

## NEWS RELEASE

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**MARSH & McLENNAN COMPANIES REPORTS FIRST QUARTER 2018 RESULTS**

***Underlying Revenue Increases 4%, Reflecting Growth Across All Operating Companies***

***GAAP EPS Rises 23% to \$1.34 and Adjusted EPS Increases 28% to \$1.38***

***Excluding Revenue Standard Impact, GAAP EPS Grows 9% and Adjusted EPS Increases 14%***

**NEW YORK**, April 26, 2018 - Marsh & McLennan Companies, Inc. (NYSE: MMC), a global professional services firm offering clients advice and solutions in risk, strategy and people, today reported financial results for the first quarter ended March 31, 2018.

Dan Glaser, President and CEO, said: "We are pleased with our performance in the first quarter. On a consolidated basis, Marsh & McLennan delivered strong underlying revenue growth of 4% with continued solid earnings growth and margin expansion. We had underlying revenue growth across all of our operating companies, with growth of 3% in Risk & Insurance Services and 5% in Consulting. Adjusted EPS grew 14%, excluding the impact of the new revenue recognition standard."

"We are off to a good start to the year and are well positioned to deliver underlying revenue growth in the 3-5% range, margin expansion and strong growth in earnings per share in 2018," concluded Mr. Glaser.

**Consolidated Results**

Earnings per share increased 23% to \$1.34. Adjusted EPS increased 28% to \$1.38 from the prior year period. The 28% increase in adjusted EPS includes a \$0.15 per share benefit from application of the new revenue recognition accounting standard, ASC 606, effective January 2018. Excluding the impact of the revenue standard, adjusted EPS increased 14%. The Company adopted the revenue standard using the modified retrospective method, and accordingly has not restated prior years and quarters.

Consolidated revenue in the first quarter of 2018 was \$4.0 billion, an increase of 14%, or 4% on an underlying basis, compared with the first quarter of 2017. Operating income was \$908 million, an increase of 21% from the prior year. Adjusted operating income, which excludes noteworthy items as presented in the attached supplemental schedules, rose 24% to \$918 million, and adjusted net income was \$707 million. Excluding the impact of the revenue standard, adjusted operating income rose 10%.

### Risk & Insurance Services

Risk & Insurance Services revenue was \$2.3 billion in the first quarter of 2018, an increase of 3% on an underlying basis. Operating income was \$716 million, an increase of 26%. Adjusted operating income rose 30% to \$723 million compared with \$555 million in last year's first quarter. Excluding the impact of the revenue standard, adjusted operating income increased 11%.

Marsh's revenue in the first quarter was \$1.7 billion, an increase of 2% on an underlying basis. In U.S./Canada, underlying revenue rose 3%. International operations underlying revenue growth was flat, reflecting underlying growth of 6% in Latin America, 4% in Asia Pacific and a decline of 2% in EMEA.

Guy Carpenter's revenue in the first quarter was \$637 million, an increase of 7% on an underlying basis.

### Consulting

Consulting revenue in the first quarter was \$1.7 billion, an increase of 5% on an underlying basis. Operating income increased 10% to \$247 million. Adjusted operating income increased 8% to \$248 million compared with last year's first quarter. Excluding the impact of the revenue standard, adjusted operating income rose 10%.

Mercer's revenue was \$1.2 billion in the first quarter, an increase of 5% on an underlying basis. Wealth, with revenue of \$565 million, grew 3% on an underlying basis. Within Wealth, Investment Management & Related Services increased 15% on an underlying basis, while Defined Benefit & Administration declined 4%. Health revenue of \$442 million was up 7% on an underlying basis and Career revenue of \$164 million increased 4%.

Oliver Wyman Group's revenue was \$497 million in the first quarter, an increase of 6% on an underlying basis.

### Other Items

On March 1, 2018, the Company issued \$600 million of 4.2% senior notes due in 2048, the net proceeds of which are intended for general corporate purposes. The Company repurchased 3.0 million shares of its common stock for \$250 million in the first quarter.

### Conference Call

A conference call to discuss first quarter 2018 results will be held today at 8:30 a.m. Eastern time. To participate in the teleconference, please dial +1 888 882 4478. Callers from outside the United States should dial +1 323 794 2149. The access code for both numbers is 5027620. The live audio webcast may be accessed at [mmc.com](http://mmc.com). A replay of the webcast will be available approximately two hours after the event.

### **About Marsh & McLennan Companies**

Marsh & McLennan (NYSE: MMC) is the world's leading professional services firm in the areas of risk, strategy and people. The company's nearly 65,000 colleagues advise clients in over 130 countries. With annual revenue over \$14 billion, Marsh & McLennan helps clients navigate an increasingly dynamic and complex environment through four market-leading firms. [Marsh](#) advises individual and commercial clients of all sizes on insurance broking and innovative risk management solutions. [Guy Carpenter](#) develops advanced risk, reinsurance and capital strategies that help clients grow profitably and pursue emerging opportunities. [Mercer](#) delivers advice and technology-driven solutions that help organizations meet the health, wealth and career needs of a changing workforce. [Oliver Wyman](#) serves as a critical strategic, economic and brand advisor to private sector and governmental clients. For more information, visit [mmc.com](http://mmc.com), follow us on [LinkedIn](#) and Twitter [@mmc\\_global](#) or subscribe to [BRINK](#).

## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future events or results, use words like "anticipate," "assume," "believe," "continue," "estimate," "expect," "intend," "plan," "project" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would."

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

- the impact of any investigations, reviews, market studies or other activity by regulatory or law enforcement authorities, including the U.K. CMA investment consultants market investigation, the U.K. FCA wholesale insurance broker market study and the ongoing investigations by the European Commission;
- the impact from lawsuits, other contingent liabilities and loss contingencies arising from errors and omissions, breach of fiduciary duty or other claims against us;
- our organization's ability to maintain adequate safeguards to protect the security of our information systems and confidential, personal or proprietary information, particularly given the volume of our vendor network and the need to patch software vulnerabilities;
- our ability to compete effectively and adapt to changes in the competitive environment, including to respond to disintermediation, digital disruption and other types of innovation;
- the financial and operational impact of complying with laws and regulations where we operate, including cybersecurity and data privacy regulations such as the E.U.'s General Data Protection Regulation, anticorruption laws and trade sanctions regimes;
- the regulatory, contractual and reputational risks that arise based on insurance placement activities and various broker revenue streams;
- the extent to which we manage risks associated with the various services, including fiduciary and investments and other advisory services;
- our ability to successfully recover if we experience a business continuity problem due to cyberattack, natural disaster or otherwise;
- the impact of changes in tax laws, guidance and interpretations, including related to certain provisions of the U.S. Tax Cuts and Jobs Act, or disagreements with tax authorities;
- the impact of fluctuations in foreign exchange and interest rates on our results;
- the impact of macroeconomic, political, regulatory or market conditions on us, our clients and the industries in which we operate; and
- the impact of changes in accounting rules or in our accounting estimates or assumptions, including the impact of the adoption of the new revenue recognition, pension and lease accounting standards.

The factors identified above are not exhaustive. Further information concerning Marsh & McLennan Companies and its businesses, including information about factors that could materially affect our results of operations and financial condition, is contained in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our most recently filed Annual Report on Form 10-K. We caution readers not to place undue reliance on any forward-looking statements, which are based only on information currently available to us and speak only as of the dates on which they are made. We undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made.

**Marsh & McLennan Companies, Inc.**  
**Consolidated Statements of Income**  
(In millions, except per share figures)  
(Unaudited)

|                                                                   | <b>Three Months Ended<br/>March 31,</b> |                 |
|-------------------------------------------------------------------|-----------------------------------------|-----------------|
|                                                                   | <b>2018</b>                             | <b>2017</b>     |
| <b>Revenue</b>                                                    | <b>\$ 4,000</b>                         | <b>\$ 3,503</b> |
| <b>Expense:</b>                                                   |                                         |                 |
| Compensation and Benefits                                         | 2,224                                   | 2,005           |
| Other Operating Expenses                                          | 868                                     | 749             |
| <b>Operating Expenses</b>                                         | <b>3,092</b>                            | <b>2,754</b>    |
| <b>Operating Income</b>                                           | <b>908</b>                              | <b>749</b>      |
| <b>Other Net Benefit Credits (a)</b>                              | <b>66</b>                               | <b>60</b>       |
| <b>Interest Income</b>                                            | <b>3</b>                                | <b>2</b>        |
| <b>Interest Expense</b>                                           | <b>(61)</b>                             | <b>(58)</b>     |
| <b>Investment Income</b>                                          | <b>—</b>                                | <b>—</b>        |
| <b>Income Before Income Taxes</b>                                 | <b>916</b>                              | <b>753</b>      |
| <b>Income Tax Expense</b>                                         | <b>220</b>                              | <b>175</b>      |
| <b>Net Income Before Non-Controlling Interests</b>                | <b>696</b>                              | <b>578</b>      |
| <b>Less: Net Income Attributable to Non-Controlling Interests</b> | <b>6</b>                                | <b>9</b>        |
| <b>Net Income Attributable to the Company</b>                     | <b>\$ 690</b>                           | <b>\$ 569</b>   |
| <b>Net Income Per Share Attributable to the Company:</b>          |                                         |                 |
| - Basic                                                           | \$ 1.36                                 | \$ 1.10         |
| - Diluted                                                         | \$ 1.34                                 | \$ 1.09         |
| <b>Average Number of Shares Outstanding</b>                       |                                         |                 |
| - Basic                                                           | 508                                     | 515             |
| - Diluted                                                         | 514                                     | 522             |
| <b>Shares Outstanding at 3/31</b>                                 | <b>508</b>                              | <b>515</b>      |

(a) ASC 715, as amended, changes the presentation of net periodic pension cost and net periodic postretirement cost. The Company has restated prior years and quarters for this new presentation.

