



Marsh & McLennan Companies, Inc.
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News Release

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MMC REPORTS FIRST QUARTER 2006 RESULTS

NEW YORK, NEW YORK, May 3, 2006—Marsh & McLennan Companies, Inc.

(MMC) today reported financial results for the quarter ended March 31, 2006.

Consolidated revenues were \$3 billion, a decline of 1 percent from the 2005 first quarter. Net income was \$416 million, or \$.75 per share, compared with \$134 million, or \$.25 per share, in 2005. Results from discontinued operations, net of tax, were \$178 million, or \$.32 per share, primarily from MMC's sale of its investment in Sedgwick Claims Management Services in January 2006. Income from continuing operations was \$238 million, or \$.43 per share, compared with \$129 million, or \$.24 per share, in the first quarter of 2005.

A number of noteworthy items affected first quarter results in both 2006 and 2005, as described in the attached supplemental schedules. First quarter 2006 noteworthy items include restructuring, legal and regulatory costs related to market service agreements, and other expenses totaling \$63 million. Stock option expense, which is now included in the operating results of each segment, was \$40 million. These noteworthy items and stock option expense reduced first quarter 2006 earnings per share from continuing operations by \$.11. In the first quarter of 2005, similar noteworthy items reduced earnings per share from continuing operations by \$.27.

Risk Capital Holdings' revenues of \$46 million reflected unrealized mark-to-market gains on private equity investments. In the first quarter of 2005, revenues were \$63 million.

Risk Consulting and Technology

Kroll increased revenues 4 percent to \$243 million in the first quarter, or 6 percent on an underlying basis. Significant pricing pressures in the marketplace adversely affected Kroll's electronic discovery business, reducing both its revenues and profitability. Kroll's corporate advisory and restructuring business produced double-digit revenue growth, with particularly good performance in Europe. Background screening also reported double-digit revenue growth, with continued favorable domestic trends benefiting from higher unit volume.

Consulting

Mercer's total revenues increased 8 percent to \$1 billion in the first quarter, or 10 percent on an underlying basis. Mercer Human Resource Consulting reported \$739 million in revenues in the quarter, an increase of 6 percent, or 8 percent on an underlying basis, with double-digit growth in retirement, its largest business, and human capital. Specialty consulting continued to produce excellent results, with revenues increasing 14 percent to \$262 million, or 17 percent on an underlying basis. This performance reflects strong revenue growth in Mercer Management Consulting's strategy and operations business and Mercer Oliver Wyman's financial services and risk management consulting business.

Investment Management

Putnam's revenues declined 13 percent to \$345 million in the first quarter. Average assets under management were \$190 billion, compared with \$204 billion in the first quarter of 2005. Ending assets on March 31, 2006 were \$189 billion, unchanged from year-end 2005, comprising \$126 billion of mutual fund assets and \$63 billion of institutional assets. Putnam reduced expenses in the quarter.

Other Items

Since the first quarter of 2005, MMC's financial position has improved substantially, as net debt has been reduced by over \$500 million and the company's overall liquidity has strengthened. MMC's net debt position (total debt less cash and cash equivalents) was \$3.84 billion at the end of the 2006 first quarter, compared with \$4.36 billion at the end of the 2005 first quarter.

MMC's effective tax rate for the quarter was lower than the 35 percent effective tax rate on ongoing operations due to the favorable resolution of tax issues in certain jurisdictions. In addition, a benefit in excess of 35 percent was recognized for restructuring and other charges recorded in the period.

Conference Call

A conference call to discuss first quarter 2006 results will be held today at 10:00 a.m. Eastern Time. To participate in the teleconference, please dial (866) 564-7444 or (719) 234-0008 (international). The access code for both numbers is 3141019. The audio webcast (which will be listen-only) may be accessed at www.mmc.com. A replay of the webcast will be available beginning approximately two hours after the event at the same web address.

