

MARSH & MCLENNAN COMPANIES, INC.

Form PRE 14A

March 20, 2008

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. \_\_)**

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

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Marsh & McLennan Companies, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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(4) Proposed maximum aggregate value of transaction:

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**Important Notice Regarding the Availability of Proxy Materials for the MMC Annual Meeting of Stockholders to be held on May 15, 2008: This proxy statement and MMC s 2007 Annual Report are available at <http://www.proxy08.mmc.com>.**

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Dear MMC Stockholder:

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

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

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

Very truly yours,

BRIAN DUPERRAULT

*President & Chief Executive Officer*

[            ], 2008

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**MARSH & McLENNAN COMPANIES, INC.**

**1166 Avenue of the Americas**

**New York, New York 10036-2774**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**AND**

**PROXY STATEMENT**

**Time:** 10:00 a.m. Local Time  
**Date:** May 15, 2008  
**Place:** Second Floor Auditorium  
1221 Avenue of the Americas

New York, New York

**Purpose:**

1. To elect four persons to serve as Class I directors for a new three-year term; and two persons to serve as Class III directors for the remaining two-year term of that class;
2. To ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm;
3. To vote on a company-sponsored proposal to amend MMC's Restated Certificate of Incorporation to eliminate MMC's classified Board structure;
4. To vote on one stockholder proposal; and
5. To conduct any other business that may properly come before the meeting.

Our Board of Directors recommends that you vote **FOR** the election of all director nominees, **FOR** the ratification of the selection of Deloitte & Touche LLP, **FOR** the amendment of the Restated Certificate of Incorporation, and **AGAINST** the stockholder proposal.

## Edgar Filing: MARSH & MCLENNAN COMPANIES, INC. - Form PRE 14A

This notice and proxy statement is being mailed or made available on the Internet to stockholders on or about [ ], 2008. These materials describe the matters being voted on at the annual meeting and contain certain other information. In addition, these materials are accompanied by a copy of MMC's 2007 Annual Report, which includes financial statements as of and for the fiscal year ended December 31, 2007. In these materials we refer to Marsh & McLennan Companies, Inc. as MMC, we and our.

Only stockholders of record on March 20, 2008 may vote, in person or by proxy, at the annual meeting. If you plan to attend the meeting in person, you will need proof of record or beneficial ownership of MMC common stock as of that date in order to enter the meeting.

**Your vote is important. If you accessed this proxy statement through the Internet after receiving a Notice of Internet Availability of Proxy Materials by e-mail or regular mail, you may cast your vote by telephone or over the Internet by following the instructions in the notice. If you received this proxy statement by regular mail, you may cast your vote by mail, by telephone or over the Internet by following the instructions on the enclosed proxy card.**

LUCIANA FATO

*Corporate Secretary*

[ ], 2008



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**INFORMATION ABOUT OUR ANNUAL MEETING  
AND SOLICITATION OF PROXIES**

**Why did I receive a Notice regarding the Internet Availability of Proxy Materials instead of printed copies of these materials in the mail this year?**

This year, in accordance with new rules promulgated by the Securities and Exchange Commission, we have elected to furnish our proxy materials to stockholders over the Internet. Accordingly, most stockholders are receiving by mail a Notice of Internet Availability of Proxy Materials ( Notice ), which provides general information about the annual meeting, the address of the website on which our proxy statement and annual report are available for review, printing and downloading, and instructions on how to submit proxy votes. Stockholders who are current employees of MMC or who have elected to receive proxy materials via electronic delivery will receive via e-mail the proxy statement, annual report and instructions on how to vote. Certain stockholders who have made a permanent election to receive proxy materials in hard copy will receive a full set of the materials in the mail. For those who wish to receive a paper or e-mail copy of the proxy materials, the Notice contains instructions on how to do so.

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

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

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

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

**How do I vote?**

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

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You may vote in the following manner:

**By Telephone or the Internet** Stockholders may vote their shares via telephone or the Internet as instructed in the Notice or the proxy card. The telephone and Internet procedures are designed to authenticate a stockholder's identity, to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

**By Mail** Stockholders who have requested hard copies of the proxy materials may choose to vote by mail and, if they so choose, should complete, sign and date their proxy card or voting instruction card and mail it in the pre-addressed envelope that accompanied the delivery of the paper proxy materials. Note that if you sign and return a proxy card or voting instruction card but do not specify how to vote, your shares will be voted with management, which will be in favor of our director nominees, in favor of Items 2 and 3 and against Item 4.