**Marsh & McLennan Companies, Inc.**  
**Consolidated Statements of Income - Impact of Revenue Standard**  
(In millions, except per share figures)  
(Unaudited)

The Company adopted the new revenue standard ("ASC 606") using the modified retrospective method, applied to all contracts. The guidance requires entities that elected the modified retrospective method to disclose the impact to financial statement line items as a result of applying the new guidance (rather than previous U.S. GAAP). The table below shows the impacts on the consolidated statement of income.

|                                                                   | <b>Three Months Ended<br/>March 31, 2018</b> |                                        |                              |
|-------------------------------------------------------------------|----------------------------------------------|----------------------------------------|------------------------------|
|                                                                   | <b>As<br/>Reported</b>                       | <b>Revenue<br/>Standard<br/>Impact</b> | <b>Prior to<br/>Adoption</b> |
| <b>Revenue</b>                                                    | <b>\$ 4,000</b>                              | <b>\$ (161)</b>                        | <b>\$ 3,839</b>              |
| <b>Expense:</b>                                                   |                                              |                                        |                              |
| Compensation and Benefits                                         | 2,224                                        | (60)                                   | 2,164                        |
| Other Operating Expenses                                          | 868                                          | —                                      | 868                          |
| Operating Expenses                                                | 3,092                                        | (60)                                   | 3,032                        |
| <b>Operating Income</b>                                           | <b>908</b>                                   | <b>(101)</b>                           | <b>807</b>                   |
| <b>Other Net Benefit Credits</b>                                  | <b>66</b>                                    | <b>—</b>                               | <b>66</b>                    |
| <b>Interest Income</b>                                            | <b>3</b>                                     | <b>—</b>                               | <b>3</b>                     |
| <b>Interest Expense</b>                                           | <b>(61)</b>                                  | <b>—</b>                               | <b>(61)</b>                  |
| <b>Investment Income</b>                                          | <b>—</b>                                     | <b>—</b>                               | <b>—</b>                     |
| <b>Income Before Income Taxes</b>                                 | <b>916</b>                                   | <b>(101)</b>                           | <b>815</b>                   |
| <b>Income Tax Expense</b>                                         | <b>220</b>                                   | <b>(26)</b>                            | <b>194</b>                   |
| <b>Net Income Before Non-Controlling Interests</b>                | <b>696</b>                                   | <b>(75)</b>                            | <b>621</b>                   |
| <b>Less: Net Income Attributable to Non-Controlling Interests</b> | <b>6</b>                                     | <b>—</b>                               | <b>6</b>                     |
| <b>Net Income Attributable to the Company</b>                     | <b>\$ 690</b>                                | <b>\$ (75)</b>                         | <b>\$ 615</b>                |
| <b>Net Income Per Share Attributable to the Company:</b>          |                                              |                                        |                              |
| - Basic                                                           | \$ 1.36                                      | \$ (0.15)                              | \$ 1.21                      |
| - Diluted                                                         | \$ 1.34                                      | \$ (0.15)                              | \$ 1.19                      |
| <b>Average Number of Shares Outstanding</b>                       |                                              |                                        |                              |
| - Basic                                                           | 508                                          | 508                                    | 508                          |
| - Diluted                                                         | 514                                          | 514                                    | 514                          |
| <b>Shares Outstanding at 3/31</b>                                 | <b>508</b>                                   | <b>508</b>                             | <b>508</b>                   |

**Marsh & McLennan Companies, Inc.**  
**Supplemental Information - Revenue Analysis**  
**Three Months Ended March 31**  
(Millions) (Unaudited)

|                                    | Three Months Ended<br>March 31, |                 | %<br>Change<br>GAAP<br>Revenue | Components of Revenue Change* |                                                |                               |                       |
|------------------------------------|---------------------------------|-----------------|--------------------------------|-------------------------------|------------------------------------------------|-------------------------------|-----------------------|
|                                    |                                 |                 |                                | Currency<br>Impact            | Acquisitions/<br>Dispositions/<br>Other Impact | Revenue<br>Standard<br>Impact | Underlying<br>Revenue |
|                                    | 2018                            | 2017            |                                |                               |                                                |                               |                       |
| <b>Risk and Insurance Services</b> |                                 |                 |                                |                               |                                                |                               |                       |
| Marsh                              | \$ 1,694                        | \$ 1,596        | 6%                             | 4%                            | 3%                                             | (3)%                          | 2%                    |
| Guy Carpenter                      | 637                             | 385             | 66%                            | 2%                            | —                                              | 56 %                          | 7%                    |
| Subtotal                           | 2,331                           | 1,981           | 18%                            | 4%                            | 2%                                             | 9 %                           | 3%                    |
| Fiduciary Interest Income          | 13                              | 8               |                                |                               |                                                |                               |                       |
| Total Risk and Insurance Services  | 2,344                           | 1,989           | 18%                            | 4%                            | 2%                                             | 8 %                           | 3%                    |
| <b>Consulting</b>                  |                                 |                 |                                |                               |                                                |                               |                       |
| Mercer                             | 1,171                           | 1,077           | 9%                             | 4%                            | —                                              | (1)%                          | 5%                    |
| Oliver Wyman Group                 | 497                             | 449             | 11%                            | 5%                            | —                                              | —                             | 6%                    |
| Total Consulting                   | 1,668                           | 1,526           | 9%                             | 5%                            | —                                              | —                             | 5%                    |
| <b>Corporate / Eliminations</b>    | (12)                            | (12)            |                                |                               |                                                |                               |                       |
| <b>Total Revenue</b>               | <b>\$ 4,000</b>                 | <b>\$ 3,503</b> | 14%                            | 4%                            | 1%                                             | 5 %                           | 4%                    |

