executive compensation. The first two policies cover MMC's executive officers who are subject to Section 16 of the Securities Exchange Act of 1934, while the third policy affects equity-based awards granted to all employees.

- **Shareholder Approval of Severance Agreements** Effective May 16, 2007, the Compensation Committee adopted a policy requiring shareholder approval of any severance agreement with an executive officer that provides for cash severance that exceeds 2.99 times his or her base salary and three-year average annual short-term incentive award.
- **"Clawback" of Incentive Compensation in Case of Certain Financial Restatements** MMC may, to the extent permitted by applicable law, cancel or require reimbursement of any annual incentive awards received by an executive officer after July 19, 2007, if and to the extent that:
  - The amount of the annual incentive award was based on the achievement of specified consolidated and/or operating company financial results, and MMC subsequently restates those financial results;

- In the Compensation Committee's judgment, the executive officer engaged in intentional misconduct that contributed to the need for the restatement; and
- The executive officer's annual incentive award would have been lower if the financial results in question had been properly reported.

In such a case, MMC will seek to recover from the executive officer the amount by which actual annual incentive amounts paid for the relevant period exceeded the amount that would have been paid based on the restated financial results. The policy



reported in the Grants of Plan-Based Awards Table at page 45. The following discussion describes how the Compensation Committee determined these awards:

**Financial Performance Assessment** Actual 2007 MMC earnings per share was below the 75% threshold, so no award was earned with respect to the earnings per share performance measure. Actual 2007 MMC revenue was \$11.350 billion, which resulted in a score of 138.3% of the target for the revenue performance measure. Accordingly, overall actual 2007 MMC performance was 64.5% of target.

**Individual Performance Assessment** Based on the Compensation Committee's assessment of Mr. Bartley's performance, Mr. Bartley's award reflects individual performance of 200%

target, attributable to such factors as the development and implementation of a strategic plan for Mercer, stabilization of the management team, definition and refinement of business unit client offerings and improved risk management and organizational controls.

### **Mr. Drzik**

The combined value of Mr. Drzik's target total direct compensation (i.e., total value of target compensation to be paid to Mr. Drzik without regard to benefits) takes as its starting point the average of his actual total direct compensation for the prior three fiscal years, adjusted for future potential business and management contributions as a mentor and manager. The determination of Mr. Drzik's actual total direct compensation is based on the same balanced scorecard components used for Mr. Bartley and Ms. Burns. The components of the scorecard and the weight allocated to each component are reviewed from time to time. With respect to 2007, the components of his scorecard were weighted as follows: financial results (40%); client results (15%); operational excellence (20%); and colleague capability (25%). MMC management determines Mr. Drzik's total direct compensation based on a review of Mr. Drzik's performance against objectives (including Mr. Drzik's self-assessment) and makes a recommendation to the Compensation Committee as to the actual amount and form of Mr. Drzik's annual short- and long-term incentive awards. The combined value of Mr. Drzik's annual short- and long-term incentive awards in respect of 2007 reflects the subjective assessment of MMC management of Mr. Drzik's contributions to Oliver Wyman Group, including Oliver Wyman Group's strong financial performance, Mr. Drzik's leadership, the successful implementation of a new brand without business disruption in the client market and talent management and succession planning. The portion of Mr. Drzik's total compensation that is provided in the form of annual short-term incentive compensation is larger than that of the other named executive officers in order to remain competitive with the compensation practices of similarly situated consulting firms.

### **Mr. Spiller**

Under Mr. Spiller's employment agreement, he was entitled to a guaranteed minimum annual bonus in respect of fiscal year 2007 of \$1,250,000.

### **Adjustments for Certain Items**

For purposes of the annual short-term incentive awards, targets for the performance measures "earnings per share," "revenue" and "net operating income" are established early in the performance period. As described below, these performance measures reflect adjustments to the measures derived under accounting principles generally accepted in the United States ("GAAP").

**MMC Performance Measures.** For purposes of the annual short-term incentive awards: MMC's "earnings per share" means earnings per share from continuing operations calculated in accordance with GAAP, plus the operating earnings of Putnam Investments until its date of sale (reflected in discontinued operations for 2007), adjusted to exclude the impact of "noteworthy" items (such as restructuring charges and credits and costs related to certain legal and regulatory matters) identified in MMC's quarterly earnings releases; and MMC's "revenue" means revenue calculated in accordance with GAAP, adjusted to exclude gains or losses resulting from restructuring-related dispositions.

**Operating Company Performance Measures.** For purposes of the annual short-term incentive awards: an operating company's "revenue" means revenue calculated in accordance with GAAP, adjusted to exclude the impact of currency exchange rate fluctuations, acquisitions and dispositions; and an operating company's "net operating income" means net operating income calculated in accordance with GAAP, adjusted to exclude the impact of currency exchange rate fluctuations, acquisitions and dispositions, and "noteworthy" items identified in MMC's quarterly earnings releases.



### **Discretionary Cash Bonus Award**

The Compensation Committee retains the discretion to award additional compensation to address the particular needs of MMC from time to time. In light of changes to MMC's leadership team during 2007 and the beginning of 2008, the Compensation Committee granted an additional cash bonus to Mr. Bartley in recognition of his expanded role within the MMC organization during that period and his extraordinary individual contributions in that capacity. This cash bonus is disclosed in the "Bonus" column of the Summary Compensation Table at page 41.