MMC is a global professional services firm with annual revenues of approximately \$12 billion. It is the parent company of Marsh, th

This press release contains “forward-looking statements,” as defined in the Private Securities Litigation Reform Act of 1995. These statements, which use words like “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “should” and similar terms, express management’s current views concerning future events or results. For example, we may use forward-looking statements when addressi

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

	Three Months Ended	
	March 31,	
	<u>2006</u>	<u>2005</u>
Revenue:		
Service Revenue	\$2,969	\$3,013
Investment Income	56	57
Total Revenue	<u>3,025</u>	<u>3,070</u>
Expense:		
Compensation and Benefits	1,749	1,857
Other Operating Expenses	878	952
Total Expense	<u>2,627</u>	<u>2,809</u>
Operating Income	398	261
Interest Income	16	9
Interest Expense	<u>(78)</u>	<u>(69)</u>
Income Before Income Taxes and Minority Interest Expense	336	201
Income Taxes	96	70
Minority Interest Expense, Net of Tax	<u>2</u>	<u>2</u>
Income From Continuing Operations	238	129
Discontinued Operations, Net of Tax	<u>178</u>	<u>5</u>
Net Income	<u>\$ 416</u>	<u>\$ 134</u>
Basic Income Per Share - Continuing Operations	<u>\$ 0.44</u>	<u>\$ 0.24</u>
Net Income	<u>\$ 0.76</u>	<u>\$ 0.25</u>
Diluted Income Per Share - Continuing Operations	<u>\$ 0.43</u>	<u>\$ 0.24</u>
Net Income	<u>\$ 0.75</u>	<u>\$ 0.25</u>
Average Number of Shares Outstanding - Basic	<u>547</u>	<u>531</u>
Diluted	<u>555</u>	<u>536</u>

Marsh & McLennan Companies, Inc.

Marsh & McLennan Companies, Inc.
Supplemental Information- Continuing Operations
(Millions) (Unaudited)

<u>Three Months Ended March 31, 2006</u>	<u>Risk & Insurance Services</u>	<u>Risk Consulting & Technology</u>	<u>Consulting</u>	<u>Investment Management</u>	<u>Corporate & Eliminations</u>	<u>Total</u>
Revenue	\$ 1,473	\$ 243	\$ 1,001	\$ 345	\$ (37)	\$ 3,025
Operating Income (Loss)	268	21	113	64	(68)	398
Operating Margin	18.2%	8.6%	11.3%	18.6%	-	13.2%
Pretax Margin						11.1%
Effective Tax Rate						28.6%
Shares Outstanding at End of Period						549
Potential Minority Interest						-
Revenue	\$ 1,473	\$ 243	\$ 1,001	\$ 345	\$ (37)	\$ 3,025
Operating Margin	18.2%	8.6%	11.3%	18.6%	-	13.2%

Marsh & McLennan Companies, Inc.
Supplemental Information – Putnam Assets Under Management
(Billions) (Unaudited)

	<u>March 31, 2006</u>	<u>Dec. 31, 2005</u>	<u>Sept. 30, 2005</u>	<u>June 30, 2005</u>	<u>March 31, 2005</u>
Mutual Funds:					
Growth Equity	\$ 31	\$ 31	\$ 32	\$ 33	\$ 34
Value Equity	37	37	38	39	40
Blend Equity	27	26	26	26	26
Fixed Income	31	32	33	34	35
Total Mutual Fund Assets	<u>126</u>	<u>126</u>	<u>129</u>	<u>132</u>	<u>135</u>
Institutional:					
Equity	34	34	33	33	35
Fixed Income	29	29	30	30	29
Total Institutional Assets	<u>63</u>	<u>63</u>	<u>63</u>	<u>63</u>	<u>64</u>
Total Ending Assets	<u>\$189</u>	<u>\$189</u>	<u>\$192</u>	<u>\$195</u>	<u>\$199</u>
Assets from Non-US Investors	\$ 32	\$ 32	\$ 33	\$ 34	\$ 35

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

March 31,
2006

December 31,