### **Can I vote my shares in person at the annual meeting?**

Yes. However, even if you plan to attend the meeting, we recommend that you vote in advance of the meeting in order to ensure that your vote is counted. If you vote in advance and then attend the meeting, you can always change your vote at the meeting. If your shares are held in street name and you decide to vote in person at the annual meeting, you must obtain from the intermediary that holds your shares a valid proxy giving you the right to vote the shares, and bring that proxy to the meeting.

### **Can I change my vote?**

Yes. Stockholders of record may revoke their proxy before it is voted at the annual meeting by (i) submitting a new proxy with a later date, (ii) voting in person at the annual meeting, or (iii) sending written notification of revocation addressed to:

Marsh & McLennan Companies, Inc.

1166 Avenue of the Americas

New York, New York 10036-2774

Attn: Luciana Fato, Corporate Secretary

If you hold your shares in street name, you may change your vote by submitting new voting instructions to your broker or other intermediary, following the instructions they provided; or, if you have obtained a legal proxy from your broker or other intermediary giving you the right to vote your shares, by attending the meeting and voting in person.

### **Who can attend the annual meeting?**

Stockholders (of record or beneficial), their proxy holders and MMC's guests may attend the meeting. Verification of share ownership will be requested at the admissions desk. If your shares are held in street name, you must bring to the meeting an account statement or letter from the record holder (i.e., the broker, bank, trustee or other intermediary organization that holds your shares) indicating that you were the beneficial owner of the shares on March 20, 2008.

### **What are the requirements to conduct business at the annual meeting?**

In order to carry on the business of the annual meeting, we must have a quorum. This means at least a majority of the outstanding shares eligible to vote must be present in person or represented by proxy at the annual meeting. Both abstentions and broker nonvotes (described below) are counted for the purpose of determining the presence of a quorum.

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### **What are the voting requirements to elect directors and to approve each of the proposals discussed in this proxy statement?**

The voting standards applicable to the annual meeting are as follows:

#### ***Election of Directors***

At the 2008 annual meeting, the election of directors will be uncontested, meaning that the number of nominees does not exceed the number of directors to be elected. MMC's by-laws provide that in an uncontested election, a nominee will be elected if the number of votes cast for the nominee's election exceeds the number of votes cast against the nominee's election. Abstentions and broker nonvotes with respect to a nominee's election will not be included in the total number of votes cast and therefore will have no effect on the election's outcome.

MMC's Guidelines for Corporate Governance address the procedures to be followed if an incumbent director standing for reelection in an uncontested election of directors fails to receive a majority of the votes cast. See Director Election Voting Standard at page 11.

#### ***Other Proposals***

Item 2 (Ratification of Selection of Independent Registered Public Accounting Firm) and Item 4 (Stockholder Proposal Regarding Disclosure of Political Contributions) will be decided by the affirmative vote of a majority of the shares of MMC common stock present or represented and entitled to vote at the annual meeting. In accordance with Delaware law, abstentions will be treated as present and entitled to vote for purposes of voting on these items, while broker nonvotes will not.

Item 3 (Company Proposal to Amend MMC's Restated Certificate of Incorporation to Eliminate Classified Board Structure) will be decided by the affirmative vote of a majority of the shares of MMC common stock outstanding and entitled to vote at the annual meeting.

#### ***Significance of Broker Nonvotes***

The rules of the New York Stock Exchange ( NYSE ) provide that, when a matter to be voted on at an annual meeting is non-routine, a broker holding shares of record on behalf of a client may vote those shares only if the broker has received voting instructions from the client. If the broker has not received voting instructions from the client, the broker may submit a proxy but may not vote the client's shares on the matter(s) for which instructions were required but not provided. When a broker submits a proxy but refrains from voting in this way, a broker nonvote occurs. Shares subject to a broker nonvote are not counted as present or represented with respect to the non-routine matters being addressed at the annual meeting; however, they are counted as present and represented for purposes of determining the presence of a quorum at the annual meeting. Under the rules of the NYSE, Item 3 and Item 4 described in this proxy statement are considered non-routine.

