

# ÞÒY ÙÁÜÒŠÒŒÙÒ

Media Contact: Ò¦ã& ÁÜÈŐ°•œ•[} Tæ••@ÁBÁT&Š^}}æ;ÁÔ[{]æ;ã\• ÉFÁG€GÁG HÁ;ïii ^¦ã& Ȱ•œ•[}O{{&&B[{ Investor Contact:
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#### MARSH & McLENNAN COMPANIES REPORTS SECOND QUARTER 2018 RESULTS

Underlying Revenue Increases 3% for the Quarter and 4% for the First Half of 2018
Six Months GAAP EPS Rises 16% and Adjusted EPS Increases 19%

Excluding Revenue Standard Impact, Six Months EPS Grows 8% and Adjusted EPS Rises 11%

Öæj ÁÕ |æ•^|ÊÚ|^•ãå^} óÁæj åÁÔÒU ÉÁ æãå KÁŸ ^Áæ+^Á, |^æ•^åÁ, ão@Á`; IÁ, ^|-[-|{ æj &^Áş Ác@Áã•oÁæ; Ác@Á ^^ætĚØ[|Ác@Áã•oÁã•oÁã; [} c@Á; Ác€FÌ ÉÁ, ^Áæ&æð; ç^åÁ à Á } å^||^ã; Á^ç^}`^Á; [] c@Á; ÁæÁ&[}•[|ããæe^åÁ àæ•ã Áæj åÁFFà Áæåbŏ•o°åÁÒÚÙÁ; [] cœÁ; ¢&|`åð; Ác@Á¸ ] æ&óÁ; Ác@Á, ^, Á^ç^}`^Á; œæj åæååÈÁQÁœÁ; ^&[}åÁ ``æċo°|ÊÁ, ^Áå^|ãç^|^åÁ; å^||°ã; \*Á^ç^}`^Á; [] cœÁ; ÁHÃ, ÁŒ; @å œôåÁs^Á; d[] \*Á; å^||°ã; \*Á; [] cœÁ; Á; Á ã ÁÜã\ÁBÁQ•`|æj &^ÁÙ^|çæX•Á; ãc@Á; à Á; [] cœÁ; ÁÔ[}•`|æð; ."

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## About 91¼«Æ·ÊÓÆµ

#### INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

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# 91¼ «Æ·ÊÓÆµ, Inc. Consolidated Statements of Income (內Á, 訓礼 } • Ê^(&&) oÁ ^ Á @&^Áð ` ¦^• D (W) æ åæ^åD

Á	Т	hree Mon June	iths E e 30,	Ended	Six Months Ended June 30,					
Á		2018		ŒFÏ		2018		ŒFÏ		
Revenue	\$	3,734	Å	HÊJÍ	\$	7,734	Å	ÎĐJÌ		
Expense:										
Ô[{]^}•æaa]}Áæ}åÁÓ^}^ãæ•		2,135		FÊJÌ		4,359		IÊ€€H		
Uc@\ÁU]^\æaa* \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\		908		ΪJÎ		1,776		FĒΊÍ		
AWWOperating Expenses		3,043		ŒĴJI		6,135	-	ÍÆÍIÌ		
Operating Income		691		Ï€F		1,599		FÊÍ€		
Other Net Benefit Credits (a)		65		îн		131		FGH		
Interest Income		3		G		6		1		
Interest Expense		(68)		Ç̂€D	)	(129)		ÇFFÌ D		
Investment Income		28		ĺ		28		ĺ		
Income Before Income Taxes		719		ΪFF		1,635		FÊÎΙ		
Income Tax Expense		183		Œ		403		Η̈́J		
Net Income Before Non-Controlling Interests		536		Í€Ï		1,232		FÊÈÌÍ		
Less: Net Income Attributable to Non-Controlling Interests		5		î		11		FÍ		
Net Income Attributable to the Company	\$	531	Å	Í€F	\$	1,221	Å	FÊEÏ€		
Net Income Per Share Attributable to the Company:										
- Basic	\$	1.05	Å	€ÈÌ	\$	2.41	Å	ŒÈ		
- Diluted	\$	1.04	Å	€ÈÎ	\$	2.38	Å	GŒÍ		
Average Number of Shares Outstanding										
- Basic		507		<u>Í FI</u>		507		Í FI		
- Diluted		512		ÍŒ		513		ÍŒ		
Shares Outstanding at 6/30		505		Í FH		505		Í FH		

