

# Making a difference in 2014

MARSH & McLENNAN COMPANIES  
ANNUAL REPORT





# Spotlight on 2014

Helping businesses meet the needs of changing times and technologies

## As women ascend, companies excel

**STUDIES BY MERCER AND OLIVER WYMAN**

A diverse and inclusive workforce enables organizations to thrive. Diverse organizations harness the collective experience of their people to provide fundamentally different, more holistic thinking to clients and employees. When women actively participate in companies, those companies outperform. When women are actively engaged in economies, those economies do better.

In 2014, we conducted two studies to better understand the current state of women in the workforce around the globe.

Mercer's *When Women Thrive, Businesses Thrive*, which assessed the health, financial wellbeing, and compensation of nearly 700,000 women, found that organizations are far from achieving gender equality:

- Women continue to lag men in overall workforce participation and in representation at the professional through executive levels.
- Current female hiring, promotion, and retention rates are insufficient to create equality over the next decade.
- Current talent flows will move more women into top roles over the next decade — but not in North America.

Oliver Wyman's *Women in Financial Services* analyzed the gender mix of senior staff at more than 150 firms internationally and surveyed over 1,000 current and potential financial services employees from five countries. One key finding was a lack of progression for women between mid and senior levels compared to other industries. We also found a greater focus on encouraging women to fit the system rather than evolving the culture and organizational practices to provide a more inclusive environment for all employees.

As a society, we collectively have a profound responsibility and opportunity to close the gender gap, and our research points the way. We are optimistic that organizations worldwide will seek their own solutions to achieve gender equality.

Those who seize this moment for change are sure to outperform those who remain on the sidelines.

## Building the future of analytics

**INNOVATIONS BY MARSH AND GUY CARPENTER**

Organizations today face the dual challenges of achieving growth in an increasingly uncertain economic environment while managing an array of interconnected risks.

Fortunately, analytics offer a new path in risk management.

Mobile technology, "big data," risk-adjusted benchmarking, and predictive analytics are leading to exciting new ways to analyze risk and inform strategic business decisions. The ability to make these decisions with confidence comes from having a comprehensive and forward-looking picture of emerging risks.

By drawing on our proprietary data and analytics capabilities, clients can enable risk-financing decisions in realtime, ensuring better alignment with other strategic decisions. Some clients have realized up to 10x returns on investment and significant cost savings by adopting this dynamic view of risk and capital allocation, which includes analysis of the potential losses and the cost-benefit of insurance structures.

Our mobile, cloud-based risk management platform is helping to move the market in an entirely new direction, but we are not done yet. We will continue to push innovations in analytics and risk management forward to deliver best-in-class solutions for our clients — enabling them to make more informed decisions and drive better results for their business.

# We are Marsh & McLennan Companies: a global professional services firm offering clients advice and solutions in risk, strategy, and people.

## OUR FOUR OPERATING COMPANIES ARE:

### MARSH

A leader in insurance broking and risk management.

### GUY CARPENTER

A leader in reinsurance and intermediary advisory services.

### MERCER

A leader in talent, health, retirement, and investment consulting.

### OLIVER WYMAN

A leader in management, economic, and brand strategy consulting.

## WE ARE COMMITTED TO:



### ENABLING CLIENT SUCCESS

We anticipate the needs of our clients and act as their trusted advisors.



### FINDING THE SMARTER WAY

We never stop searching for a better solution.



### WORKING SIDE-BY-SIDE

We collaborate across teams, business units, and global offices to harness our collective intelligence.



### LIVING THE GREATER GOOD

We act with integrity in all that we do and are committed to building trusted relationships with our colleagues, clients, shareholders, and communities.



**DAN GLASER**

PRESIDENT AND CHIEF EXECUTIVE OFFICER  
MARSH & McLENNAN COMPANIES



# Letter to our shareholders

At Marsh & McLennan Companies, our expertise, creativity, and passion for excellence enable us to help our clients tackle today's biggest challenges. Each day, we have the opportunity to make a difference, doing work that matters to our colleagues, clients, shareholders, communities, and to the world.

# 140+ years

OF HELPING CLIENTS ANTICIPATE AND  
MEET THE NEEDS OF CHANGING TIMES AND  
EVOLVING TECHNOLOGIES

It's been that way through our more than 140-year history — we have a deep heritage of helping clients anticipate and meet the needs of changing times and evolving technologies — and it's no different today. Our work enables enterprise. Our competitive positioning as a trusted advisor to our clients has never been stronger.

We are industry innovators and thought leaders. Clients look to us for guidance on a range of critical issues such as advising an aging population on how to save for retirement, managing global healthcare costs, and developing and supporting growth strategies. We help our clients anticipate and manage risk — and capture the opportunities that risk creates.

We have built a community of talented colleagues, experts in their fields, who thrive on working together and providing clients with guidance and support during critical moments. We are an organization energized by change, defined by deep specialization, and united by a common purpose: *making a difference*.

CONSECUTIVE YEARS OF DOUBLE-DIGIT  
GROWTH IN ADJUSTED OPERATING INCOME:

7 years

CONSECUTIVE YEARS OF ADJUSTED  
OPERATING MARGIN GROWTH IN  
BOTH OPERATING SEGMENTS:

5 years

#### ACHIEVING OUR FINANCIAL PERFORMANCE GOALS

We delivered another year of excellent performance in 2014. It's a powerful story: strong revenue and EPS growth, expanded operating margins, and increased return of capital to shareholders through double-digit growth in dividends and increased share repurchases.

Consolidated revenue rose to \$13 billion, with underlying revenue growth of 5% — our strongest increase in three years — with each of our four operating companies contributing. Adjusted operating income<sup>1</sup> increased 10% to \$2.3 billion, marking the seventh consecutive year of double-digit growth. Over the past five years, compound annual growth in adjusted earnings per share has been 14.5%.

#### IN 2014, WE COMMITTED TO...

#### WE DELIVERED...

13%

LONG-TERM EPS GROWTH



14%

ADJUSTED EPS GROWTH IN 2014

Double-digit

DIVIDEND GROWTH



10.4%

DIVIDEND GROWTH

Reduce

OUR SHARE COUNT



7 million reduction

IN SHARES OUTSTANDING

\$2.1 billion

ALLOCATED FOR DIVIDENDS,  
ACQUISITIONS, AND  
SHARE REPURCHASES



\$2.3 billion

UTILIZED

<sup>1</sup> For a reconciliation of non-GAAP results to GAAP results, as related to all non-GAAP references presented in this letter, please refer to the Company's Form 8-K, dated February 6, 2015, available on the Company's website at [www.mmc.com](http://www.mmc.com).



2014 marked the fifth straight year of margin expansion in both our Risk & Insurance Services and Consulting segments — an indication of the broad-based nature of our long-term growth.

Risk & Insurance Services, with revenue of \$6.9 billion, expanded its margin by 30 basis points. Within the segment:

- Marsh had another year of outstanding performance, with substantial underlying revenue growth across all major geographies and record new business development.
- Guy Carpenter delivered solid underlying revenue growth despite significant industrywide headwinds.

Consulting, with revenue of \$6.1 billion, produced robust growth. Segment margin rose 160 basis points, resulting in record operating income of nearly \$1 billion. Within the segment:

- Mercer produced strong performance, with solid underlying revenue growth, which drove the segment's record profitability.
- Oliver Wyman's underlying revenue growth of 15% reflected double-digit increases in each quarter of 2014.

Our strong performance in 2014 is a direct result of our continued investments in our businesses and in our people, giving them the tools and support to help them succeed. Since 2009, we have invested nearly \$5 billion for growth and efficiencies, including:

- Capital expenditures of approximately \$2 billion,
- 85 acquisitions and investment transactions totaling approximately \$3 billion, and
- Headcount increase of 7,600 colleagues, fueling the growth of our operating companies around the world.

We further expanded our global footprint in 2014 with acquisitions in Australia, Belgium, Scotland, Canada, Chile, and Panama, and through our investment in Alexander Forbes in South Africa. Marsh & McLennan Agency completed nine acquisitions in 2014, highlighted by Barney & Barney, which established the Agency's West Coast hub.

## CHALLENGES OF A CHANGING GLOBAL LANDSCAPE

If history has taught us anything, it's that a constantly evolving business landscape is rife with risks and abounds with opportunities. As we look at the world today, trends such as heightened focus on cyber security, political and economic uncertainty, slowing economic growth in developing economies, erratic oil prices, historically low interest rates, and a strong US dollar are all gaining momentum. They're indicative not only of the issues governments, multinationals, and most organizations face but also of how the speed of change presents its own set of challenges and opportunities.

This increasingly complex, dynamic world galvanizes us to do more, achieve more, think smarter, and challenge the status quo. Clients come to us for answers to their most pressing problems in risk, strategy, and people. Our operating companies can help to develop the solutions.



## OUR CULTURE SETS US APART

Much has been written about the importance of corporate cultures, and so, for me, someone who often challenges conventional approaches, it's a fair question to ask whether a company's culture matters.

In my view, there is no doubt. Great companies capable of achieving superior sustained performance derive their success from strong cultures that value excellence, innovation, collaboration, and integrity. These are key attributes of our culture at Marsh & McLennan Companies; we put them into practice every day.

Our work is guided by four powerful commitments: we enable our clients' success; we always seek the smarter way; we work side-by-side to harness our collective intelligence; and we live the greater good by acting with integrity.

We challenge ourselves to redefine what is possible. We pursue relentless improvement in all that we do, as we strive to anticipate and thrive in the face of new trends and to serve our clients with continued excellence.

In 2014, we expanded our voice and advised clients on some of the most complex issues of our day. We introduced data analytics that have the power to change risk management. We carried out extensive analysis of the challenges facing retirement systems around the world and helped clients connect their employees' desire for a secure financial future with the business need to create a high-performing workforce. We released important studies analyzing gender equality, assessing the current state of women in the workplace globally, concluding that companies that seize the moment for change outperform those that move too slowly.

Our workforce is diverse, inclusive, and engaged. We encourage our people to voice their ideas and raise concerns. We build our talent with ongoing learning and development programs, nurture leadership capabilities, and seek to attract the best, most qualified recruits to our organization.

As a committed corporate citizen, we encourage our colleagues to contribute their time, talents, and skills to help our communities. We embody our commitment to integrity in a vibrant code of conduct conveyed across the enterprise through creative and inspiring communications.

Our culture sets us apart.

I take great pride in what we have achieved in the last several years, knowing that there's still more work to be done to meet our long-term goals.

I am grateful to lead a proven executive team known for keeping its commitments and delivering results. Our Board of Directors works closely with our executive team and me, providing us with valuable guidance and expert knowledge. We are thankful for their counsel. As we announced in 2014, Adele Simmons, who has served our Board since 1978, will be retiring this May. We thank Adele for her nearly four decades of service and many invaluable contributions to our success.

Marsh & McLennan Companies is a \$13 billion global growth company with 57,000 dedicated colleagues around the world. We are positioned to thrive in a fast-changing global environment. We have the talent, resources, and spirit to achieve our goals. Our continued success is made possible by the support of our colleagues, clients, and shareholders.

Best regards,



**DAN GLASER**  
PRESIDENT AND CHIEF EXECUTIVE OFFICER  
MARSH & McLENNAN COMPANIES  
FEBRUARY 26, 2015





**Top, from left:** Morton O. Schapiro, H. Edward Hanway, Steven A. Mills, Bruce P. Nolop, Daniel S. Glaser, Marc D. Oken, Lloyd M. Yates, Oscar Fanjul  
**Bottom, from left:** R. David Yost, Elaine La Roche, Lord Lang of Monkton, Adele Simmons

## OUR BOARD OF DIRECTORS

### OSCAR FANJUL

Vice Chairman, Omega Capital  
 Former Chairman and  
 Chief Executive Officer, Repsol

### DANIEL S. GLASER

President and Chief Executive Officer,  
 Marsh & McLennan Companies

### H. EDWARD HANWAY

Former Chairman and  
 Chief Executive Officer,  
 CIGNA Corporation

### LORD LANG OF MONKTON

Independent Chairman,  
 Marsh & McLennan Companies  
 Former Member of British Parliament  
 Former British Secretary of State for  
 Trade and Industry

### ELAINE LA ROCHE

Senior Advisor,  
 China International Capital Corporation US  
 Former Chief Executive Officer, China  
 International Capital Corporation, Beijing

### STEVEN A. MILLS

Executive Vice President,  
 Software & Systems,  
 International Business Machines  
 Corporation (IBM)

### BRUCE P. NOLOP

Former Chief Financial Officer,  
 E\*Trade Financial Corporation

### MARC D. OKEN

Managing Partner,  
 Falfurrias Capital Partners  
 Former Chief Financial Officer,  
 Bank of America Corporation

### MORTON O. SCHAPIRO

President, Northwestern University

### ADELE SIMMONS

President, Global Philanthropy Partnership

### LLOYD M. YATES

Executive Vice President, Market Solutions &  
 President, Carolinas—Duke Energy

### R. DAVID YOST

Former President and  
 Chief Executive Officer,  
 AmerisourceBergen Corporation



**Top, from left:** E. Scott Gilbert, J. Michael Bischoff, Scott McDonald, Peter Zaffino, Alexander S. Moczarski, Peter J. Beshar  
**Bottom, from left:** Daniel S. Glaser, Laurie Ledford, Julio A. Portalatin

#### OUR EXECUTIVE COMMITTEE

PETER J. BESHAR  
 Executive Vice President and  
 General Counsel,  
 Marsh & McLennan Companies

J. MICHAEL BISCHOFF  
 Chief Financial Officer,  
 Marsh & McLennan Companies

E. SCOTT GILBERT  
 Senior Vice President and  
 Chief Risk & Compliance Officer,  
 Marsh & McLennan Companies

DANIEL S. GLASER  
 President and Chief Executive Officer,  
 Marsh & McLennan Companies

LAURIE LEDFORD  
 Senior Vice President and  
 Chief Human Resources Officer,  
 Marsh & McLennan Companies

SCOTT McDONALD  
 President and Chief Executive Officer,  
 Oliver Wyman Group

ALEXANDER S. MOCZARSKI  
 President and Chief Executive Officer,  
 Guy Carpenter

JULIO A. PORTALATIN  
 President and Chief Executive Officer,  
 Mercer

PETER ZAFFINO  
 President and Chief Executive Officer,  
 Marsh

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014  
Commission File No. 1-5998



MARSH & McLENNAN  
COMPANIES

**Marsh & McLennan Companies, Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**36-2668272**  
(I.R.S. Employer Identification No.)

**1166 Avenue of the Americas**  
**New York, New York 10036-2774**  
(Address of principal executive offices; Zip Code)  
**(212) 345-5000**

Registrant's telephone number, including area code  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$1.00 per share	New York Stock Exchange Chicago Stock Exchange London Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting Company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting Company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-Accelerated Filer ☐ (Do not check if a smaller reporting company)

Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2014, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$28,219,746,395 computed by reference to the closing price of such stock as reported on the New York Stock Exchange on June 30, 2014.

As of February 20, 2015, there were outstanding 538,779,514 shares of common stock, par value \$1.00 per share, of the registrant.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of Marsh & McLennan Companies, Inc.'s Notice of Annual Meeting and Proxy Statement for the 2015 Annual Meeting of Stockholders (the "2015 Proxy Statement") are incorporated by reference in Part III of this Form 10-K.





## INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

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

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

- the impact of competition, including with respect to our geographic reach, the sophistication and quality of our services, our pricing relative to competitors, our customers' option to self-insure or use internal resources instead of consultants, and our corporate tax rates relative to a number of our competitors;
- the extent to which we retain existing clients and attract new business, and our ability to incentivize and retain key employees;
- the impact on expenses relating to our global pension plans of discount rates and asset returns and of projected salary increases, mortality rates, demographics, inflation, and cash contributions due to changes in the funded status of our global defined benefit pension plans;
- the impact on our net income of fluctuations in foreign currency exchange rates, particularly in light of the recent strengthening of the U.S. dollar against most other currencies worldwide;
- our ability to maintain adequate physical, technical and administrative safeguards to protect the security of confidential, personal or proprietary information, and the potential for a system or network disruption that results in regulatory penalties, remedial costs or the improper disclosure or use of such information;
- our exposure to potential liabilities arising from errors and omissions claims against us;
- our exposure to potential civil remedies or criminal penalties if we fail to comply with foreign and U.S. laws that are applicable in the domestic and international jurisdictions in which we operate, including evolving sanctions against Russia and existing trade sanctions laws relating to countries such as Cuba, Iran, Sudan and Syria, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010, local laws prohibiting corrupt payments to government officials, as well as import and export restrictions;
- our ability to make acquisitions and dispositions and to integrate, and realize expected synergies, savings or benefits from, the businesses we acquire;
- our ability to successfully recover should we experience a disaster or other business continuity problem, such as an earthquake, hurricane, flood, terrorist attack, pandemic, security breach, cyber attack, power loss, telecommunications failure or other natural or man-made disaster;
- the impact of changes in interest rates and deterioration of counterparty credit quality on our cash balances and the performance of our investment portfolios, including corporate and fiduciary funds;
- the potential impact of rating agency actions on our cost of financing and ability to borrow, as well as on our operating costs and competitive position;
- changes in applicable tax or accounting requirements; and

- potential income statement effects from the application of FASB's ASC Topic No. 740 ("Income Taxes") regarding accounting treatment of uncertain tax benefits and valuation allowances, including the effect of any subsequent adjustments to the estimates we use in applying this accounting standard.

The factors identified above are not exhaustive. Marsh & McLennan Companies and its subsidiaries operate in a dynamic business environment in which new risks emerge frequently. Accordingly, we caution readers not to place undue reliance on any forward-looking statements included herein, which are based only on information currently available to us and speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made. 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 in Part I, Item 1A of this report and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section in Part II, Item 7 of this report.



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## PART I

### ITEM 1. BUSINESS.

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

#### GENERAL

The Company is a global professional services firm offering clients advice and solutions in risk, strategy and people. It is the parent company of a number of leading risk experts and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and related financial advice and services; and Oliver Wyman Group, the management, economic and brand consultancy. With approximately 57,000 employees worldwide and annual revenue of approximately \$13 billion, the Company provides analysis, advice and transactional capabilities to clients in more than 130 countries.

The Company conducts business through two segments:

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

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

#### OUR BUSINESSES

##### RISK AND INSURANCE SERVICES

The Risk and Insurance Services segment generated approximately 54% of the Company's total revenue in 2014 and employs approximately 30,800 colleagues worldwide. The Company conducts business in this segment through **Marsh** and **Guy Carpenter**.

##### MARSH

Marsh is a world leader in delivering risk and insurance services and solutions to its clients. From its founding in 1871 to the present day, Marsh has provided thought leadership and innovation for clients and the insurance industry, introducing and promoting the concept and practice of client representation through brokerage, the discipline of risk management, the globalization of insurance and risk management services and many other innovative tools and service platforms.

Marsh generated approximately 45% of the Company's total revenue in 2014. Approximately 28,400 Marsh colleagues provide risk management, risk consulting, insurance broking, alternative risk financing, and insurance program management services to a wide range of businesses, government entities, professional service organizations and individuals in more than 130 countries.

Marsh's clients vary by size, industry, geography and risk exposures. Marsh is organized to serve clients efficiently and effectively, delivering solutions tailored to the level of complexity of risk and geographic footprint and matched to clients' buying styles.

##### ***Insurance Broking and Risk Consulting***

In its main insurance broking and risk consulting business, Marsh employs a team approach to address clients' risk management and insurance needs. Each client relationship is coordinated by a client executive or client manager who draws from the many industry and risk specialties within Marsh to assemble the resources needed to assist clients in analyzing, measuring and managing their various risks. Product and service offerings include program design and placement, post-placement program support and administration, claims support and advocacy, alternative risk strategies, and a wide array of risk analysis and risk management consulting services. Within Marsh, there are significant specialties or

businesses in addition to its main brokerage operations that serve as an important part of the overall capabilities it provides to its broad range of clients. These include *Marsh & McLennan Agency*; *Schinnerer Group*; *Sponsored Programs*; *Private Client Services*; and *Torrent Technologies*.

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

<b><i>Risk &amp; Specialty Practices</i></b>	<b><i>Industry Practices</i></b>
<ul style="list-style-type: none"> <li>• Aviation &amp; Aerospace</li> <li>• Casualty</li> <li>• Claims</li> <li>• Employee Benefits</li> <li>• Energy</li> <li>• Environmental</li> <li>• Financial and Professional (FINPRO)</li> <li>• Marine</li> <li>• Political Risk</li> <li>• Premium Finance</li> <li>• Private Equity and Mergers &amp; Acquisitions (PEMA)</li> <li>• Product Recall</li> <li>• Project Risk</li> <li>• Property</li> <li>• Surety</li> <li>• Trade Credit</li> <li>• Workers' Compensation</li> </ul>	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Chemicals</li> <li>• Communications, Media and Technology</li> <li>• Construction</li> <li>• Education</li> <li>• Financial Institutions</li> <li>• Healthcare</li> <li>• Hospitality &amp; Gaming</li> <li>• Life Sciences</li> <li>• Manufacturing and Automotive</li> <li>• Mining, Metals &amp; Minerals</li> <li>• Power &amp; Utilities</li> <li>• Public Entities</li> <li>• Real Estate</li> <li>• Retail / Wholesale</li> <li>• Sports, Entertainment &amp; Events</li> <li>• Transportation</li> </ul>

### ***Global Risk and Specialties***

In 2014, the management of Marsh Global Analytics, Marsh Risk Consulting, Captive Solutions, CS STARS, Insurer Consulting Group, Multinational Client Service, Bowring Marsh and Marsh's Specialty Practices were combined into one business unit called Global Risk and Specialties.

***Marsh Global Analytics*** helps organizations use data and analytical tools to better understand risks, make more informed decisions, support the implementation of innovative solutions and strategies, and ultimately reduce costs. The principal tools employed include data from Marsh's extensive Global Benchmarking Portal, statistical and financial analyses, decision modeling, catastrophic loss modeling, and the Marsh Analytical Platform.

***Marsh Risk Consulting (MRC)*** is a global organization comprised of specialists dedicated to providing clients with advice and solutions across a comprehensive range of risk issues. MRC helps clients identify exposures, assess critical business functions and evaluate existing risk treatment practices and strategies. MRC provides client services in four main areas of exposure:

- **Property Risk Consulting:** Delivers a range of property risk engineering and loss control identification, assessment, and mitigation consulting solutions.
- **Workforce Strategies:** Supports clients' efforts to reduce workers' compensation loss costs, increase the quality, safety, and efficiency of operations, and develop and implement sustainable safety and health management systems.

- Financial Advisory, Claims, Litigation Support: Provides a range of services, including forensic accounting, complex claim consulting and management, claim accounting preparation, mass tort consulting, and construction delay and dispute consulting.
- Strategic Risk Consulting: Provides a range of services, including crisis management, reputational risk, and enterprise risk and resiliency services.

**Captive Solutions.** Operating in 42 captive domiciles, along with consulting expertise residing in Marsh brokerage offices worldwide, the Captive Solutions practice serves more than 1,250 captive facilities, including single-parent captives, reinsurance pools, risk retention groups and others. The practice includes the Captive Advisory group, a consulting arm that performs captive feasibility studies and helps to structure and implement captive solutions; Captive Management, an industry leader in managing captive facilities and in providing administrative, consultative and insurance-related services; and the Actuarial Services group, comprised of credentialed actuaries and supporting actuarial analysts.

**CS STARS** serves the needs of risk management professionals, as well as insurance carriers and third-party administrators, through integrated technology, analytics and data services solutions across risk, safety and claims management. CS Stars enables its customers to analyze trends, gain industry insights, optimize decision-making, and reduce costs across the entire risk lifecycle.

**Insurer Consulting Group.** Marsh provides consulting, data analytics and other services to insurers. Through Marsh's patented electronic platform, MarketConnect, and through other data analyses, Marsh provides to insurers individualized preference setting and risk identification capabilities, as well as detailed performance data and metrics. Insurer consulting teams review performance metrics and preferences with insurers. Marsh's Insurer Consulting services are designed to improve the product offerings available to Marsh's clients, assist insurers in identifying new opportunities, and enhance insurers' operational efficiency. The scope and nature of the services vary by insurer and by geography.

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

**Bowring Marsh** is an international placement broker for property and casualty risks. Bowring Marsh utilizes placement expertise in major international insurance market hubs, including Bermuda, Brazil, China, Dubai, Dublin, Hong Kong, London, Madrid, Miami, Singapore, South Korea, Tokyo and Zurich, and an integrated global network to secure advantageous terms and conditions for its clients throughout the world.

#### **Marsh & McLennan Agency.**

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

#### **Schinnerer Group.**

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

***Sponsored Programs; Private Client Services.***

Marsh operates business units that focus on affinity/program marketing and administration opportunities and high net worth individual personal lines insurance. Sponsored Programs is an affinity/program business that customizes commercial insurance programs and other business management solutions to meet the needs of franchisors, independent contractors, and other networks of businesses and their affiliates. Private Client Services provides sales and service to high net worth individuals, families and their advisors and family offices, focusing on delivery of property and casualty risk management solutions.

***Torrent Technologies.***

On November 17, 2014, Marsh acquired Torrent Technologies, Inc., a leading service provider to Write Your Own (WYO) insurers participating in the National Flood Insurance Program (NFIP). Remaining headquartered in Kalispell, Montana, Torrent's employees have combined with Marsh's existing flood insurance specialists to create a Flood Center of Excellence, offering a comprehensive suite of flood insurance products and services. Torrent and Marsh also have demonstrated capabilities in the non-NFIP retail flood space and in providing other non-NFIP flood insurance administration services to mortgage lenders and other businesses.

**GUY CARPENTER**

Guy Carpenter generated approximately 9% of the Company's total revenue in 2014. Approximately 2,400 Guy Carpenter professionals help clients with a combination of specialized reinsurance broking expertise, strategic advisory services, and analytics. Guy Carpenter teams create and execute reinsurance and risk management solutions for clients worldwide, by providing risk assessment analytics, actuarial services, highly specialized product knowledge and trading relationships with reinsurance markets. Client services also include contract and claims management and fiduciary accounting.

Acting as a broker or intermediary on all classes of reinsurance, Guy Carpenter places two main types of property and casualty reinsurance: treaty reinsurance, which involves the transfer of a portfolio of risks; and facultative reinsurance, which entails the transfer of part or all of the coverage provided by a single insurance policy.

Guy Carpenter provides reinsurance services in a broad range of specialty practice areas, including: agriculture; alternative risk transfer (such as group-based captives and insurance pools); aviation & aerospace; casualty clash (losses involving multiple policies or insureds); construction and engineering; credit, bond & political risk; excess & umbrella; general casualty; life, accident & health; marine and energy; medical professional liability; professional liability; program manager solutions; property; retrocessional reinsurance (reinsurance between reinsurers); surety (reinsurance of surety bonds and other financial guarantees); terror risk and workers compensation.

Guy Carpenter also offers clients alternatives to traditional reinsurance, including industry loss warranties and, through its licensed affiliates, capital markets alternatives such as transferring catastrophe risk through the issuance of risk-linked securities. GC Securities, the Guy Carpenter division of MMC Securities Corp. and MMC Securities (Europe) Limited, respectively, offers corporate finance solutions, including mergers & acquisitions and private debt and equity capital raising, and capital markets-based risk transfer solutions that complement Guy Carpenter's strong industry relationships, analytical capabilities and reinsurance expertise.

In addition, Guy Carpenter provides its clients with numerous reinsurance-related services, such as actuarial, enterprise risk management, financial and regulatory consulting, portfolio analysis and advice on the efficient use of capital. Guy Carpenter's GC Analytics® unit serves as a local resource that helps clients better understand and quantify the uncertainties inherent in their businesses. Working in close partnership with Guy Carpenter account executives, GC Analytics specialists can help support clients' critical decisions in numerous areas, including reinsurance utilization, catastrophe exposure portfolio management, new product/market development, rating agency, regulatory and account impacts, loss reserve risk, capital adequacy and return on capital.



### **Compensation for Services in Risk and Insurance Services**

Marsh and Guy Carpenter are compensated for brokerage and consulting services through commissions and fees. Commission rates and fees vary in amount and can depend upon a number of factors, including the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer selected, the capacity in which the broker acts, and negotiations with clients. In addition to compensation from its clients, Marsh also receives compensation from insurance companies. This compensation includes, among other things, payment for consulting and analytics services provided to insurers; administrative and other services provided to or on behalf of insurers (including services relating to the administration and management of quota shares, panels and other facilities in which insurers participate); and contingent commissions in parts of its operations.

Marsh and Guy Carpenter receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others. For a more detailed discussion of revenue sources and factors affecting revenue in our Risk and Insurance Services segment, see Part II, Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") of this report.

### **CONSULTING**

The Company's consulting segment generated approximately 46% of the Company's total revenue in 2014 and employs approximately 24,300 colleagues worldwide. The Company conducts business in this segment through **Mercer** and **Oliver Wyman Group**.

#### **MERCER**

Mercer is a global consulting leader in Health, Retirement, Investments and Talent. Mercer helps clients around the world advance the health, wealth and performance of their most vital asset - their people. Mercer's approximately 20,600 employees are based in more than 40 countries. Clients include a majority of the companies in the Fortune 1000 and FTSE 100, as well as medium- and small-market organizations. Mercer generated approximately 34% of the Company's total revenue in 2014.

Mercer operates in the following areas:

**Health.** In its Health & Benefits business, Mercer assists public and private sector employers in the design, management and administration of employee health care programs; compliance with local benefits-related regulations; and the establishment of health and welfare benefits coverage for employees. Mercer provides a range of advice and solutions to clients, which, depending on the engagement, may include: total health management strategies; global health brokerage solutions; vendor performance and audit; life and disability management; and measurement of healthcare provider performance. These services are provided through traditional fee-based consulting as well as commission-based brokerage services in connection with the selection of insurance companies and healthcare providers. Mercer also provides products and solutions for private active and retiree exchanges in the United States, including its Mercer Marketplace<sup>SM</sup> private exchange.

**Retirement.** Mercer provides a wide range of strategic and compliance-related retirement services and solutions to corporate, governmental and institutional clients. Mercer assists clients worldwide in the design, governance and risk management of defined benefit, defined contribution and hybrid retirement plans. Mercer's approach to retirement services enables clients to consider the benefits, accounting, funding and investment aspects of plan design and management in the context of business objectives and governance requirements.

**Investments.** Mercer provides investment consulting and other services to the sponsors of pension funds, foundations, endowments, other investors and wealth management companies in more than 40 countries. Mercer's services cover all stages of the institutional investment process, from strategy, structure and implementation to ongoing portfolio management.

Mercer provides delegated investment solutions (fiduciary management) to institutional investors including retirement plans, endowments and foundations and wealth managers, primarily through investment in manager of manager funds sponsored and managed by Mercer. Solutions include services for defined benefit and defined contribution plans utilizing our expertise in liability-driven investment and actuarial techniques, and personal wealth solutions. Mercer offers a diverse range of solutions to meet a full spectrum of risk/return preferences and manages investment vehicles across a range of investment

strategies for clients globally. As of December 31, 2014, Mercer had assets under management of \$116 billion worldwide.

Mercer also provides benefits administration services to clients globally as part of its Retirement, Health and Investments businesses. Mercer's administration offerings include total benefits outsourcing; total retirement outsourcing, including administration and delivery for retirement benefits; and stand-alone services for defined benefit administration, defined contribution administration, health benefits administration and flexible benefits programs.

**Talent.** Mercer's talent businesses advise organizations on the engagement, management and rewarding of employees; the design of executive remuneration programs; and improvement of human resource (HR) effectiveness. Through proprietary survey data and decision support tools, Mercer's Information Products Solutions business provides clients with human capital information and analytical capabilities to improve strategic human capital decision making. Mercer's Communications business helps clients plan and implement HR programs and other organizational changes designed to maximize employee engagement, drive desired employee behaviors and achieve improvements in business performance.

### **OLIVER WYMAN GROUP**

With approximately 3,700 professionals and offices in 25 countries, Oliver Wyman Group delivers advisory services to clients through three operating units, each of which is a leader in its field: Oliver Wyman; Lippincott; and NERA Economic Consulting. Oliver Wyman Group generated approximately 13% of the Company's total revenue in 2014.