### **Could additional matters be decided at the annual meeting?**

As of the date of this proxy statement, we do not know of any matters not described in this proxy statement that will be presented at the meeting. However, if any other matter shall properly come before the meeting, the persons named in the proxy will use their discretion to vote on such matter on behalf of shares for which proxies were submitted.

### **Who conducts the annual meeting?**

The chairman of MMC's Board of Directors acts as chairman of the annual meeting, and has the authority to conduct the annual meeting so that the business of the meeting is carried out in an orderly and timely manner. In doing so, the chairman has the discretion to establish reasonable rules for discussion, comments and questions during the meeting.

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### **Who will count the votes at the annual meeting?**

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as independent inspectors of election.

### **How may I obtain electronic delivery of proxy materials in the future?**

Most stockholders may elect to receive future proxy statements and annual reports electronically via e-mail or the Internet instead of receiving paper copies in the mail. If you are a stockholder of record, you may choose this electronic delivery option by following the instructions provided when you vote over the Internet. Active employees of MMC who hold MMC stock in employee stock plan accounts or are stockholders of record generally receive their proxy materials by electronic delivery to their business e-mail accounts.

If you hold your shares beneficially in street name, it is likely that you will have the option to choose future electronic delivery of proxy materials when you vote over the Internet. Otherwise, please contact your broker or other intermediary holder of record for information regarding electronic delivery of proxy materials.

Stockholders who receive their proxy materials electronically receive an e-mail message with instructions on how to access the proxy statement and annual report and vote. If you have chosen to receive proxy materials electronically, your choice will remain in effect until you revoke it.

### **What is householding ?**

#### *Holders of Record and in Employee Benefit Plan Accounts*

We have adopted a procedure approved by the Securities and Exchange Commission called householding. Under this procedure, stockholders of record or who hold shares in certain of our employee benefit plan accounts and who share the same last name and reside at the same mailing address will receive one Notice or one set of proxy materials (if they have elected to receive hard copies of the proxy materials), unless one of the stockholders at that address has notified us that they wish to receive individual copies. Stockholders who participate in householding continue to receive separate control numbers for voting, in the case of those receiving the Notice, or, separate proxy cards, in the case of those who receive hard copies of the proxy materials. Householding does not in any way affect dividend check mailings.

If you hold MMC stock of record or in an employee benefit plan account and currently are subject to householding but prefer to receive separate copies of proxy materials and other stockholder communications from MMC, you may revoke your consent to householding at any time by calling Broadridge Financial Solutions, Inc. toll-free at 1-800-542-1061 or by writing to Broadridge, Household Department, 51 Mercedes Way, Edgewood, New York 11717.

#### *Beneficial Stockholders*

A number of brokerages and other institutional holders of record have implemented householding. If you hold your shares beneficially in street name, please contact your broker or other intermediary holder of record to request information about householding.

### **How may I obtain another set of proxy materials?**

This proxy statement and our 2007 Annual Report can be viewed on (and printed from) our website at <http://www.proxy08.mmc.com>. If you wish to receive a separate paper copy of our annual report or proxy statement, you may telephone MMC's office of Investor Relations at (212) 345-5475 or write to:

Marsh & McLennan Companies, Inc.

1166 Avenue of the Americas

New York, New York 10036-2774

Attn: Investor Relations



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**Who will bear the cost of this proxy solicitation?**

We pay the expenses of preparing the proxy materials and soliciting proxies. We also reimburse brokers and other institutional record holders for their expenses in forwarding these materials to, and obtaining voting instructions from, beneficial owners of MMC common stock.

In addition to this mailing, proxies may be solicited personally, electronically or by telephone by our directors, officers, other employees or agents. We have retained Georgeson Shareholder Communications Inc. as our agent to assist in the proxy solicitation at a fee of approximately \$10,000, plus expenses. If any of our directors, officers and other employees assist in soliciting proxies, they will not receive additional compensation for those services.