QaĐÁÔ--^8cãp^ÁRæ) \*æ'^ÁFÉÐGEFÌÊÑDÌÔÁ FÍÊÁœ Áæ; ^}å^åÊ&@e) \*^åÁs@ Á; !^•^} cæāt} Á; -Á, ^Ó, ^¦ātåæÁ, ^}•āt} Á&[•cÁæ) åÁ, ^c ]^¦ātåæÁ,[•c^cã^{ ^} cÁv@ ÁÔ[{ ]æ}^Á@e Á^•cæe\*åÁ,¦āt¦Á^æ•Æe,åÆ) åÁ \*æc°¦•Át¦Ácæ,Á^çã~åÁ,¦^•^} cæāt} Ě

# 91¼ «Æ·ÊÓÆµ, Inc. Consolidated Statements of Income - Impact of Revenue Standard (In millions, except per share figures) (Unaudited)

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

	Three Months Ended June 30, 2018						Six Months Ended June 30, 2018					
	As Reported	evenue andard mpact		rior to loption	Re	As eported	Sta	evenue andard npact		rior to		
Revenue	\$ 3,734	\$	(24)	\$	3,710	\$	7,734	\$	(185)	\$	7,549	
Expense:												
Compensation and Benefits	2,135		(10)		2,125		4,359		(70)		4,289	
Other Operating Expenses	908				908		1,776				1,776	
Operating Expenses	3,043	_	(10)		3,033		6,135		(70)		6,065	
Operating Income	691		(14)		677		1,599		(115)		1,484	
Other Net Benefit Credits	65				65		131				131	
Interest Income	3		_		3		6		_		6	
Interest Expense	(68	)	_		(68)		(129)		_		(129)	
Investment Income	28				28		28				28	
Income Before Income Taxes	719		(14)		705		1,635		(115)		1,520	
Income Tax Expense	183		(4)		179		403		(30)		373	
Net Income Before Non-Controlling Interests	536		(10)		526		1,232		(85)		1,147	
Less: Net Income Attributable to Non-Controlling Interests	5		_		5		11		_		11	
Net Income Attributable to the Company	\$ 531	\$	(10)	\$	521	\$	1,221	\$	(85)	\$	1,136	
Net Income Per Share Attributable to the Company:												
- Basic	\$ 1.05	\$	(0.02)	\$	1.03	\$	2.41	\$	(0.17)	\$	2.24	
- Diluted	\$ 1.04	\$	(0.02)	\$	1.02	\$	2.38	\$	(0.16)	\$	2.22	
Average Number of Shares Outstanding												
- Basic	507		507		507		507		507		507	
- Diluted	512		512		512		513		513		513	
Shares Outstanding at 6/30	505		505		505		505		505		505	

# 91¼«Æ-ÊÓÆμ, Inc. Supplemental Information - Revenue Analysis Three Months Ended June 30

(Millions) (Unaudited)