### **Annual Long-term Incentive Compensation**

Our annual long-term incentive program is intended to advance the interests of MMC and our shareholders by linking the compensation of our senior executives to performance over a multi-year period tied to MMC's stock price. This component of a senior executive's total compensation serves an essential role in retaining and motivating senior executives and

achievement of Mercer's financial performance as determined in the discretion of the Compensation Committee.

- For Mr. Drzik, the Compensation Committee decided to denominate his long-term

the first and second anniversaries of the grant date based on the fair market value of MMC common stock on the conversion date. Based on the Compensation Committee's assessment of Mercer's performance for the relevant year, zero to 1.5 shares of MMC common stock will be delivered to Ms. Burns for each vested performance-based restricted stock unit. The Compensation Committee has the discretion to convert unconverted cash covered by this award into another equity-based award with an equivalent conversion date value.

## **Benefits**

### ***Retirement and Deferred Compensation Plans***

MMC maintains a United States retirement program consisting of the tax-qualified Marsh & McLennan Companies Retirement Plan and the nonqualified Benefit Equalization Plan and Supplemental Retirement Plan. The Benefit Equalization Plan is a restoration plan to provide those participants subject to certain Internal Revenue Code limitations with retirement benefits on a comparable basis to those provided to other employees. The Supplemental Retirement Plan provides an enhanced benefit for our senior executives and is intended to ensure that the retirement benefits that we provide to our senior executives are competitive with market practice. The features of the United States retirement program, including the actuarial present value of the accumulated pension benefits of our named executive officers who participate in these plans as of the end of 2007, are

In connection with his termination of employment, Mr. Cherkasky received certain severance benefits pursuant to the terms of his employment agreement, including:

- A cash severance payment of \$7,150,000, which represents the sum of his base salary and his average short-term incentive award for 2005 and 2006 (this amount would be increased by \$3,575,000 if there were to be a change in control of MMC within six months following the date of his termination of employment); and
- Full vesting of his equity-based awards, including performance-contingent stock options and performance-based stock units.

In addition, Mr. Cherkasky received accelerated delivery of the MMC shares underlying his performance-based restricted stock units and provision of an off-site office and administrative support for one year following his termination, the value of which is approximately \$197,500. Mr. Cherkasky also agreed to serve as a consultant to MMC during the transition period commencing on January 29, 2008 and ending on March 31, 2008, assisting MMC in the transition process relating to his separation from employment (including assisting MMC's new president and chief executive officer) and on other projects as might reasonably be requested by our Board or MMC's new president and chief executive officer. MMC paid Mr. Cherkasky a consulting fee at a monthly rate of \$333,333 for each of January, February and March 2008, reduced by the amount of salary paid to him during 2008.

The amount of the estimated payments and benefits payable to our named executive officers, assuming a termination of employment as of the last day of 2007, is shown in "Potential Payments upon Termination or Change in Control" at page 56.

#### **Change-in-Control Arrangements**

Change-in-control benefits are provided to our senior executives through our equity-based compensation plans and their executive employment agreements. Our change-in-control arrangements are designed to be competitive with the practice of our market group and other similarly situated companies, by preserving a senior executive's compensation expectations in the event of a change in control of MMC. As discussed above under "2007 Corporate Governance Initiatives and Executive Compensation," the terms of equity-based awards granted after March 15, 2007 contain a "double-trigger" change-in-control vesting provision, which requires both a change in control of MMC followed by a specified termination of employment for vesting to be accelerated. Our change-in-control benefits are intended to retain our senior executives and provide continuity of management in the event of an actual or threatened change in control of MMC. Consistent with that objective, our senior executives' employment agreements also include a "double-trigger" rather than providing severance payments solely on the basis of a change in control of MMC.

The amount of the estimated payments and benefits payable to our named executive officers assuming a change in control of MMC as of the last day of 2007 is shown in "Potential Payments upon Termination or Change in Control" at page 56.

#### **Other Benefits**

Our senior executives are eligible to participate in MMC's health and welfare benefit programs on the same basis as MMC's other eligible employees. The cost of these benefits

## **STOCK OWNERSHIP GUIDELINES**

We also structure compensation in a manner intended to avoid the incurrence of any additional tax, interest or penalties under Section 409A of the Internal Revenue Code.

We account for stock-based compensation in accordance with the requirements of SFAS No. 123(R). SFAS 123(R) requires us to recognize compensation expense relating to share-based payments (such as stock options and restricted stock units) in our financial statements. The adoption of SFAS 123(R) and the recognition of this expense did not cause us to limit or otherwise significantly alter the equity-based compensation element of our program. This is because we believe equity-based compensation is a necessary component of a competitive executive

## Summary Compensation Table

The following table contains information relating to compensation paid to or earned by MMC's 2007 president and chief executive officer, chief financial officer, any person who served in either of those roles in 2007 and the five other most highly compensated executive officers for 2007. Under the rules of the SEC, MMC's named executive officers for fiscal year 2007 include Messrs. Haldeman and Storms, even though their employment terminated during the course of 2007.