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**CORPORATE GOVERNANCE**

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

**Enhanced Corporate Governance Environment**

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

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



30.

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

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### **Guidelines for Corporate Governance**

MMC's Guidelines for Corporate Governance (our "Governance Guidelines") are the means by which MMC and the Board of Directors formally express many of our governance policies. The Governance Guidelines were initially adopted by the Board in May 2003. The Board has subsequently amended them from time to time. The Governance Guidelines are posted on our website at <http://mmc.com/about/GuidelinesCorporateGovernance.pdf>.

The Governance Guidelines address a range of corporate governance matters, including the following (parenthetical references are to the relevant section of the Governance Guidelines):

n Specific Board functions, such as:

- .. evaluation of CEO performance and approval of CEO compensation;
- .. reviewing MMC's strategic and operating plans, financial objectives and major corporate actions;
- .. assessing major risks facing MMC and options for their mitigation;
- .. overseeing the integrity of MMC's financial statements and financial reporting processes;
- .. ensuring the adequacy of MMC's processes for legal and ethical compliance; and
- .. monitoring the effectiveness of MMC's corporate governance practices. (*Section B*)

n CEO/chairman separation. (*Section F.2*)

n CEO succession planning and management development. (*Section C*)

n Majority voting in director elections. (*Section E.3*)

n Stockholder reelection of directors elected by the Board between annual meetings. (*Section E.4*)

n Director qualification standards and director independence. (*Sections D.2 and D.3*)

n Retirement requirements for non-management directors. (*Section E.6*)

- n Executive sessions of non-management directors, which MMC holds at every in-person meeting of the Board. *(Section H.3)*
  
- n Limits on other public board service. *(Section D.5)*
  
- n Director and senior management stock ownership requirements. *(Sections K.2 and K.3)*
  
- n Board access to management and outside advisors. *(Section I)*

**Director Independence**

The Board has determined that all directors other than Mr. Duperreault are independent. With 11 independent directors out of 12, the Board has satisfied its objective that a substantial majority of MMC's directors should be independent of management.

For a director to be considered independent, the Board must affirmatively determine that the director has no direct or indirect material relationship with MMC. The Board has established categorical standards to assist it in making determinations of director independence. These standards conform to, or are more exacting than, the independence requirements provided in the NYSE listed company rules. MMC's director independence standards are set forth as Annex A to our Governance Guidelines. With respect to Mr. Nolop, the Board considered, at the time he joined the Board and until March 2008, that he was an executive officer of a company that received payments from MMC for services which did not exceed the greater of \$1 million or 2% of such company's consolidated gross revenues in any of the last three fiscal years.

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All members of the Audit, Compensation, Compliance, and Directors and Governance Committees must be independent directors as defined by MMC's Governance Guidelines. Members of the Audit Committee must also satisfy a separate SEC and NYSE independence requirement, which provides that they may not accept directly or indirectly any consulting, advisory or other compensatory fee from MMC or any of its subsidiaries, other than their directors' compensation. Under our Governance Guidelines, if a director whom the Board has deemed independent has a change in circumstances or relationships that might cause the Board to reconsider that determination, he or she must immediately notify the chairman of the Board and the chair of the Directors and Governance Committee.

## **Codes of Conduct**

MMC's reputation is fundamental to our business. MMC's directors and officers and other employees are expected to act ethically at all times. To provide guidance in this regard, MMC has adopted a Code of Business Conduct and Ethics, which applies to all of the above individuals. MMC has also adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers, which applies to our chief executive officer, chief financial officer and controller. Both of these codes are posted on the MMC website at <http://www.mmc.com>, and print copies are available to any stockholder upon request. We would disclose any amendments to, or waivers of, the Code of Ethics for the Chief Executive Officer and Senior Financial Officers on our website within four business days.

## **Review of Related-Person Transactions**

MMC maintains a written Policy Regarding Related-Person Transactions, which sets forth standards and procedures for the review and approval or ratification of transactions between MMC and related persons. The policy is administered by the Directors and Governance Committee with assistance from MMC's corporate secretary.

