

MARSH & MCLENNAN COMPANIES, INC.

Form PRE 14A

March 20, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Marsh & McLennan Companies, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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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>.

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Dear MMC Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Marsh & McLennan Companies, Inc. The meeting will be held at 10:00 a.m. on Thursday, May 15, 2008 in the second floor auditorium at 1221 Avenue of the Americas, New York, New York.

In addition to addressing the matters described in this proxy statement, we will use the meeting as an opportunity to report on MMC's recent activities. You will be able to ask questions, and to meet your company's directors and senior executives.

Whether or not you plan to attend the annual meeting, your vote is important and we urge you to participate in electing directors and deciding the other matters described in this proxy statement. This proxy statement explains how to vote.

Very truly yours,

BRIAN DUPERRAULT

President & Chief Executive Officer

[], 2008

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MARSH & McLENNAN COMPANIES, INC.

1166 Avenue of the Americas

New York, New York 10036-2774

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

AND

PROXY STATEMENT

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.

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This notice and proxy statement is being mailed or made available on the Internet to stockholders on or about [], 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

Corporate Secretary

[], 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 report are available for review, printing and downloading, and instructions on how to submit proxy votes. Stockholders who are current employees of MMC or who have elected to receive proxy materials via electronic delivery will receive via e-mail the proxy statement, annual report and instructions on how to vote. Certain stockholders who have made a permanent election to receive proxy materials in hard copy will receive a full set of the materials in the mail. For those who wish to receive a paper or e-mail copy of the proxy materials, the Notice contains instructions on how to do so.

Who can vote on the matters being decided at the annual meeting?

With respect to each matter properly brought before the meeting, each stockholder (of record or beneficial) who held shares as of March 20, 2008, which we refer to as the record date, is entitled to one vote, in person or by proxy, for each share of common stock held as of the record date.

Stockholders of Record: If, as of the close of business on the record date, your shares were registered directly in your name with our transfer agent BNY Mellon, you are a stockholder of record and we sent you a Notice. As a stockholder of record, you may vote in person at the meeting or by proxy. In accordance with Delaware law, a list of MMC's common stockholders of record as of the record date will be available for inspection at the principal executive offices of MMC at 1166 Avenue of the Americas, New York, New York for at least ten days prior to the annual meeting. As of the record date, there were outstanding _____ shares of MMC common stock entitled to vote.

Beneficial (Street Name) Stockholders: If, as of the close of business on the record date, your shares were not held directly in your name but rather were held in an account at a brokerage firm, bank or similar intermediary organization, then you are the beneficial holder of shares held in street name and a Notice was sent to you by that intermediary. The intermediary is considered to be the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct the intermediary how to vote the shares held in your account.

How do I vote?

Whether you hold shares as the stockholder of record or in street name, you may direct how your shares are voted without attending the annual meeting. Even if you plan to attend the annual meeting, we encourage you to vote in advance of the meeting in order to ensure that your vote is counted. If you are a stockholder of record, you may vote by submitting a proxy in accordance with the instructions included in your Notice or on your proxy card. If you hold shares in street name, you may vote by submitting voting instructions to your broker, bank, trustee or other intermediary in accordance with the Notice or voting instruction card provided to you by that organization. Executors, administrators, trustees, guardians, attorneys and other representatives voting on behalf of a stockholder should indicate the capacity in which they are voting and corporations should vote by an authorized officer whose title should be indicated.

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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.

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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.

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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 ?

Holders of Record and in Employee Benefit Plan Accounts

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.

Beneficial Stockholders

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

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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.

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CORPORATE GOVERNANCE

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

Enhanced Corporate Governance Environment

The Board of Directors has taken a series of actions designed to enhance MMC's corporate governance environment. Highlights of these actions include:

- n ***Increased Board Independence.*** The Board has increased its independence. Currently, 11 of MMC's 12 directors are independent.
- n ***CEO/Chairman Separation.*** In 2005, we separated the roles of chief executive officer and non-management chairman. In 2006, we confirmed this approach as a general matter of MMC policy.
- n ***Majority Voting in Director Elections.*** In 2006, the Board amended MMC's by-laws to provide that in uncontested elections, director candidates must be elected by a majority of the votes cast.
- n ***Shareholder Reelection of Board-Elected Directors.*** In 2006, the Board adopted a policy that any new director elected by the Board during the interim between annual meetings will be subject to reelection by stockholders at the next annual meeting.
- n ***Offer to Resign upon Change in Circumstances.*** In 2006, the Board adopted a policy stating that any director undergoing a significant change in personal or professional circumstances must offer to resign from the Board.
- n ***Senior Executive Equity Ownership Requirements.*** In 2006, the Board approved equity ownership standards for senior executives, requiring senior management to acquire, within five years, shares with a value equal to a multiple of base salary.
- n ***Director Equity Ownership Requirements.*** In 2006, the Board established an affirmative requirement that directors acquire and hold a minimum of \$100,000 worth of MMC equity.
- n ***Compensation Structure for Non-Management Directors.*** In 2007, the Board revamped its director compensation structure to provide greater transparency to investors; among other steps, the Board abolished meeting fees and retainers for non-chair committee membership.
- n ***Shareholder Approval of Severance Agreements.*** In 2007, the Compensation Committee approved a policy requiring that MMC obtain stockholder approval for severance agreements with certain senior executive officers that provide for cash severance that exceeds 2.99 times his or her base salary and three-year average annual short-term incentive award. This policy is discussed in more detail in 2007 Corporate Governance Initiatives and Executive Compensation at page 30.
- n ***Double-Trigger Condition for Vesting of Equity-Based Awards upon a Change in Control.*** In 2007, the Compensation Committee directed that a double-trigger condition apply to the vesting of all equity-based awards granted after March 15, 2007 upon a change in control of MMC. This policy is discussed in more detail in 2007 Corporate Governance Initiatives and Executive Compensation at page

30.

n **Bonus Clawback Policy.** In 2007, the Compensation Committee adopted a policy that MMC will seek to recoup (or claw back) certain executive bonuses in the event of misconduct leading to a financial restatement. This policy is discussed in more detail in 2007 Corporate Governance Initiatives and Executive Compensation at page 30.

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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):

- n 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. (*Section B*)
- n CEO/chairman separation. (*Section F.2*)
- n CEO succession planning and management development. (*Section C*)
- n Majority voting in director elections. (*Section E.3*)
- n Stockholder reelection of directors elected by the Board between annual meetings. (*Section E.4*)
- n Director qualification standards and director independence. (*Sections D.2 and D.3*)
- n Retirement requirements for non-management directors. (*Section E.6*)

- n Executive sessions of non-management directors, which MMC holds at every in-person meeting of the Board. *(Section H.3)*

- n Limits on other public board service. *(Section D.5)*

- n Director and senior management stock ownership requirements. *(Sections K.2 and K.3)*

- n Board access to management and outside advisors. *(Section I)*

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.

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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.

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Communicating Concerns Regarding Accounting Matters

MMC's Audit Committee has established procedures to enable anyone who has a concern about MMC's accounting, internal accounting controls or auditing practices to communicate that concern directly to the Audit Committee. These communications, which may be made on a confidential or anonymous basis, may be submitted in writing or by telephone, as follows:

By mail to:

Marsh & McLennan Companies, Inc.