**Revenue Details**

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

|                                             | Three Months Ended<br>March 31, |          | %<br>Change<br>GAAP<br>Revenue | Components of Revenue Change* |                                                |                               |                       |
|---------------------------------------------|---------------------------------|----------|--------------------------------|-------------------------------|------------------------------------------------|-------------------------------|-----------------------|
|                                             |                                 |          |                                | Currency<br>Impact            | Acquisitions/<br>Dispositions/<br>Other Impact | Revenue<br>Standard<br>Impact | Underlying<br>Revenue |
|                                             | 2018                            | 2017     |                                |                               |                                                |                               |                       |
| <b>Marsh:</b>                               |                                 |          |                                |                               |                                                |                               |                       |
| EMEA                                        | \$ 643                          | \$ 589   | 9%                             | 10 %                          | —                                              | —                             | (2)%                  |
| Asia Pacific                                | 164                             | 152      | 8%                             | 4 %                           | —                                              | —                             | 4 %                   |
| Latin America                               | 84                              | 80       | 5%                             | (1)%                          | —                                              | —                             | 6 %                   |
| Total International                         | 891                             | 821      | 8%                             | 8 %                           | —                                              | —                             | —                     |
| U.S. / Canada                               | 803                             | 775      | 4%                             | —                             | 6 %                                            | (6)%                          | 3 %                   |
| Total Marsh                                 | \$ 1,694                        | \$ 1,596 | 6%                             | 4 %                           | 3 %                                            | (3)%                          | 2 %                   |
| <b>Mercer:</b>                              |                                 |          |                                |                               |                                                |                               |                       |
| Defined Benefit Consulting & Administration | \$ 339                          | \$ 334   | 2%                             | 6 %                           | —                                              | —                             | (4)%                  |
| Investment Management & Related Services    | 226                             | 186      | 21%                            | 5 %                           | 1 %                                            | —                             | 15 %                  |
| Total Wealth                                | 565                             | 520      | 9%                             | 6 %                           | —                                              | —                             | 3 %                   |
| Health                                      | 442                             | 415      | 6%                             | 3 %                           | (2)%                                           | (2)%                          | 7 %                   |
| Career                                      | 164                             | 142      | 15%                            | 4 %                           | 7 %                                            | —                             | 4 %                   |
| Total Mercer                                | \$ 1,171                        | \$ 1,077 | 9%                             | 4 %                           | —                                              | (1)%                          | 5 %                   |

**Note:**

Underlying revenue measures the change in revenue using consistent currency exchange rates, excluding the impact of certain items that affect comparability such as: acquisitions, dispositions, transfers among businesses, changes in estimate methodology and the impact of the new revenue standard.

\* Components of revenue change may not add due to rounding.

**Marsh & McLennan Companies, Inc.**  
**Reconciliation of Non-GAAP Measures**  
**Includes Revenue Standard Impact**  
**Three Months Ended March 31**  
(Millions) (Unaudited)

**Overview**

The Company reports its financial results in accordance with accounting principles generally accepted in the United States (referred to in this release as "GAAP" or "reported" results). The Company also refers to and presents below certain additional non-GAAP financial measures, within the meaning of Regulation G under the Securities Exchange Act of 1934. These measures are: *adjusted operating income (loss)*, *adjusted operating margin*, *adjusted income, net of tax* and *adjusted earnings per share (EPS)*. The Company has included reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP in the following tables.

The Company believes these non-GAAP financial measures provide useful supplemental information that enables investors to better compare the Company's performance across periods. Management also uses these measures internally to assess the operating performance of its businesses, to assess performance for employee compensation purposes and to decide how to allocate resources. However, investors should not consider these non-GAAP measures in isolation from, or as a substitute for, the financial information that the Company reports in accordance with GAAP. The Company's non-GAAP measures include adjustments that reflect how management views our businesses, and may differ from similarly titled non-GAAP measures presented by other companies.