The policy applies to any related-person transaction. This means a transaction (i) to which MMC is a party, (ii) which involves an aggregate value of \$120,000 or more, and (iii) in which a related person has a direct or indirect material interest. A related person means a director or executive officer of MMC, a nominee for election as a director of MMC, a beneficial owner of more than five percent of MMC's outstanding common stock, or an immediate family member of any of the foregoing persons.

In determining whether to approve or ratify a related-person transaction, the Directors and Governance Committee will review the facts and circumstances it considers relevant. These may include: the commercial reasonableness of the terms of the transaction; the benefits of the transaction to MMC; the availability of other sources for the products or services involved in the transaction; the materiality and nature of the related person's direct or indirect interest in the transaction; the potential public perception of the transaction; and the potential impact of the transaction on any MMC director's independence. The Directors and Governance Committee will approve or ratify the related-person transaction only if the Committee, in its sole good faith discretion based on the facts and circumstances it considers relevant, determines that the related-person transaction is in, or is not inconsistent with, the best interests of MMC and its stockholders.

If the Directors and Governance Committee determines not to approve or ratify a related-person transaction, the transaction shall not be entered into or continued, as the case may be. No member of the Directors and Governance Committee will participate in any review or determination with respect to a related-person transaction if the Committee member or any of his or her immediate family members is the related person.

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**Communicating Concerns Regarding Accounting Matters**

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

By mail to:

Marsh & McLennan Companies, Inc.

Audit Committee of the Board of Directors

c/o Corporate Secretary

1166 Avenue of the Americas

New York, New York 10036-2774

By telephone to the MMC Ethics & Compliance Line:

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

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

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

**Communicating with Directors**

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

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**BOARD OF DIRECTORS AND COMMITTEES**

**Board Composition, Leadership and Size**

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

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

**Director Qualifications and Nomination Process**

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

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

**Stockholder Recommendations for Director Candidates**

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

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the fifteenth day following the day on which MMC mailed notice of or otherwise publicly disclosed the date of the upcoming annual meeting).

The written recommendation must demonstrate that it is being submitted by a stockholder (beneficial or of record) of MMC, and must include information about the recommended director candidate, including name, age, business address, principal occupation, principal qualifications and other information, as specified in Article II of MMC's by-laws. In addition, the stockholder must confirm that the recommended individual would consent to serve as a director, if nominated and elected. Such recommendations should be sent to:

Marsh & McLennan Companies, Inc.

1166 Avenue of the Americas

New York, New York 10036-2774

Attn: Directors and Governance Committee

c/o Luciana Fato, Corporate Secretary

## **Director Election Voting Standard**

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

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

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

## **Attendance**

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





**Table of Contents****Tenure**

MMC's by-laws and Guidelines for Corporate Governance provide that a non-management director shall retire at the annual meeting following his or her 72nd birthday, unless he or she has been a director for less than ten years. In that case, the non-management director shall retire at the annual meeting following the earlier of ten years of service or reaching age 75. Directors who are employees of MMC, in the normal course, resign from the Board when their employment ceases.

**Executive Sessions**

The non-management directors meet in executive session without management at every regularly scheduled in-person Board meeting. The chairman of the board presides at these meetings.

**Committees**

Our Board has established an Audit Committee, a Compensation Committee, a Compliance Committee (which is a subcommittee of the Audit Committee), a Directors and Governance Committee, a Finance Committee and an Executive Committee to assist the Board in discharging its responsibilities. Following each committee meeting, the respective committee chair generally reports the highlights of the meeting to the full Board.

Membership on each of the Audit, Compensation, Compliance and Directors and Governance Committees is limited to independent directors. The charters for these committees can be viewed on our website at <http://www.mmc.com/corpgov.html>. Printed copies are available to any stockholder upon request.

The table below indicates current committee assignments and the number of times each committee met in 2007:

Director	Audit	Compliance	Compensation	Directors and Governance	Finance	Executive
Leslie M. Baker, Jr.	X	X			X(chair)	
Zachary W. Carter	X	X(chair)				X
Brian Duperreault(1)					X	X
Oscar Fanjul			X		X	
Stephen R. Hardis			X	X	X	X(chair)
Gwendolyn S. King				X(chair)		X
Lord Lang			X(chair)	X	X	X
Bruce P. Nolop(2)	X				X	
Marc D. Oken	X(chair)				X	X
David A. Olsen	X	X				
Morton O. Schapiro			X	X		
Adele Simmons				X		
2007 Meetings(3)	14	7	10	6	5	1

(1) Mr. Duperreault became a director and MMC's president and chief executive officer on January 29, 2008.