Audit Committee of the Board of Directors

c/o Corporate Secretary

1166 Avenue of the Americas

New York, New York 10036-2774

By telephone to the MMC Ethics & Compliance Line:

Canada & the U.S.: 1-800-381-2105

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

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

Communicating with Directors

Holders of MMC securities and other interested parties may send communications to the Board of Directors or to the non-management directors as a group by mail (addressed to the Corporate Secretary) or by telephone as indicated above.

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BOARD OF DIRECTORS AND COMMITTEES

Board Composition, Leadership and Size

Our Board of Directors currently has 12 members. The only member of management who serves on the Board is Brian Duperreault, MMC's president and chief executive officer. Stephen R. Hardis is the Board's non-management chairman.

As stated in our Governance Guidelines, the Board of Directors has determined that 10-14 directors is currently its appropriate size. The Board believes this range is sufficient to ensure the presence of directors with diverse experience and skills, without hindering effective decision-making or diminishing individual accountability. The Board also believes this range is flexible enough to permit the recruitment, if circumstances so warrant, of any outstanding director candidate in whom the Board may become interested at a future time. The Directors and Governance Committee periodically reviews the size of the Board and recommends changes as appropriate.

Director Qualifications and Nomination Process

As provided in our Governance Guidelines, prospective MMC directors must demonstrate the highest standards of ethics and integrity, must be independent thinkers with strong analytical ability, and must be committed to representing all MMC stockholders rather than any particular interest group. In addition, the Board evaluates director candidates by reference to the following criteria (which are not listed in any order of importance): (i) the candidate's personal and professional reputation and background; (ii) the candidate's industry knowledge; (iii) the candidate's experience with businesses or other organizations comparable to MMC in terms of size or complexity; (iv) the interplay of the candidate's skills and experience with those of the incumbent directors; (v) the extent to which the candidate would provide substantive expertise that is currently sought by the Board or any committees of the Board; (vi) the candidate's ability to commit the time necessary to fulfill a director's responsibilities; (vii) relevant legal and regulatory requirements and evolving best practices in corporate governance; and (viii) any other criteria the Board deems appropriate.

The Board, taking into account the recommendation of the Directors and Governance Committee, is responsible for nominating a slate of director candidates for election at MMC's annual meeting of stockholders. The Board has delegated to the Directors and Governance Committee the authority, when circumstances so warrant, to identify, screen and recommend to the Board potential new director candidates. Pursuant to its charter, the Directors and Governance Committee has authority to retain the services and approve the fees and retention terms of any search firm used to help the Committee identify director candidates. In 2007, the Committee retained one such search firm for that purpose. The Directors and Governance Committee periodically reviews with the Board the skills and characteristics to be sought in any new director candidates, as well as the overall composition and structure of the incumbent Board, taking into account, among other things, the Board's current mix and diversity of skills, backgrounds and experience.

Stockholder Recommendations for Director Candidates

The Directors and Governance Committee will consider director candidates recommended in writing by stockholders. Stockholders may make recommendations at any time, but recommendations for consideration as nominees at an upcoming annual meeting of stockholders must be received not later than 90 days prior to the anniversary date of the previous year's annual meeting (except that, if MMC calls the upcoming annual meeting for a date that is not within 30 days before or after the anniversary date of the previous year's annual meeting, MMC must receive the submission not later than the close of business on

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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:

Marsh & McLennan Companies, Inc.

1166 Avenue of the Americas

New York, New York 10036-2774

Attn: Directors and Governance Committee

c/o Luciana Fato, Corporate Secretary

Director Election Voting Standard

MMC's by-laws provide that in an uncontested election of directors (i.e., where the number of nominees does not exceed the number of directors to be elected), a director nominee must receive more votes cast for than against his or her election in order to be elected to the Board. See the discussion under "What are the voting requirements to elect directors and to approve each of the proposals discussed in this proxy statement?" at page 3 above.

In connection with the MMC's majority voting standard for director elections, the Board has adopted the following procedures, which are set forth more fully in Section E.3 of our Governance Guidelines:

- n An incumbent director who fails to receive the required number of votes for reelection at a meeting of stockholders shall offer to resign, and the Board shall nominate for election only director candidates who agree to tender to the Board, promptly following their election, an irrevocable resignation that will be effective upon (i) such director's failure to receive the required number of votes for reelection at the next meeting of stockholders at which he or she faces reelection and (ii) the Board's acceptance of such resignation.
- n Following a meeting of stockholders at which an incumbent director who was a nominee for reelection does not receive the required number of votes for reelection, the Directors and Governance Committee shall make a recommendation to the Board as to whether to accept or reject such director's resignation. Within 90 days following the certification of the election results, the Board shall decide whether to accept or reject the director's resignation and shall publicly disclose that decision and its rationale.
- n If the Board accepts a director's resignation, the Directors and Governance Committee will recommend to the Board whether to fill the resultant vacant Board seat or reduce the size of the Board. If the Board rejects a director's resignation, the director shall, in accordance with Delaware law, continue in office until the next annual meeting of stockholders and until his or her successor is duly elected and qualified.

Attendance

The Board held 17 meetings, including telephonic meetings, during 2007. The average attendance by directors at meetings of the Board and its committees held during 2007 was approximately 93%. All directors attended at least 75% of the meetings of the Board and committees on which they served. Barring unforeseen circumstances, all directors are expected to attend our annual meeting of stockholders in 2008. All of our then current directors were present at the 2007 annual meeting.

Table of Contents**Tenure**

MMC's by-laws and Guidelines for Corporate Governance 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

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

n the integrity of MMC's financial statements;

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n the qualifications, independence and performance of MMC's independent registered public accounting firm;

n the performance of MMC's internal audit function; and

n compliance by MMC with legal and regulatory requirements.

The Audit Committee selects, oversees and approves, pursuant to a pre-approval policy, all services to be performed by MMC's independent registered public accounting firm. MMC's independent registered public accounting firm reports to the Audit Committee. All members of the Audit Committee are independent as required by MMC, the listing standards of the NYSE and the SEC's audit committee independence rules.

All members of the Audit Committee are financially literate, as defined by the NYSE and determined by the Board. The Board has determined that Marc D. Oken and Bruce P. Nolop have the requisite qualifications to satisfy the SEC definition of audit committee financial expert.

Compliance Committee

The Compliance Committee is a subcommittee of the Audit Committee. Among other things, the Compliance Committee:

n assists the Board with the oversight of MMC's compliance with legal and regulatory requirements;

n monitors Marsh's compliance with the standards of conduct mandated by the January 2005 settlement agreement among MMC, Marsh, the New York Attorney General and the New York Department of Insurance; and

n discharges such other responsibilities relating to compliance oversight as the chair of the Audit Committee may assign to the Compliance Committee from time to time.

Compensation Committee

Among other things, the Compensation Committee:

n evaluates the performance and determines the compensation of MMC's president and chief executive officer;

n reviews and approves the compensation of other senior executives; and

n makes recommendations to the Board with respect to MMC's incentive compensation plans and equity-based plans, and discharges the responsibilities of the Committee set forth in these plans.