Oliver Wyman is a leading global management consulting firm. Oliver Wyman's consultants specialize by industry and functional area, allowing clients to benefit from both deep sector knowledge and specialized expertise in strategy, operations, risk management and organization transformation. Industry groups include:

- Automotive
- Aviation, Aerospace & Defense
- Business Services
- Communications, Media & Technology
- Distribution & Wholesale
- Energy
- Financial services (including corporate and institutional banking, insurance, wealth and asset management, public policy, and retail and business banking)
- Health & Life Sciences
- Industrial products
- Retail & consumer products
- Surface transportation

Oliver Wyman overlays its industry knowledge with expertise in the following functional specializations:

- *Actuarial.* Oliver Wyman offers actuarial consulting services to public and private enterprises, self-insured group organizations, insurance companies, government entities, insurance regulatory agencies and other organizations.
- *Business & Organization Transformation.* Oliver Wyman advises organizations undergoing or anticipating profound change or facing strategic discontinuities or risks by providing guidance on leading the institution, structuring its operations, improving its performance, and building its organizational capabilities.
- *Corporate Finance & Restructuring.* Oliver Wyman provides an array of capabilities to support investment decision making by private equity funds, hedge funds, sovereign wealth funds, investment banks, commercial banks, arrangers, strategic investors, and insurers.
- *Digital.* Oliver Wyman has a dedicated cross-industry team helping clients to capitalize on the opportunities created by digital technology and address the strategic threats.

- **Marketing & Sales.** Oliver Wyman advises leading firms in the areas of offer/pricing optimization; product/service portfolio management; product innovation; marketing spend optimization; value-based customer management; and sales and distribution model transformation.
- **Oliver Wyman Labs.** Oliver Wyman applies innovative approaches to technology to drive business impact for its clients. The mission of OW Labs is to help clients to unleash the power of the information they already have or could capture - essentially to become knowledge-powered businesses - and through that to drive competitive advantage and sustained impact.
- **Operations & Technology.** Oliver Wyman offers market-leading IT organization design, IT economics management, Lean Six Sigma principles and methodologies, and sourcing expertise to clients across a broad range of industries.
- **Risk Management.** Oliver Wyman works with chief financial officers, chief risk officers, and other senior finance and risk management executives of corporations and financial institutions. Oliver Wyman provides a range of services that provide effective, customized solutions to the challenges presented by the evolving roles, needs and priorities of these individuals and organizations.
- **Strategy.** Oliver Wyman is a leading provider of corporate strategy advice and solutions in the areas of growth strategy and corporate portfolio; non-organic growth and M&A; performance improvement; business design and innovation; corporate center and shared services; and strategic planning.
- **Sustainability Center.** The Sustainability Center at Oliver Wyman supports leading companies and governments around the world in their efforts to foster economic growth while encouraging more responsible use of natural resources and environmental protection.
- **Value Sourcing.** Oliver Wyman helps organizations with optimization of purchasing processes or organization; cost monitoring; low-cost country sourcing; supply chain management; strategic sourcing; sequenced supply; part kitting; and with transforming procurement into a strong competitive advantage, delivering sustained value.

**Lippincott** is a brand strategy and design consulting firm that advises corporations around the world in a variety of industries on corporate branding, identity and image. Lippincott has helped create some of the world's most recognized brands.

**NERA Economic Consulting** provides economic analysis and advice to public and private entities to achieve practical solutions to highly complex business and legal issues arising from competition, regulation, public policy, strategy, finance and litigation. NERA professionals operate worldwide assisting clients including corporations, governments, law firms, regulatory agencies, trade associations, and international agencies. NERA's specialized practice areas include: antitrust; securities; complex commercial litigation; energy; environmental economics; network industries; intellectual property; product liability and mass torts; and transfer pricing.

#### **Compensation for Services in Consulting**

Mercer and the Oliver Wyman Group businesses are compensated for advice and services primarily through fees paid by clients. Mercer's Health & Benefits business is compensated through commissions for the placement of insurance contracts (comprising more than half of the revenue in the Health & Benefits business) and consulting fees. Mercer's delegated Investment Management business and certain of Mercer's defined contribution administration services are compensated typically through fees based on assets under administration and/or management. For a majority of the funds, revenue received from Mercer's investment management clients as sub-advisor fees is reported in accordance with U.S. GAAP, on a gross basis rather than a net basis. For a more detailed discussion of revenue sources and factors affecting revenue in the Consulting segment, see Part II, Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") of this report.

## REGULATION

The Company's activities are subject to licensing requirements and extensive regulation under United States federal and state laws, as well as laws of other countries in which the Company's subsidiaries operate. See Part I, Item 1A ("Risk Factors") below for a discussion of how actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our businesses.

**Risk and Insurance Services.** While laws and regulations vary from location to location, every state of the United States and most foreign jurisdictions require insurance market intermediaries and related service providers (such as insurance brokers, agents and consultants, reinsurance brokers and managing general agents) to hold an individual and/or company license from a governmental agency or self-regulatory organization. Some jurisdictions issue licenses only to individual residents or locally-owned business entities; in those instances, if the Company has no licensed subsidiary, it may maintain arrangements with residents or business entities licensed to act in such jurisdiction. Such arrangements are subject to an internal review and approval process. Licensing of reinsurance intermediaries is generally less rigorous compared to that of insurance brokers, and most jurisdictions require only corporate reinsurance intermediary licenses.

The Insurance Mediation Directive was adopted by the United Kingdom and 26 other European Union Member States in 2005. Its implementation gave powers to the Financial Services Authority ("FSA"), the United Kingdom regulator at the time, to expand their responsibilities in line with the Financial Services and Markets Act, the result of which was the regulation of insurance and reinsurance intermediaries. The enhanced regulatory regime effected a licensing system based on an assessment of factors which included professional competence, financial capacity and the requirement to hold professional indemnity insurance. In April 2013, the FSA was superseded by the Financial Conduct Authority ("FCA"). In April 2014, the FCA's responsibilities were expanded further to include the regulation of credit activities for consumers. This included the broking of premium finance to consumers who wished to spread the cost of their insurance. In April 2015, the FCA will also obtain their concurrent competition powers enabling them to enforce the prohibitions on anti-competitive behavior in relation to financial services.

Insurance authorities in the United States and certain other jurisdictions in which the Company's subsidiaries do business, including the FCA in the United Kingdom, also have enacted laws and regulations governing the investment of funds, such as premiums and claims proceeds, held in a fiduciary capacity for others. These laws and regulations typically provide for segregation of these fiduciary funds and limit the types of investments that may be made with them, and generally apply to both the insurance and reinsurance business. The FCA rules which protect client assets and client money are currently being reviewed by the FCA with changes intended to provide enhanced protection to client funds expected in the second quarter of 2015.

Certain of the Company's Risk and Insurance Services activities are governed by other regulatory bodies, such as investment, securities and futures licensing authorities. In the United States, Marsh and Guy Carpenter use the services of MMC Securities Corp., a broker-dealer, investment adviser and introducing broker, registered in the U.S. with the SEC and the Commodity Futures Trading Commission ("CFTC") and a member of the Financial Industry Regulatory Authority ("FINRA"), the National Futures Association and the Securities Investor Protection Corporation ("SIPC"), primarily in connection with investment banking-related services relating to insurance-linked and alternative risk financing transactions. Also in the United States, Marsh uses the services of NIA Securities, LLC, a U.S. registered broker-dealer and member of FINRA and SIPC. In the United Kingdom, Marsh and Guy Carpenter utilize the expertise of MMC Securities (Europe) Limited, which is authorized and regulated by the FCA to provide advice on securities and investments, including mergers & acquisitions in the European Union. MMC Securities Corp., MMC Securities (Europe) Limited, NIA Securities, LLC, and Marsh Investment Services Limited are indirect, wholly-owned subsidiaries of Marsh & McLennan Companies, Inc.

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

**Consulting.** Certain of Mercer's retirement-related consulting and investment services are subject to pension law and financial regulation in many countries. In addition, the trustee services, investment services (including advice to persons, institutions and other entities on the investment of pension assets

and assumption of discretionary investment management responsibilities) and retirement and employee benefit program administrative services provided by Mercer and its subsidiaries and affiliates are also subject to investment and securities regulations in various jurisdictions, including the SEC, the Department of Labor and the CFTC in the United States, the FCA in the United Kingdom, the Central Bank of Ireland, and the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission. In the United States, Mercer provides investment services through Mercer Investment Management, Inc. and Mercer Investment Consulting, Inc., each a registered investment adviser. Mercer Trust Company, a New Hampshire chartered trust bank, provides services for Mercer's benefits administration and investment management business in the United States. The benefits insurance consulting and brokerage services provided by Mercer and its subsidiaries and affiliates are subject to the same licensing requirements and regulatory oversight as the insurance market intermediaries described above regarding our Risk and Insurance Services businesses. Mercer uses the services of MMC Securities Corp. with the provision of certain retirement and employee benefit services. Oliver Wyman Group uses the services of MMC Securities Corp. (in the United States) and MMC Securities (Europe) Limited (in the European Union), primarily in connection with corporate finance advisory services.

## **COMPETITIVE CONDITIONS**

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

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

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

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

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

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

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



## Employees

As of December 31, 2014, the Company and its consolidated subsidiaries employed approximately 57,000 people worldwide, including approximately 30,800 in risk and insurance services, 24,300 in consulting, and 1,700 individuals at the parent-company level.

## EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are appointed annually by the Company's Board of Directors. The following individuals are the executive officers of the Company:

**Peter J. Beshar**, age 53, is Executive Vice President and General Counsel of Marsh & McLennan Companies. In addition to managing the Company's Legal function, Mr. Beshar also oversees the Company's Government Relations, Risk Management and Communications groups. Before joining Marsh & McLennan Companies in November 2004, Mr. Beshar was a Litigation Partner in the law firm of Gibson, Dunn & Crutcher LLP. Mr. Beshar joined Gibson, Dunn & Crutcher in 1995 after serving as an Assistant Attorney General in the New York Attorney General's office and as the Special Assistant to Cyrus Vance in connection with the peace negotiations in the former Yugoslavia.

**J. Michael Bischoff**, age 67, is the Company's Chief Financial Officer. Mr. Bischoff has held a number of senior financial management positions with Marsh & McLennan Companies since joining the Company in 1982. In his most recent role as Vice President, Corporate Finance, Mr. Bischoff was responsible for leading and directing the Company's Corporate Development, Mergers & Acquisitions, Treasury and Investor Relations functions. His prior experience was with the Board of Governors of the Federal Reserve System.

**E. Scott Gilbert**, age 59, is Senior Vice President and Chief Risk and Compliance Officer of Marsh & McLennan Companies. In addition to managing the Company's Risk and Compliance function, Mr. Gilbert also oversees the Company's Business Resiliency Management, Global Security and Global Technology Infrastructure groups. Prior to joining Marsh & McLennan Companies in January 2005, he had been the Chief Compliance Counsel of the General Electric Company since September 2004. Prior thereto, he was Counsel, Litigation and Legal Policy at GE. Between 1986 and 1992, when he joined GE, he served as an Assistant United States Attorney in the Southern District of New York.

**Daniel S. Glaser**, age 54, is President and Chief Executive Officer of Marsh & McLennan Companies. Prior to assuming this role in January 2013, Mr. Glaser served as Group President and Chief Operating Officer of Marsh & McLennan Companies from April 2011 through December 2012, with strategic and operational oversight of both the Risk and Insurance Services and the Consulting segments of the Company. Mr. Glaser rejoined Marsh in December 2007 as Chairman and Chief Executive Officer of Marsh Inc. after serving in senior positions in commercial insurance and insurance brokerage in the United States, Europe, and the Middle East. He began his career at Marsh over 30 years ago. Mr. Glaser was named Chairman of the Federal Advisory Committee on Insurance (FACI) in August 2014. FACI, which comprises experts from business, academia and consumer advocacy groups, as well as state insurance regulators, was formed in 2011 to provide advice to the Federal Insurance Office. He also serves on the International Advisory Board of BritishAmerican Business and is a member of the Board of Trustees for The Institutes (American Institute for CPCU), the Insurance Information Institute and Ohio Wesleyan University.

**Laurie Ledford**, age 57, is the Company's Senior Vice President and Chief Human Resources Officer. Ms. Ledford is responsible for the firm's overall human capital and talent strategy and the delivery of human resources services to all our colleagues worldwide. Prior to her current role, Ms. Ledford served as Chief Human Resources Officer (CHRO) for Marsh Inc. Ms. Ledford joined Marsh in 2000 and was named CHRO in 2006, after having served as Senior Human Resources Director for Marsh's International Specialty Operations. Her prior experience was with Citibank and NationsBank.

**Scott McDonald**, age 48, is President and Chief Executive Officer of Oliver Wyman Group, a position he assumed in January 2014. From 2012 to 2014, Mr. McDonald was President of Oliver Wyman. Previously, Mr. McDonald was the Managing Partner of Oliver Wyman's Financial Services practice and has held a number of senior positions, including the Global head of the Corporate & Institutional Banking practice.



Mr. McDonald has 20 years of experience in financial services consulting. Before joining Oliver Wyman in 1995, he was an M&A investment banker with RBC Dominion Securities in Toronto.

**Alexander S. Moczarski**, age 59, is President and Chief Executive Officer of Guy Carpenter. In addition, Mr. Moczarski is Chairman of Marsh & McLennan Companies International. In this role, Mr. Moczarski oversees the Company's international strategy, as well as its group of Country Corporate Officers located in regions around the world. Prior to being named Guy Carpenter CEO in April 2011, Mr. Moczarski was President and CEO of the International Division of Marsh. Previously, he was CEO of Marsh Inc.'s Europe, Middle East and Africa region. While at Marsh, Mr. Moczarski held several other roles, including President and CEO of the firm's International Specialty Operations and Region Head for the Latin America and Caribbean Region. Before joining Marsh in 1993, Mr. Moczarski worked for AIG for nearly 15 years, most recently as CEO of the firm's operations in Argentina and Chile.

**Julio A. Portalatin**, age 55, is President and Chief Executive Officer of Mercer. Prior to joining Mercer in February 2012, Mr. Portalatin was the President and CEO of Chartis Growth Economies, and Senior Vice President, American International Group (AIG). In that role, he had responsibility for operations in Asia Pacific, South Asia, Latin America, Africa, the Middle East and Central Europe. Mr. Portalatin began his career with AIG in 1993 and thereafter held a number of key leadership roles, including President of the Worldwide Accident & Health Division at American International Underwriters (AIU) from 2002-2007. From 2007-2010, he served as President and CEO of Chartis Europe S.A. and Continental European Region, based in Paris, before becoming President and CEO of Chartis Emerging Markets. Prior to joining AIG/Chartis, Mr. Portalatin spent 12 years with Allstate Insurance Company in various executive product underwriting, distribution and marketing positions.

**Peter Zaffino**, age 48, is President and Chief Executive Officer of Marsh. Prior to being named Marsh CEO in 2011, Mr. Zaffino was President and Chief Executive Officer of Guy Carpenter, a position he assumed in early 2008. Previously, he was an Executive Vice President of Guy Carpenter and had held a number of senior positions, including Head of Guy Carpenter's U.S. Treaty Operations and Head of the firm's Global Specialty Practices. Mr. Zaffino has over 25 years of experience in the Insurance and Reinsurance industry. Prior to joining Guy Carpenter in 2001, he held several senior positions, most recently serving in an executive role with a GE Capital portfolio company.

## AVAILABLE INFORMATION

The Company is subject to the informational reporting requirements of the Securities Exchange Act of 1934. In accordance with the Exchange Act, the Company files with the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The Company makes these reports and any amendments to these reports available free of charge through its website, [www.mmc.com](http://www.mmc.com), as soon as reasonably practicable after they are filed with, or furnished to, the SEC. The SEC also maintains an Internet site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers, like the Company, that file electronically with the SEC.

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

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

All of the above documents are available in printed form to any Company stockholder upon request. The information on our website is not a part of, or incorporated by reference into, this report.

## Item 1A. Risk Factors

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

## RISKS RELATING TO THE COMPANY GENERALLY

### Legal and Regulatory Issues

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

Our operating companies provide numerous professional services, including the placement of insurance and the provision of consulting, actuarial and other services, to corporate and public clients around the world. As a result of these activities, the Company and its subsidiaries are subject to a significant number of errors and omissions, breach of fiduciary duty and similar claims, which we refer to collectively as "E&O claims". In our Risk and Insurance Services segment, such claims include allegations of damages arising from our failure to adequately place coverage or notify insurers of potential claims on behalf of clients. In our Consulting segment, such claims include allegations of damages arising from our actuarial, consulting, investments, pension administration and other services, which frequently involve (1) assumptions and estimates concerning contingent future events, (2) drafting and interpretation of complex documentation governing pension plans, (3) calculating benefits within complex pension structures and (4) the provision of investment advice and management of client assets. Given the long-tail nature of professional liability claims, these matters often relate to services provided by the Company dating back many years. Such claims may seek damages, including punitive and treble damages, in amounts that could, if awarded, be significant and subject us to liability for monetary damages, negative publicity and reputational harm and divert personnel and management resources. The Company has varying levels of third-party insurance coverage, with policy limits and coverage terms varying significantly by policy year.

In establishing liabilities for E&O claims in accordance with FASB ASC Subtopic No. 450-20 (Contingencies-Loss Contingencies), the Company utilizes case level reviews by inside and outside counsel, an internal actuarial analysis and other analysis to estimate potential losses. A liability is established when a loss is both probable and reasonably estimable. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable. Nevertheless, given the unpredictability of E&O claims and of litigation that could flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on the Company's business, results of operations, financial condition or cash flow in a given quarterly or annual period.

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

#### **We cannot guarantee that we are or will be in compliance with all current and potentially applicable U.S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate could have a material adverse effect on our business.**

Our activities are subject to extensive regulation under the laws of the United States and its various states, the European Union and its member states and the other jurisdictions in which we operate. For example, we are subject to regulation by foreign and domestic governments, regulatory agencies such as the SEC in the United States and the FCA in the United Kingdom and self-regulatory organizations such as FINRA, as further described above under Part I, Item 1 - Business (Regulation) of this report. The foreign and U.S. laws and regulations applicable to our operations are complex and may increase the costs of regulatory compliance, limit or restrict the products or services we sell or subject our business to the possibility of regulatory actions or proceedings. These laws and regulations include trade sanctions laws relating to countries such as Cuba, Iran, Russia, Sudan and Syria, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010 and similar local laws prohibiting corrupt payments to governmental officials and the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act in the U.S., as well as import and export restrictions. As discussed in more detail below, they also include laws and regulations related to data privacy and cyber security.

We are subject to additional federal, state and other rules and regulations, including those required by the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act. Compliance with the requirements of these laws and regulations, among others, may be costly and could adversely affect our business.

While we attempt to comply with all applicable laws and regulations, there can be no assurance that we, our employees, our consultants or our contractors are in full compliance with all applicable laws and regulations or interpretations of these laws and regulations at all times or that we will be able to comply with any future laws or regulations. If we fail to comply with applicable laws and regulations, including those referred to above, we may be subject to investigations, criminal penalties or civil remedies, including fines, injunctions, loss of an operating license or approval, increased scrutiny or oversight by regulatory authorities, the suspension of individual employees, limitations on engaging in a particular business or redress to clients. The cost of compliance or the consequences of non-compliance could have a material adverse effect on our business, results of operations or financial condition. In addition, these matters could have a material adverse effect on the Company by exposing us to negative publicity and reputational damage or by harming our client or employee relationships.

In most jurisdictions, government regulatory authorities have the power to interpret or amend applicable laws and regulations, and have discretion to grant, renew and revoke various licenses and approvals we need to conduct our activities. Such authorities may require the Company to incur substantial increases in costs in order to comply with such laws and regulations. In some areas of our businesses, we act on the basis of our own or the industry's interpretations of applicable laws or regulations, which may conflict from state to state or country to country. In the event those interpretations eventually prove different from the interpretations of regulatory authorities, we might be penalized or precluded from carrying on our previous activities. Moreover, the laws and regulations to which we are subject may conflict among the various jurisdictions and countries in which we operate, which could increase the likelihood of our businesses being non-compliant in one or more jurisdictions.

The method by which insurance intermediaries are compensated has received substantial scrutiny from regulators in the past because of the potential for conflicts of interest. The potential for conflicts of interest arises when an intermediary is compensated by two parties in connection with the same or similar transactions. The vast majority of the compensation that Marsh receives is in the form of retail commissions and fees. The amount of compensation that we receive from insurance companies, separate from retail commissions and fees, has increased significantly in the last several years. This compensation includes, among other things, payment for consulting and analytics services provided to insurers; administrative and other services provided to or on behalf of insurers (including services relating to the administration and management of quota shares, panels and other facilities in which insurers participate); and contingent commissions in parts of our operations. Future changes in the regulatory environment may impact our ability to collect these revenue streams. In addition, these revenues present potential regulatory, litigation and reputational risks that may arise from alleged conflicts of interest or allegations under antitrust, competition and other laws. Adverse regulatory, legal or other developments regarding these revenues could have a material adverse effect on our business, results of operations or financial condition, expose us to negative publicity and reputational damage and harm our client, insurer or other relationships.

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

**Improper disclosure of confidential, personal or proprietary data, whether due to human error, misuse of information by employees or vendors or as a result of cyberattacks, could result in regulatory scrutiny, legal liability or reputational harm, and could have a material adverse effect on our business.**

We maintain confidential, personal and proprietary information relating to our company, our employees, our clients and their employees and other third parties. This information includes personally identifiable information, protected health information and financial information.

Confidential, personal and proprietary information is subject to the risk that it will be improperly disclosed or misused, either as a result of human error or improper action by employees, vendors or third parties,

including through a cyberattack. The age of some of our technology, as well as the expansion of and increased use of mobile devices, online and "cloud"-based services and social media tools by employees, clients and third parties, and the speed at which information can be widely distributed, all contribute to an increased risk of intentional or unintentional distribution or misuse of such information. In addition, across our global operations, we have a significant number of third-party vendors who have direct access to our systems or receive a significant amount of confidential, personal or proprietary information from us. As a result, we are also at risk of a data incident involving a vendor, including due to the breakdown of a vendor's data protection processes or a cyberattack on a vendor's systems.

In many jurisdictions around the world, we are increasingly subject to new or changing laws, rules and regulations relating to the collection, use, transfer, retention, security and management of such information. These laws impose, among other things, restrictions on cross-border transfers, stringent operational requirements, breach notification obligations and, in some jurisdictions, significant penalties for non-compliance. These evolving laws and regulations impose significant technology and compliance costs on us. Our failure to adhere to legal or regulatory requirements in this area could result in legal liability or damage to our reputation, as well as the risks described elsewhere herein relating to our compliance systems and controls.

We have, to date, experienced data incidents involving confidential, personal and proprietary information, including breaches resulting from human error, as well as employees or vendors misusing such information and unauthorized persons gaining access to our systems. To date, these incidents have not had a material adverse effect on our business or operations. In the future, however, such incidents could disrupt our business, damage our reputation and subject us to significant legal liability. The costs associated with such incidents could be substantial and could exceed any coverage available under our insurance policies.

We engage in periodic testing and maintain policies, procedures and technical safeguards designed to protect the security and privacy of confidential, personal and proprietary information. However, our testing efforts may not discover all system deficiencies, and we may not be able to fully remediate any discovered deficiencies in a timely manner. Similarly, our policies, procedures and technical safeguards may be insufficient to prevent improper access to or disclosure or misuse of confidential, personal or proprietary information. We also may be unable to detect an incident, assess the severity or impact of an incident or appropriately respond to an incident in a timely manner.

Significant costs are involved with maintaining safeguards for our technology infrastructure. If we are unable to efficiently and effectively maintain and upgrade these safeguards, including in connection with the integration of acquisitions, we could incur unexpected costs and certain of our systems could become more vulnerable, which could have a material adverse effect on our business.

Improper access to or use or disclosure of confidential, personal or proprietary information could harm our reputation and subject us to liability under our contracts, as well as under existing or future laws, rules and regulations, resulting in increased legal and other costs, harm to our reputation and disruption of our business.

#### Financial Risks

##### **Our pension obligations could cause the Company's financial position, earnings and cash flows to fluctuate.**

The Company has significant pension obligations to its current and former employees, totaling approximately \$15.9 billion, and related plan assets of approximately \$14.9 billion, at December 31, 2014. The Company's policy for funding its tax-qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth by U.S. law and the laws of the non-U.S. jurisdictions in which the Company offers defined benefit plans. In the U.S., contributions to the tax-qualified defined benefit plans are based on ERISA guidelines. Contribution rates for non-U.S. plans are generally based on local funding practices and statutory requirements, which may differ from measurements under U.S. GAAP. In the U.K., for example, contributions to defined benefit pension plans are based on statutory requirements and are determined through a negotiation process between the Company and the plans' trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. This negotiation process is governed by U.K. pension regulations. Certain of the

assumptions that result from the funding negotiations are different from those used for U.S. GAAP and currently result in a lower funded status than under U.S. GAAP.

During 2014, the Company contributed \$25 million to its U.S. pension plans and \$156 million to its non-U.S. pension plans. The calculations relating to our defined benefit pension plans are complex. As indicated in Note 8 to our consolidated financial statements, pension plan assets and liabilities, periodic pension expense and future funding amounts are impacted by future asset performance, the assumed interest rates we use to discount our pension liabilities, rates of inflation, mortality assumptions and other variables. Given the magnitude of our worldwide pension plans, variations in or reassessment of the preceding factors or potential miscalculations relating to our defined benefit pension plans could cause significant fluctuation from year to year in our earnings and cash flow, as well as our pension plan assets, liabilities and equity, and may result in increased levels of contributions to our pension plans.

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

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

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

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

We are subject to exchange rate movement because some of our subsidiaries receive revenue other than in their functional currencies and because we must translate the financial results of our foreign subsidiaries into U.S. dollars. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars. In certain jurisdictions, however, our Risk and Insurance Services operations generate revenue in a number of different currencies, but expenses are almost entirely incurred in local currency. Due to fluctuations in foreign exchange rates, we are subject to economic exposure as well as currency translation exposure on the profits of our operations. Because the non-U.S. based revenue that is exposed to foreign exchange fluctuations is approximately 55% of total revenue, exchange rate movement could have a significant impact on our business, financial condition, results of operations or cash flow. For additional discussion, see "Market Risk and Credit Risk—Foreign Currency Risk" in Part II, Item 7A ("Quantitative and Qualitative Disclosures about Market Risk") of this report.

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

During times of stress in the banking industry, counterparty risk can quickly escalate, potentially resulting in substantial trading and investment losses for corporate and other investors. In addition, we may incur investment losses as a result of unusual and unpredictable market developments, and we may continue to experience reduced investment earnings if the yields on investments deemed to be low risk remain at or near their current low levels.

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

The Company is organized as a holding company, a legal entity separate and distinct from our operating subsidiaries. As a holding company without significant operations of our own, we are dependent upon dividends and other payments from our operating subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, for paying dividends to stockholders and for corporate



expenses. In the event our operating subsidiaries are unable to pay sufficient dividends and make other payments to the Company, we may not be able to service our debt, pay our obligations or pay dividends on our common stock.

Further, the Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside the U.S. Since the majority of financing obligations as well as dividends to stockholders are paid from the U.S., it is important to be able to access the cash generated by our operating subsidiaries outside the U.S. Funds from the Company's operating subsidiaries outside the U.S. are regularly repatriated to the U.S. via stockholder distributions and intercompany financings. A number of factors may arise that could limit our ability to repatriate funds or make repatriation cost prohibitive, including, but not limited to, foreign exchange rates and tax-related costs.

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

**Credit rating downgrades would increase our financing costs and could subject us to operational risk.**

Currently, the Company's senior debt is rated Baa1 by Moody's and A- by S&P. The ratings from both Moody's and S&P currently carry a Stable outlook.

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

**Our quarterly revenues and profitability may fluctuate significantly.**

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

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

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

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

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for our work performed. Accounts receivable typically total about one-quarter of our total annual revenues. In most cases, we bill and collect on relatively short cycles. There is no guarantee that we will accurately assess the creditworthiness of our clients. Macroeconomic conditions could result in financial difficulties for our clients, which could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. Timely collection of client balances also depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our



contractual requirements, we might experience delays in collection of, or be unable to collect, our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time it takes to bill and collect for our services, our cash flows could be adversely affected.

**Market perceptions concerning the instability of the Euro could adversely affect the Company's operating results as well as the value of the Company's Euro-denominated assets.**

Concerns persist regarding the ability of certain Eurozone countries to service their debt obligations. As a result, a number of these countries have undertaken a variety of actions, such as cutting spending and raising taxes, designed to ease their future debt burdens. A potential consequence may be stagnant growth, or even recession, in the Eurozone economies and beyond. Any of these developments could lead to further contraction in the Eurozone economies, adversely affecting our operating results in the region. The Company may also face increased credit risk as our clients and financial institution counterparties in the region find themselves with reduced resources to meet their obligations. Finally, the value of the Company's assets held in the Eurozone, including cash holdings, will decline if the currency devalues.

Global Operations

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

We do business worldwide. In 2014, 55% of the Company's total revenue was generated from operations outside the United States, and over one-half of our employees are located outside the United States. We expect to expand our non-U.S. operations further.

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

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

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

Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, flood, terrorist attack, pandemic, security breach, cyber attack, power loss, telecommunications failure or other natural or man-made disaster, our ability to continue to operate will depend, in part, on the availability of our personnel, our office facilities and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we could experience operational challenges with regard to particular areas of our operations, such as key executive officers or personnel, that could have a material adverse effect on our business.

Our operations are dependent upon our ability to protect our technology infrastructure against damage from events that could have a significant disruptive effect on our operations. We could potentially lose client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster recovery scenario.

We regularly assess and take steps to improve our existing business continuity plans and key management succession. However, a disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and result in material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability.

#### Competitive Risks

**Each of the Company's businesses operates in a highly competitive environment. If we fail to compete effectively against our competitors, some of which have lower effective tax rates, our business, results of operations and financial condition will be impacted adversely.**

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

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

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

In our Consulting segment, we compete for business and employee talent with numerous consulting firms and organizations affiliated with accounting, information systems, technology and financial services firms around the world. Through these affiliations, such competitors may be able to offer more comprehensive coverage to potential clients.

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

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

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

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

To remain competitive in many of our business areas, we must identify the most current technologies and methodologies and integrate them into our service offerings. We also have a number of strategic initiatives involving investments in technology systems and infrastructure to support our growth strategy. In addition to new platforms and systems, we are deploying new processes and many of our colleagues across the business are changing the way they perform certain roles to capture efficiencies. If we do not keep up with technological changes or execute well on our strategic initiatives, our business and results of operations could be adversely impacted.

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

Companies in the industries that we serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of our current clients merge or consolidate and combine their operations, it may decrease the amount of work that we perform for these clients. If one of our current clients merges or consolidates with a company that relies on another provider for its services, we may lose work from that client or lose the opportunity to gain additional work. Any of these or similar possible results of industry consolidation could adversely affect our business. Guy Carpenter is especially susceptible to this risk given the limited number of insurance company clients and reinsurers in the marketplace.

Acquisitions and Dispositions

**We face risks when we acquire and dispose of businesses.**

We have a history of making acquisitions, including a total of 71 acquisitions in the period 2009-2014 for aggregate purchase consideration of \$3.0 billion. We have also exited various businesses, including the sale of Kroll in 2010. We expect that acquisitions will continue to be a key part of our business strategy. Our success in this regard will depend on our ability to identify and compete for appropriate acquisition candidates and to complete with favorable results the transactions we decide to pursue.

While we intend that our acquisitions will improve our competitiveness and profitability, we cannot be certain that our past or future acquisitions will be accretive to earnings or otherwise meet our operational or strategic expectations. Acquisitions involve special risks, including accounting, regulatory, compliance, information technology or human resources issues that could arise in connection with, or as a result of, the acquisition of the acquired company; the assumption of unanticipated liabilities and contingencies; difficulties in integrating acquired businesses; and the inability of acquired businesses to achieve the levels of revenue, profit or productivity we anticipate or otherwise perform as we expect. In addition, if in the future, the performance of our reporting units or an acquired business varies from our projections or assumptions, or estimates about future profitability of our reporting units or an acquired business change, the estimated fair value of our reporting units or an acquired business could change materially and could result in an impairment of goodwill and other acquisition-related intangible assets recorded on our balance sheet or in adjustments in contingent payment amounts. As of December 31, 2014, the

Company's consolidated balance sheet reflected \$7.9 billion of goodwill and intangible assets, representing approximately 44% of the Company's total consolidated assets and allocated by reporting segment as follows: Risk and Insurance Services, \$5.6 billion and Consulting, \$2.3 billion. Given the significant size of the Company's goodwill and intangible assets, an impairment could have a material adverse effect on our results of operations in any given period.