(2) Mr. Nolop became a director on January 16, 2008.

(3) Includes telephonic meetings.

**Audit Committee**

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

n the integrity of MMC's financial statements;

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

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

n compliance by MMC with legal and regulatory requirements.

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

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

### *Compliance Committee*

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

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

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

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

### *Compensation Committee*

Among other things, the Compensation Committee:

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

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

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

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

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

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

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executive compensation programs are consistent with our objectives. The independent compensation consultant reports directly to the Compensation Committee and provides advice and analysis solely to the Compensation Committee. The independent compensation consultant supports the Compensation Committee by:

- n Participating by invitation in meetings, or portions of meetings, of the Compensation Committee in order to advise the Compensation Committee on specific subjects that arise;
  
- n Offering professional observations regarding the compensation and policy recommendations presented to the Compensation Committee by MMC management and the MMC human resources department; and
  
- n Supplying independent data regarding the compensation practices of comparable companies.

The Compensation Committee requested and received advice from the independent compensation consultant with respect to all significant matters addressed by the Compensation Committee during 2007. The independent compensation consultant does not perform any work for MMC management.

**MMC Management:** MMC management, including the MMC human resources department, supports the Compensation Committee by:

- n Developing meeting agendas and preparing background material for Compensation Committee meetings; and
  
- n Making recommendations to the Compensation Committee on MMC's compensation philosophy, short- and long-term incentive compensation design, and other key governance initiatives, including by providing input as to the individual performance component of annual short-term incentive compensation and by determining the amount and form of short- and long-term incentive compensation for Mr. Drzik, as discussed in further detail in Compensation of Executive Officers Compensation Discussion & Analysis at page 26. In addition, MMC's president and chief executive officer provides recommendations with respect to the compensation of other senior executives.

MMC's president and chief executive officer, chief administrative officer and internal legal counsel attend Compensation Committee meetings when invited, but are not present for executive sessions or for any discussion of their own compensation.

The MMC human resources department works with compensation consultants from Mercer and other advisors to help formulate and present proposals to the Compensation Committee and to assist in benchmarking compensation levels for senior executives.

**Timing and Procedures of Equity-Based Compensation Awards:** Awards under the annual long-term incentive compensation program are granted after the end of the year at a pre-scheduled meeting of the Compensation Committee. Awards in 2008 were approved at a Compensation Committee meeting on February 26, 2008 and, consistent with our historical practice, were granted on that date. The performance-contingent stock options granted on February 26, 2008 have an exercise price equal to the average of the high and low trading prices on February 25, 2008, the trading day immediately preceding the grant date.

The Compensation Committee periodically awards stock options and restricted stock units to new hires, as well as to continuing executives for retention purposes. These awards are granted at regularly scheduled Compensation Committee meetings. The Compensation Committee has also authorized MMC's president and chief executive officer to make such awards to individuals who are not senior executives, subject to additional limitations. These awards are granted on the first trading day of the month following the MMC president and chief executive officer's approval of the award. Restricted stock unit awards

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are typically denominated as a dollar value and then converted into a number of restricted stock units using the average of the high and low trading prices of MMC common stock on the trading day immediately preceding the grant date. Stock options granted in 2007 were made as to a specific number of shares underlying the stock options. All stock options have an exercise price equal to the average of the high and low trading prices of MMC common stock on the trading day immediately preceding the grant date. We believe that our granting procedures effectively protect against the manipulation of grant timing for employee gain.

The MMC human resources department periodically monitors and updates the Compensation Committee on the usage of shares for equity-based awards and the number of shares available for future awards under our equity-based compensation plans. As part of the process of granting annual long-term incentive compensation, the Compensation Committee considers share usage to ensure that annual long-term incentive compensation awards are at a reasonable level.