All members of the Compensation Committee are independent as required by MMC and the listing standards of the NYSE.

Meeting Schedule: The Compensation Committee met ten times in 2007, with each meeting typically lasting for one and one-half to two hours. Decisions relating to significant matters are usually presented to the Compensation Committee and discussed at more than one meeting to allow for full consideration of the implications and possible alternatives before a final decision is made. For example, the corporate governance initiatives described at page 30 were addressed over a series of meetings before they were approved by the Compensation Committee. The Compensation Committee receives support from its independent compensation consultant and MMC management, including the MMC human resources department, as described below.

Independent Compensation Consultant: The Compensation Committee has engaged an independent compensation consultant from Towers Perrin. The independent compensation consultant assists the Compensation Committee in performing its duties and makes recommendations to the Compensation Committee to help ensure that our

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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:

- n 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;

- n Offering professional observations regarding the compensation and policy recommendations presented to the Compensation Committee by MMC management and the MMC human resources department; and

- n 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:

- n Developing meeting agendas and preparing background material for Compensation Committee meetings; and

- n 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

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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:

- n develops, reviews and periodically reassesses MMC's corporate governance principles and recommends proposed changes to the Board;
 - n oversees the development and implementation of succession planning for MMC's president and chief executive officer;
 - n 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;
 - n in consultation with the Board committee chairs, recommends committee assignments to the Board;
 - n reviews and makes recommendations to the Board regarding compensation of MMC's non-management directors; and
 - n develops processes for and oversees annual assessments of the Board's performance and effectiveness.
- All members of the Directors and Governance Committee are independent as required by MMC and the listing standards of the NYSE.

Finance Committee

The Finance Committee reviews and makes recommendations to the Board concerning, among other matters: MMC's capital structure, capital management, and methods of corporate finance, including proposed issuances of securities or other financing transactions; and proposed acquisitions, divestitures or other strategic transactions.

Executive Committee

The Executive Committee is empowered to act for the full Board during the intervals between Board meetings, except with respect to matters that, under Delaware law or MMC's by-laws, may not be delegated to a committee of the Board. The Executive Committee meets as necessary, with all actions taken by the Committee reported at the next Board meeting.

Director Compensation

Executive Directors

Executive directors (currently only Mr. Duperreault) receive no compensation for their service as directors.

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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

Element of Compensation	Historical Arrangements	Revised Arrangements
	(January 1 - May 31, 2007)	(June 1 - December 31, 2007)
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.

In addition to the above elements of compensation, MMC offers non-management directors travel accident insurance benefits in connection with MMC-related business travel. 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 cash, MMC equity or a combination thereof, as the director elects. A non-management director may defer receipt of all or a portion of compensation to be paid in MMC common stock until the year following the director's retirement from the Board or a specified earlier date.

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The table below indicates the gross cash received by non-management directors for service on the Board and its committees during fiscal 2007 (all amounts in dollars):

Cash Compensation Received by Non-Management Directors Fiscal 2007

Name	Annual Retainer	Audit Committee	Compensation Committee	Directors and Governance Committee	Compliance Committee	Finance Committee	Other Committee	Meeting Fees	Total Cash
	Cash Portion	Service	Service	Service	Service	Service	Service	Service	
	(1) (2)	(3) (4)	(3) (4)	(3) (4)	(3) (4)	(5)	(6)	(7)	
Leslie M. Baker, Jr.	52,500	1,000			1,000	7,500		14,000	76,000
Lewis W. Bernard(8)	15,000		2,500				2,000	13,000	32,500
Zachary W. Carter(9)	52,500	1,000			10,000		3,000	15,000	81,500
Oscar Fanjul	52,500	1,000	1,000					21,000	75,500
Stephen R. Hardis(10)	177,500		1,000	1,000			7,500	18,000	205,000
Gwendolyn S. King	52,500			10,000			2,000	12,000	76,500
Lord Lang	52,000		8,500	1,000			1,000	17,000	80,000
Marc D. Oken	52,500	10,000					1,000	15,000	78,500
David A. Olsen	52,500	1,000			1,000			16,000	70,500
Morton O. Schapiro	52,500		1,000	1,000				17,000	71,500
Adele Simmons	52,500			1,000				9,000	62,500

- (1) Effective June 1, 2007, the basic annual retainer payable to all non-management directors increased from \$40,000 to \$100,000. Non-management directors must take at least 25 percent of the basic annual retainer in the form of MMC common stock. See note (1) to the following table.
- (2) Effective June 1, 2007, the supplemental annual retainer payable to the non-management chairman increased from \$100,000 to \$150,000.
- (3) Effective June 1, 2007, the supplemental annual retainer payable to committee chairs increased from \$5,000 to \$15,000. Accordingly, a director who served as chair of a committee throughout fiscal 2007 received retainer compensation of \$10,000, representing quarterly payments of \$1,250 in February and May 2007 and quarterly payments of \$3,750 in August and November 2007. The committee chairs compensated in this manner were: Mr. Carter (Compliance); Ms. King (Directors and Governance); and Mr. Oken (Audit). Lord Lang became chair of the Compensation Committee on June 1, 2007, and accordingly received retainer compensation of \$7,500, representing quarterly payments of \$3,750 in August and November 2007.
- (4) Effective June 1, 2007, MMC eliminated the payment of a \$2,000 supplemental annual retainer for committee service other than in the capacity of committee chair. Accordingly, a director who served on a committee in 2007 other than in the capacity of committee chair received retainer compensation of \$1,000, representing quarterly payments of \$500 in February and May 2007.
- (5) The Finance Committee was established in May 2007, with Mr. Baker as its chair. The Committee began activity subsequent to June 1, 2007. Accordingly, Mr. Baker received retainer compensation of \$7,500, representing quarterly payments of \$3,750 in August and November 2007.
- (6) Effective June 1, 2007, MMC eliminated payment for service on the Executive, Special Litigation and Special Independent Directors Committees. Previously, the members of those committees received an annual retainer of \$2,000 or, in the case of the committee chair, \$5,000. During 2007, these committees were comprised as follows: Executive Committee: Messrs. Bernard (until his retirement), Carter, Hardis (chair) and Oken and Ms. King; Special Litigation Committee: Messrs. Carter and Hardis (chair) and Ms. King; Special Independent Directors Committee: Messrs. Bernard (until his retirement), Carter and Hardis (chair) and Lord Lang.

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- (7) MMC eliminated meeting fees effective June 1, 2007. Previously, directors received a fee of \$1,000 for each Board meeting and each committee meeting attended.
- (8) Mr. Bernard retired as a director upon the expiration of his term of office at MMC's annual meeting of stockholders on May 17, 2007. As chair of the Compensation Committee during fiscal 2007 until his resignation, Mr. Bernard received retainer compensation of \$2,500, representing quarterly payments of \$1,250 in February and May 2007.
- (9) Mr. Carter's cash compensation is paid directly to the law firm of Dorsey & Whitney LLP, in which he is a partner, pursuant to an agreement between Mr. Carter and the firm.
- (10) Mr. Hardis is the non-management chairman of the Board and served in that capacity throughout fiscal 2007.