When we dispose of businesses, we are subject to the risk, contractually agreed or otherwise, of post-transaction liabilities. For example, as described in Note 15 to our consolidated financial statements included under Part II, Item 8 of this report, we have retained certain contingent litigation liabilities relating to Kroll.

## **RISKS RELATING TO OUR RISK AND INSURANCE SERVICES SEGMENT**

Our Risk and Insurance Services segment, conducted through Marsh and Guy Carpenter, represented 54% of the Company's total revenue in 2014. Our business in this segment is subject to particular risks.

### **Results in our Risk and Insurance Services segment may be adversely affected by a general decline in economic activity.**

Demand for many types of insurance and reinsurance generally rises or falls as economic growth expands or slows. This dynamic affects the level of commissions and fees generated by Marsh and Guy Carpenter. To the extent our clients become adversely affected by declining business conditions, they may choose to limit their purchases of insurance and reinsurance coverage, as applicable, which would inhibit our ability to generate commission revenue. Also, the insurance they seek to obtain through us may be impacted by changes in their assets, property values, sales or number of employees, which may reduce our commission revenue, and they may decide not to purchase our risk advisory services, which would inhibit our ability to generate fee revenue. Moreover, insolvencies and combinations associated with an economic downturn, especially insolvencies and combinations in the insurance industry, could adversely affect our brokerage business through the loss of clients or by hampering our ability to place insurance and reinsurance business. Guy Carpenter is especially susceptible to this risk given the limited number of insurance company clients and reinsurers in the market place.

### **Volatility or declines in premiums and other market trends may significantly impede our ability to improve revenues and profitability.**

A significant portion of our Risk and Insurance Services revenue consists of commissions paid to us out of the premiums that insurers and reinsurers charge our clients for coverage. Our revenues and profitability are subject to change to the extent that premium rates fluctuate or trend in a particular direction. The potential for changes in premium rates is significant, due to the general phenomenon of pricing cyclicalities in the commercial insurance and reinsurance markets.

In addition to movements in premium rates, our ability to generate premium-based commission revenue may be challenged by the growing availability of alternative methods for clients to meet their risk-protection needs. This trend includes a greater willingness on the part of corporations to "self-insure," the use of so-called "captive" insurers, and the advent of capital markets-based solutions to traditional insurance and reinsurance needs. Further, the profitability of our Risk and Insurance Services segment depends in part on our ability to be compensated, not only for insurance and reinsurance transactions, but also for the increasing analytical services and advice that we provide. If we are unable to achieve and maintain adequate billing rates for all of our services, our margins and profitability could decline.

## **RISKS RELATING TO OUR CONSULTING SEGMENT**

Our Consulting segment, conducted through Mercer and Oliver Wyman Group, represented 46% of our total revenue in 2014. Our businesses in this segment are subject to particular risks.

### **Demand for our services might decrease for various reasons, including a general economic downturn, a decline in a client's or an industry's financial condition, or changes in government regulation.**

Global economic conditions over the past several years have resulted in negative impacts on businesses and financial institutions. Many of our clients, including financial institutions, corporations, governmental

entities and pension plans, have been reducing expenses, including amounts spent on consulting services. The evolving needs or financial circumstances of our clients may challenge our ability to increase revenues and profitability and may reduce demand for our services. If the economy or markets in which we operate experience continued weakness at current levels or deteriorate further, our business, financial condition and results of operations could be materially and adversely affected.

In addition, demand for many of Mercer's benefits services is affected by government regulation and tax rules, which drive our clients' needs for benefits-related services. For example, significant changes in government regulations affecting the value, use or delivery of benefits and human resources programs, including changes in regulations relating to health and welfare plans, defined contribution plans, or defined benefit plans, may adversely affect the demand for or profitability of Mercer's services.

Some segments of Mercer's investments business generate fees based upon the amount of client assets to which Mercer provides services across multiple asset classes. As such, significant and negative movements in global markets may reduce revenue generated by asset-based fees.

**Factors impacting defined benefit pension plans and the services we provide relating to those plans could adversely affect Mercer.**

Mercer currently provides corporate, multi-employer and public clients with actuarial, consulting and administration services relating to defined benefit pension plans. The nature of our work is complex. Our actuarial services involve numerous assumptions and estimates regarding future events, including interest rates used to discount future liabilities, estimated rates of return for a plan's assets, healthcare cost trends, salary projections and participants' life expectancies. Our consulting services involve the drafting and interpretation of trust deeds and other complex documentation governing pension plans. Our administration services include calculating benefits within complicated pension plan structures. Clients dissatisfied with our services have brought, and may bring, significant claims against us, particularly in the U.S. and the U.K. In addition, a number of Mercer's clients have frozen or curtailed their defined benefit plans and have moved to defined contribution plans resulting in reduced revenue for Mercer's retirement business. These developments could adversely affect Mercer's business and operating results.

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

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

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

If the utilization rate for our consulting professionals declines, our profit margin and profitability could decline.

In addition, the profitability of our Consulting businesses depends in part on the prices we are able to charge for our services. The prices we charge are affected by a number of factors, including:

- clients' perception of our ability to add value through our services;
- market demand for the services we provide;

- our ability to develop new services and the introduction of new services by competitors;
- the pricing policies of our competitors;
- the extent to which our clients develop in-house or other capabilities to perform the services that they might otherwise purchase from us; and
- general economic conditions.

If we are unable to achieve and maintain adequate billing rates for our services, our profit margin and profitability could decline.



**Item 1B. Unresolved Staff Comments.**

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

**Item 2. Properties.**

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

Marsh & McLennan Companies and certain of its subsidiaries own, directly and indirectly through special purpose subsidiaries, a 58% condominium interest covering approximately 900,000 square feet of office space in a 44-story building in New York City. This real estate serves as the Company's headquarters and is occupied primarily by the Company and its subsidiaries for general corporate use. The remaining condominium interests in this property are owned by unaffiliated third parties. The Company's owned interest is financed by a 30-year loan that is non-recourse to the Company (except in the event of certain prohibited actions) and secured by a first mortgage lien on the condominium interest and a first priority assignment of leases and rents. In the event (1) the Company is downgraded below B (stable outlook) by S&P or Fitch or B2 (stable outlook) by Moody's or (2) an event of default under the loan has occurred and is continuing, the Company would be obligated to pay rent for the entire occupancy of the mortgaged property, which would, in effect, pay the mortgage.

**Item 3. Legal Proceedings.**

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

**Item 4. Mine Safety Disclosures.**

Not applicable.

## PART II

### Item 5. Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

For information regarding dividends paid and the number of holders of the Company's common stock, see the table entitled "Selected Quarterly Financial Data and Supplemental Information (Unaudited)" below on the last page of Part II, Item 8 ("Financial Statements and Other Supplementary Data") of this report.

The Company's common stock is listed on the New York, Chicago and London Stock Exchanges. The following table indicates the high and low prices (NYSE composite quotations) of the Company's common stock during 2014 and 2013 and each quarterly period thereof:

	2014 Stock Price Range		2013 Stock Price Range	
	High	Low	High	Low
First Quarter	\$50.48	\$44.25	\$38.00	\$34.43
Second Quarter	\$52.39	\$46.78	\$41.68	\$37.00
Third Quarter	\$53.64	\$50.09	\$44.63	\$39.96
Fourth Quarter	\$58.74	\$48.66	\$48.56	\$41.98
Full Year	\$58.74	\$44.25	\$48.56	\$34.43

On February 20, 2015, the closing price of the Company's common stock on the NYSE was \$57.13.

In May 2014, the Board of Directors of the Company authorized share repurchases up to a dollar value of \$2 billion of the Company's common stock. The Company repurchased 3.7 million shares of its common stock for \$200 million during the fourth quarter of 2014, resulting in full year 2014 repurchases of 15.5 million shares for \$800 million. The Company remains authorized to repurchase shares of its common stock up to a dollar value of approximately \$1.3 billion. There is no time limit on the authorization.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Oct 1-31, 2014	2,057,060	\$ 50.7992	2,057,060	\$ 1,442,745,805
Nov 1-30, 2014	943,849	\$ 55.9787	943,849	\$ 1,389,910,365
Dec 1-31, 2014	744,094	\$ 57.3364	744,094	\$ 1,347,246,694
<b>Total Q4 2014</b>	<b>3,745,003</b>	<b>\$ 53.4035</b>	<b>3,745,003</b>	<b>\$ 1,347,246,694</b>

**Item 6. Selected Financial Data.**

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

For the Years Ended December 31, (In millions, except per share figures)	2014	2013	2012	2011	2010
Revenue	\$ 12,951	\$ 12,261	\$ 11,924	\$ 11,526	\$ 10,550
Expense:					
Compensation and Benefits	7,515	7,226	7,134	6,969	6,465
Other Operating Expenses	3,135	2,958	2,961	2,919	3,146
Operating Expenses	10,650	10,184	10,095	9,888	9,611
Operating Income <sup>(a)</sup>	2,301	2,077	1,829	1,638	939
Interest Income	21	18	24	28	20
Interest Expense	(165)	(167)	(181)	(199)	(233)
Cost of Extinguishment of Debt	(137)	(24)	—	(72)	—
Investment Income	37	69	24	9	43
Income Before Income Taxes	2,057	1,973	1,696	1,404	769
Income Tax Expense	586	594	492	422	204
Income From Continuing Operations	1,471	1,379	1,204	982	565
Discontinued Operations, Net of Tax	26	6	(3)	33	306
Net Income Before Non-Controlling Interests	1,497	1,385	1,201	1,015	871
Less: Net Income Attributable to Non-Controlling Interests	32	28	25	22	16
Net Income Attributable to the Company	\$ 1,465	\$ 1,357	\$ 1,176	\$ 993	\$ 855
Basic Net Income Per Share Information:					
Income From Continuing Operations	\$ 2.64	\$ 2.46	\$ 2.16	\$ 1.76	\$ 1.01
Income From Discontinued Operations	0.05	0.01	—	0.06	0.55
Net Income Attributable to the Company	\$ 2.69	\$ 2.47	\$ 2.16	\$ 1.82	\$ 1.56
Average Number of Shares Outstanding	545	549	544	542	540
Diluted Income Per Share Information:					
Income From Continuing Operations	\$ 2.61	\$ 2.42	\$ 2.13	\$ 1.73	\$ 1.00
Discontinued Operations, net of tax per share	0.04	0.01	—	0.06	0.55
Net Income Attributable to the Company	\$ 2.65	\$ 2.43	\$ 2.13	\$ 1.79	\$ 1.55
Average Number of Shares Outstanding	553	558	552	551	544
Dividends Paid Per Share	\$ 1.06	\$ 0.96	\$ 0.90	\$ 0.86	\$ 0.81
Return on Average Equity	19 %	19 %	19 %	16 %	14 %
Year-end Financial Position:					
Working capital	\$ 2,350	\$ 2,491	\$ 2,399	\$ 1,909	\$ 2,171
Total assets	\$ 17,840	\$ 16,980	\$ 16,288	\$ 15,454	\$ 15,310
Long-term debt	\$ 3,376	\$ 2,621	\$ 2,658	\$ 2,668	\$ 3,026
Total equity	\$ 7,133	\$ 7,975	\$ 6,606	\$ 5,940	\$ 6,415
Total shares outstanding (net of treasury shares)	540	547	545	539	541
Other Information:					
Number of employees	57,000	55,000	54,000	52,000	51,000
Stock price ranges—					
U.S. exchanges — High	\$ 58.74	\$ 48.56	\$ 35.78	\$ 32.00	\$ 27.50
— Low	\$ 44.25	\$ 34.43	\$ 30.69	\$ 25.29	\$ 20.21

(a) Includes the impact of net restructuring costs of \$12 million, \$22 million, \$78 million, \$51 million, and \$141 million in 2014, 2013, 2012, 2011, and 2010, respectively.

See Management's Discussion and Analysis of Financial Condition and Results of Operations, appearing under Item 7 of this report, for discussion of significant items affecting our results of operations in 2014, 2013 and 2012.

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

### General

Marsh & McLennan Companies, Inc. and Subsidiaries (the "Company") is a global professional services firm offering clients advice and solutions in risk, strategy and people. It is the parent company of a number of the world's leading risk experts and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisors; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and related financial advice and services; and Oliver Wyman Group, the management, economic and brand consultancy. With approximately 57,000 employees worldwide and annual revenue of approximately \$13 billion, the Company provides analysis, advice and transactional capabilities to clients in more than 130 countries.

The Company conducts business through two segments:

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

We describe the primary sources of revenue and categories of expense for each segment below, in our discussion of segment financial results. A reconciliation of segment operating income to total operating income is included in Note 16 to the consolidated financial statements included in Part II Item 8 in this report. The accounting policies used for each segment are the same as those used for the consolidated financial statements.

This Management's Discussion & Analysis ("MD&A") contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See "Information Concerning Forward-Looking Statements" at the outset of this report.

### Consolidated Results of Operations

For the Years Ended December 31, (In millions, except per share figures)	2014	2013	2012
<b>Revenue</b>	<b>\$ 12,951</b>	<b>\$ 12,261</b>	<b>\$ 11,924</b>
<b>Expense</b>			
Compensation and Benefits	7,515	7,226	7,134
Other Operating Expenses	3,135	2,958	2,961
Operating Expenses	10,650	10,184	10,095
<b>Operating Income</b>	<b>\$ 2,301</b>	<b>\$ 2,077</b>	<b>\$ 1,829</b>
<b>Income from Continuing Operations</b>	<b>\$ 1,471</b>	<b>\$ 1,379</b>	<b>\$ 1,204</b>
<b>Discontinued Operations, Net of Tax</b>	<b>26</b>	<b>6</b>	<b>(3)</b>
<b>Net Income Before Non-Controlling Interests</b>	<b>\$ 1,497</b>	<b>\$ 1,385</b>	<b>\$ 1,201</b>
<b>Net Income Attributable to the Company</b>	<b>\$ 1,465</b>	<b>\$ 1,357</b>	<b>\$ 1,176</b>
<b>Net Income from Continuing Operations Per Share:</b>			
Basic	\$ 2.64	\$ 2.46	\$ 2.16
Diluted	\$ 2.61	\$ 2.42	\$ 2.13
<b>Net Income Per Share Attributable to the Company:</b>			
Basic	\$ 2.69	\$ 2.47	\$ 2.16
Diluted	\$ 2.65	\$ 2.43	\$ 2.13
<b>Average number of shares outstanding:</b>			
Basic	545	549	544
Diluted	553	558	552
<b>Shares outstanding at December 31,</b>	<b>540</b>	<b>547</b>	<b>545</b>

Consolidated operating income increased 11% to \$2.3 billion in 2014 compared with \$2.1 billion in 2013. This reflects the combined impact of a 6% increase in revenue and a 5% increase in expense.

Risk and Insurance Services operating income increased \$88 million or 6% in 2014 compared with 2013. Revenue increased 5%, or 3% on an underlying basis, to \$6.9 billion in 2014, reflecting underlying revenue growth of 4% at Marsh and 2% at Guy Carpenter, while expenses increased 5%, or 3% on an underlying basis.

Consulting operating income increased \$151 million or 18% to \$996 million in 2014 compared with 2013, reflecting a 6% increase in revenue and a 4% increase in expense. Mercer and Oliver Wyman recorded underlying revenue growth of 3% and 15%, respectively, in 2014 as compared to 2013.

The Company recorded expenses related to the early extinguishment of debt of \$137 million in 2014 and \$24 million in 2013.

Consolidated operating income increased 14% to \$2.1 billion in 2013 compared with \$1.8 billion in 2012 driven by a 3% increase in revenue on both a reported and underlying basis, with growth in each operating company. Expenses increased 1% on both a reported and underlying basis as the Company continues its efforts to manage expenses and improve operating efficiency.

Risk and Insurance Services operating income increased \$87 million or 7% in 2013 compared with 2012. Revenue increased 4%, or 3% on an underlying basis, to \$6.6 billion in 2013 reflecting underlying revenue growth of 3% at Marsh and 5% at Guy Carpenter.

Consulting operating income increased \$153 million or 22% to \$845 million in 2013 compared with 2012 due to the combined effects of increased revenue at Mercer and lower expenses in the segment.

Consolidated net income attributable to the Company was \$1.5 billion in 2014, compared with \$1.4 billion in 2013 and \$1.2 billion in 2012.

## Consolidated Revenue and Expense

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

	Year Ended December 31,		Components of Revenue Change*			
(In millions, except percentage figures)	2014	2013	% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
<b>Risk and Insurance Services</b>						
Marsh	\$ 5,753	\$ 5,438	6%	(1)%	3%	4%
Guy Carpenter	1,154	1,131	2%	—	1%	2%
Subtotal	6,907	6,569	5%	(1)%	3%	4%
Fiduciary Interest Income	24	27				
Total Risk and Insurance Services	6,931	6,596	5%	(1)%	3%	3%
<b>Consulting</b>						
Mercer	4,350	4,241	3%	(1)%	—	3%
Oliver Wyman Group	1,709	1,460	17%	—	2%	15%
Total Consulting	6,059	5,701	6%	(1)%	—	6%
<b>Corporate/Eliminations</b>	<b>(39)</b>	<b>(36)</b>				
<b>Total Revenue</b>	<b>\$ 12,951</b>	<b>\$ 12,261</b>	<b>6%</b>	<b>(1)%</b>	<b>2%</b>	<b>5%</b>

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

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

	Year Ended December 31,		Components of Revenue Change*			
(In millions, except percentage figures)	2014	2013	% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
<b>Marsh:</b>						
EMEA	\$ 1,980	\$ 1,902	4 %	—	1%	3 %
Asia Pacific	683	659	4 %	(4)%	—	7 %
Latin America	413	392	5 %	(10)%	6%	10 %
Total International	3,076	2,953	4 %	(2)%	1%	5 %
U.S. / Canada	2,677	2,485	8 %	(1)%	6%	3 %
Total Marsh	\$ 5,753	\$ 5,438	6 %	(1)%	3%	4 %
<b>Mercer:</b>						
Health	\$ 1,553	\$ 1,511	3 %	(1)%	—	3 %
Retirement	1,375	1,344	2 %	—	—	2 %
Investments	836	780	7 %	(3)%	1%	9 %
Talent	586	606	(3)%	(2)%	—	(1)%
Total Mercer	\$ 4,350	\$ 4,241	3 %	(1)%	—	3 %

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 and transfers among businesses.

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



	Year Ended December 31,		Components of Revenue Change*			
(In millions, except percentage figures)	2013	2012	% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
<b>Risk and Insurance Services</b>						
Marsh	\$ 5,438	\$ 5,232	4%	(1)%	2%	3 %
Guy Carpenter	1,131	1,079	5%	(1)%	1%	5 %
Subtotal	6,569	6,311	4%	(1)%	2%	4 %
Fiduciary Interest Income	27	39				
Total Risk and Insurance Services	6,596	6,350	4%	(1)%	2%	3 %
<b>Consulting</b>						
Mercer	4,241	4,147	2%	(1)%	—	4 %
Oliver Wyman Group	1,460	1,466	—	1 %	—	(1)%
Total Consulting	5,701	5,613	2%	(1)%	—	2 %
<b>Corporate /Eliminations</b>	(36)	(39)				
<b>Total Revenue</b>	<b>\$ 12,261</b>	<b>\$ 11,924</b>	<b>3%</b>	<b>(1)%</b>	<b>1%</b>	<b>3 %</b>

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

	Year Ended December 31,		Components of Revenue Change*			
(In millions, except percentage figures)	2013	2012	% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
<b>Marsh:</b>						
EMEA	\$ 1,902	\$ 1,860	2 %	—	—	3 %
Asia Pacific	659	656	—	(5)%	—	5 %
Latin America	392	353	11 %	(9)%	7 %	13 %
Total International	2,953	2,869	3 %	(2)%	1 %	4 %
U.S. / Canada	2,485	2,363	5 %	—	4 %	2 %
Total Marsh	\$ 5,438	\$ 5,232	4 %	(1)%	2 %	3 %
<b>Mercer:</b>						
Health	\$ 1,511	\$ 1,412	7 %	—	1 %	6 %
Retirement	1,344	1,396	(4)%	—	(4)%	1 %
Investments	780	735	6 %	(3)%	1 %	9 %
Talent	606	604	—	(2)%	4 %	(1)%
Total Mercer	\$ 4,241	\$ 4,147	2 %	(1)%	—	4 %

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 and transfers among businesses.

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

## Revenue

Consolidated revenue of \$13 billion in 2014 increased 6%, or 5% on an underlying basis, compared with \$12.3 billion in 2013. Revenue in the Risk and Insurance Services segment increased 5% in 2014 compared with 2013, or 3% on an underlying basis, with underlying revenue growth of 4% at Marsh and 2% at Guy Carpenter. The Consulting segment's revenue increased 6% on both a reported and underlying basis. On an underlying basis, Mercer's revenue was up 3% in 2014 compared with 2013, while revenue of the Oliver Wyman Group increased 15%.

Consolidated revenue for 2013 increased 3% on both a reported and underlying basis to \$12.3 billion compared with \$11.9 billion in 2012. Revenue in the Risk and Insurance Services segment increased 4% in 2013 compared with 2012, or 3% on an underlying basis, with underlying revenue growth of 3% at Marsh and 5% at Guy Carpenter. The Consulting segment's revenue increased 2% on both a reported and underlying basis. On an underlying basis, Mercer's revenue was up 4% in 2013 compared with 2012, while the Oliver Wyman Group decreased 1%.

#### *Operating Expense*

Consolidated operating expenses increased 5% in 2014 compared with the same period in 2013 on a reported basis and 4% on an underlying basis. The increase in underlying expenses primarily reflects higher incentive compensation, facilities and software amortization costs, partly offset by lower pension costs.

Consolidated operating expenses increased 1% in 2013 compared with the same period in 2012 on both a reported and underlying basis. The increase in underlying expenses primarily reflects higher incentive compensation and pension costs, partly offset by lower costs related to professional indemnity claims.

#### **Risk and Insurance Services**

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

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

Marsh also receives compensation from insurance companies. This compensation includes, among other things, payment for consulting and analytics services provided to insurers; administrative and other services provided to or on behalf of insurers (including services relating to the administration and management of quota shares, panels and other facilities in which insurers participate); and contingent commissions in parts of its operations. Marsh and Guy Carpenter receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others. The investment of fiduciary funds is regulated by state and other insurance authorities. These regulations typically provide for segregation of fiduciary funds and limit the types of investments that may be made with them. Interest income from these investments varies depending on the amount of funds invested and applicable interest rates, both of which vary from time to time. For presentation purposes, fiduciary interest is segregated from the other revenues of Marsh and Guy Carpenter and separately presented within the segment, as shown in the revenue by segments charts earlier in this MD&A.

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

<i>(In millions of dollars)</i>	<b>2014</b>	2013	2012
<b>Revenue</b>	<b>\$ 6,931</b>	\$ 6,596	\$ 6,350
Compensation and Benefits	<b>3,781</b>	3,618	3,502
Other Operating Expenses	<b>1,641</b>	1,557	1,514
<b>Operating Expenses</b>	<b>5,422</b>	5,175	5,016
<b>Operating Income</b>	<b>\$ 1,509</b>	\$ 1,421	\$ 1,334
<b>Operating Income Margin</b>	<b>21.8%</b>	21.5%	21.0%

#### *Revenue*

Revenue in the Risk and Insurance Services segment increased 5%, or 3% on an underlying basis, in 2014 compared with 2013.

In Marsh, revenue grew to \$5.8 billion or 6% in 2014 as compared to 2013, reflecting a 4% increase on an underlying basis and a 3% increase from acquisitions, partly offset by a 1% decrease resulting from the impact of foreign currency translation. The underlying revenue increase reflects growth in all major geographies driven by strong new business, particularly in countries such as the U.S., Canada, and the U.K., as well as in Africa. International operations had underlying revenue growth of 5% reflecting increases of 10% in Latin America, 7% in Asia Pacific and 3% in EMEA, while U.S. / Canada increased 3%.

Guy Carpenter's revenue increased 2% to \$1.2 billion in 2014 compared with 2013 on both a reported and an underlying basis, reflecting growth across the U.S., U.K. Facultative, Asia and Global Specialties such as Aviation and Marine.

Fiduciary interest income was \$24 million in 2014 compared to \$27 million in 2013 due to lower average invested funds combined with lower interest rates.

The Risk and Insurance segment completed fifteen acquisitions during 2014.

- January - Marsh & McLennan Agency ("MMA") acquired Barney & Barney, LLC, a San Diego-based insurance broking firm that provides insurance, risk management, and employee benefits solutions to businesses and individuals throughout the U.S. and abroad, Great Lakes Employee Benefits Services, Inc., an employee group benefits consulting and brokerage firm based in Michigan, and Bond Network, Inc., a surety bonding agency based in North Carolina.
- February - Marsh acquired Central Insurance Services, an independent insurance broker in Scotland that provides insurance broking and risk advisory services to companies of all sizes across industry sectors.
- March - MMA acquired Capstone Insurance Services, LLC, an agency that provides property-casualty insurance and risk management solutions to businesses and individuals throughout South Carolina.
- May - MMA acquired Kinker-Eveleigh Insurance Agency, an Ohio-based agency specializing in property-casualty and employee benefits solutions, VISICOR, a full-service employee benefits brokerage and consulting firm based in Texas and Senn Dunn Insurance, a full service insurance brokerage located in North Carolina.
- August - Marsh acquired Seguros Morrice y Urrutia S.A., an insurance broker based in Panama City, Panama.
- September - Marsh acquired Kocisko Insurance Brokers, Inc., a full service commercial insurance brokerage located in Montreal, Quebec.
- October - MMA acquired NuWest Insurance Services, Inc., a California-based property-casualty agency.
- November - Marsh acquired Torrent Technologies, Inc., a Montana-based flood insurance specialist.
- December - Marsh acquired Seafire Insurance Services, LLC, a Kansas-based managing general underwriter, and Trade Insure NV, a leading distributor of credit insurance policies in Belgium, and

MMA acquired The Benefit Planning Group, Inc., a North Carolina-based employee benefit consulting firm.

Revenue in the Risk and Insurance Services segment increased 4%, or 3% on an underlying basis, in 2013 compared with 2012.

In Marsh, revenue grew to \$5.4 billion in 2013, an increase of 4% from the prior year, reflecting 3% growth in underlying revenue and a 2% increase from acquisitions, partly offset by a 1% decrease resulting from the impact of foreign currency translation. The underlying revenue increase of 3% reflects growth in all major geographies which was driven by increased new business. International operations had underlying revenue growth of 4% reflecting increases of 13% in Latin America, 5% in Asia Pacific and 3% in EMEA, while U.S. / Canada increased 2%.

Guy Carpenter's revenue increased 5% to \$1.1 billion in 2013 compared with 2012, or 5% on an underlying basis, reflecting growth across North America, International, Global Specialties and U.K. Facultative.

Fiduciary interest income was \$27 million in 2013 compared to \$39 million in 2012 due to lower average invested funds combined with lower interest rates.

The Risk and Insurance segment completed six acquisitions during 2013.

- June - Marsh acquired Rehder y Asociados Group, an insurance adviser in Peru. The business includes the insurance broker Rehder y Asociados and employee health and benefits specialist, Humanasalud. Marsh also completed the acquisition of Franco & Acra Tecniseuros, an insurance advisor in the Dominican Republic.
- July - Guy Carpenter acquired Smith Group, a specialist disability reinsurance risk manager and consultant based in Maine.
- September - Marsh purchased an additional stake in Insia a.s., an insurance broker operating in the Czech Republic and Slovakia which, when combined with its prior holdings, gave Marsh a controlling interest. Insia a.s. was previously accounted for under the equity method.
- November - MMA acquired Elsey & Associates, a Texas-based provider of surety bonds and insurance coverage to the construction industry.
- December - MMA acquired Cambridge Property and Casualty, a Michigan-based company providing insurance and risk management services to high net worth individuals and mid-sized businesses.

### *Expense*

Expenses in the Risk and Insurance Services segment increased 5% on a reported basis and 3% on an underlying basis in 2014 compared with 2013. The increase in expenses on an underlying basis is primarily due to higher base salaries, incentive compensation, facilities and intangible asset amortization expenses, partly offset by lower pension costs.

Expenses in the Risk and Insurance Services segment increased 3% on both a reported and underlying basis in 2013 compared with 2012. The increase in expenses on an underlying basis is primarily due to higher base salaries, pension costs and adjustments to acquisition-related contingent consideration liabilities, partly offset by lower costs related to professional indemnity claims.

### **Consulting**

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

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

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

Reimbursable expenses incurred by professional staff in the generation of revenue and sub-advisory fees incurred by the majority of funds are included on a gross basis in the investment management business in revenue and the related expenses are included in other operating expenses.

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

<i>(In millions of dollars)</i>	<b>2014</b>	2013	2012
<b>Revenue</b>	<b>\$ 6,059</b>	\$ 5,701	\$ 5,613
Compensation and Benefits	<b>3,398</b>	3,269	3,298
Other Operating Expenses	<b>1,665</b>	1,587	1,623
<b>Operating Expenses</b>	<b>5,063</b>	4,856	4,921
<b>Operating Income</b>	<b>\$ 996</b>	\$ 845	\$ 692
<b>Operating Income Margin</b>	<b>16.4%</b>	14.8%	12.3%

#### *Revenue*

Consulting revenue in 2014 increased 6% on both a reported and underlying basis as compared to 2013. Mercer's revenue was \$4.4 billion in 2014, an increase of 3% on both a reported and underlying basis, partly offset by a 1% decrease due to the impact of foreign currency translation. The underlying revenue growth reflects an increase in Investments of 9%, Health of 3% and Retirement of 2%, partly offset by a decrease in Talent of 1%. Oliver Wyman's revenue increased 17% in 2014 compared to 2013, or 15% on an underlying basis, as all industry sectors contributed to this growth. On a geographic basis, the revenue growth was attributable to both North America and Europe.

The Consulting segment completed six acquisitions during 2014.

- February - Mercer acquired Transition Assist, a retiree exchange specializing in helping retirees in employer-sponsored plans select Medicare supplemental health care insurance.
- September - Oliver Wyman acquired Bonfire Communications, an agency specializing in employee engagement and internal communications based in San Francisco, California.
- November - Mercer acquired AUSREM, a remuneration research and workforce consulting specialist based in Australia, and Jeitosa Group International, a global HR business consultancy and IT systems integration firm.
- December - Mercer acquired Denarius, a compensation and benefits survey and information products consulting firm based in Chile, and Oliver Wyman acquired OC&C Strategy Consultants (Boston) LLC (part of the OC&C network) a Boston-based consulting firm specializing in the business media, information services and education sectors.

During 2014, Mercer acquired a 34% stake in South Africa-based Alexander Forbes Group Holding Limited ("Alexander Forbes") becoming a strategic shareholder after Alexander Forbes successfully launched an initial public offering. The Company's investment in Alexander Forbes is accounted for using the equity method of accounting and is included in other assets in the consolidated balance sheet.

Consulting revenue in 2013 increased 2% compared with 2012 on both a reported and underlying basis. Mercer's revenue was \$4.2 billion in 2013, an increase of 2% reflecting a 4% increase in underlying revenue, partly offset by a 1% decrease due to the impact of foreign currency translation. The underlying revenue growth was primarily driven by Health and Investments, which increased 6% and 9%, respectively. Oliver Wyman's revenue was flat in 2013 compared to 2012, as a 1% decrease in underlying revenue was offset by a 1% increase due to the impact of foreign currency translation.

The Consulting segment completed two acquisitions during 2013.

- July - Oliver Wyman acquired Corven, a U.K.-based management consultancy firm.
- August - Mercer acquired Global Remuneration Solutions, a market leading compensation consulting firm based in South Africa.

#### Expense

Consulting expenses in 2014 increased 4% on both a reported and underlying basis compared to 2013. This increase reflects the impact of higher incentive compensation costs, partly offset by lower pension costs.

Consulting expenses in 2013 decreased 1% on both a reported and underlying basis compared to 2012. This decrease reflects the impact of lower restructuring costs and continued strong expense control.

#### Corporate and Other

Corporate expenses in 2014 were \$204 million compared to \$190 million in 2013. The increase is primarily due to corporate initiatives, which include strengthening cyber security protections, expenses related to strategic investments and corporate transformation efforts, primarily within the HR and Finance functions.

Corporate expenses in 2013 were \$190 million compared to \$203 million in 2012. The decrease is primarily due to lower amortization of equity awards and lower severance, partially offset by higher pension expense.