					Components of Revenue Change*								
	Three Months Ended June 30,		% Change GAAP	Currency	Acquisitions/ Dispositions	Revenue Standard	Underlying						
		2018	2017	Revenue	Impact	Other Impact	Impact	Revenue					
Risk and Insurance Services													
Marsh	\$	1,749	\$ 1,614	8%	2%	1%	_	5 %					
Guy Carpenter		332	293	13%	1%	_	7%	5 %					
Subtotal		2,081	1,907	9%	2%	1%	1%	5 %					
Fiduciary Interest Income		15	9										
Total Risk and Insurance Services		2,096	1,916	9%	2%	1%	1%	5 %					
Consulting													
Mercer		1,158	1,109	5%	2%	1%	_	2 %					
Oliver Wyman Group		492	483	2%	3%	_	_	(2)%					
Total Consulting		1,650	1,592	4%	2%	1%	_	1 %					
Corporate / Eliminations		(12)	(13)										
Total Revenue	\$	3,734	\$ 3,495	7%	2%	1%	1%	3 %					

#### Revenue Details

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

						Components of Revenue Change*							
	Tł	ree Mor Jun	nths e 30		% Change GAAP	Currency	Acquisitions/ Dispositions	Revenue Standard	Underlying				
		2018		2017	Revenue	Impact	Other Impact	Impact	Revenue				
Marsh:													
EMEA	\$	526	\$	497	6 %	5 %	_	_	1 %				
Asia Pacific		183		168	9 %	2 %	_	_	6 %				
Latin America		99		99	_	(5)%	3 %	_	3 %				
Total International		808		764	6 %	3 %	1 %	_	2 %				
U.S. / Canada		941		850	11 %	_	2 %	1 %	8 %				
Total Marsh	\$	1,749	\$	1,614	8 %	2 %	1 %	_	5 %				
Mercer:													
Defined Benefit Consulting & Administration	\$	320	\$	340	(6)%	3 %	(3)%	_	(6)%				
Investment Management & Related Services		232		192	20 %	2 %	6 %	_	12 %				
Total Wealth		552		532	4 %	3 %	_	_	1 %				
Health		429		423	2 %	1 %	_	(1)%	1 %				
Career		177		154	15 %	2 %	6 %	_	7 %				
Total Mercer	\$	1,158	\$	1,109	5 %	2 %	1 %	_	2 %				

#### Note:

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

<sup>\*</sup> Components of revenue change may not add due to rounding.

## 91¼«Æ-ÊÓÆμ, Inc. Supplemental Information - Revenue Analysis Six Months Ended June 30 (Millions) (Unaudited)

					Components of Revenue Change*								
	Six Months Ended June 30,		% Change GAAP	Currency	Acquisitions/ Dispositions/	Revenue Standard	Underlying						
		2018	2017	Revenue	Impact	Other Impact	Impact	Revenue					
Risk and Insurance Services			 										
Marsh	\$	3,443	\$ 3,210	7%	3%	2%	(1)%	3%					
Guy Carpenter		969	678	43%	2%	_	35 %	6%					
Subtotal		4,412	3,888	13%	3%	2%	5 %	4%					
Fiduciary Interest Income		28	17										
Total Risk and Insurance Services		4,440	3,905	14%	3%	2%	5 %	4%					
Consulting													
Mercer		2,329	2,186	7%	3%	1%	_	3%					
Oliver Wyman Group		989	932	6%	4%	_	_	2%					
Total Consulting		3,318	3,118	6%	3%	1%	_	3%					
Corporate / Eliminations		(24)	(25)										
Total Revenue	\$	7,734	\$ 6,998	11%	3%	1%	3 %	4%					

#### Revenue Details

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

				Components of Revenue Change*							
	 ix Month June 2018		% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions/ Other Impact	Revenue Standard Impact	Underlying Revenue				
Marsh:							-				
EMEA	\$ 1,169	\$ 1,086	8 %	8 %	_	_	(1)%				
Asia Pacific	347	320	8 %	3 %	_	_	5 %				
Latin America	183	179	2 %	(4)%	2 %	_	4 %				
Total International	 1,699	1,585	7 %	6 %	_	_	1 %				
U.S. / Canada	1,744	1,625	7 %	_	4 %	(2)%	6 %				
Total Marsh	\$ 3,443	\$ 3,210	7 %	3 %	2 %	(1)%	3 %				
Mercer:											
Defined Benefit Consulting & Administration	\$ 659	\$ 674	(2)%	5 %	(2)%	_	(5)%				
Investment Management & Related Services	458	378	21 %	4 %	4 %	_	14 %				
Total Wealth	1,117	1,052	6 %	4 %	_	_	2 %				
Health	871	838	4 %	2 %	(1)%	(1)%	4 %				
Career	341	 296	15 %	3 %	6 %	_	6 %				
Total Mercer	\$ 2,329	\$ 2,186	7 %	3 %	1 %	_	3 %				