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

Name	Fees Earned or Paid	Stock Awards	All Other Compensation	Total (\$)
	in Cash \$(1)	\$(2)	\$(3)	
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 reflecting the current market value of MMC common stock as of that date. These shares are reflected in the Stock Awards column. The amounts in this Fees Earned or Paid in Cash column reflect the balance of the non-management directors' basic annual retainer payable in fiscal 2007, as well as any additional retainers and meeting fees payable during fiscal 2007. These amounts were payable in cash, but directors could elect to receive all or a portion of these amounts in shares of MMC common stock. A director making such an election could further elect to receive such shares immediately or to defer receipt until a specified future date. Mr. Fanjul elected to receive these amounts in shares of immediately deliverable MMC common stock. Messrs. Bernard and Hardis elected to receive these amounts in MMC common stock on a deferred basis. Ms. King elected to receive 20% of these amounts in MMC common stock on a deferred basis.
- (2) The amounts shown in this column constitute the dollar amount recognized by MMC for financial statement reporting purposes for the fiscal year ended December 31, 2007, in accordance with SFAS 123(R). Assumptions used in the calculation of these amounts are included in footnote 9 to MMC's audited financial statements for the fiscal year ended December 31, 2007, included in MMC's Annual Report on Form 10-K filed with the SEC on February 29, 2008. The amounts in this column reflect (i) 765 shares of MMC common stock representing the \$25,000 portion of the \$100,000 basic annual retainer required to be taken in the form of MMC common stock and (ii) 3,055 shares of MMC common stock representing the \$100,000 annual stock grant. All such shares were awarded on June 1, 2007, at the fair market value on that date of \$32.72 per share. Messrs. Bernard, Carter, Hardis, Schapiro and Ms. King and Ms. Simmons elected to defer receipt of the equity portion of their basic annual retainer (i.e., 765 shares of MMC common stock).
- At the end of 2007, the aggregate number of deferred shares held for the account of each current director who has elected deferral was: Mr. Carter, 10,631 shares; Mr. Hardis, 46,294 shares; Ms. King, 25,929 shares; Mr. Schapiro, 15,204 shares and Ms. Simmons, 43,604 shares. Dividends on these deferred shares are reinvested into additional deferred shares for each director's account.
- (3) MMC maintains a matching gifts program for employees and directors, pursuant to which MMC matches, on a dollar-for-dollar basis, charitable contributions to certain educational institutions up to \$5,000. The amounts shown in the table represent MMC's matching contribution to educational institutions.
- (4) Mr. Bernard retired as a director upon the expiration of his term of office at MMC's annual meeting of stockholders on May 17, 2007.

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- (5) Mr. Carter's cash compensation is paid directly to the law firm of Dorsey & Whitney LLP, in which he is a partner, pursuant to an agreement between Mr. Carter and the firm.
- (6) Mr. Fanjul serves on MMC's International Advisory Board but receives no additional compensation for such service.
- (7) Mr. Hardis is the non-management chairman of the Board.

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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
Compensation Committee
Directors and Governance Committee
Executive Committee (Chair)
Finance Committee

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.

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

Director since 1997

Compensation Committee (Chair)
*Directors and Governance Committee Executive
Committee*
Finance Committee

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.

Morton O. Schapiro

Director since 2002

Compensation Committee
Directors and Governance Committee

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.

Adele Simmons

Director since 1978

Directors and Governance Committee

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
Executive Committee
Finance Committee

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.

Bruce P. Nolop
Audit Committee
Finance Committee

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.

Class II Directors Continuing in Office

(Term Expiring in 2009)

Leslie M. Baker, Jr.
Audit Committee
Compliance Committee
Finance Committee (Chair)

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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Gwendolyn S. King

Director since 1998

Directors and

Governance Committee (Chair)

Executive Committee

Ms. King, age 67, is president of Podium Prose, a speaker's bureau. From 1992 until 1998 she was senior vice president, corporate and public affairs at Peco Energy. From 1989 to 1992 she served as commissioner of the Social Security Administration in the U.S. Department of Health and Human Services. Ms. King is a director of Lockheed Martin Corporation, Monsanto Company and the not-for-profit National Association of Corporate Directors.

Marc D. Oken

Director since 2007

Audit Committee (Chair)

Executive Committee

Finance Committee

Mr. Oken, age 61, is the managing partner of Falfurrias Capital Partners, a private equity firm. He was chief financial officer of Bank of America Corporation from 2004 to 2005. Mr. Oken joined Bank of America in 1989 as executive vice president - chief accounting officer, a position he held until 1998, when he became executive vice president - principal finance executive. He is a director of Sonoco Products Company and Star Scientific, Inc.

David A. Olsen

Director since 1997

Audit Committee

Compliance Committee

Mr. Olsen, age 70, was chairman of Johnson & Higgins from 1991 until its business combination with MMC in 1997. He served as vice chairman of MMC from May through December 1997. He joined Johnson & Higgins in 1966, and was its chief executive officer from 1990 to 1997. Mr. Olsen is a trustee emeritus of Bowdoin College, a director of Salisbury Visiting Nurses Association, and an advisory board member of the Salisbury Housing Trust and the Northwest Center for Family Services.

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Class III Directors Continuing in Office

(Term Expiring in 2010)

Zachary W. Carter

Director since 2004

Audit Committee

Compliance Committee (chair)

Executive Committee

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.

Oscar Fanjul

Director since 2001

Compensation Committee

Finance Committee

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.

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**STOCK OWNERSHIP OF MANAGEMENT AND
CERTAIN BENEFICIAL OWNERS**

The following table reflects the number of shares of our common stock which each director and each named executive officer, as defined below, has reported as owning beneficially or otherwise having a pecuniary interest in, and which all directors and executive officers of MMC have reported as owning beneficially as a group. These common stock holdings are as of February 29, 2008, except with respect to interests in MMC's 401(k) Savings & Investment Plan and Supplemental Savings & Investment Plan, which are as of December 31, 2007, and except as otherwise noted below. The table also includes the number of shares of common stock beneficially owned by persons known to MMC to own more than 5 percent of our outstanding shares. The term "named executive officer" refers to: MMC's president and chief executive officer during 2007; MMC's chief financial officer during 2007; and MMC's five other most highly compensated officers during 2007 (including two individuals who left MMC prior to the end of 2007).