#### Discontinued Operations

As part of the disposal transactions for Putnam and Kroll, the Company provided certain indemnities, primarily related to pre-transaction tax uncertainties and legal contingencies. In accordance with applicable accounting guidance, liabilities were established related to these indemnities at the time of the sales and reflected as a reduction of the gain on disposal. Discontinued operations includes charges or credits resulting from the settlement or resolution of the indemnified matters, as well as adjustments to the liabilities related to such matters.

On December 31, 2014, an agreement was reached between Putnam and the Massachusetts Department of Revenue ("DOR") regarding a tax dispute, which was covered under the indemnity agreement discussed above. The December 2014 agreement was subject to certain approvals, which included the State Attorney General and the Commissioner of the DOR. In January 2015, all necessary approvals were received, the agreement was executed and the tax was paid. Concurrently, Putnam and the Company executed a settlement agreement to resolve all remaining matters under the indemnity agreement. The Company recorded a gain, net of federal tax, of approximately \$28 million in 2014 related to the settlement with Putnam.

Discontinued operations in 2013 includes estimated costs covered under the indemnity related to the Kroll sale as well as tax indemnities related to the Putnam sale.

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

For the Years Ended December 31, (In millions of dollars, except per share figures)	2014	2013	2012
Income (loss) from discontinued operations, net of tax	\$ —	\$ —	\$ —
Disposals of discontinued operations	42	(4)	(2)
Income tax (credit) expense	16	(10)	1
Disposals of discontinued operations, net of tax	26	6	(3)
Discontinued operations, net of tax	\$ 26	\$ 6	\$ (3)
Discontinued operations, net of tax per share			
—Basic	\$ 0.05	\$ 0.01	\$ —
—Diluted	\$ 0.04	\$ 0.01	\$ —



## **Other Corporate Items**

### **Interest**

Interest income earned on corporate funds amounted to \$21 million in 2014 compared with \$18 million in 2013. The increase in interest income is due to a higher level of invested funds, partly offset by lower effective interest rates. Interest expense was \$165 million in 2014 compared with \$167 million in 2013.

Interest income earned on corporate funds amounted to \$18 million in 2013 compared with \$24 million in 2012. The decrease in interest income is due to lower average interest rates compared with the prior year. Interest expense was \$167 million in 2013 compared with \$181 million in 2012. The decrease is due to lower average debt balances in 2013 and lower interest rates on senior notes issued in 2013 compared with the interest rates on senior notes that matured or were extinguished during 2013.

### **Cost of Extinguishment of Debt**

In October 2014, the Company redeemed \$230 million of its 2015 notes and \$400 million of its 2019 notes. The Company acquired the notes at market value plus a make-whole premium based on the terms of the original indenture, which exceeded the carrying value of the notes and resulted in a cost of \$137 million in the fourth quarter of 2014.

In October 2013, the Company redeemed \$250 million of its 2015 Notes. The Company acquired the notes at market value plus a make-whole premium based on the terms of the original indenture, which exceeded the carrying value of the notes and resulted in a cost of approximately \$24 million in the fourth quarter of 2013.

### **Investment Income**

The caption "Investment income" in the consolidated statements of income comprises realized and unrealized gains and losses from investments recognized in current earnings. It includes, when applicable, other than temporary declines in the value of debt and available-for-sale securities and equity method gains or losses on its investment in private equity. The Company's investments may include direct investments in insurance or consulting companies and investments in private equity funds. The Company recorded investment income of \$37 million and \$69 million in 2014 and 2013, respectively. In 2014, the Company recorded gains of \$31 million related to our general partner carried interest from Trident III no longer subject to claw-back and gains of \$6 million primarily related to investments in private equity funds. In 2013, the Company recorded gains of \$41 million related to its general partner carried interest from Trident III, \$22 million of gains related to its investment in Trident II and \$6 million primarily related to investments in private equity funds. At December 31, 2014 and 2013, the Company had deferred performance fees of approximately \$16 million and \$38 million, respectively, related to Trident III. The timing of recognition of the remaining deferred performance fees is unknown and is not controlled by the Company.

In 2013, investment income was \$69 million compared with \$24 million in 2012. This increase was primarily due to \$41 million of performance fees from Trident III. In addition, 2012 results included an impairment loss on a debt security of \$8 million.

### **Income Taxes**

The Company's consolidated effective tax rate was 28.5%, 30.1% and 29.0% in 2014, 2013 and 2012, respectively. The tax rate in each year reflects foreign operations which are taxed at rates lower than the U.S. statutory tax rate. The lower effective tax rate attributed to the Company's foreign operations primarily reflects lower corporate tax rates that prevail outside of the U.S., net of the U.S. tax impact from repatriating foreign earnings. In 2014, pre-tax income in the U.K., Canada, Australia, Germany and Bermuda accounted for approximately 60% of the Company's total non-U.S. pre-tax income, with effective rates in those countries of 21%, 26%, 29%, 28% and 1%, respectively. Under current U.S. tax law, the Company anticipates its non-U.S. operations will continue to incur taxes at rates below the U.S. federal tax rate of 35%. The Company's U.S. revenue over the past three years has been approximately 45% of total revenue, while over that period the pre-tax income from U.S. locations varied from 15% to 23% of total pre-tax income.

As a U.S.-domiciled parent holding company, Marsh & McLennan Companies, Inc. is the issuer of essentially all of the Company's external indebtedness, and incurs the related interest expense in the U.S. Further, most senior executive and oversight functions are conducted in the U.S. and the associated costs are incurred primarily in the United States.

The effective tax rate may vary significantly from period to period for the foreseeable future. It is sensitive to the geographic mix and repatriation of the Company's earnings, which may result in higher or lower tax rates. A proportional increase in U.S. pre-tax income will tend to increase the effective tax rate because U.S. federal and state corporate tax rates exceed tax rates applicable outside the U.S. Losses in certain jurisdictions cannot be offset by earnings from other operations, and may require valuation allowances that affect the rate, depending on estimates of the realizability of associated deferred tax assets. The effective tax rate is also sensitive to changes in unrecognized tax benefits, including the impact of settled tax audits and expired statutes of limitation.

The realization of deferred tax assets depends on generating future taxable income during the periods in which the tax benefits are deductible or creditable. Tax liabilities are determined and assessed jurisdictionally by legal entity or filing group. Certain taxing jurisdictions allow or require combined or consolidated tax filings. The Company assessed the realizability of its deferred tax assets and considered all available evidence, including the existence of a recent history of losses, placing particular weight on evidence that could be objectively verified. A valuation allowance was recorded to reduce deferred tax assets to the amount that the Company believes is more likely than not to be realized.

Changes in tax laws or tax rulings could have a significant impact on our effective tax rate. For example, proposals for fundamental U.S. international tax reform, if enacted, could have a significant adverse impact on the effective tax rate.

### **Liquidity and Capital Resources**

The Company is organized as a holding company, a legal entity separate and distinct from its operating subsidiaries. As a holding company without significant operations of its own, the Company is dependent upon dividends and other payments from its operating subsidiaries to meet its obligations for paying principal and interest on outstanding debt obligations, for paying dividends to stockholders, for share repurchases and for corporate expenses. Other sources of liquidity include borrowing facilities discussed below in financing cash flows.

The Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside of the United States. Funds from the Company's operating subsidiaries located outside of the United States are regularly repatriated to the United States out of annual earnings. At December 31, 2014, the Company had approximately \$1.3 billion of cash and cash equivalents in its foreign operations, substantially all of which is considered to be permanently invested in those operations to fund foreign investments and working capital needs. At the current time, the Company does not intend to repatriate any of this cash. The non-U.S. cash and cash equivalents considered permanently reinvested includes \$179 million of operating funds required to be maintained for regulatory requirements or as collateral under certain captive insurance arrangements. The Company expects to continue its practice of repatriating foreign funds out of current annual earnings. While management does not foresee a need to repatriate the funds which are currently deemed permanently invested, if facts or circumstances change, management could elect to repatriate them, if necessary, which could result in higher effective tax rates in the future. During 2014, the Company recorded foreign currency translation adjustments which reduced net equity by \$515 million. Continued strengthening of the U.S. dollar against foreign currencies would further reduce the translated U.S. dollar value of the Company's net investments in its non-U.S. subsidiaries, as well as the translated U.S. dollar value of cash repatriations from those subsidiaries.

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

## **Operating Cash Flows**

The Company generated \$2.1 billion of cash from operations in 2014, compared with \$1.3 billion in 2013. These amounts reflect the net income reported by the Company during those periods, excluding gains or losses from investments, cost of extinguishment of debt and the disposition of businesses, adjusted for non-cash charges such as depreciation and amortization and changes in working capital which relate, primarily, to the timing of payments for accrued liabilities or receipts of assets. Approximately half of this increase is due to lower pension contributions in 2014 as compared to 2013, which is further discussed below.

### *Pension Related Items*

During 2014, the Company contributed \$25 million to its U.S. pension plans and \$156 million to non-U.S. pension plans. In 2013, the Company contributed \$26 million to U.S. plans and \$620 million to non-U.S. plans, which included contributions of \$250 million to pre-fund all of the 2014, and a substantial portion of the 2015 deficit funding contributions for the U.K. plans and a discretionary contribution of \$70 million to the Canadian plans.

In the U.S., contributions to the tax-qualified defined benefit plans are based on ERISA guidelines and the Company generally expects to maintain a funded status of 80% or more of the liability determined under the ERISA guidelines. The pension stabilization provisions included in the "Moving Ahead for Progress in the 21st Century Act", enacted on July 6, 2012, changed the methodology for determining the discount rate used for calculating plan liabilities under ERISA, which determines, in part, the funding requirements. After considering the impact of the pension funding stabilization provisions discussed above, the Company made a \$0.2 million contribution to its tax-qualified U.S. pension plan in the first quarter of 2014. There currently is no ERISA funding requirement for the U.S. qualified plan for 2015. The Company expects to fund approximately \$25 million to its non-qualified U.S. pension plans in 2015.

The Company has a large number of non-U.S. defined benefit pension plans, the largest of which are in the U.K., which comprise approximately 83% of non-U.S. plan assets. Contribution rates for non-U.S. plans are generally based on local funding practices and statutory requirements, which may differ significantly from measurements under U.S. GAAP. In the U.K., contributions to defined benefit pension plans are based on statutory requirements and are determined through a negotiation process between the Company and the plans' trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. This negotiation process is governed by U.K. pension regulations. The assumptions that result from the funding negotiations are different from those used for U.S. GAAP and currently result in a lower funded status than under U.S. GAAP. In March 2014, the Company and the Trustee of the U.K. Defined Benefits Plans agreed to a funding deficit recovery plan for the U.K. defined benefit pension plans. The current agreement with the Trustee sets out the annual deficit contributions which would be due based on the deficit at December 31, 2012. The funding level is subject to re-assessment, in most cases on November 1<sup>st</sup> of each year. If the funding level on November 1<sup>st</sup> has sufficiently improved, no deficit funding contributions will be required in the following year, and the contribution amount will be deferred. As part of a long-term strategy, which depends on having greater influence over asset allocation and overall investment decisions, the Company has agreed to support annual deficit contributions by the U.K. operating companies under certain circumstances, up to GBP 450 million over a seven-year period.

As a result of the significant improvement in funded status during 2013, which included the \$250 million deficit pre-funding contribution discussed above, no additional deficit recovery contributions were required in 2014. Based on the funding test carried out at November 1, 2014, Company contributions to the U.K. plans in 2015 are expected to be \$54 million. The U.K. employers also contribute an expense allowance each year of approximately \$9 million.

In the aggregate, the Company expects to contribute approximately \$169 million to its non-U.S. defined benefit plans in 2015, comprising approximately \$106 million to plans outside of the U.K. and \$63 million to the U.K. plans.

Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the funded status of the plan.

After completion of a consultation period with affected colleagues, in January 2014, the Company amended its U.K. defined benefit pension plans to close those plans to future benefit accruals effective August 1, 2014 and replaced those plans, along with its existing defined contribution plans, with a new, comprehensive defined contribution arrangement. This change resulted in a curtailment of the U.K. defined benefit plans and, as required under U.S. GAAP, the Company re-measured the defined benefit plans' assets and liabilities at the amendment date, based on assumptions and market conditions at that date. As a result of the re-measurement, the Projected Benefit Obligation ("PBO") increased by approximately \$147 million and the funded status decreased by approximately \$137 million. The change in the PBO and in the funded status relates primarily to a decrease in the discount rate at the re-measurement date. The net periodic benefit costs recognized in 2014 were based on a weighted average resulting from the December 31, 2013 measurement and the January 2014 re-measurement. The Company recognized a curtailment gain of \$65 million in the first quarter of 2014, primarily resulting from the recognition of the remaining unamortized prior service credit related to a plan amendment made in December 2012. This gain was largely offset by the cost of a transition benefit to certain employees most impacted by the amendment.

The year-over-year change in the funded status of the Company's pension plans is impacted by the variance between actual and assumed results, particularly with regard to return on assets and changes in the discount rate, as well as the amount of Company contributions, if any. Unrecognized actuarial losses were approximately \$1.7 billion and \$3.2 billion at December 31, 2014 for the U.S. plans and non-U.S. plans, respectively, compared with \$1.0 billion and \$3.0 billion at December 31, 2013. The increase is primarily due to the impact of decreases in the discount rates, partly offset by actual returns on plan assets in 2014 that were higher than the estimated long-term rate of return on plan assets. In the past several years, the amount of actuarial losses has been significantly impacted, both positively and negatively, by actual asset performance and changes in discount rates. The discount rate used to measure plan liabilities decreased in both the U.S. and the U.K. (the Company's two largest plans) in 2014 after increasing in 2013 for the first time in four years. Prior to 2013, the discount rate decreased in each of the four years from 2009 to 2012. At the end of 2009, the weighted average discount rate for all plans was 6.0%, declining to 5.6%, 4.9% and 4.4% at the end of 2010, 2011 and 2012, respectively. In 2013, the weighted average discount rate increased to 4.8%, and in 2014, it decreased to 3.8%. An increase in the discount rate decreases the measured plan benefit obligation, resulting in actuarial gains, while a decrease in the discount rate increases the measured plan obligation, resulting in actuarial losses. During 2014, the Company's defined benefit pension plan assets had actual returns of 9.8% and 19.4% in the U.S. and U.K., respectively. During 2013, the Company's defined benefit pension plan assets had actual returns of 12.6%, and 8.6% in the U.S. and U.K., respectively; and in 2012, the actual returns were 14.1% in the U.S. and 9.8% in the U.K. In 2013, both the increase in the discount rate and actual asset returns that were higher than the assumed rates of return contributed to actuarial gains. In 2012, actuarial losses resulting from declines in the discount rate were partly offset by actual asset returns which exceeded the assumed rate of return.

Overall, based on the measurement at December 31, 2014, expenses related to the Company's defined benefit pension are expected to increase in 2015 by approximately \$115 million. This is being driven by an increase of approximately \$80 million in U.S. plans and by an increase of \$35 million in non-U.S. plans. The increase in the expected pension expense results primarily from a decrease in the discount rates used to measure plan liabilities and lower pension expense in 2014 as a result of recording the curtailment gain in 2014, partly offset by the impact of an increase in plan assets at the end of 2014 resulting from investment returns.

The Company's accounting policies for its defined benefit pension plans, including the selection of and sensitivity to assumptions, are discussed below under Management's Discussion of Critical Accounting Policies. For additional information regarding the Company's retirement plans, see Note 8 to the consolidated financial statements.

The Company plans to implement changes to its post-65 retiree medical plan in 2015. The impact of the plan amendment will be recognized when the terms of the amendment are finalized and communicated to impacted employees.

## **Financing Cash Flows**

Net cash used for financing activities was \$961 million in 2014 compared with \$834 million of net cash used for financing activities in 2013.

### *Debt*

The Company increased outstanding debt by approximately \$432 million in 2014 and \$37 million in 2013.

In September 2014, the Company issued \$300 million of 2.35% five-year senior notes and \$500 million of 3.50% 10.5-year senior notes. In October 2014, a significant portion of the net proceeds of this offering was used to redeem \$630 million of debt, including \$230 million of 5.75% senior notes due in September 2015 and \$400 million of 9.25% senior notes due in 2019. Total cash outflow related to this transaction was approximately \$765 million, including a \$137 million cost for early redemption, which is reflected as a charge in the consolidated statements of income in the fourth quarter of 2014.

During the second quarter of 2014, the Company issued \$600 million of 3.5% ten-year senior notes. A portion of the net proceeds of this offering was used for general corporate purposes as well as the repayment of \$320 million of 5.375% senior notes that matured in July 2014.

In September 2013, the Company issued \$250 million of 2.55% five-year senior notes and \$250 million of 4.05% ten-year senior notes. The net proceeds of this offering were used for general corporate purposes, which included a partial redemption of \$250 million of the outstanding principal amount of the existing 5.75% senior notes due 2015. The redemption settled in October 2013 with a total cash outflow of approximately \$275 million, including a \$24 million cost for early redemption.

During the first quarter of 2013, the Company used cash to repay its 4.85% fixed rate \$250 million senior notes that matured.

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

### *Acquisitions*

During 2014, the Company paid \$42 million of contingent payments related to acquisitions made in prior years. These payments are split between financing and operating cash flows in the consolidated statements of cash flows. The portion of these payments that is reflected as a financing activity is \$30 million, which represents payments related to the contingent consideration liability that was recorded on the date of acquisition. Payments related to increases in the contingent consideration liability subsequent to the date of acquisition, which were \$12 million in 2014, are reflected as operating cash flows.

Remaining estimated future contingent consideration payments of \$207 million for acquisitions completed in 2014 and in prior years are included in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at December 31, 2014. The Company paid deferred purchase consideration related to prior years' acquisitions of \$25 million, \$15 million and \$59 million for the years ended December 31, 2014, 2013 and 2012, respectively. Remaining deferred cash payments of approximately \$96 million are included in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at December 31, 2014.

The Company paid \$17 million in 2013 and \$30 million in 2012 of contingent payments related to acquisitions made in prior periods.

### *Credit Facilities*

On March 27, 2014, the Company and certain of its foreign subsidiaries amended the \$1.0 billion facility, discussed below, into a new \$1.2 billion multi-currency five-year unsecured revolving credit facility. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility expires in March 2019 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at December 31, 2014.

The Company and certain of its foreign subsidiaries previously maintained a \$1.0 billion multi-currency five-year revolving credit facility. The facility was previously due to expire in October 2016 and was in



effect until March 2014. There were no borrowings outstanding under this facility at the time it was amended.

In December 2012, the Company closed on a \$50 million, 3-year delayed draw term loan facility. The interest rate on this facility is based on LIBOR plus an agreed fixed margin which varies with the Company's credit ratings. The facility requires the Company to maintain coverage ratios and leverage ratios consistent with the revolving credit facility discussed above. The Company had \$50 million of borrowings under this facility at December 31, 2014.

The Company's senior debt is currently rated Baa1 by Moody's and A- by Standard & Poor's. The Company's short-term debt is currently rated P-2 by Moody's and A-2 by Standard & Poor's. The Company carries a stable outlook from Moody's and Standard & Poor's.

The Company also maintains other credit facilities, guarantees and letters of credit with various banks, primarily related to operations located outside the United States, aggregating \$260 million at December 31, 2014 and \$282 million at December 31, 2013. There was \$0.6 million outstanding borrowings under these facilities at December 31, 2014 and \$1 million outstanding borrowings under these facilities at December 31, 2013.

#### *Share Repurchases*

In May 2014, the Board of Directors increased the amount of the Company's share repurchase program to \$2 billion. During 2014, the Company repurchased 15.5 million shares of its common stock for total consideration of \$800 million at an average price per share of \$51.44. The Company remains authorized to purchase additional shares of its common stock up to a value of approximately \$1.3 billion. There is no time limit on this authorization. During 2013, the Company repurchased approximately 13.2 million shares of its common stock for total consideration of \$550 million at an average price per share of \$41.76.

#### *Dividends*

The Company paid total dividends of \$582 million in 2014 (\$1.06 per share), \$533 million in 2013 (\$0.96 per share) and \$497 million in 2012 (\$0.90 per share).

#### **Investing Cash Flows**

Net cash used for investing activities amounted to \$1.2 billion in 2014 compared with \$446 million used for investing activities in 2013.

The Company made 21 acquisitions in 2014. Cash used for these acquisitions, net of cash acquired, was \$554 million.

On June 23, 2014, Mercer entered into a definitive agreement to acquire a 34% stake in South Africa-based Alexander Forbes Group Holdings Limited ("Alexander Forbes"), becoming a strategic shareholder after Alexander Forbes successfully launched an initial public offering. Mercer purchased its stake in Alexander Forbes in two tranches at 7.50 South African Rand per share. On July 24, 2014, the Company purchased 14.9% of Alexander Forbes common shares for approximately \$137 million and in October 2014, the Company paid approximately \$166 million for the remaining 19.1%, which is included in other assets in the consolidated balance sheet. The investment in Alexander Forbes is accounted for using the equity method.

The Company made eight acquisitions in 2013. Cash used for these acquisitions, net of cash acquired was \$125 million. In addition, in 2013, the Company paid \$2 million for the purchase of other intangible assets.

The Company received proceeds from distributions on its Investment in Trident II of \$100 million and \$35 million in 2013 and 2012, respectively. Trident II has now fully harvested all its portfolio investments and final distributions were made to partners during the fourth quarter of 2013.

The Company's additions to fixed assets and capitalized software, which amounted to \$368 million in 2014 and \$401 million in 2013, primarily relate to computer equipment purchases, the refurbishing and modernizing of office facilities and software development costs.

The Company has commitments for potential future investments of approximately \$60 million in two private equity funds that invest primarily in financial services companies.

## Commitments and Obligations

The following sets forth the Company's future contractual obligations by the types identified in the table below as of December 31, 2014:

Contractual Obligations (In millions of dollars)	Payment due by Period				
	Total	Within 1 Year	1-3 Years	4-5 Years	After 5 Years
Current portion of long-term debt	\$ 11	\$ 11	\$ —	\$ —	\$ —
Long-term debt	3,394	—	324	575	2,495
Interest on long-term debt	1,339	133	259	242	705
Net operating leases	2,218	317	534	393	974
Service agreements	441	195	177	59	10
Other long-term obligations	335	80	166	87	2
Purchase commitments	30	29	1	—	—
Total	\$ 7,768	\$ 765	\$ 1,461	\$ 1,356	\$ 4,186

The above does not include the liability for unrecognized tax benefits of \$97 million as the Company is unable to reasonably predict the timing of settlement of these liabilities, other than approximately \$4 million that may become payable during 2015. The above does not include the indemnified liabilities discussed in Note 15 as the Company is unable to reasonably predict the timing of settlement of these liabilities. The above does not include an \$82 million payment the Company made to Putnam in January 2015 to fully satisfy and extinguish its indemnity obligations related to the Putnam disposition. The above does not include net pension liabilities of approximately \$2.0 billion because the timing and amount of ultimate payment of such liability is dependent upon future events, including, but not limited to, future returns on plan assets, and changes in the discount rate used to measure the liabilities. The amounts of estimated future benefits payments to be made from pension plan assets are disclosed in Note 8 to the consolidated financial statements. In 2015, the Company expects to contribute approximately \$25 million and \$169 million to its U.S. and non-U.S. pension plans, respectively.

## Management's Discussion of Critical Accounting Policies

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

### Legal and Other Loss Contingencies

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

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

### Retirement Benefits

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

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

The determination of net periodic pension cost is based on a number of assumptions, including an expected long-term rate of return on plan assets, the discount rate, mortality and assumed rate of salary increase. Significant assumptions used in the calculation of net periodic pension costs and pension liabilities are disclosed in Note 8 to the consolidated financial statements. The Company believes the assumptions for each plan are reasonable and appropriate and will continue to evaluate assumptions at least annually and adjust them as appropriate.

Future pension expense or credits will depend on plan provisions, future investment performance, future assumptions and various other factors related to the populations participating in the pension plans. Holding all other assumptions constant, a half-percentage point change in the rate of return on plan assets and discount rate assumptions would affect net periodic pension cost for the U.S. and U.K. plans, which together comprise approximately 86% of total pension plan liabilities, as follows:

	0.5 Percentage Point Increase		0.5 Percentage Point Decrease	
<i>(In millions of dollars)</i>	U.S.	U.K.	U.S.	U.K.
Assumed Rate of Return on Plan Assets	\$ (20)	\$ (38)	\$ 20	\$ 38
Discount Rate	\$ (45)	\$ (13)	\$ 48	\$ 9

Changing the discount rate and leaving the other assumptions constant may not be representative of the impact on expense, because the long-term rates of inflation and salary increases are often correlated with the discount rate. Changes in these assumptions will not necessarily have a linear impact on the net periodic pension cost.

The Company contributes to certain health care and life insurance benefits provided to its retired employees. The cost of these post-retirement benefits for employees in the U.S. is accrued during the period up to the date employees are eligible to retire, but is funded by the Company as incurred. The key assumptions and sensitivity to changes in the assumed health care cost trend rate are discussed in Note 8 to the consolidated financial statements.

### Income Taxes

The Company's tax rate reflects its income, statutory tax rates and tax planning in the various jurisdictions in which it operates. Significant judgment is required in determining the annual effective tax rate and in evaluating uncertain tax positions. The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step involves recognition. The Company determines whether it is more likely than not that a tax position will be sustained upon tax examination, including resolution of any related appeals or litigation, based on only the technical merits of the position. The technical merits of a tax position derive from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. A tax position

that meets the more likely than not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate resolution with a taxing authority.

Uncertain tax positions are evaluated based upon the facts and circumstances that exist at each reporting period and involve significant management judgment. Subsequent changes in judgment based upon new information may lead to changes in recognition, derecognition, and measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue.

Tax law requires items be included in the Company's tax returns at different times than the items are reflected in the financial statements. As a result, the annual tax expense reflected in the consolidated statements of income is different than that reported in the tax returns. Some of these differences are permanent, such as expenses that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which a benefit has already been recorded in the financial statements. In assessing the need for and amount of a valuation allowance for deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjusts the valuation allowance accordingly. The Company evaluates all significant available positive and negative evidence, including the existence of losses in recent years and its forecast of future taxable income by jurisdiction, in assessing the need for a valuation allowance. The Company also considers tax planning strategies that would result in realization of deferred tax assets, and the presence of taxable income in prior period tax filings in jurisdictions that allow for the carryback of tax attributes pursuant to the applicable tax law. The underlying assumptions the Company uses in forecasting future taxable income require significant judgment and take into account the Company's recent performance. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary differences or carry-forwards are deductible or creditable. Valuation allowances are established for deferred tax assets when it is estimated that it is more likely than not that future taxable income will be insufficient to fully use a deduction or credit in that jurisdiction.

#### *Fair Value Determinations*

**Goodwill Impairment Testing**—The Company is required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs the annual impairment test for each of its reporting units during the third quarter of each year. In accordance with applicable accounting guidance, the Company assesses qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. The Company considered numerous factors, which included that the fair value of each reporting unit exceeded its carrying value by a substantial margin in its most recent estimate of reporting unit fair values, whether significant acquisitions or dispositions occurred which might alter the fair value of its reporting units, macroeconomic conditions and their potential impact on reporting unit fair values, actual performance compared with budget and prior projections used in its estimation of reporting unit fair values, industry and market conditions, and the year-over year change in the Company's share price.

The Company completed its qualitative assessment in the third quarter of 2014 and concluded that a two-step goodwill impairment test was not required in 2014 and that goodwill was not impaired.

#### *Share-based Payment*

The guidance for accounting for share-based payments requires, among other things, that the estimated fair value of stock options be charged to earnings. Significant management judgment is required to determine the appropriate assumptions for inputs such as volatility and expected term necessary to estimate option values. In addition, management judgment is required to analyze the terms of the plans and awards granted thereunder to determine if awards will be treated as equity awards or liability awards, as defined by the accounting guidance.

As of December 31, 2014, there was \$16 million of unrecognized compensation cost related to stock option awards. The weighted-average periods over which the costs are expected to be recognized is 1.05 years. Also as of December 31, 2014, there was \$55.8 million of unrecognized compensation cost related to the Company's restricted stock, restricted stock unit and deferred stock unit awards. The weighted-average period over which that cost is expected to be recognized is approximately one year.

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

### **New Accounting Pronouncements**

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

## Item 7A. Quantitative and Qualitative Disclosures About Market Risk

### Market Risk and Credit Risk

Certain of the Company's revenues, expenses, assets and liabilities are exposed to the impact of interest rate changes and fluctuations in foreign currency exchange rates and equity markets.

#### *Interest Rate Risk and Credit Risk*

Interest income generated from the Company's cash investments as well as invested fiduciary funds will vary with the general level of interest rates.

The Company had the following investments subject to variable interest rates:

<i>(In millions of dollars)</i>	<b>December 31, 2014</b>	
Cash and cash equivalents invested in money market funds, certificates of deposit and time deposits	\$	<b>1,958</b>
Fiduciary cash and investments	\$	<b>4,552</b>

Based on the above balances, if short-term interest rates increased or decreased by 10%, or 8 basis points, over the course of the year, annual interest income, including interest earned on fiduciary funds, would increase or decrease by approximately \$3 million.

In addition to interest rate risk, our cash investments and fiduciary fund investments are subject to potential loss of value due to counter-party credit risk. To minimize this risk, the Company and its subsidiaries invest pursuant to a Board approved investment policy. The policy mandates the preservation of principal and liquidity and requires broad diversification with counter-party limits assigned based primarily on credit rating and type of investment. The Company carefully monitors its cash and fiduciary fund investments and will further restrict the portfolio as appropriate to market conditions. The majority of cash and fiduciary fund investments are invested in short-term bank deposits and liquid money market funds.

#### *Foreign Currency Risk*

The translated values of revenue and expense from the Company's international operations are subject to fluctuations due to changes in currency exchange rates. The non-U.S. based revenue that is exposed to foreign exchange fluctuations is approximately 55% of total revenue. We periodically use forward contracts and options to limit foreign currency exchange rate exposure on net income and cash flows for specific, clearly defined transactions arising in the ordinary course of business. Although the Company has significant revenue generated in foreign locations which is subject to foreign exchange rate fluctuations, in most cases both the foreign currency revenue and expenses are in the functional currency of the foreign location. As such, the U.S. dollar translation of both the revenues and expenses, as well as the potentially offsetting movements of various currencies against the U.S. dollar, generally tends to mitigate the impact on net operating income of foreign currency risk. If foreign exchange rates of major currencies (Euro, Sterling, Australian dollar and Canadian dollar) moved 10% in the same direction against the US dollar compared with the foreign exchange rates in 2014, the Company estimates net operating income would increase or decrease by approximately \$54 million. The Company has exposure to approximately 80 foreign currencies overall. In the fourth quarter of 2014, the U.S. dollar strengthened significantly against most currencies. If exchange rates at January 31, 2015 hold constant throughout 2015, the Company estimates the year-over-year impact from conversion of foreign currency earnings would reduce full year income by approximately \$125 million. In Continental Europe, the largest amount of revenue from renewals for the Risk & Insurance segment occurs in the first quarter. Consequently, a significant portion of the year-over-year foreign exchange impact would occur in the first quarter.