#### Note:

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

<sup>\*</sup> Components of revenue change may not add due to rounding.

# 91¼ «Æ-ÊÓÆµ, Inc. Reconciliation of Non-GAAP Measures Includes Revenue Standard Impact Three Months Ended June 30 (Millions) (Unaudited)

#### Overview

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

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

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

Adjusted operating income (loss) is calculated by excluding the impact of certain noteworthy items from the Company's GAAP operating income or (loss). The following tables identify these noteworthy items and reconcile adjusted operating income (loss) to GAAP operating income or loss, on a consolidated and segment basis, for the three months ended June 30, 2018. The following tables also present adjusted operating margin. For the three months ended June 30, 2018, adjusted operating margin is calculated by dividing adjusted operating income by consolidated or segment GAAP revenue.

	Ins	Risk & surance ervices	Cor	nsulting	oorate/ nations	Total		
Three Months Ended June 30, 2018								
Operating income (loss)	\$	472	\$	267	\$ (48)	\$	691	
Add (Deduct) impact of Noteworthy Items:			-					
Restructuring (a)		55		_	3		58	
Adjustments to acquisition related accounts (b)		5		1	_		6	
Other		_		(1)	_		(1)	
Operating income adjustments		60		_	3		63	
Adjusted operating income (loss)	\$	532	\$	267	\$ (45)	\$	754	
Operating margin		22.5%		16.2%	N/A		18.5%	
Adjusted operating margin		25.4%		16.2%	N/A		20.2%	

- (a) Includes severance and related charges from restructuring activities, adjustments to restructuring liabilities for future rent under non-cancellable leases and other real estate costs, and restructuring costs related to the integration of recent acquisitions. Risk and Insurance Services in 2018 reflects severance and consulting costs related to the Marsh simplification initiative.
- (b) Primarily includes the change in fair value as measured each quarter of contingent consideration related to acquisitions.

#### Note:

Comparative financial information for the three months ended June 30, 2017 is presented on page 10.

#### 91¼«Æ·ÊÓÆµ, Inc.

# Reconciliation of Non-GAAP Measures - Comparable Accounting Basis Excludes the Revenue Standard Impact Three Months Ended June 30 (Millions) (Unaudited)

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

	Ins	Risk & Insurance Services		Consulting		Corporate/ Eliminations		Total
Three Months Ended June 30, 2018								
Operating income (loss) without adoption	\$	458	\$	267	\$	(48)	\$	677
Add (Deduct) impact of Noteworthy Items:								
Restructuring (a)		55		_		3		58
Adjustments to acquisition related accounts (b)		5		1		_		6
Other		_		(1)		_		(1)
Operating income adjustments		60		_		3		63
Adjusted operating income (loss)	\$	518	\$	267	\$	(45)	\$	740
Operating margin - Comparable basis		22.2%		16.2%		N/A		18.3%
Adjusted operating margin - Comparable basis		25.0%		16.2%		N/A		20.0%
Three Months Ended June 30, 2017								
Operating income (loss)	\$	482	\$	265	\$	(46)	\$	701
Add (Deduct) impact of Noteworthy Items:								
Restructuring (a)		_		13		2		15
Adjustments to acquisition related accounts (b)		7		2		_		9
Operating income adjustments		7		15		2		24
Adjusted operating income (loss)	\$	489	\$	280	\$	(44)	\$	725
Operating margin		25.2%		16.6%		N/A		20.1%
Adjusted operating margin		25.5%		17.6%		N/A		20.7%