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$ (8))	Stock Awards (\$ (9))	Option Awards (\$ (9))	Non-Equity Incentive Plan Compensation (\$ (8))	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$ (10))	All Other Compensation (\$ (11) (12))	Total (\$)
Michael G. Cherkasky, . . . . . Former President and Chief Executive Officer Marsh & McLennan Companies, Inc. (1)	2007	\$ 1,000,000	\$ 0	\$ 8,667,745	\$ 2,919,651	\$ 0	\$ 139,358	\$ 32,275	\$ 12,759,029
	2006	1,000,000	0	2,755,383	1,419,826	2,650,000	137,544	45,030	8,007,783
Matthew B. Bartley, . . . . . Chief Financial Officer Marsh & McLennan Companies, Inc. (2)	2007	650,000	435,000	390,746	158,372	960,000	41,442	25,039	2,660,599
	2006	461,437	0	86,706	94,920	650,000	43,464	34,826	1,371,353
M. Michele Burns, . . . . . Chairman and Chief Executive Officer Mercer (3)	2007	850,000	0	565,636	477,655	1,452,000	107,415	536,740	3,989,446
	2006	625,000	750,000	396,572	361,158		0	188,102	2,320,832
John P. Drzik, . . . . . President and Chief Executive Officer Oliver Wyman Group (4)	2007	600,000	0	104,172	328,257	2,500,000	21,627	0	3,554,056
David H. Spiller, . . . . . President and Chief Executive Officer Guy Carpenter (5)	2007	700,000	1,250,000	1,208,335	139,274	0	0	255,233	3,552,842
	2006	700,000	1,250,000	1,000,000	0	0	0	4,524,679	7,474,679
Charles E. Haldeman, . . . . . Former President and Chief Executive Officer Putnam Investments (6)	2007	525,000	0	13,659,391	438,303	0	15,996	327,032	14,965,722
	2006	900,000	0	7,149,224	669,983	6,453,105	0	433,418	15,605,730
Brian M. Storms, . . . . . Former Chairman and Chief Executive Officer Marsh Inc. (7)	2007	750,000	0	7,223,957	1,695,016	0	0	6,212,084	15,881,057
	2006	1,000,000	0	1,708,952	842,250	2,500,000	98,240	10,299	6,159,741

- (1) As discussed in "Compensation Discussion and Analysis—Recent Developments Regarding MMC" at page 27, Mr. Cherkasky ceased being employed as MMC's president and chief executive officer on January 29, 2008. The amounts reported in the "Stock Awards" and "Option Awards" columns reflect the incremental expense under FAS 123(R) recognized by MMC in connection with the termination of his employment.
- (2) Mr. Bartley served as MMC's treasurer until September 25, 2006, at which time he became MMC's chief financial officer and entered into an employment agreement with us.

- (3) Ms. Burns joined MMC effective March 1, 2006. She served as MMC's chief financial officer from March 31, 2006 through September 25, 2006, when she became Mercer's chairman and chief executive officer. Effective January 1, 2007, her salary was increased to \$850,000.
- (4) As Mr. Drzik was not a named executive officer for purposes of our 2007 proxy statement, only one year of compensation is required to be disclosed under the SEC's rules.





## Employment Agreements

The employment agreements of our named executive officers, except for Messrs. Drzik and Spiller, generally follow a common template and include the following significant principal terms:

- An initial three-year term, with automatic renewal for an additional year, unless either party gives notice of an intent to terminate the agreement;
- Base salary and annual short-term and long-term incentive compensation target opportunities and ranges. Although targets and ranges are included in the agreement, actual short-term and long-term incentive awards payments are based upon the performance assessment described in “Compensation Discussion and Analysis—Components of Executive Compensation—Annual Short-term Incentive Compensation” and “—Annual Long-term Incentive Compensation,” respectively, at pages 31 and 35;
- Severance and related compensation in the event of specified terminations of employment; and
- Noncompetition, nonsolicitation and confidentiality covenants for the benefit of MMC.

Mr. Drzik’s employment agreement with Mercer Management Consulting, a predecessor of Oliver Wyman, was entered into in connection with the acquisition of Oliver, Wyman & Company in 2003. It was amended on December 12, 2005 to extend its term from March 31, 2006 to March 31, 2008. The agreement stipulates Mr. Drzik’s annual base salary, as well as his ability to participate in MMC’s equity-based compensation plans on the same basis and in the same manner as similarly situated employees. In addition, Mr. Drzik is entitled to severance and related compensation in the event of specified terminations of employment and is subject to noncompetition, nonsolicitation and confidentiality covenants for the benefit of MMC.