Name	Amount and Nature of Beneficial Ownership (1)		Total
	Sole Voting and Investment Power	Other than Sole Voting and Investment Power (2)	
Leslie M. Baker, Jr.	8,977		8,977
Matthew B. Bartley	7,424	120,879	128,303
M. Michele Burns	1,887	131,803	133,690
Zachary W. Carter		10,714	10,714
Michael G. Cherkasky (3)	2,381	1,242,845	1,245,226
John P. Drzik	4,911	118,905	123,816
Brian Duperreault		411,124	411,124
Oscar Fanjul	38,695		38,695
Charles E. Haldeman, Jr. (3)	58,460		58,460
Stephen R. Hardis	22,000	48,839	70,839
Gwendolyn S. King		26,705	26,705
Lord Lang	10,017	10,128	20,145
Bruce P. Nolop			
Marc D. Oken	11,652	2,325	13,977
David A. Olsen	435,828	213,154	648,982
Morton O. Schapiro		15,322	15,322
Adele Simmons	115,976	44,443	160,419
David Spiller	4,439	176,964	181,402
Brian M. Storms (3)		291,246	291,246
All directors and executive officers as a group (4)	949,555	5,470,339	6,419,894

Name	Amount Beneficially Owned	Percentage
		of Stock Outstanding as of December 31, 2007
Capital World Investors (5) 333 South Hope Street Los Angeles, CA 90071	48,276,100	9.3%
T. Rowe Price Associates, Inc. (6) 100 E. Pratt Street Baltimore, MD 21202	29,794,035	5.7%
Morgan Stanley (7)	29,135,887	5.6%

1585 Broadway
New York, NY 10036

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- (1) No director or named executive officer beneficially owned more than 1% of the outstanding common stock, and all directors and executive officers as a group beneficially owned approximately 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 members of such individuals' families, with respect to which beneficial ownership in certain cases may be disclaimed; and/or (iii) represent such individuals' interests in MMC's 401(k) Savings & Investment Plan. This column also includes MMC stock units that are subject to issuance in the future with respect to the Directors' Stock Compensation Plan, cash bonus deferral plans or MMC's Supplemental Savings & Investment Plan, and restricted stock units in the following aggregate amounts: Mr. Bartley, 75,314 shares; Ms. Burns, 61,490 shares; Mr. Carter, 10,714 shares; Mr. Cherkasky, 293,409 shares; Mr. Drzik, 18,608 shares; Mr. Duperreault, 411,124 shares; Mr. Hardis, 48,839 shares; Ms. King, 26,305 shares; Mr. Schapiro, 15,322 shares; Mrs. Simmons, 43,943 shares; Mr. Spiller, 165,245 shares; Mr. Storms, 226,360 shares; and all directors and executive officers as a group, 1,865,915 shares. This column also includes shares of MMC common stock which may be acquired on or before April 29, 2008 through the exercise of stock options as follows: Mr. Bartley, stock options totaling 21,721 shares and performance options totaling 20,813 shares; Ms. Burns, performance options totaling 70,313 shares; Mr. Cherkasky, performance options totaling 820,967 shares; Mr. Drzik, stock options totaling 14,287 shares and performance options totaling 69,610 shares; Mr. Spiller, performance options totaling 11,719 shares; and all directors and executive officers as a group, 3,040,731 shares. Vested performance options generally do not become exercisable until the trading day following the tenth consecutive trading day that the closing price of a share of MMC common stock on the NYSE exceeds the grant price of the options by fifteen percent (15%) or more. In the case of Mr. Cherkasky, a portion of the vested performance options do not become exercisable until the trading day following the thirtieth consecutive trading day that the closing price of a share of MMC common stock on the NYSE exceeds the grant price of the options by fifteen percent (15%).

- (3) The common stock holdings reflected in the table for Messrs. Cherkasky, Haldeman and Storms are as of their respective last days of employment with MMC, except with respect to Mr. Cherkasky's interests in MMC's 401(k) Savings & Investment Plan and Supplemental Savings & Investment Plan, which are as of December 31, 2007.

- (4) This group includes the individuals listed in the table, plus eight additional executive officers.

- (5) This information is based upon the number of shares of common stock listed in a Schedule 13G filed by Capital World Investors, dated February 13, 2008. Capital World Investors is a division of Capital Research and Management Company.

- (6) This information is based upon the number of shares of common stock listed in a Schedule 13G filed by T. Rowe Price Associates, Inc. (Price Associates), dated February 14, 2008. In the Schedule 13G filing, Price Associates expressly disclaims beneficial ownership of these shares.

- (7) This information is based upon the number of shares of common stock listed in a Schedule 13G filed by Morgan Stanley, dated February 14, 2008.

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COMPENSATION OF EXECUTIVE OFFICERS

Compensation Discussion and Analysis

The following is a discussion and analysis of our executive compensation program. This section describes the compensation decisions made for fiscal year 2007 with respect to MMC's president and chief executive officer during 2007, Mr. Cherkasky; MMC's chief financial officer, Mr. Bartley; and MMC's other executive officers as of December 31, 2007 who are named in the Summary Compensation Table at page 41. We refer to these executive officers in this Compensation Discussion and Analysis section as our named executive officers. Under the rules of the Securities and Exchange Commission (the SEC), Messrs. Haldeman and Storms also qualify as named executive officers for fiscal year 2007; however, because their employment terminated during 2007 and their payments and benefits were generally made in accordance with previously disclosed arrangements as disclosed in the tables following this section, this section does not discuss or analyze their compensation.

This section includes statements regarding the use of performance targets in the limited context of our executive compensation program. These targets are not intended to be statements of management's expectations of our financial future results or other guidance. Investors should not apply these targets in any other context.

Overview

MMC is a global professional services firm with approximately 56,000 employees worldwide, serving a diverse range of clients and operating across three business segments:

- n Risk and insurance services;

- n Consulting; and

- n Risk consulting and technology.

As a global professional services firm, one of MMC's most valuable resources is our employees. MMC's long-term success depends on their skill, integrity and dedication. To achieve our goals, we must attract, motivate and retain highly talented individuals at all levels of the organization who will enhance MMC's financial position and who reflect and promote high standards of ethics and business conduct.

The key objectives of the MMC compensation program, as it applies to our named executive officers, are to:

- n Establish a competitive and generally pay-for-performance-oriented compensation framework;

- n Identify key financial and strategic performance goals at the corporate and operating company levels; and

- n Promote the retention of key talent throughout the organization.

In view of recent developments regarding MMC discussed in further detail directly below in Recent Developments Regarding MMC, the Compensation Committee carefully considered the challenge of promoting the stability and long-term growth of MMC and its operating companies as it made a number of significant decisions with respect to 2007 compensation.

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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 between the compensation of MMC's president and chief executive officer and that of any other senior executive.

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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:

- n 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

- n 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 components of our executive compensation program. Base salary and awards under the annual short-term incentive compensation program are paid in cash, while awards granted to our named executive officers under the annual long-term incentive compensation program are equity-based awards that result in the delivery of shares of common stock of MMC upon the achievement of specified conditions. The reasons for awarding these various forms of compensation are further discussed below in "Components of the Executive Compensation Program" at page 31.

The Compensation Committee does not rely on a specific formula to determine the allocation between fixed and variable components of compensation. Instead, it generally considers market data applicable to the senior executive's position at the time of hire, as well as when his or her employment agreement is renewed or amended. With respect to fiscal year 2007, approximately 75-80% of the target total direct compensation (i.e., the target value of compensation without regard to benefits) for our named executive officers was in the form of variable compensation. This percentage was determined using the grant date fair value of long-term incentive awards granted in 2008 in respect of 2007, rather than the amortized compensation cost under SFAS 123(R), "Share Based Payment," that is reported in the Summary Compensation Table at page 41.

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Competitiveness of Pay

We periodically review and consider the level and form of market compensation, general compensation trends and new developments within the various sectors in which we operate. MMC's market groups generally represent key competitors of our operating companies, as well as select companies in the insurance, professional services and consulting industries with whom we compete for talent. Whenever possible, we use survey data relating to the organizations in these market groups. The market groups for our operating companies consist of global companies that we deem to be competitive with MMC and/or our operating companies. They are primarily in the insurance, insurance brokerage or professional services sectors.