<sup>(</sup>a) Includes severance and related charges from restructuring activities, adjustments to restructuring liabilities for future rent under non-cancellable leases and other real estate costs, and restructuring costs related to the integration of recent acquisitions. Risk and Insurance Services in 2018 reflects severance and consulting costs related to the Marsh simplification initiative. Consulting in 2017 reflects severance related to the Mercer business restructure.

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

# 91¼ «Æ-ÊÓÆµ, Inc. Reconciliation of Non-GAAP Measures Includes Revenue Standard Impact Six Months Ended June 30 (Millions) (Unaudited)

#### Overview

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

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

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

Adjusted operating income (loss) is calculated by excluding the impact of certain noteworthy items from the Company's GAAP operating income or (loss). The following tables identify these noteworthy items and reconcile adjusted operating income (loss) to GAAP operating income or loss, on a consolidated and segment basis, for the six months ended June 30, 2018. The following tables also present adjusted operating margin. For the six months ended June 30, 2018, adjusted operating margin is calculated by dividing adjusted operating income by consolidated or segment GAAP revenue.

Ins	surance	Cor	nsulting	Corporate/ Eliminations			Total
\$	1,188	\$	514	\$	(103)	\$	1,599
				'			
	58		1		5		64
	9		1		_		10
	_		(1)		_		(1)
	67		1		5		73
\$	1,255	\$	515	\$	(98)	\$	1,672
	26.8%		15.5%		N/A		20.7%
	28.3%		15.5%		N/A		21.6%
	In	58 9 — 67 \$ 1,255 26.8%	Insurance   Services	Insurance Services         Consulting           \$ 1,188         \$ 514           58         1           9         1           —         (1)           67         1           \$ 1,255         \$ 515           26.8%         15.5%	Insurance Services         Consulting         Consulting           \$ 1,188         \$ 514         \$           58         1         9         1           —         (1)         (1)         (1)           67         1         (1)         (1)           \$ 1,255         \$ 515         \$           26.8%         15.5%         (1)         (1)	Insurance Services         Consulting         Corporate/Eliminations           \$ 1,188         \$ 514         \$ (103)           58         1         5           9         1         —            (1)         —           67         1         5           \$ 1,255         \$ 515         \$ (98)           26.8%         15.5%         N/A	Insurance Services         Consulting         Corporate/Eliminations           \$ 1,188         \$ 514         \$ (103)         \$           58         1         5         -<

<sup>(</sup>a) Includes severance and related charges from restructuring activities, adjustments to restructuring liabilities for future rent under non-cancellable leases and other real estate costs, and restructuring costs related to the integration of recent acquisitions. Risk and Insurance Services in 2018 reflects severance and consulting costs related to the Marsh simplification initiative.

#### Note:

Comparative financial information for the six months ended June 30, 2017 is presented on page 12.

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

# 91¼«Æ·ÊÓÆμ, Inc.

# Reconciliation of Non-GAAP Measures - Comparable Accounting Basis Excludes the Revenue Standard Impact Six Months Ended June 30 (Millions) (Unaudited)

Reconciliation of Non-GAAP Measures - Comparable Accounting Basis (cont'd)