Mr. Spiller’s employment agreement provided for his annual base salary, as well as a minimum guaranteed bonus for each of 2006, 2007 and 2008. With respect to long-term incentive compensation, Mr. Spiller was eligible to participate in MMC’s long-term incentive compensation plans and was entitled to a guaranteed minimum value for long-term incentive awards in respect of 2006 and 2007, which were granted on February 12, 2007 and February 26, 2008, respectively. As duary200931(in)-74ent,

## Grants of Plan-Based Awards in 2007

The following table contains information on the grants of plan-based awards made to our named executive officers in 2007. Amounts shown under the “Estimated Future Payouts Under Non-Equity Incentive Plan Awards” columns relate to the annual short-term incentive compensation awards granted in 2007. The terms and conditions of these awards are described in further detail in “Compensation Discussion and Analysis—Components of Executive Compensation—Annual Short-term Incentive Compensation” at page 31. The remaining columns relate to plan-based awards granted in 2007. These generally consist of performance-based restricted stock units, performance-contingent stock options and service-based restricted stock units with respect to shares of MMC common stock, except in the case of Mr. Haldeman, who received equity-based awards with respect to Putnam Investments Class B common stock. The terms and conditions of these awards are described in further detail in the narrative following this table.

### GRANTS OF PLAN-BASED AWARDS (1)

(a)	(b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)			Estimated Future Payouts Under Equity Incentive Plan Awards (3)			All Other Stock Awards: Number of Shares of Stock or Units (#) (4)	All Other Option Awards: Number of Securities Underlying Options (#) (5)	Exercise or Base Price of Option Awards (\$/Sh) (6)	Closing Stock Price on Date of Grant (\$/Sh) (l)	Grant Date Fair Market Value (\$ (7) (m)
		(c) Threshold (\$)	(d) Target (\$)	(e) Maximum (\$)	(f) Threshold (#)	(g) Target (#)	(h) Maximum (#)					
Name	Grant Date											
Michael G. Cherkasky . . . . .	2/12/2007	\$0	\$2,250,000	\$4,500,000	0	84,460	168,920					\$2,500,016

- 
- (1) All equity-based awards reported in this table were approved by the Compensation Committee at its meeting on February 12, 2007 and granted on the same date, except with respect to Mr. Haldeman's awards, which were approved by the Compensation Committee and granted on March 15, 2007.
  - (2) The amounts reported in column (d) constitute the midpoint of the target annual short-term incentive compensation award ranges within the respective employment agreements of Messrs. Cherkasky and Bartley and Ms. Burns. The actual earned amounts are disclosed in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table. The target award amount reported for Mr. Drzik is based on the average of his actual total compensation for the prior three fiscal years, adjusted for future business potential and management contributions. With respect to both Messrs. Cherkasky and Storms, in connection with the termination of their employment, the Compensation Committee determined that neither would receive any annual short-term incentive compensation award in respect of 2007.
  - (3) The amounts reported in columns (f), (g) and (h) reflect performance-based restricted stock units granted on February 12, 2007, that are payable based on threshold (0%), target (100%) and maximum (200%) performance achievement, respectively. Awards were made under MMC's 2000 Senior Executive Incentive and Stock Award Plan. All of these grants include the right to receive current dividend equivalent payments in cash equal in amount to the dividends paid on outstanding shares of MMC common stock, based on the target number of units.
  - (4) The amounts reported in column (i) for Messrs. Cherkasky, Bartley, Drzik, Spiller and Storms and Ms. Burns reflect service-based restricted stock units granted on February 12, 2007. Awards were made under MMC's 2000 Senior Executive Incentive and Stock Award Plan. These service-based restricted stock unit awards include the right to receive current dividend equivalent payments in cash equal in amount to the dividends paid on outstanding shares of MMC common stock.  
  
The amount reported in column (i) for Mr. Haldeman reflects service-based restricted stock units granted on March 15, 2007 with respect to Putnam Investments Class B common stock made under Putnam Investments' Equity Partnership Plan.
  - (5) The amounts reported in column (j) for Messrs. Cherkasky, Bartley, Drzik, Spiller and Storms and Ms. Burns reflect performance-contingent stock options granted on February 12, 2007 made under MMC's 2000 Senior Executive Incentive and Stock Award Plan.
  - (6) The performance-contingent stock options granted on February 12, 2007 have an exercise price of \$29.60 per share, which was equal to the average of the high and low trading prices of shares of MMC common stock on February 9, 2007, the trading date immediately preceding the date of grant. The closing market price of shares of MMC common stock on the date of grant was \$29.83 per share, which was higher than the exercise price.
  - (7) The grant date fair market value reported for the performance-based restricted stock units assumes payment at target.

### **Performance-based restricted stock units**

Performance-based restricted stock units granted in 2007 are intended to provide a strong incentive for achieving specific performance objectives over a three-year performance period. They represent a promise to deliver, as soon as practicable after the end of the performance period, a number of shares of MMC common stock ranging from 0% to 200% of the initial number of units granted, depending on actual performance against objective, pre-established financial metrics. The units are scheduled to vest on the third anniversary of the grant date, with earlier vesting in the event of death and specified terminations of

2007 through December 31, 2009. The performance target for the performance-based restricted stock units granted in 2007 incorporated our stated financial objectives at that time of mid-teens non-GAAP earnings per share growth over the 2007-2009 performance period. Based on our performance during 2007, we do not anticipate that target performance will be attained.