#### *Equity Price Risk*

The Company holds investments in both public and private companies as well as private equity funds that invest primarily in financial services companies. Publicly traded investments of \$18 million are classified as available for sale. Non-publicly traded investments of \$12 million are accounted for using the cost



method and \$388 million are accounted for using the equity method. The investments are subject to risk of changes in market value, which if determined to be other than temporary, could result in realized impairment losses. The Company periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

*Other*

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

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA****MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME**

<i>For the Years Ended December 31,</i>			
<i>(In millions, except per share figures)</i>			
	<b>2014</b>	<b>2013</b>	<b>2012</b>
Revenue	<b>\$ 12,951</b>	<b>\$ 12,261</b>	<b>\$ 11,924</b>
Expense:			
Compensation and benefits	<b>7,515</b>	7,226	7,134
Other operating expenses	<b>3,135</b>	2,958	2,961
Operating expenses	<b>10,650</b>	10,184	10,095
Operating income	<b>2,301</b>	2,077	1,829
Interest income	<b>21</b>	18	24
Interest expense	<b>(165)</b>	(167)	(181)
Cost of extinguishment of debt	<b>(137)</b>	(24)	—
Investment income	<b>37</b>	69	24
Income before income taxes	<b>2,057</b>	1,973	1,696
Income tax expense	<b>586</b>	594	492
Income from continuing operations	<b>1,471</b>	1,379	1,204
Discontinued operations, net of tax	<b>26</b>	6	(3)
Net income before non-controlling interests	<b>1,497</b>	1,385	1,201
Less: Net income attributable to non-controlling interests	<b>32</b>	28	25
Net income attributable to the Company	<b>\$ 1,465</b>	<b>\$ 1,357</b>	<b>\$ 1,176</b>
Basic net income per share – Continuing operations	<b>\$ 2.64</b>	<b>\$ 2.46</b>	<b>\$ 2.16</b>
– Net income attributable to the Company	<b>\$ 2.69</b>	<b>\$ 2.47</b>	<b>\$ 2.16</b>
Diluted net income per share – Continuing operations	<b>\$ 2.61</b>	<b>\$ 2.42</b>	<b>\$ 2.13</b>
– Net income attributable to the Company	<b>\$ 2.65</b>	<b>\$ 2.43</b>	<b>\$ 2.13</b>
Average number of shares outstanding – Basic	<b>545</b>	549	544
– Diluted	<b>553</b>	558	552
Shares outstanding at December 31,	<b>540</b>	547	545

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

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

<i>For the Years Ended December 31, (In millions)</i>	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Net income before non-controlling interests</b>	<b>\$ 1,497</b>	<b>\$ 1,385</b>	<b>\$ 1,201</b>
<b>Other comprehensive income (loss), before tax:</b>			
Foreign currency translation adjustments	<b>(527)</b>	<b>(86)</b>	<b>177</b>
Unrealized investment loss	<b>—</b>	<b>1</b>	<b>(1)</b>
(Loss) gain related to pension/post-retirement plans	<b>(1,085)</b>	<b>1,213</b>	<b>(447)</b>
Other comprehensive (loss) income, before tax	<b>(1,612)</b>	<b>1,128</b>	<b>(271)</b>
Income tax (credit) expense on other comprehensive loss	<b>(386)</b>	<b>442</b>	<b>(152)</b>
Other comprehensive (loss) income, net of tax	<b>(1,226)</b>	<b>686</b>	<b>(119)</b>
Comprehensive income	<b>271</b>	<b>2,071</b>	<b>1,082</b>
Less: Comprehensive income attributable to non-controlling interests	<b>32</b>	<b>28</b>	<b>25</b>
<b>Comprehensive income attributable to the Company</b>	<b>\$ 239</b>	<b>\$ 2,043</b>	<b>\$ 1,057</b>

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED BALANCE SHEETS**

December 31, (In millions, except share figures)	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,958	\$ 2,303
Receivables		
Commissions and fees	3,142	3,065
Advanced premiums and claims	50	61
Other	280	282
	3,472	3,408
Less-allowance for doubtful accounts and cancellations	(95)	(98)
Net receivables	3,377	3,310
Current deferred tax assets	521	482
Other current assets	199	205
<b>Total current assets</b>	<b>6,055</b>	<b>6,300</b>
Goodwill and intangible assets	7,933	7,365
Fixed assets, net	809	828
Pension related assets	967	979
Deferred tax assets	876	626
Other assets	1,200	882
	\$ 17,840	\$ 16,980
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 11	\$ 334
Accounts payable and accrued liabilities	1,883	1,861
Accrued compensation and employee benefits	1,633	1,466
Accrued income taxes	178	148
<b>Total current liabilities</b>	<b>3,705</b>	<b>3,809</b>
Fiduciary liabilities	4,552	4,234
Less – cash and investments held in a fiduciary capacity	(4,552)	(4,234)
	—	—
Long-term debt	3,376	2,621
Pension, postretirement and postemployment benefits	2,244	1,150
Liabilities for errors and omissions	341	373
Other liabilities	1,041	1,052
Commitments and contingencies	—	—
<b>Equity:</b>		
Preferred stock, \$1 par value, authorized 6,000,000 shares, none issued	—	—
Common stock, \$1 par value, authorized 1,600,000,000 shares, issued 560,641,640 shares at December 31, 2014 and December 31, 2013	561	561
Additional paid-in capital	930	1,028
Retained earnings	10,335	9,452
Accumulated other comprehensive loss	(3,847)	(2,621)
Non-controlling interests	79	70
	8,058	8,490
Less – treasury shares, at cost, 20,499,596 shares at December 31, 2014 and 13,882,204 shares at December 31, 2013	(925)	(515)
<b>Total equity</b>	<b>7,133</b>	<b>7,975</b>
	\$ 17,840	\$ 16,980

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended December 31,  
*(In millions)*

	2014	2013	2012
<b>Operating cash flows:</b>			
Net income before non-controlling interests	\$ 1,497	\$ 1,385	\$ 1,201
Adjustments to reconcile net income to cash provided by operations:			
Depreciation and amortization of fixed assets and capitalized software	302	286	277
Amortization of intangible assets	86	72	72
Intangible asset impairment	—	5	8
Adjustments to acquisition related contingent consideration liability	19	24	(44)
Cost of early extinguishment of debt	137	24	—
Provision for deferred income taxes	127	184	96
Gain on investments	(37)	(69)	(24)
(Gain) Loss on disposition of assets	(38)	1	23
Share-based compensation expense	93	129	177
Changes in assets and liabilities:			
Net receivables	(58)	(245)	(144)
Other current assets	(32)	(70)	(37)
Other assets	25	(75)	44
Accounts payable and accrued liabilities	45	106	(210)
Accrued compensation and employee benefits	167	(8)	72
Accrued income taxes	43	43	44
Contributions to pension and other benefit plans in excess of current year expense/credit	(152)	(432)	(117)
Other liabilities	(185)	13	(81)
Effect of exchange rate changes	73	(32)	(35)
<b>Net cash provided by operations</b>	<b>2,112</b>	<b>1,341</b>	<b>1,322</b>
<b>Financing cash flows:</b>			
Purchase of treasury shares	(800)	(550)	(230)
Proceeds from debt	1,393	547	248
Repayments of debt	(331)	(260)	(259)
Payments for early extinguishment of debt	(765)	(274)	—
Shares withheld for taxes on vested units – treasury shares	(64)	(79)	(97)
Issuance of common stock from treasury shares	263	352	248
Payments of deferred and contingent consideration for acquisitions	(55)	(9)	(30)
Distributions of non-controlling interests	(20)	(28)	(16)
Dividends paid	(582)	(533)	(497)
<b>Net cash used for financing activities</b>	<b>(961)</b>	<b>(834)</b>	<b>(633)</b>
<b>Investing cash flows:</b>			
Capital expenditures	(368)	(401)	(320)
Net sales of long-term investments	6	93	20
Purchase of equity investment	(304)	—	—
Proceeds from sales of fixed assets	3	5	6
Dispositions	—	5	—
Acquisitions	(554)	(142)	(292)
Other, net	(5)	(6)	3
<b>Net cash used for investing activities</b>	<b>(1,222)</b>	<b>(446)</b>	<b>(583)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(274)</b>	<b>(59)</b>	<b>82</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(345)</b>	<b>2</b>	<b>188</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,303</b>	<b>2,301</b>	<b>2,113</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,958</b>	<b>\$ 2,303</b>	<b>\$ 2,301</b>

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

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

For the Years Ended December 31, (In millions, except per share figures)	2014	2013	2012
<b>COMMON STOCK</b>			
Balance, beginning and end of year	\$ 561	\$ 561	\$ 561
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Balance, beginning of year	\$ 1,028	\$ 1,107	\$ 1,156
Change in accrued stock compensation costs	(15)	(22)	(16)
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax impact	(83)	(57)	(34)
Purchase of subsidiary shares from non-controlling interests	—	—	1
Balance, end of period	\$ 930	\$ 1,028	\$ 1,107
<b>RETAINED EARNINGS</b>			
Balance, beginning of year	\$ 9,452	\$ 8,628	\$ 7,949
Net income attributable to the Company	1,465	1,357	1,176
Dividend equivalents declared - (per share amounts: \$1.06 in 2014, \$0.96 in 2013, and \$0.90 in 2012)	(3)	(6)	(8)
Dividends declared - (per share amounts: \$1.06 in 2014, \$0.96 in 2013, and \$0.90 in 2012)	(579)	(527)	(489)
Balance, end of period	\$ 10,335	\$ 9,452	\$ 8,628
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>			
Balance, beginning of year	\$ (2,621)	\$ (3,307)	\$ (3,188)
Other comprehensive (loss) income, net of tax	(1,226)	686	(119)
Balance, end of period	\$ (3,847)	\$ (2,621)	\$ (3,307)
<b>TREASURY SHARES</b>			
Balance, beginning of year	\$ (515)	\$ (447)	\$ (595)
Issuance of shares under stock compensation plans and employee stock purchase plans	387	481	378
Issuance of shares for acquisitions	3	1	—
Purchase of treasury shares	(800)	(550)	(230)
Balance, end of period	\$ (925)	\$ (515)	\$ (447)
<b>NON-CONTROLLING INTERESTS</b>			
Balance, beginning of year	\$ 70	\$ 64	\$ 57
Net income attributable to non-controlling interests	32	28	25
Distributions	(20)	(28)	(16)
Other changes	(3)	6	(2)
Balance, end of period	\$ 79	\$ 70	\$ 64
<b>TOTAL EQUITY</b>	<b>\$ 7,133</b>	<b>\$ 7,975</b>	<b>\$ 6,606</b>

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



MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

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

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

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

Acquisitions impacting the Risk and Insurance Services and Consulting segments are discussed in Note 4 below.

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

**Fiduciary Assets and Liabilities:** In its capacity as an insurance broker or agent, the Company generally collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters. The Company also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims proceeds are held by the Company in a fiduciary capacity. Risk and Insurance Services revenue includes interest on fiduciary funds of \$24 million, \$27 million and \$39 million in 2014, 2013 and 2012, respectively. The Consulting segment recorded fiduciary interest income of \$6 million, \$5 million and \$4 million in 2014, 2013 and 2012, respectively. Since fiduciary assets are not available for corporate use, they are shown in the consolidated balance sheets as an offset to fiduciary liabilities.

Net uncollected premiums and claims and the related payables amounted to \$7.3 billion and \$8.2 billion at December 31, 2014 and 2013, respectively. The Company is not a principal to the contracts under which the right to receive premiums or the right to receive reimbursement of insured losses arises. Net uncollected premiums and claims and the related payables are, therefore, not assets and liabilities of the Company and are not included in the accompanying consolidated balance sheets.

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

Mercer manages approximately \$21 billion of assets in trusts or funds for which Mercer's management or trustee fee is considered a variable interest. Mercer is not the primary beneficiary of these trusts or funds. Mercer's only variable interest in any of these trusts or funds is its unpaid fees, if any. Mercer's maximum exposure to loss of its interests is, therefore, limited to collection of its fees.

**Revenue:** Risk and Insurance Services revenue includes insurance commissions, fees for services rendered and interest income on certain fiduciary funds. Insurance commissions and fees for risk transfer services generally are recorded as of the effective date of the applicable policies or, in certain cases (primarily in the Company's reinsurance broking operations), as of the effective date or billing date, whichever is later. A reserve for policy cancellation is provided based on historic and current data on cancellations. Consideration for fee arrangements covering multiple insurance placements, the provision of risk management and/or other services are allocated to all deliverables on the basis of their relative selling prices. Fees for non-risk transfer services provided to clients are recognized over the period in which the services are provided, using a proportional performance model. Fees resulting from

achievement of certain performance thresholds are recorded when such levels are attained and such fees are not subject to forfeiture.

Consulting revenue includes fees paid by clients for advice and services and commissions from insurance companies for the placement of individual and group contracts. Fee revenue for engagements where remuneration is based on time plus out-of-pocket expenses is recognized based on the amount of time consulting professionals expend on the engagement. For fixed fee engagements, revenue is recognized using a proportional performance model. Revenue from insurance commissions not subject to a fee arrangement is recorded over the effective period of the applicable policies. Revenue for asset based fees is recognized on an accrual basis by applying the daily/monthly rate as contractually agreed with the client to the applicable net asset value. On a limited number of engagements, performance fees may also be earned for achieving certain prescribed performance criteria. Such fees are recognized when the performance criteria have been achieved and, when required, agreed to by the client. Reimbursable expenses incurred by professional staff in the generation of revenue and sub-advisory fees related to the majority of funds in the investment management business are included in revenue and the related expenses are included in other operating expenses.

**Cash and Cash Equivalents:** Cash and cash equivalents primarily consist of certificates of deposit and time deposits, with original maturities of three months or less, and money market funds. The estimated fair value of the Company's cash and cash equivalents approximates their carrying value. The Company is required to maintain operating funds related to regulatory requirements outside the U.S. or as collateral under captive insurance arrangements. At December 31, 2014, the Company maintained \$179 million related to these regulatory requirements.

**Fixed Assets:** Fixed assets are stated at cost less accumulated depreciation and amortization. Expenditures for improvements are capitalized. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is reflected in income. Expenditures for maintenance and repairs are charged to operations as incurred.

Depreciation of buildings, building improvements, furniture, and equipment is provided on a straight-line basis over the estimated useful lives of these assets. Furniture and equipment is depreciated over periods ranging from three to ten years. Leasehold improvements are amortized on a straight-line basis over the periods covered by the applicable leases or the estimated useful life of the improvement, whichever is less. Buildings are depreciated over periods ranging from thirty to forty years. The Company periodically reviews long-lived assets for impairment whenever events or changes indicate that the carrying value of assets may not be recoverable.

The components of fixed assets are as follows:

December 31, (In millions of dollars)	2014	2013
Furniture and equipment	\$ 1,193	\$ 1,201
Land and buildings	401	408
Leasehold and building improvements	854	816
	<b>2,448</b>	2,425
Less-accumulated depreciation and amortization	<b>(1,639)</b>	(1,597)
	<b>\$ 809</b>	\$ 828

**Investments:** The Company holds investments in private companies and private equity funds.

Investments in private equity funds are accounted for under the equity method of accounting using a consistently applied three-month lag period adjusted for any known significant changes from the lag period to the reporting date of the Company. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. The Company records in earnings, investment gains/losses for its proportionate share of the change in fair value of the funds. Investments using the equity method of accounting are included in other assets in the consolidated balance sheets.

As part of the sale of MMC Capital in 2005, the Company retained the rights to receive certain performance fees related to the Trident II and Trident III private equity partnerships. The Company recognizes performance fee income when such fees are no longer subject to forfeiture, which may take a number of years to resolve. This income is based on the investment performance over the life of each investment in the private equity fund, and future declines in the fund performance from current levels may result in forfeiture of such revenue. Since Trident II fully harvested all its portfolio investments and made final distributions to its partners in 2013, the Company no longer holds any rights to Trident II performance fees. In 2014, the Company recorded investment income of \$37 million compared to \$69 million in 2013 and \$24 million in 2012. The Company recorded Investment income related to its general partner carried interest from Trident III no longer subject to clawback of \$31 million and \$41 million in 2014 and 2013, respectively. In 2013, the Company recorded \$15 million of general partner carried interest from Trident II. There was no carried interest recorded in 2012. The Company also recorded net investment income gains of \$6 million, \$13 million and \$33 million in 2014, 2013 and 2012, respectively, primarily related to its equity method investments. The Company had deferred performance fees of approximately \$16 million and \$38 million, at December 31, 2014 and 2013, respectively, related to Trident III. Recognition of these deferred performance fees will only occur as the Trident III investments are harvested and the performance fees are no longer subject to clawback. The timing of recognition of the remaining deferred performance fees is unknown and is not controlled by the Company.

#### *Subsequent Event*

On February 24, 2015, Mercer announced that it had made an investment to purchase approximately 10% of Benefitfocus (NASDAQ: BNFT), a benefits technology provider, with the option to increase its ownership over time.

**Goodwill and Other Intangible Assets:** Goodwill represents acquisition costs in excess of the fair value of net assets acquired. Goodwill is reviewed at least annually for impairment. The Company performs an annual impairment test for each of its reporting units during the third quarter of each year. When a step 1 test is performed, fair values of the reporting units are estimated using either a market approach or a discounted cash flow model. Carrying values for the reporting units are based on balances at the prior quarter end and include directly identified assets and liabilities as well as an allocation of those assets and liabilities not recorded at the reporting unit level. As discussed in Note 6, the Company may elect to assess qualitative factors to determine if a step 1 test is necessary. Other intangible assets, which primarily consist of customer lists, that are not deemed to have an indefinite life are amortized over their estimated lives and reviewed for impairment upon the occurrence of certain triggering events in accordance with applicable accounting literature. The Company had no indefinite lived identified intangible assets at December 31, 2014 and 2013.

**Capitalized Software Costs:** The Company capitalizes certain costs to develop, purchase or modify software for the internal use of the Company. These costs are amortized on a straight-line basis over periods ranging from 3 to 10 years. Costs incurred during the preliminary project stage and post implementation stage, are expensed as incurred. Costs incurred during the application development stage are capitalized. Costs related to updates and enhancements are only capitalized if they will result in additional functionality. Capitalized computer software costs of \$501 million and \$399 million, net of accumulated amortization of \$837 million and \$748 million at December 31, 2014 and 2013, respectively, are included in other assets in the consolidated balance sheets.

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

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

The legal and other contingent liabilities described above are not discounted.

**Income Taxes:** The Company's effective tax rate reflects its income, statutory tax rates and tax planning in the various jurisdictions in which it operates. Significant judgment is required in determining the annual effective tax rate and in evaluating uncertain tax positions and the ability to realize deferred tax assets.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step involves recognition. The Company determines whether it is more likely than not that a tax position will be sustained upon tax examination, including resolution of any related appeals or litigation, based on only the technical merits of the position. The technical merits of a tax position derive from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. A tax position that meets the more likely than not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate resolution with a taxing authority. Uncertain tax positions are evaluated based upon the facts and circumstances that exist at each reporting period. Subsequent changes in judgment based upon new information may lead to changes in recognition, de-recognition, and measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue. The Company recognizes in income tax expense, interest and penalties, if any, related to unrecognized tax benefits.

Tax law requires items be included in the Company's tax returns at different times than the items are reflected in the financial statements. As a result, the annual tax expense reflected in the consolidated statements of income is different than that reported in the income tax returns. Some of these differences are permanent, such as expenses that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which benefit has already been recorded in the financial statements. Valuation allowances are established for deferred tax assets when it is estimated that future taxable income will be insufficient to use a deduction or credit in that jurisdiction. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements.

**Derivative Instruments:** All derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the income statement when the hedged item affects earnings. Changes in the fair value attributable to the ineffective portion of cash flow hedges are recognized in earnings.

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

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

Diluted net income per share attributable to the Company and income from continuing operations per share are calculated by dividing the respective after-tax income attributable to common shares by the weighted average number of outstanding shares of the Company's common stock, which have been adjusted for the dilutive effect of potentially issuable common shares. Reconciliations of the applicable income components used for diluted EPS - Continuing Operations and basic weighted average common shares outstanding to diluted weighted average common shares outstanding are presented below. The reconciling items related to the calculation of diluted weighted average common shares outstanding are the same for net income attributable to the Company.

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**Basic and Diluted EPS Calculation - Continuing Operations**

*(In millions, except per share figures)*

	2014	2013	2012
Net income from continuing operations	\$ 1,471	\$ 1,379	\$ 1,204
Less: Net income attributable to non-controlling interests	32	28	25
	\$ 1,439	\$ 1,351	\$ 1,179
Basic weighted average common shares outstanding	545	549	544
Dilutive effect of potentially issuable common shares	8	9	8
Diluted weighted average common shares outstanding	553	558	552
Average stock price used to calculate common stock equivalents	\$ 51.15	\$ 40.97	\$ 33.10

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There were 18.0 million, 22.6 million and 32.0 million stock options outstanding as of December 31, 2014, 2013 and 2012, respectively.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from those estimates.

**New Accounting Pronouncements:** In June 2014, the FASB issued new accounting guidance to clarify the treatment of share-based payment awards that require a specific performance target to be achieved in order for employees to be eligible to vest in the awards which include terms that may provide that the performance conditions could be achieved after an employee completes the requisite service period. The guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, a reporting entity should apply the existing guidance as it relates to awards with performance conditions that affect vesting. The guidance is effective for annual periods beginning after December 15, 2015. Earlier adoption is permitted. Adoption of the guidance is not expected to materially affect the Company's financial condition, results of operations or cash flows.

In May 2014, the FASB issued new accounting guidance to clarify the principles for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, the entity should apply the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. The guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. Entities are permitted to adopt the guidance under one of the following methods: retrospectively to each prior reporting period presented (with certain practical expedients allowed) or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application. If an entity elects this transition method, it must



provide disclosures in reporting periods that include the date of initial application of the amount by which each financial statement line item is affected in the current reporting period by application of the guidance as compared to guidance that was in effect before the change, and an explanation for the reasons for significant changes. The Company is currently evaluating the impact of the adoption of the guidance on its financial condition and results of operations.

In April 2014, the FASB issued new accounting guidance which changes the criteria for reporting discontinued operations and enhances disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations, such as disposal of a major geographic area or a major line of business, should be presented as discontinued operations. Those strategic shifts should have a major impact on the organization's operations and financial results. In addition, the new guidance requires expanded disclosures about discontinued operations. The guidance is effective for fiscal years beginning on or after December 15, 2014. Adoption of the guidance is not expected to have a material effect on the Company's financial condition, results of operations or cash flows.

In July 2013, the FASB issued new accounting guidance related to the presentation of unrecognized tax benefits as a reduction to a deferred tax asset for a net operating loss carry-forward, a similar tax loss, or a tax credit carry-forward. However, to the extent a net operating loss carry-forward, a similar tax loss, or a tax credit carry-forward is not available at the reporting date under the tax law of the applicable jurisdiction to settle taxes that would result from the disallowance of the tax position or the entity does not intend to use the deferred tax asset for this purpose (provided that the tax law permits a choice), the unrecognized tax benefit shall be presented in the financial statement as a liability and shall not be combined with deferred tax assets. The guidance was effective for fiscal years beginning after December 15, 2013. The adoption of this new guidance impacted balance sheet classification and footnote disclosure only and did not have a material impact on the Company's financial statements.

In June 2013, the FASB issued new accounting guidance which amends the criteria for an entity to qualify as an investment company. The guidance clarifies the characteristics of an investment company, provides comprehensive guidance to determine whether an entity is an investment company and sets measurement and disclosure requirements for investment companies. The guidance is effective for interim and annual reporting periods beginning after December 15, 2013. The adoption of this guidance did not materially affect the Company's financial position, results of operations or cash flows.

In February 2013, the FASB issued new accounting guidance that adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The Company implemented this new guidance for the reporting period ended March 31, 2013. Other than enhanced disclosure, the adoption of this new guidance did not have a material effect on the Company's financial statements.

**Reclassifications:** In the first quarter of 2014, the Company enhanced its operating cash flow presentation within the statements of cash flows to show on single lines the impact of pension and other benefit plan contributions in excess of the related expenses, and the non-cash impact of equity share awards. Previously, the cash flow impact of those items was presented as part of changes in other assets and other liabilities, and changes in other liabilities, respectively. The prior years' presentation was conformed to the current presentation for the following line items within operating cash flows:

- Share-based compensation expense
- Changes in other assets
- Contributions to pension and other benefit plans in excess of current year expense/credit
- Changes in other liabilities



## 2. Supplemental Disclosures

The following schedule provides additional information concerning acquisitions, interest and income taxes paid:

<i>(In millions of dollars)</i>	<b>2014</b>	2013	2012
Assets acquired, excluding cash	<b>\$ 815</b>	\$ 217	\$ 380
Released from escrow in 2012	<b>—</b>	—	(62)
Liabilities assumed	<b>(64)</b>	(53)	(42)
Contingent/deferred purchase consideration	<b>(197)</b>	(39)	(46)
Net cash outflow for current year acquisitions	<b>554</b>	125	230
Purchase of other intangibles	<b>—</b>	2	3
Net cash outflow for acquisitions	<b>\$ 554</b>	\$ 127	\$ 233

<i>(In millions of dollars)</i>	<b>2014</b>	2013	2012
Interest paid	<b>\$ 172</b>	\$ 170	\$ 183
Income taxes paid, net of refunds	<b>\$ 426</b>	\$ 360	\$ 350

The Company paid deferred purchase consideration related to prior years' acquisitions of \$25 million, \$15 million and \$59 million for the years ended December 31, 2014, 2013 and 2012, respectively.

The Company had non-cash issuances of common stock under its share-based payment plan of \$108 million, \$150 million and \$193 million for the years ended December 31, 2014, 2013 and 2012, respectively. The Company recorded stock-based compensation expense related to equity awards of \$75 million, \$110 million and \$152 million for the years ended December 31, 2014, 2013 and 2012, respectively.

The consolidated statements of cash flows includes the cash flow impact of discontinued operations in each cash flow category, which were insignificant to the overall cash flows of the Company.

An analysis of the allowance for doubtful accounts is as follows:

For the Year Ended December 31,			
<i>(In millions of dollars)</i>	<b>2014</b>	2013	2012
Balance at beginning of year	<b>\$ 98</b>	\$ 106	\$ 105
Provision charged to operations	<b>20</b>	16	11
Accounts written-off, net of recoveries	<b>(17)</b>	(19)	(12)
Effect of exchange rate changes and other	<b>(6)</b>	(5)	2
Balance at end of year	<b>\$ 95</b>	\$ 98	\$ 106

### 3. Other Comprehensive Income (Loss)

The changes in the balances of each component of Accumulated Other Comprehensive Income ("AOCI") for the years ended December 31, 2014 and 2013, including amounts reclassified out of AOCI, are as follows:

<i>(In millions of dollars)</i>	<b>Unrealized Investment Gains</b>	<b>Pension/Post- Retirement Plans Gains (Losses)</b>	<b>Foreign Currency Translation Adjustments</b>	<b>Total</b>
Balance as of January 1, 2014	\$ 5	\$ (2,682)	\$ 56	\$ (2,621)
Other comprehensive loss before reclassifications	—	(816)	(515)	(1,331)
Amounts reclassified from accumulated other comprehensive loss	—	105	—	105
Net current period other comprehensive loss	—	(711)	(515)	(1,226)
Balance as of December 31, 2014	\$ 5	\$ (3,393)	\$ (459)	\$ (3,847)

<i>(In millions of dollars)</i>	<b>Unrealized Investment Gains</b>	<b>Pension/Post- Retirement Plans Gains (Losses)</b>	<b>Foreign Currency Translation Adjustments</b>	<b>Total</b>
Balance as of January 1, 2013	\$ 4	\$ (3,451)	\$ 140	\$ (3,307)
Other comprehensive income (loss) before reclassifications	1	574	(84)	491
Amounts reclassified from accumulated other comprehensive loss	—	195	—	195
Net current period other comprehensive income (loss)	1	769	(84)	686
Balance as of December 31, 2013	\$ 5	\$ (2,682)	\$ 56	\$ (2,621)

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

For the Year Ended December 31,	2014		
<i>(In millions of dollars)</i>	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	\$ (527)	\$ (12)	\$ (515)
Pension/post-retirement plans:			
Amortization of prior service credits	(16)	(5)	(11)
Amortization of net actuarial losses	242	74	168
Curtailment gain	(65)	(13)	(52)
Losses included in periodic pension cost	161	56	105
Net losses arising during period	(1,418)	(466)	(952)
Foreign currency translation adjustments	180	39	141
Other adjustments	(8)	(3)	(5)
Pension/post-retirement plans losses	(1,085)	(374)	(711)
Other comprehensive loss	\$ (1,612)	\$ (386)	\$ (1,226)

For the Year Ended December 31,	2013		
<i>(In millions of dollars)</i>	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	\$ (86)	\$ (2)	\$ (84)
Unrealized investment gains	1	—	1
Pension/post-retirement plans:			
Amortization of prior service credits	(22)	(8)	(14)
Amortization of net actuarial losses	317	108	209
Losses included in periodic pension cost	295	100	195
Net gains arising during period	898	339	559
Foreign currency translation adjustments	27	8	19
Other adjustments	(7)	(3)	(4)
Pension/post-retirement plans gains	1,213	444	769
Other comprehensive income	\$ 1,128	\$ 442	\$ 686

For the Year Ended December 31,	2012		
<i>(In millions of dollars)</i>	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	\$ 177	\$ (5)	\$ 182
Unrealized investment losses	(1)	1	(2)
Pension/post-retirement plans:			
Amortization of prior service credits	(31)	(12)	(19)
Amortization of net actuarial losses	270	90	180
Losses included in periodic pension cost	239	78	161
Net losses arising during period	(648)	(217)	(431)
Foreign currency translation adjustments	(113)	(26)	(87)
Other adjustments	75	17	58
Pension/post-retirement plans losses	(447)	(148)	(299)
Other comprehensive loss	\$ (271)	\$ (152)	\$ (119)

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

<i>(In millions of dollars)</i>	<b>December 31, 2014</b>	December 31, 2013
Foreign currency translation adjustments (net of deferred tax (asset) liability of \$(5) and \$7 in 2014 and 2013, respectively)	<b>\$ (459)</b>	\$ 56
Net unrealized investment gains (net of deferred tax liability of \$2 in both 2014 and 2013)	<b>5</b>	5
Net charges related to pension / post-retirement plans (net of deferred tax asset of \$1,587 and \$1,213 in 2014 and 2013, respectively)	<b>(3,393)</b>	(2,682)
	<b>\$ (3,847)</b>	\$ (2,621)

#### 4. Acquisitions

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

The Risk and Insurance segment completed fifteen acquisitions during 2014.

- January - Marsh & McLennan Agency ("MMA") acquired Barney & Barney, LLC, a San Diego-based insurance broking firm that provides insurance, risk management and employee benefits solutions to businesses and individuals throughout the U.S. and abroad, Great Lakes Employee Benefits Services, Inc., an employee group benefits consulting and brokerage firm based in Michigan, and Bond Network, Inc., a surety bonding agency based in North Carolina.
- February - Marsh acquired Central Insurance Services, an independent insurance broker in Scotland that provides insurance broking and risk advisory services to companies of all sizes across industry sectors.
- March - MMA acquired Capstone Insurance Services, LLC, an agency that provides property-casualty insurance and risk management solutions to businesses and individuals throughout South Carolina.
- May - MMA acquired Kinker-Eveleigh Insurance Agency, an Ohio-based agency specializing in property-casualty and employee benefits solutions, VISICOR, a full-service employee benefits brokerage and consulting firm based in Texas, and Senn Dunn Insurance, a full-service insurance brokerage located in North Carolina.
- August - Marsh acquired Seguros Morrice y Urrutia S.A., an insurance broker based in Panama City, Panama.
- September - Marsh acquired Kocisko Insurance Brokers, Inc., a full-service commercial insurance brokerage located in Montreal, Quebec.
- October - MMA acquired NuWest Insurance Services, Inc., a California-based property-casualty agency.
- November - Marsh acquired Torrent Technologies, Inc., a Montana-based flood insurance specialist.
- December - Marsh acquired Seafire Insurance Services, LLC, a Kansas-based managing general underwriter, and Trade Insure NV, a leading distributor of credit insurance policies in Belgium, and MMA acquired The Benefit Planning Group, Inc., a North Carolina-based employee benefit consulting firm.

The Consulting segment completed six acquisitions during 2014.

- February - Mercer acquired Transition Assist, a retiree exchange specializing in helping retirees in employer-sponsored plans select Medicare supplemental health care insurance.
- September - Oliver Wyman acquired Bonfire Communications, an agency specializing in employee engagement and internal communications based in San Francisco, California.
- November - Mercer acquired AUSREM, a remuneration research and workforce consulting specialist based in Australia, and Jeitosa Group International, a global HR business consultancy and IT systems integration firm.
- December - Mercer acquired Denarius, a compensation and benefits survey and information products consulting firm based in Chile, and Oliver Wyman acquired OC&C Strategy Consultants (Boston) LLC (part of the OC&C network), a Boston-based consulting firm specializing in the business media, information services and education sectors.

Total purchase consideration for acquisitions made during 2014 was \$772 million, which consisted of cash paid of \$575 million and deferred purchase and estimated contingent consideration of \$197 million. Contingent consideration arrangements are primarily based on EBITDA and revenue targets over two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. During 2014, the Company also paid \$25 million of deferred purchase consideration and \$42 million of contingent consideration related to acquisitions made in prior years.