	Ins	Risk & surance ervices	Consulting		Corporate/ Eliminations		Total	
Six Months Ended June 30, 2018								
Operating income (loss) without adoption	\$	1,068	\$	519	\$	(103)	\$ 1,484	
Add (Deduct) impact of Noteworthy Items:								
Restructuring (a)		58		1		5	64	
Adjustments to acquisition related accounts (b)		9		1		_	10	
Other		_		(1)		_	(1)	
Operating income adjustments		67		1		5	73	
Adjusted operating income (loss)	\$	1,135	\$	520	\$	(98)	\$ 1,557	
Operating margin - Comparable basis		25.2%		15.6%		N/A	19.7%	
Adjusted operating margin - Comparable basis		26.7%		15.6%		N/A	20.6%	
Six Months Ended June 30, 2017								
Operating income (loss)	\$	1,050	\$	490	\$	(90)	\$ 1,450	
Add (Deduct) impact of Noteworthy Items:							 	
Restructuring (a)		4		16		4	24	
Adjustments to acquisition related accounts (b)		(10)		3		_	(7)	
Operating income adjustments		(6)		19		4	 17	
Adjusted operating income (loss)	\$	1,044	\$	509	\$	(86)	\$ 1,467	
Operating margin		26.9%		15.7%		N/A	20.7%	
Adjusted operating margin		26.7%		16.3%		N/A	21.0%	

<sup>(</sup>a) Includes severance and related charges from restructuring activities, adjustments to restructuring liabilities for future rent under non-cancellable leases and other real estate costs, and restructuring costs related to the integration of recent acquisitions. Risk and Insurance Services in 2018 reflects severance and consulting costs related to the Marsh simplification initiative. Consulting in 2017 reflects severance related to the Mercer business restructure.

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

### 91¼ «Æ-ÊÓÆµ, Inc. Reconciliation of Non-GAAP Measures Includes the Revenue Standard Impact Three and Six Months Ended June 30 (Millions) (Unaudited)

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

Adjusted income, net of tax is calculated as the Company's GAAP income from continuing operations, adjusted to reflect the after-tax impact of the operating income adjustments set forth in the preceding tables and investments gains or losses related to the impact of mark-to-market adjustments on certain equity securities previously recorded to equity. Adjusted EPS is calculated by dividing the Company's adjusted income, net of tax, by MMC's average number of shares outstanding-diluted for the relevant period. The following tables reconcile adjusted income, net of tax to GAAP income from continuing operations and adjusted EPS to GAAP EPS for the three and six months ended June 30, 2018.

	Three Months Ended June 30, 2018									
		Amo	unt		Adjusted EPS					
Income from continuing operations			\$	536						
Less: Non-controlling interest, net of tax				5						
Subtotal			\$	531	\$	1.04				
Operating income adjustments	\$	63								
Investments adjustment (a)		(26)								
Impact of income taxes		(6)								
				31		0.06				
Adjusted income, net of tax			\$	562	\$	1.10				
		Amo	June	nths Ended 30, 2018		sted EPS				
Income from continuing operations		7	\$	1,232						
Less: Non-controlling interest, net of tax			•	11						
Subtotal			\$	1,221	\$	2.38				
Operating income adjustments	\$	73								
Investments adjustment (a)		(18)								
Impact of income taxes		(10)								
Adjustments to provisional 2017 tax estimates (b)		3								
				48		0.09				
Adjusted income, net of tax			\$	1,269	\$	2.47				

<sup>(</sup>a) Mark-to-market adjustments for investments classified as available for sale under prior guidance were recorded to equity, net of tax. Beginning January 1, 2018 such adjustments must be recorded as part of investment income. Prior periods were not restated. The Company excludes such mark-to-market gains or losses from its calculation of adjusted earnings per share. The Company recorded mark-to-market gains of \$26 million and \$18 million for the three and six-month period• ended June 30, 2018, respectively, which are included in Investment Income in the Consolidated Statement of Income.

#### Note:

Comparative financial information for the three and six months ended June 30, 2017 is presented on page 14.