**Performance-contingent stock options**

Performance-contingent stock options represent the right to purchase a specified number of shares of MMC common stock at a specified exercise price for a specified period of time. These options granted on February 12, 2007 are scheduled to vest in four equal annual installments beginning on the first anniversary of the grant date, with earlier vesting in the event of death and specified terminations of employment. The options have an exercise price equal to the average of the high and low trading prices of shares of MMC common stock on the trading day immediately preceding the grant date. The options are exercisable after vesting only to the extent that the closing market price of shares of MMC common stock equals or exceeds 115% of the exercise price (i.e., \$34.04) for 10 consecutive trading days after the option has vested. Options have a term of 10 years beginning on the grant date.

## **Outstanding Equity Awards at Fiscal Year End**

The following table contains information concerning the outstanding equity-based awards held by the named executive officers at fiscal 2007 year end. All outstanding equity-based awards are with respect to MMC common stock.

### **OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END**



- (16) Mr. Haldeman's equity-based awards with respect to MMC common stock were canceled in connection with the sale of Putnam Investments to Great-West effective August 3, 2007 and the resulting termination of his employment with us. This table does not disclose any outstanding equity-based awards with respect to Putnam Investments Class B common stock that Mr. Haldeman may hold, because the sale occurred prior to fiscal 2007 year end.
- (17) Represents 282,305 service-based restricted stock units that were scheduled to vest as follows: 9,854 units on February 12, 2008; 9,985 units on February 15, 2008; 55,945 units on September 8, 2008; 9,854 units on February 12, 2009; 20,000 units on March 15, 2009; 166,814 units on July 19, 2009; and 9,853 units on February 12, 2010. In addition, represents 99,122 performance-based restricted stock units that were scheduled to vest as follows: 40,000 units on March 15, 2009; and 59,122 units on February 12, 2010, subject to the satisfaction of specified performance targets. All of these restricted stock units became vested in connection with the termination of Mr. Storms's employment and were delivered (in the case of the performance-based restricted stock units, at target) on January 4, 2008 following his execution and nonrevocation of a separation and release agreement. Mr. Storms's stock options were canceled in connection with the termination of his employment effective September 30, 2007.



## **Option Exercises and Stock Vested**

The following table contains information concerning stock awards held by the named executive officers that vested in 2007. None of the named executive officers exercised stock options with respect to MMC common stock in 2007. All vesting of stock awards is with



**PENSION BENEFITS TABLE FOR 2007**

<u>Name</u>	<u>Plan Name</u>	<u>Number of Years Credited Service (#) (1)</u>	<u>Present Value of Accumulated Benefit (\$) (2)</u>	<u>Payments During Last Fiscal Year (\$)</u>
Michael G. Cherkasky . . . . .	Qualified Retirement Plan	3.5	\$ 70,718	\$0
	Benefit Equalization Plan	3.5	239,912	0
	Supplemental Retirement Plan	3.5	<u>100,737</u>	0
	Total		411,367	
Matthew B. Bartley . . . . .	Qualified Retirement Plan	6.8	82,586	0
	Benefit Equalization Plan	6.8	79,137	0
	Supplemental Retirement Plan	6.8	<u>45,067</u>	0
	Total		206,790	
M. Michele Burns				

## Nonqualified Deferred Compensation

MMC maintains the SSIP, a nonqualified deferred compensation plan that coordinates with its tax-qualified 401(k) Savings & Investment Plan. Under the SSIP, selected participants who have reached any one of the limitations set forth in the Internal Revenue Code under the 401(k) Savings & Investment Plan may, at their election, defer up to 30% of their base salary and notionally invest this amount in any or all of the plan's notional investment alternatives, which mirror the alternatives under the 401(k) Savings & Investment Plan. These alternatives consist of a variety of mutual funds and MMC stock units. Participants in the SSIP may change their investment elections at any time, on a daily basis, both as to future deferrals and existing balances; however, once a participant notionally invests an amount in MMC stock units, that amount cannot be reallocated to any other notional investment. After a participant completes one year of service with MMC, MMC provides matching credits at the same rate as the 401(k) Savings & Investment Plan. MMC's senior executives (other than Mr. Spiller and Mr. Haldeman while they were employed with us) are eligible to participate in the SSIP. Messrs. Drzik and Storms elected not to participate in the SSIP.

In addition, MMC maintains the Cash Bonus Award Voluntary Deferral Plan (CBAVDP), a nonqualified defined contribution plan that allowed eligible participants to defer up to 75% of their annual cash bonus. No contributions have been made to this plan since 2004. Account balances are notionally invested in any or all of the plan's notional investment alternatives, which consist of a variety of mutual funds and MMC stock units. Participants in the plan may change their investment elections at any time, on a daily basis, as to the existing balances only. However, once a participant notionally invests an amount in MMC stock units, that amount cannot be reallocated to any other notional investment. Only Mr. Bartley participates in this plan.

Under his employment agreement, Mr. Spiller waived his participation rights in all tax-qualified and related nonqualified retirement plans in exchange for an annual credit of \$150,000 to a nonqualified retirement plan at the end of each year. His account balance would have vested 100% after three years of employment and would have been notionally invested in either MMC stock units or in one or more mutual funds. In connection with Mr. Spiller's termination of employment on February 27, 2008, his account balance was forfeited.

The table below contains information relating to MMC's deferred compensation program. All amounts deferred by a named executive officer or by MMC in prior years have been reported in the Summary Compensation Tables in our previously filed proxy statements in the year earned to the extent he or she was a named executive officer for purposes of the SEC's executive compensation disclosure for the applicable year.