**Adjusted Operating Income (Loss) and Adjusted Operating Margin**

*Adjusted operating income (loss)* is calculated by excluding the impact of certain noteworthy items from the Company's GAAP operating income or loss. The following tables identify these noteworthy items and reconcile *adjusted operating income (loss)* to GAAP operating income or loss, on a consolidated and segment basis, for the three months ended March 31, 2018. The following tables also present *adjusted operating margin*. For the three months ended March 31, 2018, *adjusted operating margin* is calculated by dividing *adjusted operating income* by consolidated or segment GAAP revenue.

|                                                 | <b>Risk &amp;<br/>Insurance<br/>Services</b> | <b>Consulting</b> | <b>Corporate/<br/>Eliminations</b> | <b>Total</b>  |
|-------------------------------------------------|----------------------------------------------|-------------------|------------------------------------|---------------|
| <b>Three Months Ended March 31, 2018</b>        |                                              |                   |                                    |               |
| <b>Operating income (loss)</b>                  | <b>\$ 716</b>                                | <b>\$ 247</b>     | <b>\$ (55)</b>                     | <b>\$ 908</b> |
| Add impact of Noteworthy Items:                 |                                              |                   |                                    |               |
| Restructuring (a)                               | 3                                            | 1                 | 2                                  | 6             |
| Adjustments to acquisition related accounts (b) | 4                                            | —                 | —                                  | 4             |
| <b>Operating income adjustments</b>             | <b>7</b>                                     | <b>1</b>          | <b>2</b>                           | <b>10</b>     |
| <b>Adjusted operating income (loss)</b>         | <b>\$ 723</b>                                | <b>\$ 248</b>     | <b>\$ (53)</b>                     | <b>\$ 918</b> |
| <b>Operating margin</b>                         | <b>30.5%</b>                                 | <b>14.8%</b>      | <b>N/A</b>                         | <b>22.7%</b>  |
| <b>Adjusted operating margin</b>                | <b>30.9%</b>                                 | <b>14.9%</b>      | <b>N/A</b>                         | <b>23.0%</b>  |

(a) Includes severance and related charges from restructuring activities, adjustments to restructuring liabilities for future rent under non-cancellable leases and other real estate costs, and restructuring costs related to the integration of recent acquisitions.

(b) Primarily includes the change in fair value as measured each quarter of contingent consideration related to acquisitions.

**Note:**

Comparative financial information for the three months ended March 31, 2017 is presented on page 9.



**Marsh & McLennan Companies, Inc.**  
**Reconciliation of Non-GAAP Measures - Comparable Accounting Basis**  
**Excludes the Revenue Standard Impact**  
**Three Months Ended March 31**  
(Millions) (Unaudited)

As discussed earlier, the Company has adopted the new revenue standard using the modified retrospective method, which requires the disclosure of the impacts of the standard on each financial statement line item. The non-GAAP measures below present an analysis of results reflecting 2018 financial information excluding the impact of the application of ASC 606, to facilitate a comparison to the 2017 results. Except for the adjustment for the effects of ASC 606 in 2018, these non-GAAP measures are calculated as described on the prior page.

|                                                     | <b>Risk &amp;<br/>Insurance<br/>Services</b> | <b>Consulting</b> | <b>Corporate/<br/>Eliminations</b> | <b>Total</b>  |
|-----------------------------------------------------|----------------------------------------------|-------------------|------------------------------------|---------------|
| <b>Three Months Ended March 31, 2018</b>            |                                              |                   |                                    |               |
| <b>Operating income (loss) without adoption</b>     | <b>\$ 610</b>                                | <b>\$ 252</b>     | <b>\$ (55)</b>                     | <b>\$ 807</b> |
| Add impact of Noteworthy Items:                     |                                              |                   |                                    |               |
| Restructuring (a)                                   | 3                                            | 1                 | 2                                  | 6             |
| Adjustments to acquisition related accounts (b)     | 4                                            | —                 | —                                  | 4             |
| <b>Operating income adjustments</b>                 | <b>7</b>                                     | <b>1</b>          | <b>2</b>                           | <b>10</b>     |
| <b>Adjusted operating income (loss)</b>             | <b>\$ 617</b>                                | <b>\$ 253</b>     | <b>\$ (53)</b>                     | <b>\$ 817</b> |
| <b>Operating margin - Comparable basis</b>          | <b>28.0%</b>                                 | <b>15.0%</b>      | <b>N/A</b>                         | <b>21.0%</b>  |
| <b>Adjusted operating margin - Comparable basis</b> | <b>28.4%</b>                                 | <b>15.1%</b>      | <b>N/A</b>                         | <b>21.3%</b>  |
| <b>Three Months Ended March 31, 2017</b>            |                                              |                   |                                    |               |
| <b>Operating income (loss)</b>                      | <b>\$ 568</b>                                | <b>\$ 225</b>     | <b>\$ (44)</b>                     | <b>\$ 749</b> |
| Add (Deduct) impact of Noteworthy Items:            |                                              |                   |                                    |               |
| Restructuring (a)                                   | 4                                            | 3                 | 2                                  | 9             |
| Adjustments to acquisition related accounts (b)     | (17)                                         | 1                 | —                                  | (16)          |
| <b>Operating income adjustments</b>                 | <b>(13)</b>                                  | <b>4</b>          | <b>2</b>                           | <b>(7)</b>    |
| <b>Adjusted operating income (loss)</b>             | <b>\$ 555</b>                                | <b>\$ 229</b>     | <b>\$ (42)</b>                     | <b>\$ 742</b> |
| <b>Operating margin</b>                             | <b>28.6%</b>                                 | <b>14.7%</b>      | <b>N/A</b>                         | <b>21.4%</b>  |
| <b>Adjusted operating margin</b>                    | <b>27.9%</b>                                 | <b>15.0%</b>      | <b>N/A</b>                         | <b>21.2%</b>  |