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

### 91¼«Æ·ÊÓÆµ, Inc.

# Reconciliation of Non-GAAP Measures - Comparable Accounting Basis Excludes the Revenue Standard Impact Three and Six Months Ended June 30 (Millions) (Unaudited)

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

				onths Ei 30, 201			Three Months Ended June 30, 2017					
		Amo	ount			justed EPS		Amo	ount			justed EPS
Income from continuing operations, (2018 prior to the impact of ASC 606)			\$	526					\$	507		
Less: Non-controlling interest, net of tax Subtotal			\$	5 521	\$	1.02			\$	6 501	\$	0.96
Operating income adjustments	\$	63	Ψ	021	Ψ	1.02	\$	24	Ψ	001	Ψ	0.00
Investments adjustment (a)	•	(26)					•	_				
Impact of income taxes		(6)						(7)				
·				31		0.06				17		0.04
Adjusted income, net of tax			\$	552	\$	1.08			\$	518	\$	1.00
	Six Months Ended June 30, 2018									nths End 30, 2017		
		Amo	unt		Ad	justed EPS		Amo	ount			justed PS
Income from continuing operations, (2018 prior to the impact of ASC 606)			\$	1,147					\$	1,085		
Less: Non-controlling interest, net of tax				11						15		
Subtotal			\$	1,136	\$	2.22			\$	1,070	\$	2.05
Operating income adjustments	\$	73					\$	17				
Investments adjustment (a)		(18)						_				
Impact of income taxes		(10)						(6)				
Adjustments to provisional 2017 tax estimates (b)		3						_				
				48		0.09				11		0.03
Adjusted income, net of tax			\$	1,184	\$	2.31			\$	1,081	\$	2.08

<sup>(</sup>a) Mark-to-market adjustments for investments classified as available for sale under prior guidance were recorded to equity, net of tax. Beginning January 1, 2018 such adjustments must be recorded as part of investment income. Prior periods were not restated. The Company excludes such mark-to-market gains or losses from its calculation of adjusted earnings per share. The Company recorded mark-to-market gains of \$26 million and \$18 million for the three and sixmonth period• ended June 30, 2018, respectively, which are included in Investment Income in the Consolidated Statement of Income.

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

# 91¼«Æ-ÊÓÆµ, Inc. Supplemental Information - Impact of Revenue Recognition Standard Three and Six Months Ended June 30 (Millions) (Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,							
		Excludes Impact of Revenue Standard				Excludes Impact of Revenue Standard						
	2018		2018		2017		2018		2018		2017	
Consolidated												
Compensation and Benefits	\$	2,135	\$	2,125	\$	1,998	\$	4,359	\$	4,289	\$	4,003
Other operating expenses		908		908		796		1,776		1,776		1,545
Total Expenses	\$	3,043	\$	3,033	\$	2,794	\$	6,135	\$	6,065	\$	5,548
Depreciation and amortization expense Identified intangible amortization	\$	79	\$	79	\$	76	\$	159	\$	159	\$	156
expense		43		43		40		88		88		80
Total	\$	122	\$	122	\$	116	\$	247	\$	247	\$	236
Stock option expense	\$	3	\$	3	\$	3	\$	17	\$	17	\$	17
Capital expenditures	\$	77	\$	77	\$	82	\$	135	\$	135	\$	144
Operating cash flows	\$	777	\$	777	\$	742	\$	413	\$	413	\$	343
			·		·		·		·		•	
Risk and Insurance Services												
Compensation and Benefits	\$	1,145	\$	1,132	\$	1,014	\$	2,313	\$	2,238	\$	2,039
Other operating expenses		479		479		420		939		939		816
Total Expenses	\$	1,624	\$	1,611	\$	1,434	\$	3,252	\$	3,177	\$	2,855
Depreciation and amortization expense	\$	35	\$	35	\$	35	\$	72	\$	72	\$	70
Identified intangible amortization		0.5		0.5		00		70		70		0.5
expense	_	35		35	_	33		72		72		65
Total	\$	70	\$	70	\$	68	\$	144	\$	144	\$	135
Consulting												
Compensation and Benefits	\$	902	\$	905	\$	901	\$	1,858	\$	1,863	\$	1,792
Other operating expenses		481		481		426		946		946		836
Total Expenses	\$	1,383	\$	1,386	\$	1,327	\$	2,804	\$	2,809	\$	2,628
Depreciation and amortization expense	\$	26	\$	26	\$	24	\$	51	\$	51	\$	51
Identified intangible amortization						_						
expense	_	8		8	_	7	_	16		16	_	15
Total	\$	34	\$	34	\$	31	\$	67	\$	67	\$	66