**NONQUALIFIED DEFERRED COMPENSATION TABLE FOR 2007**

Name	Plan Name	12/31/06 Closing Balance (\$)	Executive Contributions in Last FY (\$ (1))	Registrant Contributions in Last FY (\$ (1))	Aggregate Earnings in Last FY (\$ (2))	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$ (3))
Michael G. Cherkasky . . . . .	SSIP	\$256,524	\$ 99,500	\$ 30,042	\$ 20,295	\$ 0	\$406,361
Matthew B. Bartley . . . . .	SSIP	106,002	154,000	15,006	(14,756)	0	260,252
	CBAVDP	302,863	0	0	(31,837)	(20,516)	250,510
	Total	408,865	154,000	15,006	(46,593)	(20,516)	510,762
M. Michele Burns . . . . .	SSIP	0	37,714	9,406	(1,889)	0	45,231
John P. Drzik . . . . .	None	0	0	0	0	0	0
David H. Spiller (4) . . . . .	David Spiller Retirement Plan	150,000	0	150,000	(21,673)	0	278,327
	Charles E. Haldeman (5) . . . . .	Putnam Investments' Executive Deferred Compensation Plan	248,712	0	102,000	15,996	0
Brian M. Storms . . . . .	None	0	0	0	0	0	0



## **Potential Payments Upon Termination or Change in Control**

The following table sets forth the estimated payments and benefits to be provided to the named executive officers in the event of the specified termination of employment and upon a change in control of MMC, other than for Messrs. Haldeman and Storms, for which the table shows actual payments and benefits received or to be received in connection with the termination of their employment with us. In accordance with the SEC's rules, this table assumes that the relevant "event" occurred on December 31, 2007, the last business day of the last completed fiscal year, except in the cases of Messrs. Haldeman and Storms.

Under each named executive officer's employment agreement, he or she is entitled to severance benefits in the event of an involuntary termination of employment without "cause" (as described below) or a termination of employment for "good reason" (as described below). In addition, each named executive officer is entitled to specified benefits upon death or "disability" (as described below). MMC's 2000 Senior Executive Incentive



20%, a federal tax rate of 35%, certain state tax rates (New York: 6.85%, New Jersey: 8.97%, and Connecticut: 6.85%); a local tax rate of 3.648% for New York City residents, a Medicare tax rate of 1.45% and the effect on federal taxes of the state tax deduction and phase-out of itemized deductions. Because this table assumes that the change in control event occurred on December 31, 2007, this column assumes a base amount covering years 2002 through 2006 inclusive, as applicable.

- (4) All of the named executive officers are entitled to continue receiving company-sponsored health insurance for 12 months (18 months in the case of Mr. Spiller and 36 months in the case of Mr. Drzik), that they waive their entitlements under COBRA. In order to receive such benefits, they will need to contribute at the same level applicable to similarly situated employees. In addition, Mr. Cherkasky is also eligible to receive retiree medical benefits under the terms of MMC's retirement program, which is discussed in more detail in "Defined Benefit Retirement Program" at page 52. In order to participate in these retiree medical benefits, Mr. Cherkasky would be required to waive his entitlement to company-sponsored health insurance and any entitlements under COBRA.
- (5) The amounts reported in this column, where applicable, include matching 401(k) Savings & Investment Plan contributions made by MMC that would vest in the event of a change of control of MMC.
- (6) In connection with the termination of his employment, Mr. Storms received off-site office and administrative support for six months in order to assist him with his transition to new employment.
- (7) The amounts reported for Mr. Cherkasky reflect estimated payments and benefits assuming a termination of employment on December 31, 2007. Mr. Cherkasky's employment with us terminated on January 29, 2008. He received a consulting fee at a monthly rate of \$333,333 for each of January, February and March 2008, reduced by the amount of salary paid to him in 2008, and he received the following amounts in connection with the termination of his employment:

#### PAYMENTS TO MR. CHERKASKY IN CONNECTION WITH THE TERMINATION OF HIS EMPLOYMENT

	Total Cash Payment (\$)	Unvested Stock Awards (\$ (a))	Unvested Option Awards (\$ (b))	Excise Tax Gross- up (\$)	Welfare and Retirement Benefits (\$)	Office (\$ (c))	Total (\$)
Michael G. Cherkasky .....	\$7,150,000	\$10,903,437	\$0	N/A	\$23,000	\$197,500	\$18,273,937