The market groups for MMC and the operating companies are periodically reviewed and updated. In 2007, we updated the MMC market group to reflect the sale of Putnam Investments. The MMC market group currently consists of Accenture, Aetna, Aon, Chubb, CIGNA, Hewitt Associates, Lincoln Financial Group, MetLife, The Travelers Companies, Wachovia, Watson Wyatt and Willis. For our operating companies that relate to our named executive officers:

n The market group for Mercer and for Oliver Wyman Group currently consists of Accenture, BearingPoint, CRA International, Hewitt Associates and Watson Wyatt (the market group for these two operating companies is combined, because of the limited number of peer companies for which information is publicly available, especially in the strategy and risk management consulting sector); and

n The market group for Guy Carpenter currently consists of Aon, Benfield, Jardine Lloyd Thompson and Willis.

Use of Employment Agreements

Responding to the business environment is part of our compensation philosophy. Historically, MMC had not entered into employment agreements with our senior executives, except in connection with acquisitions. Mr. Drzik's employment agreement was entered into in connection with MMC's acquisition of Oliver, Wyman & Company in 2003. In response to MMC's significantly changed business environment in recent years, the Compensation Committee determined that during this period it would be in MMC's best interest to have written employment agreements with select senior executives, including all of our named executive officers.

The employment agreements for our named executive officers were designed to reflect terms and conditions that were reasonable and necessary to attract and retain the services of these executives. In addition, when MMC entered into employment agreements with our senior executives, MMC sought to be competitive and analyzed the applicable market group's compensation and considered individual job responsibilities, skills and experience. Based on this analysis, the employment agreements with each of our named executive officers, other than Messrs. Drzik and Spiller, provide for an amount of base salary, target short-term incentive opportunity and target long-term incentive value. These items, in turn, established a baseline for continuing compensation for that executive.

A common template for the employment agreements was considered and approved by the Compensation Committee in close consultation with its independent compensation consultant. For a description of the principal terms of these employment agreements, see Employment Agreements at page 44.

On January 29, 2008, MMC and Mr. Duperreault, MMC's new president and chief executive officer, entered into an employment agreement that provides for:

n Annual base salary of at least \$1,000,000;

n Annual short-term incentive opportunity equal to 225% of his base salary (guaranteed to be at least \$2,250,000 for 2008);

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- n 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;
 - n 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;
 - n 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;
 - n 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
 - n 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:

- n There will be no cash severance payment in connection with any termination of Mr. Duperreault's employment; and
- n 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.

- n **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.
- n **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:

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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;

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- 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 provides that MMC will not seek to recover compensation paid more than three years prior to the date the applicable restatement is disclosed.

Double-Trigger Condition for Vesting of Equity-Based Awards upon a Change in Control: Historically, the terms of MMC’s equity-based awards generally provided that the awards would vest fully upon a change in control of MMC. Beginning with equity-based awards granted after March 15, 2007, the Compensation Committee has directed that a double-trigger condition apply to the vesting of such awards. Under the double-trigger provision, a change in control of MMC by itself would not cause an employee’s equity-based award to vest, so long as the award is assumed or replaced on equivalent terms. In that case, vesting would occur pursuant to the award’s original vesting schedule or if the employee’s employment terminates without cause or for good reason during the 24 months following a change in control. The definitions of cause and good reason for these purposes are substantially similar to those summarized in Potential Payments upon Termination or Change in Control at page 59.

COMPONENTS OF THE EXECUTIVE COMPENSATION PROGRAM

The main components of our executive compensation program are:

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

Base Salary

Base salary is intended to provide a fixed level of compensation that is appropriate given a senior executive’s role in the organization, his or her skills and experience and pay in the competitive market.

In general, a senior executive’s base salary is adjusted when the Compensation Committee determines that an adjustment is appropriate or necessary to reflect a change in his or her responsibilities, growth in his or her job or changing market or internal equity conditions. In this regard, the Compensation Committee increased Ms. Burns’s base salary effective January 1, 2007 from \$750,000 to \$850,000, and Mr. Bartley’s base salary effective January 1, 2008 from \$650,000 to \$875,000. The base salary increases for Ms. Burns and Mr. Bartley reflect the Compensation Committee’s review of the compensation paid to individuals who occupy their respective positions (or the compensation paid to individuals charged with similar responsibilities) in the respective market groups for Mercer and MMC. Base salaries paid to our named executive officers during 2007 are disclosed in the Salary column of the Summary Compensation Table at page 41.

Annual Short-term Incentive Compensation

Our annual short-term incentive compensation program is intended to advance the interests of MMC and our shareholders by generally linking the cash incentive compensation of our senior executives to the achievement of key corporate financial and

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individual objectives. This program is designed to reward performance achievements with a time horizon of one year or less and to complement our annual long-term incentive compensation program. The Compensation Committee believes that providing annual cash incentive opportunities is an important part of maintaining a competitive executive compensation program.

Mr. Cherkasky

Historically, Mr. Cherkasky's annual short-term incentive opportunity target was based on a multiple of base salary, with the actual amount determined based on MMC and individual performance. See the discussion of the annual short-term incentive opportunity for Mr. Bartley below for a description of the target opportunity, performance objectives and amount determination applicable to MMC senior executives generally. In connection with the termination of his employment, the Compensation Committee determined that Mr. Cherkasky would not receive any short-term incentive compensation in respect of 2007.

Mr. Bartley

Target Opportunity. Mr. Bartley's annual short-term incentive opportunity target is a multiple of his base salary and reflects the midpoint of the target range set forth in his employment agreement. Because Mr. Bartley does not have operating company responsibility, his actual annual short-term incentive compensation is based on MMC and individual performance and may be more or less than the target amount set by the Compensation Committee.

Weighting of Financial and Individual Performance. We believe that the annual short-term incentive award should primarily be determined based on the achievement of objective, measurable financial results, but we also recognize that an important component of executive performance is not measured strictly by MMC's short-term financial performance. Therefore, 75% of Mr. Bartley's 2007 annual short-term incentive opportunity was based on financial performance objectives, and 25% was based on individual performance. Measurement of the achievement of financial and individual performance may range from 0% to 200% of target for each performance component.

Financial Performance Measures. In early 2007, the Compensation Committee determined that promoting stabilization and growth through top-line growth and profitability was a key financial objective for MMC. Consequently, the MMC performance measures applicable to senior executives without operating company responsibility, including Mr. Bartley, that the Compensation Committee selected for the 75% financial performance objective component were MMC earnings per share (40%) and MMC revenue (35%). The Compensation Committee established the performance target levels for each measure (earnings per share of \$1.70 and revenue of \$11.137 billion), as well as a range of performance for each measure, with results ranging from 75% to 200% of the target annual short-term incentive compensation. For each measure, the Compensation Committee determined that if performance was below the 75% threshold, no award would be made. Although during 2007 MMC revised its earnings per share forecast downward for the investment community, the earnings per share target did not change for purposes of determining compensation. The calculation of the financial performance measures is described in more detail below under "Adjustments for Certain Items" at page 34.