# 91¼«Æ-ÊÓÆµ, Inc. Consolidated Balance Sheets (Millions)

		Inaudited) June 30, 2018	De	cember 31, 2017
ASSETS				
Current assets:	æ	4.000	Φ.	4 005
Cash and cash equivalents	\$	1,036	\$	1,205
Net receivables Other current assets		4,601 538		4,133 224
Total current assets		6,175		5,562
Total current assets		0,175		5,502
Goodwill and intangible assets		10,411		10,363
Fixed assets, net		698		712
Pension related assets		1,808		1,693
Deferred tax assets		532		669
Other assets		1,535		1,430
TOTAL ASSETS	\$	21,159	\$	20,429
LIABILITIES AND EQUITY Current liabilities:				
Short-term debt	\$	439	\$	262
Accounts payable and accrued liabilities		2,246		2,083
Accrued compensation and employee benefits		1,103		1,718
Accrued income taxes		216		199
Dividends payable		212		<u> </u>
Total current liabilities		4,216		4,262
Fiduciary liabilities		5,118		4,847
Less - cash and investments held in a fiduciary capacity		(5,118)		(4,847)
		_		_
Long-term debt		5,813		5,225
Pension, post-retirement and post-employment benefits		1,768		1,888
Liabilities for errors and omissions		303		301
Other liabilities		1,262		1,311
Total equity		7,797		7,442
TOTAL LIABILITIES AND EQUITY	\$	21,159	\$	20,429

#### Note:

Effective January 1, 2018, the Company, upon the adoption of the new revenue recognition standard, recorded a cumulative effect adjustment, net of tax resulting in an increase to the opening balance of retained earnings of \$364 million, with offsetting increases/decreases to other balance sheet accounts, e.g. accounts receivable, other current assets, other assets and deferred income taxes.

## 91¼ «Æ-ÊÓÆμ, Inc. Consolidated Balance Sheets - Impact of Revenue Standard (Millions) (Unaudited)

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

	June 30, 2018						
	As	Reported	Impact of Revenue Standard			Prior to Adoption	
ASSETS							
Current assets:							
Cash and cash equivalents	\$	1,036	\$	_	\$	1,036	
Net receivables		4,601		(254)		4,347	
Other current assets		538		(298)		240	
Total current assets		6,175		(552)		5,623	
Goodwill and intangible assets		10,411		_		10,411	
Fixed assets, net		698		_		698	
Pension related assets		1,808		_		1,808	
Deferred tax assets		532		133		665	
Other assets		1,535		(230)		1,305	
TOTAL ASSETS	\$	21,159	\$	(649)	\$	20,510	
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term debt	\$	439	\$	_	\$	439	
Accounts payable and accrued liabilities		2,246		(177)		2,069	
Accrued compensation and employee benefits		1,103		_		1,103	
Accrued income taxes		216		_		216	
Dividends payable		212		_		212	
Total current liabilities		4,216		(177)		4,039	
Fiduciary liabilities		5,118		_		5,118	
Less - cash and investments held in a fiduciary capacity		(5,118)		_		(5,118)	
		_		_			
Long-term debt		5,813		_		5,813	
Pension, post-retirement and post-employment benefits		1,768		_		1,768	
Liabilities for errors and omissions		303		_		303	
Other liabilities		1,262		(23)		1,239	
Total equity		7,797		(449)		7,348	
TOTAL LIABILITIES AND EQUITY	\$	21,159	\$	(649)	\$	20,510	