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

<i>(In millions)</i>	2014
Cash	\$ 575
Estimated fair value of deferred/contingent consideration	197
Total consideration	\$ 772
Allocation of purchase price:	
Cash and cash equivalents	\$ 21
Accounts receivable, net	12
Other current assets	1
Property, plant, and equipment	5
Intangible assets (primarily customer lists amortized over 10 years)	318
Goodwill	472
Other assets	7
Total assets acquired	836
Current liabilities	41
Other liabilities	23
Total liabilities assumed	64
Net assets acquired	\$ 772

#### *Prior Year Acquisitions*

During 2013, the Risk and Insurance segment completed the following six acquisitions:

- June - Marsh acquired Rehder y Asociados Group, an insurance adviser in Peru. The business includes the insurance broker Rehder y Asociados and employee health and benefits specialist, Humanasalud. Marsh also completed the acquisition of Franco & Acra Tecniseguros, an insurance advisor in the Dominican Republic.

- July - Guy Carpenter acquired Smith Group, a specialist disability reinsurance risk manager and consultant based in Maine.
- September - Marsh purchased an additional stake in Insia a.s., an insurance broker operating in the Czech Republic and Slovakia which, when combined with its prior holdings, gave Marsh a controlling interest. Insia a.s. was previously accounted for under the equity method.
- November - MMA acquired Elsey & Associates, a Texas-based provider of surety bonds and insurance coverage to the construction industry.
- December - MMA acquired Cambridge Property and Casualty, a Michigan-based company providing insurance and risk management services to high net worth individuals and mid-sized businesses.

During 2013, the Consulting segment completed the following two acquisitions:

- July - Oliver Wyman acquired Corven, a U.K.-based management consultancy firm.
- August - Mercer acquired Global Remuneration Solutions, a market leading compensation consulting firm based in South Africa.

Total purchase consideration for acquisitions made during 2013 was \$178 million, which consisted of cash paid of \$139 million and deferred purchase and estimated contingent consideration of \$39 million. Contingent consideration arrangements are primarily based on EBITDA and revenue targets over two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. During 2013, the Company also paid \$15 million of deferred purchase consideration and \$17 million of contingent consideration related to acquisitions made in prior years. In addition, the Company paid \$2 million to purchase other intangible assets during 2013.

#### *Pro-Forma Information*

While the Company does not believe its acquisitions in the aggregate are material, the following unaudited pro-forma financial data gives effect to the acquisitions made by the Company during 2014 and 2013. In accordance with accounting guidance related to pro-forma disclosures, the information presented for current year acquisitions is as if they occurred on January 1, 2013 and reflects acquisitions made in 2013 as if they occurred on January 1, 2012. The pro-forma information adjusts for the effects of amortization of acquired intangibles. The unaudited pro-forma financial data is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have been achieved if such acquisitions had occurred on the dates indicated, nor is it necessarily indicative of future consolidated results.

<i>(In millions, except per share data)</i>	Years Ended December 31,		
	2014	2013	2012
Revenue	\$ 13,039	\$ 12,550	\$ 12,202
Income from continuing operations	\$ 1,477	\$ 1,395	\$ 1,222
Net income attributable to the Company	\$ 1,471	\$ 1,373	\$ 1,195
Basic net income per share:			
– Continuing operations	\$ 2.65	\$ 2.49	\$ 2.20
– Net income attributable to the Company	\$ 2.70	\$ 2.50	\$ 2.20
Diluted net income per share:			
– Continuing operations	\$ 2.62	\$ 2.45	\$ 2.16
– Net income attributable to the Company	\$ 2.66	\$ 2.46	\$ 2.16

The consolidated statements of income for 2014 include approximately \$134 million of revenue and \$18 million of operating income related to acquisitions made during 2014.



**Alexander Forbes:** In June 2014, Mercer entered into a definitive agreement to acquire a 34% interest in South Africa-based Alexander Forbes Group Holding Limited ("Alexander Forbes") becoming a strategic shareholder after Alexander Forbes successfully launched an initial public offering. Mercer purchased its stake in Alexander Forbes in two tranches at 7.50 South African Rand per share. In July 2014, the Company purchased 14.9% of Alexander Forbes common shares for approximately \$137 million. In October 2014, the Company paid approximately \$166 million for the remaining 19.1% of Alexander Forbes common shares.

The Company's investment in Alexander Forbes is accounted for using the equity method of accounting and is included in other assets in the consolidated balance sheet. The Company records this investment and its share of Alexander Forbes' net income or loss on a one quarter lag basis.

Upon completion of the acquisition, the purchase price of the Alexander Forbes shares exceeded the Company's share of the equity in net assets by approximately \$146 million. The majority of this basis difference resulted from the excess of the Company's purchase price for the Alexander Forbes common stock acquired over the book value of Alexander Forbes' net assets. Substantially all of this basis difference was allocated, based on our preliminary estimates of the fair values of Alexander Forbes' assets and liabilities, to the value of investment contracts, customer contracts and relationships acquired and technology related intangible assets, related deferred tax liability and goodwill. The basis difference related to these intangible assets (excluding goodwill) is recorded as additional amortization expense over their estimated lives. The basis difference related to the goodwill will be recognized upon disposition of our investment. The Company is finalizing its purchase price allocation.

Alexander Forbes principally focuses on employee benefits and investment solutions for institutional clients, and financial wellbeing and retail financial solutions for individual clients. Services include retirement funds and investment consulting, actuarial and administration services, employee risk benefits and health-care consulting, multi-manager investments solutions, and personal lines and business insurance.

## **5. Discontinued Operations**

As part of the disposal transactions for Putnam and Kroll, the Company provided certain indemnities, primarily related to pre-transaction tax uncertainties and legal contingencies. In accordance with applicable accounting guidance, liabilities were established related to these indemnities at the time of the sales and reflected as a reduction of the gain on disposal. Discontinued operations includes charges or credits resulting from the settlement or resolution of the indemnified matters, as well as adjustments to the liabilities related to such matters.

On December 31, 2014, an agreement was reached between Putnam and the Massachusetts Department of Revenue ("DOR") regarding a tax dispute, which was covered under the indemnity agreement discussed above. The December 2014 agreement was subject to certain approvals, which included the State Attorney General and the Commissioner of the DOR. In January 2015, all necessary approvals were received, the agreement was executed and the tax was paid. Concurrently, Putnam and the Company executed a settlement agreement to resolve all remaining matters under the indemnity agreement. The Company recorded a gain, net of federal income taxes, of approximately \$28 million in 2014 related to the settlement with Putnam.

Discontinued operations in 2013 includes estimated costs covered under the indemnity related to the Kroll sale as well as tax indemnities related to the Putnam sale.

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

For the Years Ended December 31, (In millions of dollars)	2014	2013	2012
Income (loss) from discontinued operations, net of tax	\$ —	\$ —	\$ —
Disposals of discontinued operations	42	(4)	(2)
Income tax (credit) expense	16	(10)	1
Disposals of discontinued operations, net of tax	26	6	(3)
Discontinued operations, net of tax	\$ 26	\$ 6	\$ (3)
Discontinued operations, net of tax per share			
– Basic	\$ 0.05	\$ 0.01	\$ —
– Diluted	\$ 0.04	\$ 0.01	\$ —

## 6. Goodwill and Other Intangibles

The Company is required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs the annual impairment assessment for each of its reporting units during the third quarter of each year. In accordance with applicable accounting guidance, the Company assesses qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. The Company considered numerous factors, which included that the fair value of each reporting unit exceeded its carrying value by a substantial margin in its most recent estimate of reporting unit fair values, whether significant acquisitions or dispositions occurred which might alter the fair value of its reporting units, macroeconomic conditions and their potential impact on reporting unit fair values, actual performance compared with budget and prior projections used in its estimation of reporting unit fair values, industry and market conditions, and the year-over-year change in the Company's share price. The Company completed its qualitative assessment in the third quarter of 2014 and concluded that a two-step goodwill impairment test was not required in 2014 and that goodwill was not impaired.

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

Changes in the carrying amount of goodwill are as follows:

(In millions of dollars)	2014	2013
Balance as of January 1, as reported	\$ 6,893	\$ 6,792
Goodwill acquired	472	113
Other adjustments <sup>(a)</sup>	(124)	(12)
Balance at December 31,	\$ 7,241	\$ 6,893

(a) Primarily due to the impact of foreign exchange in both years.

The goodwill acquired of \$472 million in 2014 (approximately \$348 million of which is deductible for tax purposes) is comprised of \$445 million related to the Risk and Insurance Services segment and \$27 million related to the Consulting segment.

Goodwill allocable to the Company's reportable segments is as follows: Risk and Insurance Services, \$5 billion and Consulting, \$2.2 billion.

Amortized intangible assets consist primarily of the cost of client lists and trade names acquired. The gross cost and accumulated amortization at December 31, 2014 and 2013 are as follows:

<i>(In millions of dollars)</i>	<b>2014</b>			<b>2013</b>		
	<b>Gross Cost</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>	<b>Gross Cost</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Amortized intangibles	<b>\$ 1,177</b>	<b>\$ 485</b>	<b>\$ 692</b>	<b>\$ 888</b>	<b>\$ 416</b>	<b>\$ 472</b>

The Company recorded an intangible asset impairment charge of \$5 million in the third quarter of 2013 in the Risk & Insurance Services segment.

Aggregate amortization expense was \$86 million for the year ended December 31, 2014, and \$72 million for the years ended December 31, 2013 and 2012, respectively. The estimated future aggregate amortization expense is as follows:

For the Years Ending December 31,	
<i>(In millions of dollars)</i>	
2015	\$ 88
2016	78
2017	75
2018	73
2019	72
Subsequent years	306
	<b>\$ 692</b>

## 7. Income Taxes

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

For the Years Ended December 31, (In millions of dollars)	2014	2013	2012
Income before income taxes:			
U.S.	\$ 313	\$ 407	\$ 398
Other	1,744	1,566	1,298
	<b>\$ 2,057</b>	<b>\$ 1,973</b>	<b>\$ 1,696</b>

The expense (benefit) for income taxes is comprised of:

Income taxes:

Current—

U.S. Federal	\$ 80	\$ 102	\$ 42
Other national governments	369	264	336
U.S. state and local	26	45	24
	<b>475</b>	<b>411</b>	<b>402</b>

Deferred—

U.S. Federal	27	12	(18)
Other national governments	62	149	89
U.S. state and local	22	22	19
	<b>111</b>	<b>183</b>	<b>90</b>
Total income taxes	<b>\$ 586</b>	<b>\$ 594</b>	<b>\$ 492</b>

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

December 31, (In millions of dollars)	2014	2013
<b>Deferred tax assets:</b>		
Accrued expenses not currently deductible	\$ 572	\$ 570
Differences related to non-U.S. operations <sup>(a)</sup>	119	140
Accrued retirement benefits U.S.	638	297
Net operating losses <sup>(b)</sup>	57	79
Income currently recognized for tax	75	74
Foreign tax credit carryforwards	109	157
Other	84	90
	<b>\$ 1,654</b>	<b>\$ 1,407</b>
<b>Deferred tax liabilities:</b>		
Differences related to non-U.S. operations	\$131	\$112
Depreciation and amortization	307	273
Accrued retirement & postretirement benefits - non-U.S. operations	41	89
Other	5	5
	<b>\$ 484</b>	<b>\$ 479</b>

(a) Net of valuation allowances of \$15 million in 2014 and \$12 million in 2013.

(b) Net of valuation allowances of \$82 million in 2014 and \$70 million in 2013.

December 31, (In millions of dollars)		
	<b>2014</b>	2013
<b>Balance sheet classifications:</b>		
Current assets	\$ 521	\$ 482
Other assets	\$ 876	\$ 626
Current liabilities	\$ 28	\$ 18
Other liabilities	\$ 199	\$ 162

U.S. Federal income taxes are not provided on temporary differences with respect to investments in foreign subsidiaries that are essentially permanent in duration, which at December 31, 2014, the Company estimates, amounted to approximately \$6.3 billion. The determination of the unrecognized deferred tax liability with respect to these investments is not practicable.

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

For the Years Ended December 31,	<b>2014</b>	2013	2012
U.S. Federal statutory rate	<b>35.0%</b>	35.0%	35.0%
U.S. state and local income taxes—net of U.S. Federal income tax benefit	<b>1.7</b>	2.1	1.9
Differences related to non-U.S. operations	<b>(7.5)</b>	(6.0)	(6.1)
Other	<b>(0.7)</b>	(1.0)	(1.8)
Effective tax rate	<b>28.5%</b>	30.1%	29.0%

The Company's consolidated tax rate was 28.5%, 30.1% and 29.0% in 2014, 2013 and 2012, respectively. The tax rate in each year reflects foreign operations, which are generally taxed at rates lower than the U.S. statutory tax rate.

Valuation allowances had net increases of \$15 million, \$10 million and \$23 million in 2014, 2013 and 2012, respectively. During the respective years, adjustments of the beginning of the year balances of valuation allowances decreased income tax expense by \$9 million and \$3 million in 2014 and 2013, respectively, and increased income tax expense by \$16 million in 2012. Approximately 55% of the Company's net operating loss carryforwards expire from 2015 through 2034, and others are unlimited. The potential tax benefit from net operating loss carryforwards at the end of 2014 comprised federal, state and local, and non-U.S. tax benefits of \$3 million, \$40 million and \$96 million, respectively, before reduction for valuation allowances. Foreign tax credit carryforwards expire from 2020 through 2022.

The realization of deferred tax assets depends on generating future taxable income during the periods in which the tax benefits are deductible or creditable. Tax liabilities are determined and assessed jurisdictionally by legal entity or filing group. Certain taxing jurisdictions allow or require combined or consolidated tax filings. The Company assessed the realizability of its deferred tax assets and considered all available evidence, including the existence of a recent history of losses, placing particular weight on evidence that could be objectively verified. A valuation allowance was recorded to reduce deferred tax assets to the amount that the Company believes is more likely than not to be realized.

Following is a reconciliation of the Company's total gross unrecognized tax benefits for the years ended December 31, 2014, 2013 and 2012:

<i>(In millions of dollars)</i>	<b>2014</b>	2013	2012
Balance at January 1,	\$ <b>128</b>	\$ 117	\$ 143
Additions, based on tax positions related to current year	<b>13</b>	16	26
Additions for tax positions of prior years	<b>3</b>	35	35
Reductions for tax positions of prior years	<b>(29)</b>	(7)	(41)
Settlements	<b>(4)</b>	(3)	(6)
Lapses in statutes of limitation	<b>(14)</b>	(30)	(40)
Balance at December 31,	\$ <b>97</b>	\$ 128	\$ 117

Of the total unrecognized tax benefits at December 31, 2014, 2013 and 2012, \$51 million, \$71 million and \$96 million, respectively, represent the amount that, if recognized, would favorably affect the effective tax rate in any future periods. The total gross amount of accrued interest and penalties at December 31, 2014, 2013 and 2012, before any applicable federal benefit, was \$7 million, \$10 million and \$13 million, respectively.

As discussed in Note 5, the Company has provided certain indemnities related to contingent tax liabilities as part of the disposals of Putnam and Kroll. At December 31, 2014, 2013 and 2012, \$2 million, \$2 million and \$6 million, respectively, included in the table above, relates to Putnam and Kroll positions included in consolidated Company tax returns. Since the Company remains primarily liable to the taxing authorities for resolution of uncertain tax positions related to consolidated returns, these balances will remain as part of the Company's consolidated liability for uncertain tax positions. Any future charges or credits related to these matters, including interest accrued, will be recorded in discontinued operations as incurred.

The Company is routinely examined by the jurisdictions in which it has significant operations. In the U.S. federal jurisdiction, the Company participates in the Internal Revenue Service's (IRS) Compliance Assurance Process (CAP), which is structured to conduct real-time compliance reviews. The IRS is currently examining the Company's 2013 tax return and performing a pre-filing review of 2014. During 2014, the Company settled its federal tax audit with the IRS for the year 2012, and in 2013 settled the years 2007, and 2009 through 2011. The tax year 2008 was settled in a prior period. New York State and New York City have examinations underway for various entities covering the years 2007 through 2012. Illinois is auditing the Company for years 2009 through 2013. During 2014, California commenced an audit covering the years 2009 through 2013. Outside the U.S., during 2014, examinations commenced in Canada for the year 2012 and in France for years 2011 and 2012. There is an ongoing examination of various subsidiaries for years 2011 and 2012 in the United Kingdom that started in 2013. The Company regularly considers the likelihood of assessments in each of the taxing jurisdictions resulting from examinations. The Company has established liabilities for uncertain tax positions in relation to the potential assessments. The Company believes the resolution of tax matters will not have a material effect on the consolidated financial position of the Company, although a resolution of tax matters could have a material impact on the Company's net income or cash flows and on its effective tax rate in a particular future period. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between zero and approximately \$16 million within the next twelve months due to the settlement of audits and the expiration of statutes of limitation.



## 8. Retirement Benefits

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

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

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

	Pension Benefits		Postretirement Benefits	
	2014	2013	2014	2013
Weighted average assumptions:				
Discount rate (for expense)	<b>4.82%</b>	4.38%	<b>4.92%</b>	4.32%
Expected return on plan assets	<b>7.52%</b>	7.68%	—	—
Rate of compensation increase (for expense)	<b>2.64%</b>	2.43%	—	—
Discount rate (for benefit obligation)	<b>3.79%</b>	4.82%	<b>4.08%</b>	5.03%
Rate of compensation increase (for benefit obligation)	<b>2.42%</b>	2.64%	—	—

The Company uses actuaries from Mercer, a subsidiary of the Company, to perform valuations of its pension plans. The long-term rate of return on plan assets assumption is determined for each plan based on the facts and circumstances that exist as of the measurement date, and the specific portfolio mix of each plan's assets. The Company utilizes a model developed by the Mercer actuaries to assist in the determination of this assumption. The model takes into account several factors, including: actual and target portfolio allocation; investment, administrative and trading expenses incurred directly by the plan trust; historical portfolio performance; relevant forward-looking economic analysis; and expected returns, variances and correlations for different asset classes. These measures are used to determine probabilities using standard statistical techniques to calculate a range of expected returns on the portfolio. The Company generally does not adjust the rate of return assumption from year to year if, at the measurement date, it is within the range between the 25<sup>th</sup> and 75<sup>th</sup> percentile of the expected long-term annual returns. Historical long-term average asset returns of each plan are also reviewed to determine whether they are consistent and reasonable compared with the rate selected. The expected return on plan assets is determined by applying the assumed long-term rate of return to the market-related value of plan assets. This market-related value recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market value of assets. Since the market-related value of assets recognizes gains or losses over a five-year period, the future market-related value of the assets will be impacted as previously deferred gains or losses are reflected.

The target asset allocation for the U.S. Plan is 62% equities and equity alternatives and 38% fixed income. At the end of 2014, the actual allocation for the U.S. Plan was 59% equities and equity alternatives and 41% fixed income. The target asset allocation for the U.K. Plans, which comprise approximately 83% of non-U.S. Plan assets, is 50% equities and equity alternatives and 50% fixed income. At the end of 2014, the actual allocation for the U.K. Plans was 43% equities and equity alternatives and 57% fixed income. The assets of the Company's defined benefit plans are diversified and are managed in accordance with applicable laws and with the goal of maximizing the plans' real return within acceptable risk parameters. The Company uses threshold-based portfolio re-balancing to ensure the actual portfolio remains consistent with target asset allocation ranges.

The discount rate selected for each U.S. plan is based on a model bond portfolio with coupons and redemptions that closely match the expected liability cash flows from the plan. Discount rates for non-U.S. plans are based on appropriate bond indices such as the Markit iBoxx £ Corporates AA 15+ index in the U.K. Projected compensation increases reflect current expectations as to future levels of inflation.

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

<b>Combined U.S. and significant non-U.S. Plans</b> For the Years Ended December 31, <i>(In millions of dollars)</i>	Pension Benefits			Postretirement Benefits		
	<b>2014</b>	2013	2012	<b>2014</b>	2013	2012
Service cost	\$ 213	\$ 252	\$ 240	\$ 4	\$ 5	\$ 5
Interest cost	641	581	596	11	11	13
Expected return on plan assets	(990)	(911)	(905)	—	—	—
Amortization of prior service credit	(16)	(22)	(19)	—	—	(14)
Recognized actuarial loss (credit)	243	315	270	(1)	2	—
Net periodic benefit cost	\$ 91	\$ 215	\$ 182	\$ 14	\$ 18	\$ 4
Curtailment gain	(65)	—	—	—	—	—
Total cost	\$ 26	\$ 215	\$ 182	\$ 14	\$ 18	\$ 4

#### *Plan Assets*

For the U.S. Plan, investment allocation decisions are made by a fiduciary committee composed of senior executives appointed by the Company's Chief Executive Officer. For the non-U.S. plans, investment allocation decisions are made by local fiduciaries, in consultation with the Company for the larger plans. Plan assets are invested in a manner consistent with the fiduciary standards set forth in all relevant laws relating to pensions and trusts in each country. Primary investment objectives are (1) to achieve an investment return that, in combination with current and future contributions, will provide sufficient funds to pay benefits as they become due, and (2) to minimize the risk of large losses. The investment allocations are designed to meet these objectives by broadly diversifying plan assets among numerous asset classes with differing expected returns, volatilities, and correlations.

The major categories of plan assets include equity securities, equity alternative investments, and fixed income securities. For the U.S. qualified plan, the category ranges are 57-67% for equities and equity alternatives, and 33-43% for fixed income. For the U.K. Plan, the category ranges are 47-53% for equities and equity alternatives, and 47-53% for fixed income. Asset allocation is monitored frequently and re-balancing actions are taken as appropriate. Re-balancing in the U.K. Plan was suspended in 2014 while a contingent guarantee agreement was put in place and the investment strategy of the plan was finalized. After the contingent guarantee agreement was executed in January 2015, re-balancing resumed in February 2015 with target asset allocation of 48% equities and equity alternatives and 52% fixed income.

Plan investments are exposed to stock market, interest rate, and credit risk. Concentrations of these risks are generally limited due to diversification by investment style within each asset class, diversification by investment manager, diversification by industry sectors and issuers, and the dispersion of investments across many geographic areas.

#### *Unrecognized Actuarial Gains/Losses*

In accordance with applicable accounting guidance, the funded status of the Company's pension plans is recorded in the consolidated balance sheets and provides for a delayed recognition of actuarial gains or losses arising from changes in the projected benefit obligation due to changes in the assumed discount rates, differences between the actual and expected value of plan assets and other assumption changes. The unrecognized pension plan actuarial gains or losses and prior service costs not yet recognized in net periodic pension cost are recognized in Accumulated Other Comprehensive Income, net of tax. These gains and losses are amortized prospectively out of AOCI over a period that approximates the average remaining service period of active employees, or for plans in which substantially all the participants are inactive, over the remaining life expectancy of the inactive employees.

## U.S. Plans

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

	U.S. Pension Benefits		U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	2014	2013	2014	2013
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 4,827	\$ 5,197	\$ 158	\$ 176
Service cost	91	104	2	3
Interest cost	253	229	7	7
Employee contributions	—	—	13	—
Plan amendments	—	—	(4)	—
Plan combination	—	36	—	—
Actuarial loss (gain)	955	(547)	21	(15)
Medicare Part D subsidy	—	—	1	1
Benefits paid	(202)	(192)	(21)	(14)
Benefit obligation, December 31	\$ 5,924	\$ 4,827	\$ 177	\$ 158
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 4,279	\$ 3,936	\$ —	\$ —
Plan combination	—	21	—	—
Actual return on plan assets	414	488	—	—
Employer contributions	25	26	13	13
Employee contributions	—	—	13	—
Medicare Part D subsidy	—	—	1	1
Benefits paid	(202)	(192)	(21)	(14)
Other	—	—	12	—
Fair value of plan assets, December 31	\$ 4,516	\$ 4,279	\$ 18	\$ —
Net funded status, December 31	\$ (1,408)	\$ (548)	\$ (159)	\$ (158)
Amounts recognized in the consolidated balance sheets:				
Current liabilities	\$ (25)	\$ (24)	\$ (2)	\$ (8)
Noncurrent liabilities	(1,383)	(524)	(157)	(150)
Net liability recognized, December 31	\$ (1,408)	\$ (548)	\$ (159)	\$ (158)
Amounts recognized in other comprehensive income (loss):				
Prior service credit	\$ —	\$ 7	\$ 4	\$ —
Net actuarial (loss) gain	(1,749)	(974)	2	13
Total recognized accumulated other comprehensive (loss) income, December 31	\$ (1,749)	\$ (967)	\$ 6	\$ 13
Cumulative employer contributions in excess (deficient) of net periodic cost	341	419	(165)	(171)
Net amount recognized in consolidated balance sheet	\$ (1,408)	\$ (548)	\$ (159)	\$ (158)
Accumulated benefit obligation at December 31	\$ 5,825	\$ 4,753	\$ —	\$ —

	U.S. Pension Benefits		U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	<b>2014</b>	2013	<b>2014</b>	2013
Reconciliation of prior service credit (cost) recognized in accumulated other comprehensive income (loss):				
Beginning balance	\$ 7	\$ 23	\$ —	\$ —
Recognized as component of net periodic benefit cost	(7)	(16)	—	—
Plan amendment	—	—	4	—
Prior service credit, December 31	\$ —	\$ 7	\$ 4	\$ —

	U.S. Pension Benefits		U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	<b>2014</b>	2013	<b>2014</b>	2013
Reconciliation of net actuarial gain (loss) recognized in accumulated other comprehensive income (loss):				
Beginning balance	\$ (974)	\$ (1,887)	\$ 13	\$ (2)
Recognized as component of net periodic benefit cost (credit)	112	208	(2)	—
Changes in plan assets and benefit obligations recognized in other comprehensive income (loss):				
Liability experience	(955)	541	(21)	15
Asset experience	68	164	12	—
Total (loss) gain recognized as change in plan assets and benefit obligations	(887)	705	(9)	15
Net actuarial (loss) gain, December 31	\$ (1,749)	\$ (974)	\$ 2	\$ 13

For the Years Ended December 31,	U.S. Pension Benefits			U.S. Postretirement Benefits		
<i>(In millions of dollars)</i>	<b>2014</b>	2013	2012	<b>2014</b>	2013	2012
Total recognized in net periodic benefit cost and other comprehensive loss (income)	\$ 885	\$ (696)	\$ 346	\$ 14	\$ (5)	\$ 24

Estimated amounts that will be amortized from accumulated other comprehensive loss in the next fiscal year:

	U.S. Pension Benefits		U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	<b>2015</b>		<b>2015</b>	
Prior service credit	\$	—	\$	1
Net actuarial loss		181		1
Projected cost	\$	181	\$	2

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

	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2014	2013	2014	2013
Weighted average assumptions:				
Discount rate (for expense)	5.30%	4.45%	4.99%	4.25%
Expected return on plan assets	8.75%	8.75%	—	—
Rate of compensation increase (for expense)	2.00%	2.00%	—	—
Discount rate (for benefit obligation)	4.30%	5.30%	4.19%	5.17%
Rate of compensation increase (for benefit obligation)	2.00%	2.00%	—	—

In 2014, the Society of Actuaries in the United States issued a new mortality table (RP-2014) and an updated improvement scale. The Company considered the effect of RP-2014, along with other available information on mortality improvement and industry specific mortality studies, to select its assumptions for measurement of the plans' benefit obligations at December 31, 2014.

The projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for U.S. pension plans with accumulated benefit obligations in excess of plan assets were \$5.9 billion, \$5.8 billion and \$4.5 billion, respectively, as of December 31, 2014 and \$4.8 billion, \$4.8 billion and \$4.3 billion, respectively, as of December 31, 2013.

The projected benefit obligation and fair value of plan assets for U.S. pension plans with projected benefit obligations in excess of plan assets was \$5.9 billion and \$4.5 billion, respectively, as of December 31, 2014 and \$4.8 billion and \$4.3 billion, respectively, as of December 31, 2013.

As of December 31, 2014, the U.S. qualified plan holds 4 million shares of the Company's common stock which were contributed to the Plan by the Company in 2005. This represented approximately 5.1% of that plan's assets as of December 31, 2014. In addition, plan assets may be invested in funds managed by Mercer Investments, a subsidiary of the Company.

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

U.S. Plans only	Pension Benefits			Postretirement Benefits		
For the Years Ended December 31,						
(In millions of dollars)	2014	2013	2012	2014	2013	2012
Service cost	\$ 91	\$ 104	\$ 93	\$ 2	\$ 3	\$ 3
Interest cost	253	229	230	7	7	8
Expected return on plan assets	(346)	(324)	(322)	—	—	—
Amortization of prior service credit	(7)	(16)	(16)	—	—	(13)
Recognized actuarial loss (credit)	112	207	152	(2)	—	(1)
Net periodic benefit cost (credit)	\$ 103	\$ 200	\$ 137	\$ 7	\$ 10	\$ (3)

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

The assumed health care cost trend rate for Medicare eligibles and non-Medicare eligibles is approximately 7.55% in 2014, gradually declining to 4.5% in 2028. Assumed health care cost trend rates have a small effect on the amounts reported for the U.S. health care plans because the Company caps its share of health care trend at 5%. A one percentage point change in assumed health care cost trend rates would have no effect on the total service and interest cost components or the postretirement benefit obligation.

#### *Estimated Future Contributions*

The Company expects to fund approximately \$25 million for its U.S. non-qualified plans in 2015. The Company's policy for funding its tax-qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth in the U.S. and applicable foreign law. There is currently no ERISA funding requirement for the U.S. qualified plan for 2015.

# *Non-U.S. Plans*

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

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	2014	2013	2014	2013
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 8,711	\$ 8,579	\$ 97	\$ 107
Service cost	122	148	2	2
Interest cost	388	352	4	4
Employee contributions	10	11	—	—
Actuarial loss (gain)	1,619	(53)	(1)	(8)
Plan amendments	13	—	—	—
Effect of settlement	(11)	(2)	—	—
Benefits paid	(311)	(293)	(3)	(4)
Foreign currency changes	(585)	(31)	(6)	(4)
Other	62	—	—	—
Benefit obligation December 31	\$ 10,018	\$ 8,711	\$ 93	\$ 97
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 9,351	\$ 8,312	\$ —	\$ —
Actual return on plan assets	1,756	698	—	—
Effect of settlement	(11)	(2)	—	—
Company contributions	156	620	3	4
Employee contributions	10	11	—	—
Benefits paid	(311)	(293)	(3)	(4)
Foreign currency changes	(578)	5	—	—
Other	37	—	—	—
Fair value of plan assets, December 31	\$ 10,410	\$ 9,351	\$ —	\$ —
Net funded status, December 31	\$ 392	\$ 640	\$ (93)	\$ (97)
Amounts recognized in the consolidated balance sheets:				
Non-current assets	\$ 967	\$ 977	\$ —	\$ —
Current liabilities	(6)	(5)	(4)	(4)
Non-current liabilities	(569)	(332)	(89)	(93)
Net asset (liability) recognized, December 31	\$ 392	\$ 640	\$ (93)	\$ (97)
Amounts recognized in other comprehensive (loss) income:				
Prior service (cost) credit	\$ (2)	\$ 85	\$ —	\$ —
Net actuarial loss	(3,215)	(3,010)	(14)	(16)
Total recognized accumulated other comprehensive (loss) income, December 31	\$ (3,217)	\$ (2,925)	\$ (14)	\$ (16)
Cumulative employer contributions in excess (deficient) of net periodic cost	3,609	3,565	(79)	(81)
Net asset (liability) recognized in consolidated balance sheet, December 31	\$ 392	\$ 640	\$ (93)	\$ (97)
Accumulated benefit obligation, December 31	\$ 9,731	\$ 8,413	\$ —	\$ —



	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	<b>2014</b>	2013	<b>2014</b>	2013
Reconciliation of prior service credit (cost):				
Beginning balance	\$ 85	\$ 93	\$ —	\$ —
Recognized as component of net periodic benefit credit	(9)	(6)	—	—
Effect of curtailment	(65)	—	—	—
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Plan amendments	(13)	—	—	—
Exchange rate adjustments	—	(2)	—	—
Prior service (cost) credit, December 31	\$ (2)	\$ 85	\$ —	\$ —

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	<b>2014</b>	2013	<b>2014</b>	2013
Reconciliation of net actuarial (loss) gain:				
Beginning balance	\$ (3,010)	\$ (3,309)	\$ (16)	\$ (27)
Recognized as component of net periodic benefit cost	131	108	1	2
Effect of settlement	—	—	—	—
Changes in plan assets and benefit obligations recognized in other comprehensive (loss) income:				
Liability experience	(1,619)	53	1	8
Asset experience	1,112	111	—	—
Other	(14)	—	—	—
Total amount recognized as change in plan assets and benefit obligations	(521)	164	1	8
Exchange rate adjustments	185	27	—	1
Net actuarial loss, December 31	\$ (3,215)	\$ (3,010)	\$ (14)	\$ (16)

	Non-U.S. Pension Benefits			Non-U.S. Postretirement Benefits		
For the Years Ended December 31,	<b>2014</b>	2013	2012	<b>2014</b>	2013	2012
<i>(In millions of dollars)</i>						
Total recognized in net periodic benefit cost and other comprehensive loss (income)	\$ 201	\$ (276)	\$ 246	\$ 5	\$ (2)	\$ 16

Estimated amounts that will be amortized from accumulated other comprehensive income in the next fiscal year:

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
<i>(In millions of dollars)</i>	<b>2015</b>		<b>2015</b>	
Prior service credit	\$	(2)	\$	—
Net actuarial loss		140		1
Projected cost	\$	138	\$	1

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

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
	2014	2013	2014	2013
Weighted average assumptions:				
Discount rate (for expense)	<b>4.55%</b>	4.33%	<b>4.80%</b>	4.45%
Expected return on plan assets	<b>6.95%</b>	7.17%	—	—
Rate of compensation increase (for expense)	<b>2.99%</b>	2.69%	—	—
Discount rate (for benefit obligation)	<b>3.49%</b>	4.55%	<b>3.85%</b>	4.80%
Rate of compensation increase (for benefit obligation)	<b>2.67%</b>	2.99%	—	—

The non-U.S. defined benefit plans do not have any direct ownership of the Company's common stock.