### *Directors and Governance Committee*

Among other things, the Directors and Governance Committee:

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

### *Finance Committee*

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

### *Executive Committee*

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

## **Director Compensation**

### *Executive Directors*

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



**Table of Contents***Non-Management Directors*

In early 2007, the Board revised MMC's non-management director compensation arrangements, which had been largely unchanged for several years. These revisions are indicated in the table below.

The Board's compensation year runs from June 1 through May 31. Therefore, the Board scheduled the revised compensation arrangements to take effect on June 1, 2007. As a result of this timing, MMC's non-management directors were compensated under the Board's historical pay arrangements from January 1 through May 31, 2007, and under the revised pay arrangements from June 1 through December 31, 2007.

*Elements of Non-Management Director Compensation Fiscal 2007*

Element of Compensation	Historical Arrangements	Revised Arrangements
	(January 1 - May 31, 2007)	(June 1 - December 31, 2007)
Basic Annual Retainer for All Non-Management Directors	\$40,000	\$100,000
Supplemental Annual Retainer for Non-Management Chairman	\$100,000	\$150,000
Supplemental Annual Retainer for Committee Chairs	\$5,000	\$15,000
Supplemental Annual Retainer for Committee Members Other than Chairs	\$2,000	Eliminated
Meeting Fees (per Board and committee meeting attended)	\$1,000	Eliminated
Annual Grant of MMC Common Stock (June 1 of each year) under MMC Directors' Stock Compensation Plan	Number of shares determined by Directors and Governance Committee. Annual grant had been 1,800 shares since 1998. The last grant under this structure occurred June 1, 2006.	Number of shares having grant-date market value of \$100,000. The first grant under this structure occurred June 1, 2007.

In addition to the above elements of compensation, MMC offers non-management directors travel accident insurance benefits in connection with MMC-related business travel. Non-management directors are also eligible to participate in MMC's matching-gift program for certain charitable gifts by employees.

Under the terms of MMC's Directors' Stock Compensation Plan, non-management directors receive twenty-five percent of their basic annual retainer in MMC stock at the fair market value thereof, as well as their annual stock grant, on each June 1. The balance of their compensation is paid quarterly (in February, May, August and November) in the form of cash, MMC equity or a combination thereof, as the director elects. A non-management director may defer receipt of all or a portion of compensation to be paid in MMC common stock until the year following the director's retirement from the Board or a specified earlier date.



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

*Cash Compensation Received by Non-Management Directors Fiscal 2007*

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

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

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

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

Name	Fees	Stock	All Other	Total (\$)
	Earned or Paid in Cash (\$)(1)	Awards (\$)(2)	Compensation (\$)(3)	
Leslie M. Baker, Jr.	76,000	125,000		201,000
Lewis W. Bernard (4)	32,500			32,500
Zachary W. Carter (5)	81,500	125,000		206,500
Oscar Fanjul (6)	75,500	125,000		200,500
Stephen R. Hardis (7)	205,000	125,000	5,000	335,000
Gwendolyn S. King	76,500	125,000		201,500
Lord Lang	80,000	125,000		205,000
Marc D. Oken	78,500	125,000		203,500
David A. Olsen	70,500	125,000		195,500
Morton O. Schapiro	71,500	125,000	5,000	201,500
Adele Simmons	62,500	125,000	5,000	192,500

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

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

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**ITEM 1**

**ELECTION OF DIRECTORS**

Our Board of Directors currently has twelve members. Pursuant to MMC's Restated Certificate of Incorporation, the Board is divided among three classes. One class of directors is elected at each annual meeting of stockholders, to serve for a term expiring at the annual meeting of stockholders occurring three years later. Each director holds office until his or her successor has been duly elected and qualified or the director's earlier resignation, death or removal.

At the 2008 annual meeting, stockholders will vote on the election of the six nominees described below. Each nominee is currently a member of the Board. Each nominee has indicated to MMC that he or she will serve if elected. We do not anticipate that any of the nominees will be unable or unwilling to stand for election, but if that happens, your proxy may be voted for another person nominated by the Board.