Annual Short-term Incentive Award Determination. The Compensation Committee determined the annual short-term incentive awards earned by our named executive officers for 2007 based on a combination of the Compensation Committee's assessment of actual financial performance and individual performance. The Compensation Committee approved annual short-term incentive awards at its February 26, 2008 meeting. These awards are reported in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table at page 41. Additional information about these awards is

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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% of target, as determined in the Compensation Committee's discretion.

Ms. Burns

Target Opportunity; Weighting of Performance Objectives. As with Mr. Bartley, Ms. Burns's annual short-term incentive opportunity target is a multiple of her base salary and reflects the midpoint of the target range set forth in her employment agreement. Seventy-five percent of her annual short-term incentive was based on financial performance objectives, with the remaining 25% based on individual performance objectives. Achievement of financial and individual performance objectives may range from 0% to 200% of target for each performance component.

As the chairman and chief executive officer of Mercer, Ms. Burns's actual annual short-term incentive compensation is based on a combination of MMC, Mercer and individual performance and may be more or less than the target amount set by the Compensation Committee. For Ms. Burns, the 75% financial performance measures are based on Mercer results (30% net operating income and 20% revenue) and MMC results (15% earnings per share and 10% revenue). This allocation was intended to focus Ms. Burns on the financial performance of the operating company for which she has direct responsibility, while supporting MMC's overall success. For the 25% individual performance component, Ms. Burns's performance is assessed using a scorecard that balances the following:

- n **Financial results:** Seizing and delivering on opportunities for profitable revenue growth, efficient capital allocation, identification of additional commercial opportunities and expense management;
- n **Client results:** Creating value for clients, delivering client solutions, serving clients with professional excellence that results in retention and increased client loyalty, product or service innovation, diversification or expansion to meet client need and advance market reputation;
- n **Operational excellence:** Maximizing effectiveness and efficiency of business operations, managing and improving key processes within and across geographies and organizations, productivity management, compliance and controls and management of risk; and
- n **Colleague capability:** Enhancing colleague performance, capability and engagement, inspiring and motivating and promoting our culture and brand.

No specific weighting is allocated among the four performance objectives set forth above for Ms. Burns.

Annual Short-term Incentive Award Determination. As described under Mr. Bartley's Financial Performance Assessment at page 32, actual 2007 MMC performance was 64.5% of target. Actual 2007 Mercer performance was 100% of target, reflecting Mercer net operating income (\$449.4 million against a target of \$456.8 million) and Mercer revenue (\$3.233 billion against a target of \$3.219 billion).

Based on the Compensation Committee's assessment of the four individual performance objectives described above, Ms. Burns's award reflects individual performance of 200% of

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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, earnings per share and revenue are calculated based on criteria established at the beginning of the performance period.

MMC Performance. Non-GAAP earnings per share means MMC's earnings per share from continuing operations calculated in accordance with accounting principles generally accepted in the United States, 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 identified in MMC's quarterly earnings releases, including restructuring charges and credits and costs related to certain legal and regulatory matters. Non-GAAP revenue means the revenue of MMC calculated in accordance with accounting principles generally accepted in the United States adjusted to exclude the impact of currency exchange rate fluctuations, acquisitions and dispositions.

Operating Company Performance. Operating company revenue means revenue calculated in accordance with accounting principles generally accepted in the United States adjusted to exclude the impact of currency exchange rate fluctuations, acquisitions and dispositions. Net operating income means the net operating income of an operating company calculated in accordance with accounting principles generally accepted in the United States adjusted for acquisitions, dispositions and the impact of currency exchange rate fluctuations. In addition, it excludes restructuring charges and other noteworthy items identified in MMC's quarterly earnings releases.

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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 encouraging them to make decisions that enhance the long-term value of shareholders' investments.

Components of Annual Long-term Incentive Awards in Respect of Fiscal Year 2008

Each year, the Compensation Committee considers the appropriate mix of awards based upon recommendations from MMC management and MMC's human resources department. These recommendations are reviewed by the Compensation Committee's independent compensation consultant. Over the past few years, MMC's long-term incentive compensation program for most senior executives has included not only service-based incentive awards in the form of restricted stock units, but also performance-contingent stock options, which tie option exercisability to an increase in MMC's stock price, and performance-based restricted stock units, the payout of which is based upon the achievement of overall MMC or operating company financial performance. The various award types, described further in the narrative following the Grants of Plan-Based Awards in 2007 table at page 45, have enabled MMC to apply pay-for-performance features to the annual long-term incentive compensation program, while efficiently using MMC common stock to align our senior executives' interests with our shareholders' interests. In this proxy statement, when we describe awards as either performance-contingent or performance-based, we are describing awards that have vesting requirements other than, or in addition to, continued service requirements. These vesting requirements may include the achievement of certain market conditions or performance conditions, as those terms are defined in SFAS 123(R). The accounting for specific market or performance conditions is described in footnote 9 to MMC's audited financial statements for the fiscal year ended December 31, 2007, included in MMC's Annual Report on Form 10-K filed with the SEC on February 29, 2008.

In respect of fiscal year 2008:

- n In connection with the termination of his employment, we and Mr. Cherkasky agreed that he would not receive any long-term incentive award in respect of 2007.
- n In order to support stability and retention, and in consideration of the uncertainty around setting three-year performance objectives at Marsh and Marsh's impact on the overall performance results of MMC, the Compensation Committee decided not to award to senior executives without operating company responsibility (i.e., Mr. Bartley) performance-based restricted stock units that result in the distribution of a number of MMC shares based on MMC financial performance. Instead, it decided to grant him performance-contingent stock options (50%) and service-based restricted stock units (50%).
- n For Ms. Burns, the Compensation Committee decided to maintain a mix of performance-contingent stock options (25%), service-based restricted stock units (50%) and performance-based restricted stock units (25%), with payout based upon the

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

n For Mr. Drzik, the Compensation Committee decided to denominate his long-term incentive award in the form of performance-contingent stock options (50%) and service-based restricted stock units (50%).

n Under Mr. Spiller's employment agreement, he was entitled to receive 100% of his long-term incentive award in the form of service-based restricted stock units.

Annual Long-term Incentive Award Determination

For our named executive officers other than Messrs. Drzik and Spiller, annual long-term incentive award targets are a multiple of base salary. The grant date fair value of annual long-term incentive awards is determined by the Compensation Committee after considering the target ranges for annual long-term incentive awards included in each named executive officer's employment agreement, as well as financial and individual performance. The Compensation Committee also considers the recommendations of MMC's chief executive officer (except in the case of his own award). As discussed above in Annual Short-term Incentive Compensation Mr. Drzik at page 34, Mr. Drzik's annual long-term incentive award is determined in connection with the determination of the combined value of his total direct compensation.

The grant date fair value of annual long-term incentive awards granted to our named executive officers in February 2008 are shown in the following table (and are not reflected in the Summary Compensation Table at page 41). The value ultimately realized from these awards will depend on movements in MMC's stock price and, for Ms. Burns, Mercer's performance.