- (a) As described in further detail in footnote (7) to the "Outstanding Equity Awards at Fiscal Year End" table at page 49. Mr. Cherkasky's outstanding restricted stock units became vested and were delivered (in the case of the performance-based restricted stock units, at target) on February 25, 2008 following his execution and nonrevocation of a separation and release agreement.
- (b) As described in further detail in footnotes (4), (5) and (6) to the "Outstanding Equity Awards at Fiscal Year End" table at page 49, Mr. Cherkasky's outstanding stock options became vested and were delivered on February 25, 2008 following his execution and nonrevocation of a separation and release agreement.
- (c) In connection with the termination of his employment, Mr. Cherkasky receives off-site office and administrative support for 12 months in order to assist him with his transition to new employment. The amount shown in this column is the estimated annual value of these benefits.
- (8) Mr. Bartley's stock and option awards that were granted prior to his promotion to chief financial officer of MMC on September 25, 2006 do not accelerate upon a termination of employment for "good reason." Accordingly, if his employment terminated for "good reason," the benefit with respect to his unvested stock awards would be \$73,511 less than if he terminated involuntarily without "cause."
- (9) Mr. Drzik's stock and option awards do not accelerate upon a termination of employment for "good reason." Accordingly, if his employment terminated for "good reason," the benefit with respect to his unvested stock awards would be \$579,582 less than if his employment terminated involuntarily without "cause."
- (10) The amounts reported for Mr. Spiller reflect estimated payments and benefits assuming a termination of employment on December 31, 2007. Mr. Spiller's employment with us terminated on February 27, 2008.
- (11) Represents amounts received or to be received by Mr. Haldeman in connection with the sale of Putnam Investments on August 3, 2007. For further detail, see footnote (2) to the "Option Exercises and Stock Vested" table at page 51.
- (12) Represents amounts received or to be received by Mr. Storms in connection with termination of his employment with us effective September 30, 2007. For further details, see footnote (3) to the "Option Exercises and Stock Vested" table at page 51.



## Termination of Employment

Upon any termination of employment, including a termination for “cause” or without “good reason,” a named executive officer will receive any accrued pay and regular post-employment benefits under the terms of the applicable plans. The amounts reported in the table above do not include payments and benefits that are provided on a nondiscriminatory basis to all employees generally upon termination of employment.

These include the following:

- Salary through the date of termination and accrued but unused vacation time;
- Post-employment group medical benefit continuation at the employee’s cost;
- Welfare benefits provided to all U.S. retirees, including retiree medical and dental insurance;
- Distributions of defined benefit plan benefits, whether or not tax-qualified (our United States retirement program is described in further detail in “Defined Benefit Retirement Program” at page 52);
- Distributions of tax-qualified defined contribution plans and nonqualified deferred compensation plans (the nonqualified deferred compensation plans are described in further detail in “Nonqualified Deferred Compensation” at page 54);
- In the case of early or normal retirement, death or disability, the value of continued restricted stock unit vesting and stock option exercisability; and
- Vested benefits.

Other than for Messrs. Drzik and Spiller, “cause” is defined as: (i) any willful refusal by the named executive officer to follow lawful directives of the Board which are consistent with the scope and nature of his or her duties and responsibilities; (ii) the named executive officer’s conviction of, or plea of guilty or nolo contendere to, a felony or of any crime involving moral turpitude, fraud or embezzlement; (iii) any gross negligence or willful misconduct of the named executive officer resulting in a material loss to MMC or any of its subsidiaries, or material damage to the reputation of MMC or any of its subsidiaries; (iv) any material breach by the named executive officer of any one or more of the covenants contained in his or her employment agreement; or (v) any violation of any statutory or common law duty of loyalty to MMC or any of its subsidiaries. Mr. Drzik’s definition of “cause” is, and Mr. Spiller’s definition of “cause” was, similar to, although slightly broader than, that of the other named executive officers.

Other than for Messrs. Drzik and Spiller, “good reason” is defined as: (i) assignment to the named executive officer of any duties materially inconsistent in any respect with his or her position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by his or her employment agreement; (ii) any removal of the named executive officer from any of the positions he or she holds as of the date of his or her employment agreement; (iii) any failure by MMC to comply with the provisions of his or her employment agreement pertaining to level of compensation; (iv) failure by MMC to comply with any other material provisions of the employment agreement; or (v) change in the named executive officer’s principal work location to more than 50 miles from his or her current work location. Mr. Drzik’s definition of “good reason” is, and Mr. Spiller’s definition of “good reason” was, similar to, although slightly narrower than, that of the other named executive officers.

Other than for Messrs. Drzik and Spiller, “disability” occurs when the named executive officer is prevented from performing satisfactorily his or her obligations under his or her employment agreement for a period of at least 90 consecutive days or 180 nonconsecutive days within any 365-day period. For Mr. Drzik, “disability” occurs when he becomes eligible for benefits under MMC’s long-term disability plan. Mr. Spiller’s agreement did not have a specific definition for “disability.”



## EQUITY COMPENSATION PLAN INFORMATION

### Equity Compensation Plan Information Table

The following table sets forth information as of December 31, 2007, with respect to compensation plans under which equity securities of MMC are authorized for issuance:

<u>Plan category</u>	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)(2)	(b) Weighted-average exercise price of outstanding options, warrants and rights (2)(3)	(c) Number of securities remaining available for future issuance under equity
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- (6) Includes 13,744,063 shares that may be issued to settle outstanding restricted stock unit, deferred stock unit and deferred bonus unit awards under the [redacted] and predecessor plans and programs.
- (7) Includes the following:
  - 13,279,562 shares available for future awards under the [redacted]





## AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of the five directors named below. Each member of the Committee is independent as required by MMC, the listing standards of the NYSE and the SEC's audit committee independence rules. The primary function of the Audit Committee is to assist the Board of Directors in its oversight responsibilities with respect to the integrity of MMC's financial statements; the qualifications, independence and performance of MMC's independent auditors; the performance of MMC's internal audit function; and compliance by MMC with legal and regulatory requirements. The Committee operates pursuant to a charter approved by the Board of Directors.