The pension plan in the United Kingdom holds a limited partnership interest in the Trident III private equity fund valued at approximately \$53 million at December 31, 2014.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the non-U.S. pension plans with accumulated benefit obligations in excess of plan assets were \$2.1 billion, \$2.0 billion and \$1.6 billion, respectively, as of December 31, 2014 and \$1.7 billion, \$1.5 billion and \$1.3 billion, respectively, as of December 31, 2013.

The projected benefit obligation and fair value of plan assets for non-U.S. pension plans with projected benefit obligations in excess of plan assets was \$2.2 billion and \$1.6 billion, respectively, as of December 31, 2014 and \$1.7 billion and \$1.3 billion, respectively, as of December 31, 2013.

#### *U.K. Plan Amendment*

After completion of a consultation period with affected colleagues, in January 2014, the Company amended its U.K. defined benefit pension plans to close those plans to future benefit accruals effective August 1, 2014 and replaced those plans, along with its existing defined contribution plans, with a new, comprehensive defined contribution arrangement. This change resulted in a curtailment of the U.K. defined benefit plans and, as required under GAAP, the Company re-measured the defined benefit plans' assets and liabilities at the date the employee consultations concluded and the local operating companies approved the plan amendment, based on assumptions and market conditions at that date. As a result of the re-measurement, the projected benefit obligation ("PBO") increased by approximately \$147 million and the funded status decreased by approximately \$137 million. The change in the PBO and in the funded status relates primarily to a decrease in the discount rate at the re-measurement date. The net periodic benefit costs recognized in 2014 are the weighted average resulting from the December 31, 2013 measurement and the January 2014 re-measurement.

### Components of Net Periodic Benefits Costs

The components of the net periodic benefit cost for the non-U.S. defined benefit and other postretirement benefit plans and the curtailment, settlement and termination expenses are as follows:

For the Years Ended December 31, (In millions of dollars)	Non-U.S. Pension Benefits			Non-U.S. Postretirement Benefits		
	2014	2013	2012	2014	2013	2012
Service cost	\$ 122	\$ 148	\$ 147	\$ 2	\$ 2	\$ 2
Interest cost	388	352	366	4	4	5
Expected return on plan assets	(644)	(587)	(583)	—	—	—
Amortization of prior service cost	(9)	(6)	(3)	—	—	(1)
Recognized actuarial loss	131	108	118	1	2	1
Net periodic benefit (credit) cost	(12)	15	45	7	8	7
Settlement loss	—	—	1	—	—	—
Curtailment gain	(65)	—	(1)	—	—	—
Total (credit) cost	\$ (77)	\$ 15	\$ 45	\$ 7	\$ 8	\$ 7

The assumed health care cost trend rate was approximately 5.76% in 2014, gradually declining to 4.92% in 2022. Assumed health care cost trend rates can have a significant effect on the amounts reported for the non-U.S. health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

(In millions of dollars)	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total of service and interest cost components	\$ 1	\$ (1)
Effect on postretirement benefit obligation	\$ 9	\$ (7)

### Estimated Future Contributions

The Company expects to fund approximately \$169 million to its non-U.S. pension plans in 2015. Funding requirements for non-U.S. plans vary by country. Contribution rates are generally based on local funding practices and requirements, which may differ significantly from measurements under U.S. GAAP. Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the assets and/or liabilities of the plan. Discretionary contributions may also be affected by alternative uses of the Company's cash flows, including dividends, investments and share repurchases.

In the U.K., contributions to defined benefit pension plans are determined through a negotiation process between the Company and the plans' Trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. This process is governed by U.K. pension regulations. The assumptions that result from the funding negotiations are different from those used for U.S. GAAP and currently result in a lower funded status than under U.S. GAAP. In March 2014, the Company and the Trustee of the U.K. Defined Benefits Plans agreed to a funding deficit recovery plan for the U.K. defined benefit pension plans. The current agreement with the Trustee sets out the annual deficit contributions which would be due based on the deficit at December 31, 2012. The funding level is subject to re-assessment, in most cases on November 1<sup>st</sup> of each year. If the funding level on November 1<sup>st</sup> has sufficiently improved, no deficit funding contributions will be required in the following year, and the contribution amount will be deferred. As part of a long-term strategy, which depends on having greater influence over asset allocation and overall investment decisions, the Company has agreed to support annual deficit contributions by the U.K. operating companies under certain circumstances, up to GBP 450 million over a seven-year period.

### *Estimated Future Benefit Payments*

The Plans' estimated future benefit payments for its pension and postretirement benefits (without reduction for Medicare subsidy receipts) are as follows:

For the Years Ended December 31, (In millions of dollars)	Pension Benefits		Postretirement Benefits	
	U.S.	Non-U.S.	U.S.	Non-U.S.
2015	\$ 217	\$ 264	\$ 10	\$ 4
2016	\$ 232	\$ 280	\$ 10	\$ 4
2017	\$ 250	\$ 295	\$ 10	\$ 4
2018	\$ 263	\$ 312	\$ 10	\$ 4
2019	\$ 275	\$ 325	\$ 10	\$ 4
2020-2024	\$ 1,581	\$ 1,890	\$ 55	\$ 24

### *Defined Benefit Plans Fair Value Disclosures*

In December 2008, the FASB issued guidance for Employers' Disclosures About Pension and Other Post Retirement Benefit Plan Assets. The guidance requires fair value plan asset disclosures for an employer's defined benefit pension and postretirement plans similar to the guidance on Fair Value Measurements as well as (a) how investment allocation decisions are made, (b) the major categories of plan assets, and (c) significant concentrations of risk within plan assets.

The U.S. and non-U.S. plan investments are classified into Level 1, which refers to investments valued using quoted prices from active markets for identical assets; Level 2, which refers to investments not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to investments valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth, by level within the fair value hierarchy, a summary of the U.S. and non-U.S. plans' investments measured at fair value on a recurring basis at December 31, 2014 and 2013:

Fair Value Measurements at December 31, 2014				
Assets ( <i>In millions of dollars</i> )	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common/Collective trusts	\$ 172	\$ 6,766	\$ 184	\$ 7,122
Corporate obligations	—	2,938	3	2,941
Corporate stocks	2,087	6	1	2,094
Private equity/partnerships	—	—	727	727
Government securities	—	371	—	371
Real estate	—	6	375	381
Short-term investment funds	724	12	—	736
Company common stock	229	—	—	229
Other investments	16	23	239	278
Total investments	\$ 3,228	\$ 10,122	\$ 1,529	\$ 14,879

Fair Value Measurements at December 31, 2013				
Assets ( <i>In millions of dollars</i> )	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Common/Collective trusts	\$ 138	\$ 5,649	\$ 151	\$ 5,938
Corporate obligations	—	2,330	4	2,334
Corporate stocks	2,434	5	1	2,440
Private equity/partnerships	—	2	799	801
Government securities	10	340	2	352
Real estate	—	7	312	319
Short-term investment funds	824	15	—	839
Company common stock	261	—	—	261
Other investments	35	5	238	278
Total investments	\$ 3,702	\$ 8,353	\$ 1,507	\$ 13,562

In 2014, certain non U.S. government securities that were previously categorized as Level 1 were transferred to Level 2.

The tables below set forth a summary of changes in the fair value of the plans' Level 3 assets for the years ended December 31, 2014 and December 31, 2013:

Assets ( <i>In millions</i> )	Fair Value, January 1, 2014	Purchases	Sales	Unrealized Gain/ (Loss)	Realized Gain/ (Loss)	Exchange Rate Impact	Transfers in/(out) and Other	Fair Value, December 31, 2014
Private equity/ Partnerships	\$ 799	\$ 158	\$(185)	\$ (173)	\$ 137	\$ (12)	\$ 3	\$ 727
Real estate	312	97	(50)	19	16	(19)	—	375
Other investments	238	21	(16)	18	—	(28)	6	239
Common/ Collective trusts	151	—	(1)	50	—	(16)	—	184
Corporate stocks	1	—	—	—	—	—	—	1
Corporate obligations	4	3	(1)	—	—	—	(3)	3
Government securities	2	—	—	—	—	—	(2)	—
Total assets	\$ 1,507	\$ 279	\$(253)	\$ (86)	\$ 153	\$ (75)	\$ 4	\$ 1,529

Assets ( <i>In millions</i> )	Fair Value, January 1, 2013	Purchases	Sales	Unrealized Gain/ (Loss)	Realized Gain/ (Loss)	Exchange Rate Impact	Transfers in/(out) and Other	Fair Value, December 31, 2013
Private equity/ Partnerships	\$ 824	\$ 146	\$(174)	\$ (155)	\$ 150	\$ (1)	\$ 9	\$ 799
Real estate	357	21	(95)	6	26	(3)	—	312
Other investments	239	18	(13)	10	—	6	(22)	238
Common/ Collective trusts	—	61	—	(4)	—	(5)	99	151
Corporate stocks	9	—	—	—	—	—	(8)	1
Corporate obligations	1	1	—	—	—	—	2	4
Government securities	—	—	—	(1)	—	—	3	2
Total assets	\$ 1,430	\$ 247	\$(282)	\$ (144)	\$ 176	\$ (3)	\$ 83	\$ 1,507

The following is a description of the valuation methodologies used for assets measured at fair value:

Company common stock: Valued at the closing price reported on the New York Stock Exchange.

Common stocks, preferred stocks, convertible equity securities and rights/warrants (included in Corporate stocks): Valued at the closing price reported on the primary exchange.

Corporate bonds (included in Corporate obligations): The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable) and bond spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer are used. When observable price quotations are not available, fair value is determined based on cash flow models.

Commercial paper (included in Corporate obligations): The fair value of commercial paper is estimated using observable market data such as maturity date, issue date, credit rating, current commercial paper rates and settlement date.

Commercial mortgage-backed and asset-backed securities (included in Corporate obligations): Fair value is determined using discounted cash flow models. Observable inputs are based on trade and quote activity of bonds with similar features including issuer vintage, purpose of underlying loan (first or second lien), prepayment speeds and credit ratings. The discount rate is the combination of the appropriate rate from the benchmark yield curve and the discount margin based on quoted prices.



Common/Collective trusts: Valued at the quoted market prices of the investments at year end.

U.S. government bonds (included in Government securities): The fair value of U.S. government bonds is estimated by pricing models that utilize observable market data including quotes, spreads and data points for yield curves.

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

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

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

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

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

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

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

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

#### *Defined Contribution Plans*

The Company maintains certain defined contribution plans for its employees, including the Marsh & McLennan Companies 401(k) Savings & Investment Plan ("401(k) Plan"), that are qualified under U.S. tax laws. Under these plans, eligible employees may contribute a percentage of their base salary, subject to certain limitations. For the 401(k) Plan, the Company matches a fixed portion of the employees' contributions. The 401(k) Plan contains an Employee Stock Ownership Plan feature under U.S. tax law. Approximately \$453 million of the 401(k) Plan's assets at both December 31, 2014 and December 31, 2013 were invested in the Company's common stock. If a participant does not choose an investment direction for his or her future contributions, they are automatically invested in a BlackRock LifePath Portfolio that most closely matches the participant's expected retirement year. The cost of these defined contribution plans was \$49 million in 2014, \$50 million in 2013 and \$50 million in 2012. In addition, the Company has a significant defined contribution plan in the U.K. As noted above, effective August 1, 2014, a newly formed defined contribution plan replaced the existing defined contribution and defined benefit plans with regard to future service. The cost of the U.K. defined contribution plan was \$65 million, \$23 million and \$21 million in 2014, 2013 and 2012, respectively.

## 9. Stock Benefit Plans

The Company maintains multiple stock-based payment arrangements under which employees are awarded grants of restricted stock units, stock options and other forms of stock-based payment arrangements.

### Marsh & McLennan Companies, Inc. Incentive and Stock Award Plans

On May 19, 2011, the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the “2011 Plan”) was approved by the Company's stockholders. The 2011 Plan replaced the Company's two previous equity incentive plans (the 2000 Senior Executive Incentive and Stock Award Plan and the 2000 Employee Incentive and Stock Award Plan).

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

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

*Stock Options:* Options granted under the 2011 Plan may be designated as either incentive stock options or non-qualified stock options. The Compensation Committee determines the terms and conditions of the option, including the time or times at which an option may be exercised, the methods by which such exercise price may be paid, and the form of such payment. Options are generally granted with an exercise price equal to the market value of the Company's common stock on the date of grant. These option awards generally vest 25% per annum and have a contractual term of 10 years.

The estimated fair value of options granted is calculated using the Black-Scholes option pricing valuation model. This model takes into account several factors and assumptions. The risk-free interest rate is based on the yield on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumption at the time of grant. The expected life (estimated period of time outstanding) is estimated using the contractual term of the option and the effects of employees' expected exercise and post-vesting employment termination behavior. The Company uses a blended volatility rate based on the following: (i) volatility derived from daily closing price observations for the 10-year period ended on the valuation date, (ii) implied volatility derived from traded options for the period one week before the valuation date and (iii) average volatility for the 10-year periods ended on 15 anniversaries prior to the valuation date, using daily closing price observations. The expected dividend yield is based on expected dividends for the expected term of the stock options.

The assumptions used in the Black-Scholes option pricing valuation model for options granted by the Company in 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Risk-free interest rate	1.88%	1.03%-1.30%	1.26%-1.27%
Expected life (in years)	6.0	6.0	6.50
Expected volatility	24.2%	23.6%-24.1%	26.2%-26.4%
Expected dividend yield	2.08%	2.48%-2.54%	2.76%-2.80%

A summary of the status of the Company's stock option awards as of December 31, 2014 and changes during the year then ended is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000)
Balance at January 1, 2014	22,567,866	\$ 29.29		
Granted	1,716,637	\$ 48.00		
Exercised	(6,060,823)	\$ 29.39		
Forfeited	(149,501)	\$ 35.76		
Expired	(79,097)	\$ 32.98		
Balance at December 31, 2014	17,995,082	\$ 30.97	5.1 years	\$ 488,937
Options vested or expected to vest at December 31, 2014	17,709,073	\$ 30.90	5.1 years	\$ 482,479
Options exercisable at December 31, 2014	12,440,781	\$ 27.74	3.9 years	\$ 378,296

In the above table, forfeited options are unvested options whose requisite service period has not been met. Expired options are vested options that were not exercised. The weighted-average grant-date fair value of the Company's option awards granted during the years ended December 31, 2014, 2013 and 2012 was \$9.66, \$6.21 and \$6.04, respectively. The total intrinsic value of options exercised during the same periods was \$174.3 million, \$198.1 million and \$57.7 million, respectively.

As of December 31, 2014, there was \$16 million of unrecognized compensation cost related to the Company's option awards. The weighted-average period over which that cost is expected to be recognized is approximately 1.05 years. Cash received from the exercise of stock options for the years ended December 31, 2014, 2013 and 2012 was \$178.1 million, \$281.1 million and \$179.3 million, respectively.

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

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

A summary of the status of the Company's restricted stock units and performance stock units ("PSU's") as of December 31, 2014 and changes during the period then ended is presented below:

	Restricted Stock Units		Performance Stock Units	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Non-vested balance at January 1, 2014	4,250,809	\$ 32.04	961,163	\$ 32.87
Granted	753,213	\$ 48.16	231,445	\$ 48.00
Vested	(2,779,606)	\$ 31.23	(613,734)	\$ 30.73
Forfeited	(126,686)	\$ 34.85	(17,446)	\$ 37.45
Adjustment due to performance	—	\$ —	306,580	\$ 30.72
Non-vested balance at December 31, 2014	2,097,730	\$ 38.74	868,008	\$ 37.56

The weighted-average grant-date fair value of the Company's restricted stock units granted during the years ended December 31, 2013 and 2012 was \$36.70 and \$31.96, respectively. The weighted average grant date fair value of the Company's performance stock units granted during the years ended December 31, 2013 and 2012 was \$36.54 and \$31.89, respectively. The total fair value of the shares distributed during the years ended December 31, 2014, 2013 and 2012 in connection with the Company's restricted stock units and performance stock units was \$165.3 million, \$205.5 million and \$262.6 million, respectively.

The number of vested performance stock units includes any applicable performance adjustment shares. The adjustment due to performance reflects the incremental portion of the above-target payout at 200% for PSU's awarded in 2011 that vested on the PSU Scheduled Vesting Date in 2014 and PSU's awarded in February 2013 and 2012 that vested during 2014 (either in full or on a pro-rata basis) due to certain types of termination of employment. There is no adjustment due to performance for performance stock units awarded in February 2014 that vested during 2014 due to certain types of termination of employment within the calendar year of grant since the payout of such awards is at 100% of target under the award's terms and conditions.

**Restricted Stock:** Restricted shares of the Company's common stock may be awarded under the 2011 Plan and are subject to restrictions on transferability and other restrictions, if any, as the Compensation Committee may impose. The Compensation Committee may also determine when and under what circumstances the restrictions may lapse and whether the participant receives the rights of a stockholder, including, without limitation, the right to vote and receive dividends. Unless the Compensation Committee determines otherwise, restricted stock that is still subject to restrictions is forfeited upon termination of employment. There have been no restricted shares granted since 2005.

A summary of the status of the Company's restricted stock awards as of December 31, 2014 and changes during the period then ended is presented below:

	Shares	Weighted Average Grant Date Fair Value
Non-vested balance at January 1, 2014	7,200	\$ 46.14
Granted	—	\$ —
Vested	—	\$ —
Forfeited	—	\$ —
Non-vested balance at December 31, 2014	7,200	\$ 46.14

The total fair value of the Company's restricted stock distributed was \$1.1 million during the year ended December 31, 2013 and \$0.6 million for the year ended December 31, 2012. There were no restricted stock distributions during 2014.

As of December 31, 2014, there was \$55.8 million of unrecognized compensation cost related to the Company's restricted stock, restricted stock units and performance stock unit awards. The weighted-average period over which that cost is expected to be recognized is approximately one year.

### **Marsh & McLennan Companies Stock Purchase Plans**

In May 1999, the Company's stockholders approved an employee stock purchase plan (the "1999 Plan") to replace the 1994 Employee Stock Purchase Plan (the "1994 Plan"), which terminated on September 30, 1999 following its fifth annual offering. Under the current terms of the Plan, shares are purchased four times during the plan year at a price that is 95% of the average market price on each quarterly purchase date. Under the 1999 Plan, after including the available remaining unused shares in the 1994 Plan and reducing the shares available by 10,000,000 consistent with the Company's Board of Directors' action in March 2007, no more than 35,600,000 shares of the Company's common stock may be sold. Employees purchased 608,453 shares during the year ended December 31, 2014 and at December 31, 2014, 2,779,195 shares were available for issuance under the 1999 Plan. Under the 1995 Company Stock Purchase Plan for International Employees (the "International Plan"), after reflecting the additional 5,000,000 shares of common stock for issuance approved by the Company's Board of Directors in July 2002, and the addition of 4,000,000 shares due to a shareholder action in May 2007, no more than 12,000,000 shares of the Company's common stock may be sold. Employees purchased 93,490 shares during the year ended December 31, 2014 and there were 2,893,986 shares available for issuance at December 31, 2014 under the International Plan. The plans are considered non-compensatory.

## **10. Fair Value Measurements**

### *Fair Value Hierarchy*

The Company has categorized its assets and liabilities that are valued at fair value on a recurring basis into a three-level fair value hierarchy as defined by the accounting literature. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy, for disclosure purposes, is determined based on the lowest level input that is significant to the fair value measurement. Assets and liabilities recorded in the consolidated balance sheets at fair value are categorized based on the inputs in the valuation techniques as follows:

*Level 1.* Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities and money market mutual funds).

Assets and liabilities utilizing Level 1 inputs include exchange-traded equity securities and mutual funds.

*Level 2.* Assets and liabilities whose values are based on the following:

- a) Quoted prices for similar assets or liabilities in active markets;
- b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);
- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full asset or liability (for example, certain mortgage loans).

Assets and liabilities utilizing Level 2 inputs include corporate and municipal bonds, senior notes and interest rate swaps.

*Level 3.* Assets and liabilities whose values are based on prices, or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include private equity investments, certain commercial mortgage whole loans, and long-dated or complex derivatives including certain foreign exchange options and long-dated options on gas and power).

Liabilities utilizing Level 3 inputs include liabilities for contingent purchase consideration.

#### *Valuation Techniques*

##### Equity Securities and Mutual Funds - Level 1

Investments for which market quotations are readily available are valued at the sale price on their principal exchange, or official closing bid price for certain markets.

##### Interest Rate Swap Derivative - Level 2

The fair value of interest rate swap derivatives is based on the present value of future cash flows at each valuation date resulting from utilization of the swaps, using a constant discount rate of 1.6% compared to discount rates based on projected future yield curves. The Company settled its interest rate swap positions in July 2014.

##### Senior Notes due July 2014 - Level 2

In the first quarter of 2011, the Company entered into two interest rate swaps to convert interest on a portion of its Senior Notes from a fixed rate to a floating rate. The swaps are designated as fair value hedging instruments. The change in the fair value of the swaps is recorded on the balance sheet. The carrying value of the debt related to these swaps is adjusted by an equal amount. The \$250 million of Senior Notes that were tied to the interest rate swaps discussed above matured in July 2014.

##### Contingent Purchase Consideration Liability - Level 3

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



The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 and 2013:

(In millions of dollars)	Identical Assets (Level 1)		Observable Inputs (Level 2)		Unobservable Inputs (Level 3)		Total	
	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13	12/31/14	12/31/13
<b>Assets:</b>								
Financial instruments owned:								
Mutual funds <sup>(a)</sup>	\$ 150	\$ 154	\$ —	\$ —	\$ —	\$ —	\$ 150	\$ 154
Money market funds <sup>(b)</sup>	107	45	—	—	—	—	107	45
Interest rate swap derivatives <sup>(c)</sup>	—	—	—	3	—	—	—	3
Total assets measured at fair value	\$ 257	\$ 199	\$ —	\$ 3	\$ —	\$ —	\$ 257	\$ 202
<b>Fiduciary Assets:</b>								
Money market funds	57	—	—	—	—	—	57	—
Total fiduciary assets measured at fair value	\$ 57	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 57	\$ —
<b>Liabilities:</b>								
Contingent purchase consideration liability <sup>(d)</sup>	\$ —	\$ —	\$ —	\$ —	\$ 207	\$ 104	\$ 207	\$ 104
Senior Notes due 2014 <sup>(e)</sup>	—	—	—	253	—	—	—	253
Total liabilities measured at fair value	\$ —	\$ —	\$ —	\$ 253	\$ 207	\$ 104	\$ 207	\$ 357

(a) Included in other assets in the consolidated balance sheets.

(b) Included in cash and cash equivalents in the consolidated balance sheets.

(c) Included in other receivables in the consolidated balance sheets.

(d) Included in accounts payable and accrued liabilities and other liabilities in the consolidated balance sheets.

(e) Included in long-term debt in the consolidated balance sheets.

During the year ended December 31, 2014, there were no assets or liabilities that transferred between any of the levels.

The table below sets forth a summary of the changes in fair value of the Company's Level 3 liabilities for the years ended December 31, 2014 and December 31, 2013 that represent contingent purchase consideration related to acquisitions:

(In millions of dollars)	2014	2013
Balance at January 1,	\$ 104	\$ 63
Additions	114	26
Payments	(42)	(17)
Revaluation Impact	31	32
Balance at December 31,	\$ 207	\$ 104

The fair value of the contingent purchase consideration liability is based on projections of revenue and earnings for the acquired entities that are reassessed on a quarterly basis. As set forth in the table above, based on the Company's ongoing assessment of the fair value of contingent consideration, the Company recorded a net increase in the estimated fair value of such liabilities for prior period acquisitions of \$31 million for the year ended December 31, 2014. A 5% increase in the above mentioned projections would increase the liability by approximately \$22 million. A 5% decrease in the above mentioned projections would decrease the liability by approximately \$26 million.

### *Equity Method Investments*

The Company holds investments in certain private companies, public companies and certain private equity investments that are accounted for using the equity method of accounting. The carrying value of these investments amounted to \$388 million and \$89 million at December 31, 2014 and 2013, respectively. The Company's investments in private equity funds were \$61 million and \$38 million at December 31, 2014 and December 31, 2013, respectively. The carrying values of these private equity investments approximates fair value. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. The Company records in earnings, investment gains/losses for its proportionate share of the change in fair value of the funds. These investments would be classified as Level 3 in the fair value hierarchy and are included in Other assets in the consolidated balance sheets.

During 2014, the Company purchased 34% of Alexander Forbes common stock. As of December 31, 2014, the carrying value of the Company's investment in Alexander Forbes was approximately \$282 million. As of December 31, 2014, the market value of the approximately 443 million shares owned by the Company, based on the December 31, 2014 closing share price of 9.5 South African Rand per share, was approximately \$362 million. The Company's investment in Alexander Forbes and its other equity investments in private companies are accounted for using the equity method of accounting and included in revenue in the consolidated income statements and in other assets in the consolidated balance sheets. The Company records its share of income or loss on its equity method investments on a one quarter lag basis since the information is not readily available in time for the Company's Form 10-Q and Form 10-K filings.

The summarized financial information presented below reflects the aggregated financial information of all significant equity method investees as of and for the twelve months ended September 30 of each year (or portion of those twelve months the company owned its investment), consistent with the Company's recognition of the results of its equity method investments on a one quarter lag. The investment income information presented below reflects the net realized and unrealized gains/losses, net of expenses, related to the Company's investments in several private equity funds. Certain of the Company's equity method investments, including Alexander Forbes, have unclassified balance sheets. Therefore, the asset and liability information presented below are not split between current and non-current.

Below is a summary of the financial information for the Company's significant equity method investees:

For the Twelve Months Ended September 30,				
<i>(In millions of dollars)</i>				
	<b>2014</b>		2013	2012
Revenue	\$	<b>239</b>	\$ 148	\$ 144
Net investment income	\$	<b>161</b>	\$ 88	\$ (19)
Net income	\$	<b>216</b>	\$ 135	\$ 36
<hr/>				
As of September 30,				
<i>(In millions of dollars)</i>				
	<b>2014</b>		2013	
Total assets	\$	<b>25,497</b>	\$	741
Total liabilities	\$	<b>24,209</b>	\$	136
Non controlling interests	\$	<b>14</b>	\$	3

The information above includes only two months of income statement activity for Alexander Forbes through September 30, 2014, since the Company purchased its first tranche in July 2014.

## 11. Long-term Commitments

The Company leases office facilities, equipment and automobiles under non-cancelable operating leases. These leases expire on varying dates, in some instances contain renewal and expansion options, do not restrict the payment of dividends or the incurrence of debt or additional lease obligations, and contain no significant purchase options. In addition to the base rental costs, occupancy lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. Approximately 98% of the Company's lease obligations are for the use of office space.

The consolidated statements of income include net rental costs of \$393 million, \$403 million and \$416 million for 2014, 2013 and 2012, respectively, after deducting rentals from subleases (\$12 million in 2014, \$13 million in 2013 and \$10 million in 2012). These net rental costs exclude rental costs and sublease income for previously accrued restructuring charges related to vacated space.

At December 31, 2014, the aggregate future minimum rental commitments under all non-cancelable operating lease agreements are as follows:

For the Years Ended December 31, (In millions of dollars)	Gross Rental Commitments	Rentals from Subleases	Net Rental Commitments
2015	\$ 365	\$ 48	\$ 317
2016	\$ 334	\$ 48	\$ 286
2017	\$ 293	\$ 45	\$ 248
2018	\$ 258	\$ 42	\$ 216
2019	\$ 212	\$ 35	\$ 177
Subsequent years	\$ 1,010	\$ 36	\$ 974

The Company has entered into agreements, primarily with various service companies, to outsource certain information systems activities and responsibilities and processing activities. Under these agreements, the Company is required to pay minimum annual service charges. Additional fees may be payable depending upon the volume of transactions processed, with all future payments subject to increases for inflation. At December 31, 2014, the aggregate fixed future minimum commitments under these agreements are as follows:

For the Years Ended December 31, (In millions of dollars)	Future Minimum Commitments
2015	\$ 195
2016	113
2017	64
Subsequent years	69
	\$ 441

## 12. Debt

The Company's outstanding debt is as follows:

December 31, (In millions of dollars)	2014	2013
<b>Short-term:</b>		
Current portion of long-term debt	\$ 11	\$ 334
<b>Long-term:</b>		
Senior notes – 5.875% due 2033	297	297
Senior notes – 5.375% due 2014	—	323
Senior notes – 5.75% due 2015	—	230
Senior notes – 2.30% due 2017	249	249
Senior notes – 9.25% due 2019	—	399
Senior notes – 4.80% due 2021	497	497
Senior notes – 2.55% due 2018	249	248
Senior notes – 4.05% due 2023	248	247
Senior notes – 3.50% due 2024	595	—
Senior notes – 2.35% due 2019	300	—
Senior notes – 3.50% due 2025	498	—
Mortgage – 5.70% due 2035	403	413
Term Loan Facility – due 2016	50	50
Other	1	2
	<b>3,387</b>	<b>2,955</b>
Less current portion	<b>11</b>	<b>334</b>
	<b>\$ 3,376</b>	<b>\$ 2,621</b>

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

In September 2014, the Company issued \$300 million of 2.35% five-year senior notes and \$500 million of 3.50% 10.5-year senior notes. In October 2014, a significant portion of the net proceeds of this offering were used to redeem \$630 million of debt, including \$230 million of 5.75% senior notes due in September 2015 and \$400 million of 9.25% senior notes due in 2019. Total cash outflow related to this transaction was approximately \$765 million, including a \$137 million cost for early redemption, which is reflected as a charge in the consolidated statements of income in the fourth quarter of 2014.

In May 2014, the Company issued \$600 million of 3.50% ten-year senior notes. The net proceeds of this offering were used for general corporate purposes, which included the repayment of \$320 million of the existing 5.375% senior notes, which matured on July 15, 2014.

In September 2013, the Company issued \$250 million of 2.55% five-year senior notes and \$250 million of 4.05% ten-year senior notes. The net proceeds of this offering were used for general corporate purposes, which included a partial redemption of \$250 million of the outstanding principal amount of the existing 5.75% senior notes due 2015. The redemption settled in October 2013 with a total cash outflow of approximately \$275 million, including a \$24 million cost for early redemption.

In February 2013, the Company repaid its 4.850% \$250 million senior notes.

On March 27, 2014, the Company and certain of its foreign subsidiaries amended its \$1.0 billion facility, as discussed below, into a \$1.2 billion multi-currency five-year unsecured revolving credit facility. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility expires in March 2019 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at December 31, 2014.

The Company and certain of its foreign subsidiaries previously maintained a \$1.0 billion multi-currency five-year revolving credit facility. The facility was previously due to expire in October 2016 and was in effect until March 2014. There were no borrowings outstanding under this facility at the time it was amended.

In December 2012, the Company closed on a \$50 million, three-year term loan facility. The interest rate on this facility at December 31, 2014 was 1.17%, which is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. The facility requires the Company to maintain coverage ratios and leverage ratios consistent with the revolving credit facility discussed above. The Company had \$50 million of borrowings under this facility at December 31, 2014.