	Grant Date Fair Value of Annual Long-term Incentive Awards Granted in 2008			
	Matthew B. Bartley	M. Michele Burns	John P. Drzik	David H. Spiller
Performance-contingent stock options	\$ 656,251	\$ 500,003	\$ 375,005	\$0
Service-based restricted stock units	656,260	1,000,019	375,017	1,500,016
Performance-based restricted stock units based on Mercer performance	N/A	500,023	N/A	N/A
Total grant date fair value of long-term incentive awards	1,312,511	2,000,045	750,022	1,500,016

The performance-contingent stock options are scheduled to vest in four equal annual installments, beginning on the first anniversary of the grant date, with earlier vesting in the event of death and certain terminations of employment. These options become exercisable when the closing market price of MMC common stock equals or exceeds 115% of the exercise price for ten consecutive trading days after the options have vested. Each of the service-based restricted stock units represents one share of MMC common stock. The units are scheduled to fully vest on February 26, 2011.

Under the terms of his employment agreement, Mr. Spiller was eligible to receive equity-based awards with a value of \$1,500,000 for 2007.

Ms. Burns received an award denominated in cash that will be converted into performance-based restricted stock units scheduled to vest on February 26, 2011. The number of shares of MMC common stock delivered in respect of these units will be determined based on Mercer's performance during three annual performance periods (2008, 2009 and 2010). One-third of the value of the cash award was converted into performance-based restricted stock units on the grant date and one-third of the value of the cash award will be converted into performance-based restricted stock units on each of

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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 described in further detail in *Defined Benefit Retirement Program* at page 52. These benefits are part of our competitive compensation program. MMC does not have individually-designed defined benefit arrangements for any named executive officer.

In addition, MMC maintains the Supplemental Savings & Investment Plan (SSIP) an unfunded nonqualified defined contribution retirement plan that coordinates with the tax-qualified 401(k) Savings & Investment Plan to give eligible participants the opportunity to defer compensation on a pre-tax basis in addition to what is allowed under the tax-qualified plan. We offer the SSIP, in which all of our senior executives are eligible to participate, to maintain a competitive compensation program. Mr. Drzik has elected not to participate in MMC's 401(k) Savings & Investment Plan and MMC's SSIP. Mr. Spiller waived his participation rights in all MMC-sponsored tax-qualified and nonqualified retirement plans and, instead, had a stand-alone defined contribution arrangement.

Earnings with respect to all of our nonqualified defined contribution plans are based upon actual market performance, and preferential or above-market earnings are not offered. Additional information on the plans and arrangements described above, including individual amounts deferred by our named executive officers, MMC contributions and earnings during 2007, as well as account balances as of the end of 2007, is provided in *Nonqualified Deferred Compensation* at page 54.

Severance Arrangements

Severance arrangements for our senior executives are provided in their respective employment agreements. As discussed above under *2007 Corporate Governance Initiatives and Executive Compensation* at page 30, the Compensation Committee adopted a policy requiring shareholder approval of any new or renewed severance agreement with any 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. While compensation decisions regarding our senior executives affect the potential payouts under these arrangements, the existence of these change-in-control arrangements did not affect the Compensation Committee's decisions with respect to other elements of 2007 compensation, since these change-in-control arrangements may never come into effect.

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

n 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

n 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 is partially borne by employees, including senior executives. In addition, we provide modest executive perquisites and other personal benefits. In general, the perquisites or other personal benefits provided to our senior executives include (i) reimbursement for certain income tax return preparation and financial counseling expenses (up to a maximum of approximately \$13,000 per year), (ii) from time to time, the relocation costs associated with hiring newly recruited senior executives and (iii) Mr. Spiller's car and driver for a portion of 2007. The incremental cost of providing these perquisites and other personal benefits is identified in the footnotes to the *All Other Compensation* column of the Summary Compensation Table at page 41.

Table of Contents**STOCK OWNERSHIP GUIDELINES**

Effective January 1, 2007, MMC adopted stock ownership guidelines for our senior executives. We believe that these ownership guidelines further align the interests of our senior executives with shareholders by requiring them to acquire and maintain a meaningful stake of their personal wealth in the form of MMC common stock. The ownership guidelines have been designed to take into account an individual's needs for portfolio diversification, while maintaining stock ownership at levels sufficient to assure our shareholders of management's commitment to value creation. Senior executives are expected, over a five-year grace period, to acquire and hold shares of MMC common stock equal to a specified multiple of their base salary (which varies based on position). The ownership guidelines for our named executive officers are listed below:

Named Executive Officer	Ownership Level Multiple
Michael G. Cherkasky	6
Matthew B. Bartley	3
M. Michele Burns	3
John P. Drzik	3
David H. Spiller	3

The following shares (or share equivalents) held directly by senior executives (and some family members) count toward satisfying the stock ownership guidelines:

- n Shares held outright;
- n Restricted stock;
- n Stock units granted under the 2000 Senior Executive Incentive and Stock Award Plan and the 2000 Employee Incentive and Stock Award Plan (including, for example, performance-based restricted stock units at target levels and service-based restricted stock units) and credited under the SSIP and other nonqualified retirement arrangements;
- n Shares held in the 401(k) Savings & Investment Plan; and
- n Shares acquired under our stock purchase plans.

Unexercised stock options do not count toward satisfying the stock ownership guidelines. As of February 29, 2008, all then-active named executive officers were either in compliance with the stock ownership guidelines or were within the grace period.

In addition, MMC prohibits its senior executives from engaging in speculative activities (including short sales, purchases or sales of puts or calls, and trading on a short-term basis) in MMC shares as well as any hedging of MMC shares.

TAX AND ACCOUNTING CONSIDERATIONS

We generally sought to ensure that the incentive compensation paid to our senior executives for 2007 was deductible for federal income tax purposes by paying our annual short-term incentive awards to our named executive officers pursuant to a shareholder-approved performance plan in accordance with Section 162(m) of the Internal Revenue Code. Under the plan, an annual incentive award pool was determined based on MMC's net operating income. As permitted under the plan, the Compensation Committee could exercise its discretion to reduce (but not increase) the size of the amounts potentially payable to the named executive officers pursuant to the plan's award formula. Notwithstanding the foregoing, we may from time to time approve elements of compensation for certain senior executives that are not fully deductible, and we reserve the right to do so in the future in appropriate circumstances.

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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 compensation program and fulfills important program objectives. We consider the effect under SFAS 123(R) of any proposed change to the equity-based compensation element of our program.

Compensation Committee Report

Management has the primary responsibility for MMC's financial statements and reporting processes, including the disclosure of executive compensation. With this in mind, the Compensation Committee has reviewed and discussed with management the preceding Compensation Discussion and Analysis, as well as the accompanying tables. Based on that review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated into MMC's Annual Report on Form 10-K for the year ended December 31, 2007.

Submitted by the Compensation Committee

of the MMC Board of Directors

The Rt. Hon. Lord Lang of Monkton, DL (Chair)
Oscar Fajul

Stephen R. Hardis
Morton O. Schapiro

* * *

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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	All Other Compensation (\$)(11)(12)	Total (\$)
							(\$)(10)		
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,	2007	850,000	0	565,636	477,655	1,452,000	107,415	536,740	