(a) Includes severance and related charges from restructuring activities, adjustments to restructuring liabilities for future rent under non-cancellable leases and other real estate costs, and restructuring costs related to the integration of recent acquisitions.

(b) Primarily includes the change in fair value as measured each quarter of contingent consideration related to acquisitions.

**Marsh & McLennan Companies, Inc.**  
**Reconciliation of Non-GAAP Measures**  
**Includes the Revenue Standard Impact**  
**Three Months Ended March 31**  
(Millions) (Unaudited)

**Adjusted Income, Net of Tax and Adjusted Earnings per Share**

*Adjusted income, net of tax* is calculated as the Company's GAAP income from continuing operations, adjusted to reflect the after-tax impact of the operating income adjustments set forth in the preceding tables and investments gains or losses related to the impact of mark-to-market adjustments on certain equity securities previously recorded to equity. *Adjusted EPS* is calculated by dividing the Company's *adjusted income, net of tax*, by MMC's average number of shares outstanding-diluted for the relevant period. The following tables reconcile *adjusted income, net of tax* to GAAP income from continuing operations and *adjusted EPS* to GAAP EPS for the three months ended March 31, 2018.

|                                                   |               | <b>Three Months Ended<br/>March 31, 2018</b> |                     |
|---------------------------------------------------|---------------|----------------------------------------------|---------------------|
|                                                   | <b>Amount</b> |                                              | <b>Adjusted EPS</b> |
| Income from continuing operations                 | \$ 696        |                                              |                     |
| Less: Non-controlling interest, net of tax        | 6             |                                              |                     |
| Subtotal                                          | \$ 690        | \$                                           | 1.34                |
| Operating income adjustments                      | \$ 10         |                                              |                     |
| Investments adjustment (a)                        | 8             |                                              |                     |
| Impact of income taxes                            | (4)           |                                              |                     |
| Adjustments to provisional 2017 tax estimates (b) | 3             |                                              |                     |
|                                                   | 17            |                                              | 0.04                |
| Adjusted income, net of tax                       | <u>\$ 707</u> | <u>\$</u>                                    | <u>1.38</u>         |

(a) Mark-to-market adjustments for investments classified as available for sale under prior guidance were recorded to equity, net of tax. Beginning January 1, 2018 such adjustments must be recorded as part of investment income. Prior periods were not restated. The Company will exclude such mark-to-market gains or losses from its calculation of adjusted earnings per share. In the first quarter of 2018, the Company recorded \$8 million of mark-to-market losses which are included in Investment Income in the Consolidated Statement of Income.

(b) Relates to adjustments to provisional 2017 year-end estimates of transition taxes and U.S. deferred tax assets and liabilities from U.S. tax reform.

**Note:**

Comparative financial information for the three months ended March 31, 2017 is presented on page 11.

**Marsh & McLennan Companies, Inc.**  
**Reconciliation of Non-GAAP Measures - Comparable Accounting Basis**  
**Excludes the Revenue Standard Impact**  
**Three Months Ended March 31**  
(Millions) (Unaudited)

As discussed earlier, the Company adopted the new revenue standard using the modified retrospective method, which requires the disclosure of the impacts of the standard on each financial statement line item. The non-GAAP measures below present an analysis of results reflecting 2018 financial information excluding the impact of the application of ASC 606, to facilitate a comparison to the 2017 results. Except for the adjustment for the effects of ASC 606 in 2018, these non-GAAP measures are calculated as described on the prior page.