Additional credit facilities, guarantees and letters of credit are maintained with various banks, primarily related to operations located outside the United States, aggregating \$260 million at December 31, 2014 and \$282 million at December 31, 2013. There was \$0.6 million outstanding borrowings under these facilities at December 31, 2014 and \$1 million outstanding borrowings under these facilities at December 31, 2013.

Scheduled repayments of long-term debt in 2015 and in the four succeeding years are \$10 million, \$61 million, \$262 million, \$262 million and \$313 million, respectively.

#### *Fair value of Short-term and Long-term Debt*

The estimated fair value of the Company's short-term and long-term debt is provided below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that the Company would realize upon disposition, nor do they indicate the Company's intent or need to dispose of the financial instrument.

	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
<i>(In millions of dollars)</i>	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term debt	\$ 11	\$ 11	\$ 334	\$ 334
Long-term debt	\$ 3,376	\$ 3,493	\$ 2,621	\$ 2,819

The fair value of the Company's short-term debt consists primarily of term debt maturing within the next year and its fair value approximates its carrying value. The estimated fair value of a primary portion of the Company's long-term debt is based on discounted future cash flows using current interest rates available for debt with similar terms and remaining maturities. Short- and long-term debt would be classified as Level 2 in the fair value hierarchy.

### 13. Integration and Restructuring Costs

In 2014, the Company implemented restructuring actions which resulted in costs totaling \$12 million. Restructuring costs consist primarily of severance and benefits, costs for future rent and other real estate costs. These costs were incurred as follows: Risk and Insurance Services—\$5 million; Consulting—\$1 million; and Corporate—\$6 million.

Details of the restructuring liability activity from January 1, 2013 through December 31, 2014, including actions taken prior to 2014 are as follows:

<i>(In millions of dollars)</i>	Balance at 1/1/13	Expense Incurred	Cash Paid	Other	Balance at 12/31/13	Expense Incurred	Cash Paid	Other	Balance at 12/31/14
Severance	\$ 36	\$ 9	\$ (33)	\$ (1)	\$ 11	\$ 4	\$ (8)	\$ —	\$ 7
Future rent under non- cancelable leases and other costs	134	13	(32)	(2)	113	8	(35)	(1)	85
Total	\$ 170	\$ 22	\$ (65)	\$ (3)	\$ 124	\$ 12	\$ (43)	\$ (1)	\$ 92

As of January 1, 2012, the liability balance related to restructuring activity was \$181 million. In 2012, the Company accrued \$78 million and had cash payments of \$88 million related to restructuring activities that resulted in the liability balance at January 1, 2013 reported above.

The expenses associated with the above initiatives are included in compensation and benefits and other operating expenses in the consolidated statements of income. The liabilities associated with these initiatives are classified on the consolidated balance sheets as accounts payable and accrued liabilities, other liabilities, or accrued compensation and employee benefits, depending on the nature of the items.

### 14. Common Stock

During 2014, the Company repurchased 15.5 million shares of its common stock for total consideration of \$800 million. In May 2014, the Board of Directors of the Company authorized share repurchases of up to \$2 billion of the Company's common stock. The Company remains authorized to purchase additional shares of its common stock up to a value of \$1.3 billion. There is no time limit on the authorization. During 2013, the Company purchased 13.2 million shares of its common stock for total consideration of \$550 million.

### 15. Claims, Lawsuits and Other Contingencies

#### ***Errors and Omissions Claims***

The Company and its subsidiaries are subject to a significant number of claims, lawsuits and proceedings in the ordinary course of business. Such claims and lawsuits consist principally of alleged errors and omissions in connection with the performance of professional services, including the placement of insurance, the provision of actuarial services for corporate and public sector clients, the provision of investment advice and investment management services to pension plans, the provision of advice relating to pension buy-out transactions and the provision of consulting services relating to the drafting and interpretation of trust deeds and other documentation governing pension plans. Errors and omissions claims may seek damages, including punitive and treble damages, in amounts that could, if awarded, be significant. In establishing liabilities for errors and omissions claims in accordance with FASB ASC Subtopic No. 450-20 (Contingencies-Loss Contingencies), the Company utilizes case level reviews by inside and outside counsel, an internal actuarial analysis and other analysis to estimate potential losses. A liability is established when a loss is both probable and reasonably estimable. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable.



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

### ***Governmental Inquiries and Related Claims***

Our activities are regulated under the laws of the United States and its various states, the European Union and its member states, and the other jurisdictions in which the Company operates. In the ordinary course of business the Company is also subject to subpoenas, investigations, lawsuits and/or other regulatory actions undertaken by governmental authorities.

### ***Other Contingencies-Guarantees***

In connection with its acquisition of U.K.-based Sedgwick Group in 1998, the Company acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited (“River Thames”), which the Company sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters (the “ILU”) by River Thames. The policies covered by this guarantee are reinsured up to £40 million by a related party of River Thames. Payment of claims under the reinsurance agreement is collateralized by segregated assets held in a trust. As of December 31, 2014, the reinsurance coverage exceeded the best estimate of the projected liability of the policies covered by the guarantee. To the extent River Thames or the reinsurer is unable to meet its obligations under those policies, a claimant may seek to recover from us under the guarantee.

From 1980 to 1983, the Company owned indirectly the English & American Insurance Company (“E&A”), which was a member of the ILU. The ILU required the Company to guarantee a portion of E&A's obligations. After E&A became insolvent in 1993, the ILU agreed to discharge the guarantee in exchange for the Company's agreement to post an evergreen letter of credit that is available to pay claims by policyholders on certain E&A policies issued through the ILU and incepting between July 3, 1980 and October 6, 1983. Certain claims have been paid under the letter of credit and we anticipate that additional claimants may seek to recover against the letter of credit.

### ***Kroll-related Matters***

Under the terms of a stock purchase agreement with Altegrity, Inc. (“Altegrity”) related to Altegrity's purchase of Kroll from the Company in August 2010, a copy of which is attached as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2010, the Company agreed to provide a limited indemnity to Altegrity with respect to certain Kroll-related litigation and regulatory matters.

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

## 16. Segment Information

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

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

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

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

For the Year Ended December 31, (In millions of dollars)	Revenue	Operating Income (Loss)	Total Assets	Depreciation and Amortization	Capital Expenditures
<b>2014 –</b>					
<b>Risk and Insurance Services</b>	<b>\$ 6,931 (a)</b>	<b>\$ 1,509</b>	<b>\$ 12,211</b>	<b>\$ 213</b>	<b>\$ 173</b>
<b>Consulting</b>	<b>6,059 (b)</b>	<b>996</b>	<b>5,916</b>	<b>119</b>	<b>92</b>
<b>Total Segments</b>	<b>12,990</b>	<b>2,505</b>	<b>18,127</b>	<b>332</b>	<b>265</b>
<b>Corporate / Eliminations</b>	<b>(39)</b>	<b>(204)</b>	<b>(287) (c)</b>	<b>56</b>	<b>103</b>
<b>Total Consolidated</b>	<b>\$ 12,951</b>	<b>\$ 2,301</b>	<b>\$ 17,840</b>	<b>\$ 388</b>	<b>\$ 368</b>
<b>2013 –</b>					
Risk and Insurance Services	\$ 6,596 (a)	\$ 1,421	\$ 11,365	\$ 192	\$ 158
Consulting	5,701 (b)	845	5,178	115	155
Total Segments	12,297	2,266	16,543	307	313
Corporate / Eliminations	(36)	(189)	437 (c)	51	88
Total Consolidated	\$ 12,261	\$ 2,077	\$ 16,980	\$ 358	\$ 401
<b>2012 –</b>					
Risk and Insurance Services	\$ 6,350 (a)	\$ 1,334	\$ 9,832	\$ 196	\$ 131
Consulting	5,613 (b)	692	5,203	113	117
Total Segments	11,963	2,026	15,035	309	248
Corporate / Eliminations	(39)	(197)	1,253 (c)	40	72
Total Consolidated	\$ 11,924	\$ 1,829	\$ 16,288	\$ 349	\$ 320

- (a) Includes inter-segment revenue of \$4 million in 2014 and \$5 million in both 2013 and 2012, interest income on fiduciary funds of \$24 million, \$27 million and \$39 million in 2014, 2013 and 2012, respectively, and equity method income of \$9 million, \$8 million and \$11 million in 2014, 2013 and 2012, respectively.
- (b) Includes inter-segment revenue of \$35 million, \$31 million and \$34 million in 2014, 2013 and 2012, respectively, interest income on fiduciary funds of \$6 million in 2014, \$5 million in 2013 and \$4 million in 2012 and equity method income of \$2 million in 2014, and \$0 million in both 2013 and 2012.
- (c) Corporate assets primarily include insurance recoverables, pension related assets, the owned portion of the Company headquarters building and intercompany eliminations.

Details of operating segment revenue are as follows:

For the Years Ended December 31, (In millions of dollars)	2014	2013	2012
<b>Risk and Insurance Services</b>			
Marsh	\$ 5,774	\$ 5,461	\$ 5,265
Guy Carpenter	1,157	1,135	1,085
Total Risk and Insurance Services	6,931	6,596	6,350
<b>Consulting</b>			
Mercer	4,350	4,241	4,147
Oliver Wyman Group	1,709	1,460	1,466
Total Consulting	6,059	5,701	5,613
<b>Total Segments</b>	<b>12,990</b>	<b>12,297</b>	<b>11,963</b>
<b>Corporate / Eliminations</b>	<b>(39)</b>	<b>(36)</b>	<b>(39)</b>
<b>Total</b>	<b>\$ 12,951</b>	<b>\$ 12,261</b>	<b>\$ 11,924</b>

Information by geographic area is as follows:

For the Years Ended December 31, (In millions of dollars)	2014	2013	2012
<b>Revenue</b>			
United States	\$ 5,865	\$ 5,485	\$ 5,300
United Kingdom	2,111	1,979	1,960
Continental Europe	2,077	1,943	1,879
Asia Pacific	1,420	1,396	1,346
Other	1,517	1,494	1,478
	12,990	12,297	11,963
Corporate/Eliminations	(39)	(36)	(39)
	\$ 12,951	\$ 12,261	\$ 11,924

For the Years Ended December 31, (In millions of dollars)	2014	2013	2012
<b>Fixed Assets, Net</b>			
United States	\$ 483	\$ 494	\$ 494
United Kingdom	120	121	121
Continental Europe	60	64	63
Asia Pacific	62	72	62
Other	84	77	69
	\$ 809	\$ 828	\$ 809

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Marsh & McLennan Companies, Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP  
New York, New York  
February 26, 2015

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

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<i>(In millions, except per share figures)</i>				
<b>2014:</b>				
Revenue	\$ 3,264	\$ 3,300	\$ 3,141	\$ 3,246
Operating income	\$ 673	\$ 647	\$ 445	\$ 536
Income from continuing operations	\$ 457	\$ 440	\$ 305	\$ 269
Discontinued operations, net of tax	\$ (1)	\$ (2)	\$ (1)	\$ 30
Net income attributable to the Company	\$ 443	\$ 431	\$ 297	\$ 294
<b>Basic Per Share Data:</b>				
Continuing operations	\$ 0.81	\$ 0.79	\$ 0.55	\$ 0.49
Discontinued operations, net of tax	\$ —	\$ (0.01)	\$ —	\$ 0.05
Net income attributable to the Company	\$ 0.81	\$ 0.78	\$ 0.55	\$ 0.54
<b>Diluted Per Share Data:</b>				
Continuing operations	\$ 0.80	\$ 0.78	\$ 0.54	\$ 0.48
Discontinued operations, net of tax	\$ —	\$ (0.01)	\$ —	\$ 0.06
Net income attributable to the Company	\$ 0.80	\$ 0.77	\$ 0.54	\$ 0.54
Dividends Paid Per Share	\$ 0.25	\$ 0.25	\$ 0.28	\$ 0.28
<b>2013:</b>				
Revenue	\$ 3,126	\$ 3,088	\$ 2,932	\$ 3,115
Operating income	\$ 607	\$ 577	\$ 404	\$ 489
Income from continuing operations	\$ 412	\$ 400	\$ 260	\$ 307
Discontinued operations, net of tax	\$ 12	\$ (5)	\$ (1)	\$ —
Net income attributable to the Company	\$ 413	\$ 388	\$ 253	\$ 303
<b>Basic Per Share Data:</b>				
Continuing operations	\$ 0.73	\$ 0.71	\$ 0.46	\$ 0.55
Discontinued operations, net of tax	\$ 0.02	\$ —	\$ —	\$ —
Net income attributable to the Company	\$ 0.75	\$ 0.71	\$ 0.46	\$ 0.55
<b>Diluted Per Share Data:</b>				
Continuing operations	\$ 0.72	\$ 0.70	\$ 0.45	\$ 0.54
Discontinued operations, net of tax	\$ 0.02	\$ (0.01)	\$ —	\$ —
Net income attributable to the Company	\$ 0.74	\$ 0.69	\$ 0.45	\$ 0.54
Dividends Paid Per Share	\$ 0.23	\$ 0.23	\$ 0.25	\$ 0.25

As of February 20th, 2015, there were 6,197 stockholders of record.

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

None.

**Item 9A. Controls and Procedures.**

Disclosure Controls and Procedures. Based on their evaluation, as of the end of the period covered by this annual report on Form 10-K, the Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) are effective.

Internal Control over Financial Reporting.

*(a) Management's Annual Report on Internal Control Over Financial Reporting*

**MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

The management of Marsh & McLennan Companies, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures relating to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; the recording of all necessary transactions to permit the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles; the proper authorization of receipts and expenditures in accordance with authorizations of the Company's management and directors; and the prevention or timely detection of the unauthorized acquisition, use or disposition of assets that could have a material effect on the Company's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2014 under the supervision and with the participation of the Company's principal executive and principal financial officers. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework issued in 2013. Based on its evaluation, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2014.

Deloitte & Touche LLP, the Independent Registered Public Accounting Firm that audited and reported on the Company's consolidated financial statements included in this annual report on Form 10-K, also issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2014.



(b) *Audit Report of the Registered Public Accounting Firm.*

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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

We have audited the internal control over financial reporting of Marsh & McLennan Companies, Inc. and subsidiaries (the "Company") as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated February 26, 2015 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP  
New York, New York  
February 26, 2015

*(c) Changes in Internal Control Over Financial Reporting*

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Securities Exchange Act of 1934 that occurred during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**Item 9B. Other Information.**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance.**

Information as to the directors and nominees for the board of directors of the Company is incorporated herein by reference to the material set forth under the heading “Item 1: Election of Directors” in the 2015 Proxy Statement.

The executive officers of the Company are Peter J. Beshar, J. Michael Bischoff, E. Scott Gilbert, Daniel S. Glaser, Laurie Ledford, Scott McDonald, Alexander S. Moczarski, Julio A. Portalatin and Peter Zaffino. Information with respect to these individuals is provided in Part I, Item 1 above under the heading “Executive Officers of the Company”.

The information set forth in the 2015 Proxy Statement in the sections “Corporate Governance—Codes of Conduct”, “Board of Directors and Committees—Committees—Audit Committee”, “Additional Information—Transactions with Management and Others” and “Additional Information—Section 16(a) Beneficial Ownership Reporting Compliance” is incorporated herein by reference.

### **Item 11. Executive Compensation.**

The information set forth in the sections “Board of Directors and Committees—Director Compensation” and “Executive Compensation—Compensation of Executive Officers” in the 2015 Proxy Statement is incorporated herein by reference.

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

The information set forth in the sections “Stock Ownership of Directors, Management and Certain Beneficial Owners” and “Additional Information—Equity Compensation Plan Information” in the 2015 Proxy Statement is incorporated herein by reference.

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

The information set forth in the sections “Corporate Governance—Director Independence”, “Corporate Governance—Review of Related-Person Transactions” and “Additional Information—Transactions with Management and Others” in the 2015 Proxy Statement is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services.**

The information set forth under the heading “Item 3: Ratification of Selection of Independent Registered Public Accounting Firm—Fees of Independent Registered Public Accounting Firm” in the 2015 Proxy Statement is incorporated herein by reference.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules.<sup>†</sup>

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

(1) Consolidated Financial Statements:

Consolidated Statements of Income for each of the three years in the period ended December 31, 2014

Consolidated Statements of Comprehensive Income for each of the three years in the period ended December 31, 2014

Consolidated Balance Sheets as of December 31, 2014 and 2013

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2014

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2014

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Other:

Selected Quarterly Financial Data and Supplemental Information (Unaudited) for fiscal years 2014 and 2013

Five-Year Statistical Summary of Operations

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

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

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

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<sup>†</sup>As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed with this Form 10-K certain instruments defining the rights of holders of long-term debt of the Company and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such agreement to the Commission upon request.

- (3.1) Restated Certificate of Incorporation of Marsh & McLennan Companies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K dated July 17, 2008)
- (3.2) Amended and Restated By-Laws of Marsh & McLennan Companies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K dated September 17, 2009)
- (4.1) Indenture dated as of June 14, 1999 between Marsh & McLennan Companies, Inc. and State Street Bank and Trust Company, as trustee (incorporated by reference to the Company's Registration Statement on Form S-3, Registration No. 333-108566)
- (4.2) Third Supplemental Indenture dated as of July 30, 2003 between Marsh & McLennan Companies, Inc. and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)
- (4.3) Indenture dated as of March 19, 2002 between Marsh & McLennan Companies, Inc. and State Street Bank and Trust Company, as trustee (incorporated by reference to the Company's Registration Statement on Form S-4, Registration No. 333-87510)
- (4.4) Indenture, dated as of July 15, 2011, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)
- (4.5) First Supplemental Indenture, dated as of July 15, 2011, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)
- (4.6) Form of Second Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated March 7, 2012)
- (4.7) Form of Third Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated September 24, 2013)
- (4.8) Form of Fourth Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated May 27, 2014)
- (4.9) Form of Fifth Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated September 10, 2014)

- (10.1) \*Marsh & McLennan Companies, Inc. U.S. Employee 1996 Cash Bonus Award Voluntary Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996)
- (10.2) \*Marsh & McLennan Companies, Inc. U.S. Employee 1997 Cash Bonus Award Voluntary Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1997)
- (10.3) \*Marsh & McLennan Companies, Inc. U.S. Employee 1998 Cash Bonus Award Voluntary Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1998)
- (10.4) \*Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1999)
- (10.5) \*Amendments to Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005)
- (10.6) \*Form of Awards under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)
- (10.7) \*Additional Forms of Awards under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005)
- (10.8) \*2005 Award of Nonqualified Stock Options under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
- (10.9) \*Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2001)
- (10.10) \*Form of Awards under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)
- (10.11) \*Additional Forms of Awards under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005)

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



- (10.12) \*2005 Award of Nonqualified Stock Options under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
- (10.13) \*Form of Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006)
- (10.14) \*Form of 2007 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007)
- (10.15) \*Form of 2008 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008)
- (10.16) \*Form of 2009 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)
- (10.17) \*Form of 2010 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010)
- (10.18) \*Form of 2011 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)

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

- (10.19) \*Form of 2011 Long-term Incentive Award dated as of June 1, 2011 under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011)
- (10.20) \*Form of 2012 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)
- (10.21) \*Form of 2013 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013)
- (10.22) \*Form of 2014 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)
- (10.23) \*Form of Deferred Stock Unit Award, dated as of February 24, 2012, under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)
- (10.24) \*Form of Deferred Stock Unit Award, dated as of March 1, 2013, under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013)
- (10.25) \*Form of Deferred Stock Unit Award, dated as of March 1, 2014, under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)
- (10.26) \*Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Registration Statement on Form S-8 dated August 5, 2011, Registration No. 333-176084)
- (10.27) \*Amendments to Certain Marsh & McLennan Companies Equity-Based Awards Due to U.S. Tax Law Changes Affecting Equity-Based Awards granted under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan, effective January 1, 2009 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2008)

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

- (10.28) \*Section 409A Amendment Document, effective as of January 1, 2009 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2008)
- (10.29) \*Section 409A Amendment Regarding Payments Conditioned Upon Employment-Related Action to Any and All Plans or Arrangements Entered into by the Marsh & McLennan Companies, Inc., or any of its Direct or Indirect Subsidiaries, that Provide for the Payment of Section 409A Nonqualified Deferred Compensation, effective December 21, 2012 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
- (10.30) \*Marsh & McLennan Companies Supplemental Savings & Investment Plan (formerly the Marsh & McLennan Companies Stock Investment Supplemental Plan) Restatement, effective January 1, 2012 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
- (10.31) \*Marsh & McLennan Companies, Inc. Special Severance Pay Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996)
- (10.32) \*Marsh & McLennan Companies Benefit Equalization Plan and Marsh & McLennan Companies Supplemental Retirement Plan as Restated, effective January 1, 2012 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
- (10.33) \*Marsh & McLennan Companies, Inc. Senior Executive Severance Pay Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2008)
- (10.34) \*Amendment to the Marsh & McLennan Companies, Inc. Senior Executive Severance Pay Plan, effective December 31, 2009 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2009)
- (10.35) \*Marsh & McLennan Companies, Inc. Senior Management Incentive Compensation Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994)
- (10.36) \*Marsh & McLennan Companies, Inc. Directors' Stock Compensation Plan-May 31, 2009 Restatement (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009)

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

- (10.37) \*Marsh & McLennan Companies International Retirement Plan As Amended and Restated Effective January 1, 2009 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)
- (10.38) \*Description of compensation arrangements for independent directors of Marsh & McLennan Companies, Inc. effective June 1, 2014 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)
- (10.39) \*Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013)
- (10.40) \*Non-Competition and Non-Solicitation Agreement, effective as of September 18, 2013, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013)
- (10.41) \*Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)
- (10.42) \*Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)
- (10.43) \*Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)
- (10.44) \*Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)
- (10.45) \*Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)
- (10.46) \*Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)

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

- (10.47) \*Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)
- (10.48) \*Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Julio A. Portalatin (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)
- (10.49) \*Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and Julio A. Portalatin (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)
- (10.50) \*Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and Julio A. Portalatin (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)
- (10.51) \*Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Alexander S. Moczarski (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)
- (10.52) \*Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and Alexander S. Moczarski (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)
- (10.53) \*Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and Alexander S. Moczarski (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)
- (12.1) Statement Re: Computation of Ratio of Earnings to Fixed Charges
- (14.1) Code of Ethics for Chief Executive and Senior Financial Officers (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)
- (21.1) List of Subsidiaries of Marsh & McLennan Companies, Inc. (as of February 20, 2015)
- (23.1) Consent of Independent Registered Public Accounting Firm
- (24.1) Power of Attorney (included on signature page)
- (31.1) Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
- (31.2) Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
- (32.1) Section 1350 Certifications
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation Linkbase  
101.DEF XBRL Taxonomy Extension Definition Linkbase  
101.LAB XBRL Taxonomy Extension Label Linkbase  
101.PRE XBRL Taxonomy Extension Presentation Linkbase

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





## SIGNATURES

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

MARSH & McLENNAN COMPANIES, INC.

Dated: February 26, 2015

By /s/ DANIEL S. GLASER

Daniel S. Glaser  
President and Chief Executive Officer

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated this 26th day of February, 2015.

<u>Name</u>	<u>Title</u>	<u>Date</u>
/s/ DANIEL S. GLASER Daniel S. Glaser	Director, President & Chief Executive Officer	February 26, 2015
/s/ J. MICHAEL BISCHOFF J. Michael Bischoff	Chief Financial Officer	February 26, 2015
/s/ ROBERT J. RAPPORT Robert J. Rapport	Senior Vice President & Controller (Chief Accounting Officer)	February 26, 2015
/s/ OSCAR FANJUL Oscar Fanjul	Director	February 26, 2015
/s/ H. EDWARD HANWAY H. Edward Hanway	Director	February 26, 2015
/s/ LORD LANG OF MONKTON Lord Lang of Monkton	Director	February 26, 2015
/s/ ELAINE LA ROCHE Elaine La Roche	Director	February 26, 2015
/s/ STEVEN A. MILLS Steven A. Mills	Director	February 26, 2015

Name	Title	Date
/S/ BRUCE P. NOLOP Bruce P. Nolop	Director	February 26, 2015
/S/ MARC D. OKEN Marc D. Oken	Director	February 26, 2015
/S/ MORTON O. SCHAPIRO Morton O. Schapiro	Director	February 26, 2015
/S/ ADELE SIMMONS Adele Simmons	Director	February 26, 2015
/S/ LLOYD YATES Lloyd Yates	Director	February 26, 2015
/S/ R. DAVID YOST R. David Yost	Director	February 26, 2015

## CERTIFICATIONS

I, Daniel S. Glaser, certify that:

1. I have reviewed this Annual Report on Form 10-K of Marsh & McLennan Companies, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2015

/s/ Daniel S. Glaser

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Daniel S. Glaser

President and Chief Executive Officer

## CERTIFICATIONS

I, J. Michael Bischoff, certify that:

1. I have reviewed this Annual Report on Form 10-K of Marsh & McLennan Companies, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 26, 2015

/s/ J. Michael Bischoff

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J. Michael Bischoff

Chief Financial Officer

**Certification of Chief Executive Officer and Chief Financial Officer**

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K for the year ended December 31, 2014 of Marsh & McLennan Companies, Inc. (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code.

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

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

Date: February 26, 2015

/s/ Daniel S. Glaser

Daniel S. Glaser

President and Chief Executive Officer

Date: February 26, 2015

/s/ J. Michael Bischoff

J. Michael Bischoff

Chief Financial Officer



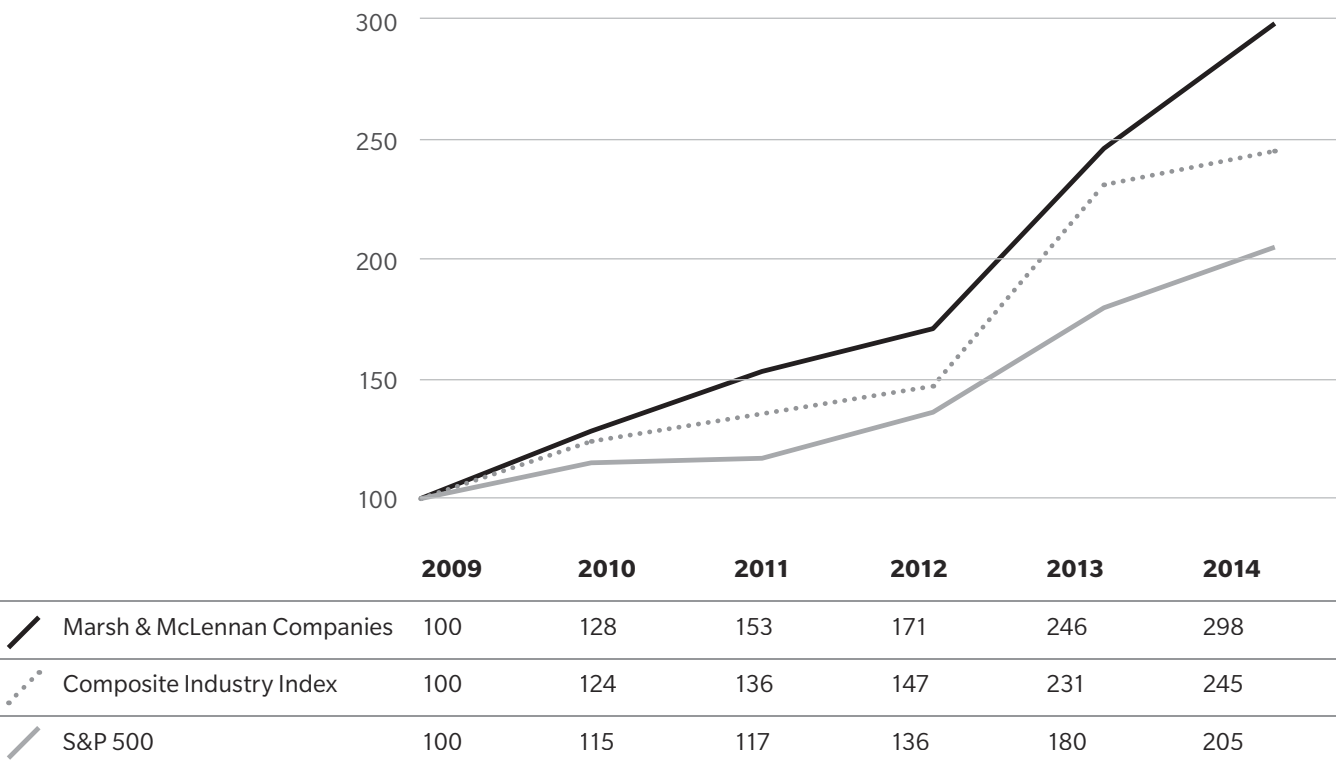
# Stock performance graph

The following graph compares the annual cumulative stockholder return for the five-year period ended December 31, 2014 on: Marsh & McLennan Companies common stock; a management-constructed composite industry index; and the Standard & Poor’s 500 Stock Index. The graph assumes an investment of \$100 on December 31, 2009 in Marsh & McLennan Companies common stock and each of the two indices, with dividends reinvested.

Returns on the composite industry index reflect allocation of the total amount invested among the constituent stocks on a pro rata basis according to each issuer’s start-of-the-year market capitalization. The composite industry index consists of Aon plc, Arthur J. Gallagher & Co., Towers Watson & Co., and Willis Group Holdings plc.

## Comparison of Cumulative Total Stockholder Return

(\$100 INVESTED 12/31/09 WITH DIVIDENDS REINVESTED)



# Shareholder information

## ANNUAL MEETING

The 2015 Annual Meeting of Shareholders will be held at 10:00 a.m., Thursday, May 21, 2015, at the following location:

Directors Guild of America  
110 West 57th Street  
New York, NY 10019

## INVESTOR INFORMATION

Shareholders of record inquiring about reinvestment and payment of dividends, consolidation of accounts, stock certificate holdings, stock certificate transfers, and address changes should contact:

Wells Fargo Shareowner Services  
P.O. Box 64874  
St. Paul, MN 55164-0874  
Telephone: 800 457 8968 or  
651 450 4064 (Outside US/Canada)

Mailing Address:  
1110 Centre Pointe Curve, Suite 101  
Mendota Heights, MN 55120-4100  
Wells Fargo's website:  
[www.shareowneronline.com](http://www.shareowneronline.com)

Shareholders who hold shares of Marsh & McLennan Companies beneficially through a broker, bank, or other intermediary organization should contact that organization for these services.

## DIRECT PURCHASE PLAN

Shareholders of record and other interested investors can purchase Marsh & McLennan Companies common stock directly through the Company's transfer agent and the Administrator for the Plan, Wells Fargo. A brochure on the Plan is available on the Wells Fargo website or by contacting Wells Fargo directly:

Wells Fargo Shareowner Services  
P.O. Box 64856  
St. Paul, MN 55164-0874  
Telephone: 800 457 8968 or  
651 450 4064 (Outside US/Canada)  
Wells Fargo's website:  
[www.shareowneronline.com](http://www.shareowneronline.com)

## FINANCIAL INFORMATION

Copies of Marsh & McLennan Companies annual reports and Forms 10-K and 10-Q are available on the Company's website. These documents also may be requested by contacting:

Marsh & McLennan Companies, Inc.  
Investor Relations  
1166 Avenue of the Americas  
New York, NY 10036  
Telephone: 212 345 5462  
Website: [www.mmc.com](http://www.mmc.com)

## STOCK LISTINGS

Marsh & McLennan Companies common stock (ticker symbol: MMC) is listed on the New York, Chicago, and London Stock Exchanges.

## PROCEDURES FOR RAISING COMPLAINTS AND CONCERNS REGARDING ACCOUNTING MATTERS

Marsh & McLennan Companies is committed to complying with all applicable accounting standards, internal accounting controls, audit practices, and securities laws and regulations (collectively, "Accounting Matters"). To raise a complaint or concern regarding Accounting Matters, you may contact the Company by mail, telephone, or online. You may review the Company's procedures for handling complaints and concerns regarding Accounting Matters at [www.mmc.com](http://www.mmc.com).

By mail:  
Marsh & McLennan Companies, Inc.  
Audit Committee  
c/o Carey Roberts, Corporate Secretary  
1166 Avenue of the Americas  
New York, NY 10036

By telephone or online:  
Visit [www.ethicscomplianceline.com](http://www.ethicscomplianceline.com) for dialing instructions or to raise a concern online.



 MARSH

 GUY CARPENTER

 MERCER

 OLIVER WYMAN

Marsh & McLennan Companies, Inc.  
1166 Avenue of the Americas  
New York, NY 10036  
[www.mmc.com](http://www.mmc.com)