Management is responsible for MMC's financial statements, the overall reporting process and the system of internal control, including internal control over financial reporting. Deloitte & Touche LLP, MMC's independent registered public accounting firm, is responsible for conducting annual audits and quarterly reviews of MMC's financial statements and expressing an opinion as to the conformity of the annual financial statements with generally accepted accounting principles in the United States of America and expressing an opinion on MMC's internal control over financial reporting as of the end of MMC's fiscal year.

In performing their oversight responsibility, members of the Audit Committee rely without independent verification on the information provided to them, and on the representations made, by management and Deloitte & Touche. The members of the Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of accounting or auditing, including in respect of auditor independence.

During 2007, in the performance of its oversight function, the Audit Committee reviewed and discussed with management and Deloitte & Touche MMC's audited financial statements as of and for the year ended December 31, 2007, as well as matters related to internal control over financial reporting and the processes that support MMC's reported financial results. The Committee also discussed with Deloitte & Touche the matters required to be discussed by PCAOB Interim Standard,

## **ITEM 3**

### **PROPOSAL TO AMEND MMC'S RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE CLASSIFIED BOARD STRUCTURE**

After careful consideration and upon the recommendation of its Directors and Governance Committee, the Board of Directors has unanimously determined that it would be in the best interests of MMC and its stockholders to amend MMC's Restated Certificate of Incorporation to declassify the Board and provide for the annual election of all directors, as described below. The Board is now asking MMC's stockholders to approve this amendment to the Restated Certificate of Incorporation.

#### **MMC's Current Classified Board Structure**

Article Fifth of MMC's current Restated Certificate of Incorporation divides MMC's directors into three classes as nearly equal in size as possible, with members of each class serving three-year terms of office. Consequently, at any given annual meeting of stockholders, MMC's stockholders have the ability to elect only one class of directors, constituting roughly one-third of the entire Board.

#### **Proposed Declassification of the Board**

In January 2008, the Board of Directors voted to approve, and to recommend that MMC's stockholders approve at the 2008 annual meeting, an amendment to MMC's Restated Certificate of Incorporation that would eliminate the Board's classified structure. If MMC's stockholders approve the proposed amendment, directors who have been elected to three-year terms prior to the effectiveness of the amendment (including directors elected at the 2008 annual meeting) will complete those terms. Beginning with the 2009 annual meeting, directors whose previous terms are expiring will be subject to election for a one-year term expiring at the next annual meeting. Thus, beginning with the 2011 annual meeting, the entire Board will be elected annually.

#### **Rationale for Declassification**

The Board of Directors is committed to good corporate governance at MMC. Accordingly, in determining whether to propose declassification as described above, the Board carefully reviewed the various arguments for and against a classified Board structure.

The Board recognizes that a classified structure may offer several advantages, such as promoting Board continuity and stability, encouraging directors to take a long-term perspective, and reducing a company's vulnerability to coercive takeover tactics. The Board also recognizes, however, that a classified structure may appear to reduce directors' accountability to stockholders, since such a structure does not enable stockholders to express a view on each director's performance by means of an annual vote. The Board also believes that implementing annual elections for all directors would support MMC's ongoing effort to adopt "best practices" in corporate governance.

In view of the considerations described above, the Board of Directors, upon the recommendation of its Directors and Governance Committee, has unanimously determined that it is in the best interests of MMC and its stockholders to eliminate the classified Board structure as proposed.



### **Text and Legal Effectiveness of Proposed Amendment**

Approval of this proposal will cause Article Fifth of MMC's Restated Certificate of Incorporation to be amended and restated in its entirety. A copy of Article Fifth as it is proposed to be amended and restated is attached to this proxy statement as Appendix A.

If MMC's stockholders approve the proposed amendment, it will become legally effective upon the filing of a certificate of amendment to MMC's Restated Certificate of Incorporation with the Secretary of State of the State of Delaware. MMC would make that filing shortly after the 2008 annual meeting. If MMC's stockholders do not approve the proposed amendment, the Board of Directors will remain classified.

In order to be approved, this proposal must receive the affirmative vote of a majority of the shares of MMC common stock outstanding and entitled to vote at the 2008 annual meeting.

**The Board of Directors recommends that you vote FOR this proposal.**







**PROPOSED AMENDMENT AND RESTATEMENT OF ARTICLE FIFTH  
OF MMC'S RESTATED CERTIFICATE OF INCORPORATION**

FIFTH:(a) The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors ~~consisting~~.

(1) ~~Subject to the rights of the holders of any outstanding series of Preferred Stock or any other outstanding series or class of capital stock as may be specified in this Restated Certificate of Incorporation, the Board of Directors of the Corporation shall consist of not less than nine nor more than twenty-seven directors, the exact number of directors to be determined from time to time by a resolution adopted by the affirmative vote of at least two-thirds of the entire Board of Directors. The directors shall be divided~~





R KROLL  
OLIVER WYMAN