|                                                                             | Three Months Ended<br>March 31, 2018 |                 | Three Months Ended<br>March 31, 2017 |                 |
|-----------------------------------------------------------------------------|--------------------------------------|-----------------|--------------------------------------|-----------------|
|                                                                             | Amount                               | Adjusted<br>EPS | Amount                               | Adjusted<br>EPS |
| Income from continuing operations,<br>(2018 prior to the impact of ASC 606) | \$ 621                               |                 | \$ 578                               |                 |
| Less: Non-controlling interest, net of tax                                  | 6                                    |                 | 9                                    |                 |
| Subtotal                                                                    | \$ 615                               | \$ 1.19         | \$ 569                               | \$ 1.09         |
| Operating income adjustments                                                | \$ 10                                |                 | \$ (7)                               |                 |
| Investments adjustment (a)                                                  | 8                                    |                 | —                                    |                 |
| Impact of income taxes                                                      | (4)                                  |                 | 1                                    |                 |
| Adjustments to provisional 2017 tax<br>estimates (b)                        | 3                                    |                 | —                                    |                 |
|                                                                             | 17                                   | 0.04            | (6)                                  | (0.01)          |
| Adjusted income, net of tax                                                 | <u>\$ 632</u>                        | <u>\$ 1.23</u>  | <u>\$ 563</u>                        | <u>\$ 1.08</u>  |

(a) Mark-to-market adjustments for investments classified as available for sale under prior guidance were recorded to equity, net of tax. Beginning January 1, 2018 such adjustments must be recorded as part of investment income. Prior periods were not restated. The Company will exclude such mark-to-market gains or losses from its calculation of adjusted earnings per share. In the first quarter of 2018, the Company recorded \$8 million of mark-to-market losses which are included in Investment Income in the Consolidated Statement of Income.

(b) Relates to adjustments to provisional 2017 year-end estimates of transition taxes and U.S. deferred tax assets and liabilities from U.S. tax reform.

**Marsh & McLennan Companies, Inc.**  
**Supplemental Information - Impact of Revenue Recognition Standard**  
**Three Months Ended March 31**  
(Millions) (Unaudited)

|                                            | Three Months Ended March 31, |                                                      |          |
|--------------------------------------------|------------------------------|------------------------------------------------------|----------|
|                                            | 2018                         | Excludes<br>Impact of<br>Revenue<br>Standard<br>2018 | 2017     |
| <b>Consolidated</b>                        |                              |                                                      |          |
| Compensation and Benefits                  | \$ 2,224                     | \$ 2,164                                             | \$ 2,005 |
| Other operating expenses                   | 868                          | 868                                                  | 749      |
| Total Expenses                             | \$ 3,092                     | \$ 3,032                                             | \$ 2,754 |
| Depreciation and amortization expense      | \$ 80                        | \$ 80                                                | \$ 80    |
| Identified intangible amortization expense | 45                           | 45                                                   | 40       |
| Total                                      | \$ 125                       | \$ 125                                               | \$ 120   |
| Stock option expense                       | \$ 14                        | \$ 14                                                | \$ 14    |
| Capital expenditures                       | \$ 58                        | \$ 58                                                | \$ 62    |
| Operating cash flows                       | \$ (364)                     | \$ (364)                                             | \$ (399) |
| <b>Risk and Insurance Services</b>         |                              |                                                      |          |
| Compensation and Benefits                  | \$ 1,168                     | \$ 1,106                                             | \$ 1,025 |
| Other operating expenses                   | 460                          | 460                                                  | 396      |
| Total Expenses                             | \$ 1,628                     | \$ 1,566                                             | \$ 1,421 |
| Depreciation and amortization expense      | \$ 37                        | \$ 37                                                | \$ 35    |
| Identified intangible amortization expense | 37                           | 37                                                   | 32       |
| Total                                      | \$ 74                        | \$ 74                                                | \$ 67    |
| <b>Consulting</b>                          |                              |                                                      |          |
| Compensation and Benefits                  | \$ 956                       | \$ 958                                               | \$ 891   |
| Other operating expenses                   | 465                          | 465                                                  | 410      |
| Total Expenses                             | \$ 1,421                     | \$ 1,423                                             | \$ 1,301 |
| Depreciation and amortization expense      | \$ 25                        | \$ 25                                                | \$ 27    |
| Identified intangible amortization expense | 8                            | 8                                                    | 8        |
| Total                                      | \$ 33                        | \$ 33                                                | \$ 35    |

**Note:**

Effective January 1, 2018, the Company recorded the cumulative effect of adopting the new revenue standard, resulting in a \$364 million increase to the opening balance of retained earnings, with offsetting increases/decreases to other balance sheet accounts, including accounts receivable, other current assets, other assets and deferred income taxes.

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

|                                                          | (Unaudited)<br>March 31,<br>2018 | December 31,<br>2017 |
|----------------------------------------------------------|----------------------------------|----------------------|
| <b>ASSETS</b>                                            |                                  |                      |
| Current assets:                                          |                                  |                      |
| Cash and cash equivalents                                | \$ 1,168                         | \$ 1,205             |
| Net receivables                                          | 4,562                            | 4,133                |
| Other current assets                                     | 540                              | 224                  |
| <b>Total current assets</b>                              | <b>6,270</b>                     | <b>5,562</b>         |
| Goodwill and intangible assets                           | 10,450                           | 10,363               |
| Fixed assets, net                                        | 713                              | 712                  |
| Pension related assets                                   | 1,857                            | 1,693                |
| Deferred tax assets                                      | 554                              | 669                  |
| Other assets                                             | 1,535                            | 1,430                |
| <b>TOTAL ASSETS</b>                                      | <b>\$ 21,379</b>                 | <b>\$ 20,429</b>     |
| <b>LIABILITIES AND EQUITY</b>                            |                                  |                      |
| Current liabilities:                                     |                                  |                      |
| Short-term debt                                          | \$ 512                           | \$ 262               |
| Accounts payable and accrued liabilities                 | 2,343                            | 2,083                |
| Accrued compensation and employee benefits               | 813                              | 1,718                |
| Accrued income taxes                                     | 261                              | 199                  |
| Dividends payable                                        | 193                              | —                    |
| <b>Total current liabilities</b>                         | <b>4,122</b>                     | <b>4,262</b>         |
| Fiduciary liabilities                                    | 5,140                            | 4,847                |
| Less - cash and investments held in a fiduciary capacity | (5,140)                          | (4,847)              |
|                                                          | —                                | —                    |
| Long-term debt                                           | 5,815                            | 5,225                |
| Pension, post-retirement and post-employment benefits    | 1,842                            | 1,888                |
| Liabilities for errors and omissions                     | 312                              | 301                  |
| Other liabilities                                        | 1,267                            | 1,311                |
| <b>Total equity</b>                                      | <b>8,021</b>                     | <b>7,442</b>         |
| <b>TOTAL LIABILITIES AND EQUITY</b>                      | <b>\$ 21,379</b>                 | <b>\$ 20,429</b>     |

**Marsh & McLennan Companies, Inc.**  
**Consolidated Balance Sheets - Impact of Revenue Standard**  
(Millions) (Unaudited)

As discussed earlier, the Company adopted the new revenue standard (ASC 606) using the modified retrospective method, applied to all contracts. The guidance requires entities that elected the modified retrospective method to disclose the impact to financial statement line items as a result of applying the new guidance (rather than previous U.S. GAAP). The table below shows the impacts on the consolidated balance sheet.

|                                                          | <b>March 31, 2018</b> |                                           |                              |
|----------------------------------------------------------|-----------------------|-------------------------------------------|------------------------------|
|                                                          | <b>As Reported</b>    | <b>Impact of<br/>Revenue<br/>Standard</b> | <b>Prior to<br/>Adoption</b> |
| <b>ASSETS</b>                                            |                       |                                           |                              |
| Current assets:                                          |                       |                                           |                              |
| Cash and cash equivalents                                | \$ 1,168              | \$ —                                      | \$ 1,168                     |
| Net receivables                                          | 4,562                 | (242)                                     | 4,320                        |
| Other current assets                                     | 540                   | (294)                                     | 246                          |
| <b>Total current assets</b>                              | <b>6,270</b>          | <b>(536)</b>                              | <b>5,734</b>                 |
| Goodwill and intangible assets                           | 10,450                | —                                         | 10,450                       |
| Fixed assets, net                                        | 713                   | —                                         | 713                          |
| Pension related assets                                   | 1,857                 | —                                         | 1,857                        |
| Deferred tax assets                                      | 554                   | 119                                       | 673                          |
| Other assets                                             | 1,535                 | (231)                                     | 1,304                        |
| <b>TOTAL ASSETS</b>                                      | <b>\$ 21,379</b>      | <b>\$ (648)</b>                           | <b>\$ 20,731</b>             |
| <b>LIABILITIES AND EQUITY</b>                            |                       |                                           |                              |
| Current liabilities:                                     |                       |                                           |                              |
| Short-term debt                                          | \$ 512                | \$ —                                      | \$ 512                       |
| Accounts payable and accrued liabilities                 | 2,343                 | (176)                                     | 2,167                        |
| Accrued compensation and employee benefits               | 813                   | —                                         | 813                          |
| Accrued income taxes                                     | 261                   | —                                         | 261                          |
| Dividends payable                                        | 193                   | —                                         | 193                          |
| <b>Total current liabilities</b>                         | <b>4,122</b>          | <b>(176)</b>                              | <b>3,946</b>                 |
| Fiduciary liabilities                                    | 5,140                 | —                                         | 5,140                        |
| Less - cash and investments held in a fiduciary capacity | (5,140)               | —                                         | (5,140)                      |
|                                                          | —                     | —                                         | —                            |
| Long-term debt                                           | 5,815                 | —                                         | 5,815                        |
| Pension, post-retirement and post-employment benefits    | 1,842                 | —                                         | 1,842                        |
| Liabilities for errors and omissions                     | 312                   | —                                         | 312                          |
| Other liabilities                                        | 1,267                 | (33)                                      | 1,234                        |
| <b>Total equity</b>                                      | <b>8,021</b>          | <b>(439)</b>                              | <b>7,582</b>                 |
| <b>TOTAL LIABILITIES AND EQUITY</b>                      | <b>\$ 21,379</b>      | <b>\$ (648)</b>                           | <b>\$ 20,731</b>             |