*Class I Four Nominees (Messrs. Hardis and Schapiro, Lord Lang and Ms. Simmons)*

The terms of our Class I directors will expire at the 2008 annual meeting. Stephen R. Hardis, Lord Lang, Morton O. Schapiro and Adele Simmons are the current members of Class I, and were last elected by stockholders at the 2005 annual meeting. The Board has nominated each of these individuals for reelection to the Board at the 2008 annual meeting, to serve until the 2011 annual meeting or until their successors are elected and qualified.

*Class III Two Nominees (Messrs. Duperreault and Nolop)*

The terms of our Class III directors will expire at the 2010 annual meeting. Two members of Class III, Zachary W. Carter and Oscar Fanjul, were elected by stockholders at the 2007 annual meeting. The other two members of Class III, Brian Duperreault and Bruce P. Nolop, were elected by the Board in January 2008. Our Governance Guidelines provide that any director elected by the Board between annual meetings of stockholders will stand for reelection by stockholders at the next annual meeting. Accordingly, the Board has nominated Messrs. Duperreault and Nolop for reelection to the Board at the 2008 annual meeting, to serve until the 2010 annual meeting or until their successors are elected and qualified.

The following section contains information provided by the nominees and continuing directors about their principal occupations, business experience and other matters.

**The Board of Directors recommends a vote FOR the election of all nominees.**

*Nominees for Election as Class I Directors*

*for a Term Expiring in 2011*

**Stephen R. Hardis**  
*Compensation Committee*  
*Directors and Governance Committee*  
*Executive Committee (Chair)*  
*Finance Committee*

**Director since 1998**

Mr. Hardis, age 72, was chairman of Eaton Corporation from 1996 until his retirement in 2000. Mr. Hardis joined Eaton in 1979, and was its chief executive officer from 1995 to 2000. He was chairman of Axcelis Technologies, Inc. from 2000 until May 2005. He is lead director of Axcelis Technologies, Inc. and a director of American Greetings Corporation, Lexmark International Corporation, Nordson Corporation and Progressive Corporation.



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

**Director since 1997**

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

Lord Lang, age 67, was a member of the British Parliament from 1979 to 1997. He served in the cabinet as president of the Board of Trade and secretary of state for trade and industry from 1995 to 1997 and as secretary of state for Scotland from 1990 to 1995. Lord Lang is chairman of Thistle Mining Inc. He is also a non-executive director of Charlemagne Capital Ltd.

**Morton O. Schapiro**

**Director since 2002**

*Compensation Committee*  
*Directors and Governance Committee*

Mr. Schapiro, age 54, is president of Williams College. Prior to joining Williams College, he was dean of the College of Letters, Arts and Sciences of the University of Southern California from 1994 to 2000, the University's vice president for planning from 1999 to 2000 and chair of its Department of Economics from 1991 to 1994. Mr. Schapiro is a trustee of the Williamstown Theatre Festival, the Sterling & Francine Clark Art Institute, Williams College, the Massachusetts Museum of Contemporary Art and Hillel.

**Adele Simmons**

**Director since 1978**

*Directors and Governance Committee*

Mrs. Simmons, age 66, is vice chair of Chicago Metropolis 2020 and president of the Global Philanthropy Partnership. From 1989 to 1999, she was president of the John D. and Catherine T. MacArthur Foundation. Ms. Simmons is a director of the Shorebank Corporation. She also is a member of the boards of the Field Museum of Chicago, the Union of Concerned Scientists and the Environmental Defense Fund.

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*Nominees for Election as Class III Directors*

*for a Term Expiring in 2010*

**Brian Duperreault**  
*Executive Committee*  
*Finance Committee*

**Director since 2008**

Brian Duperreault, 60, is president and chief executive officer of MMC, a position he assumed in January 2008. Prior to joining MMC, Mr. Duperreault served as chairman and chief executive officer of ACE Limited from 1994 to May 2004. He then served as chairman of the board of ACE from May 2004 through May 2007, and continued as a director through January 2008. Prior to ACE, Mr. Duperreault was with American International Group (AIG) for more than 20 years, holding numerous positions and eventually rising to become executive vice president of AIG Foreign General Insurance and chairman and chief executive officer of AIG's subsidiary American International Underwriters (AIU). Mr. Duperreault is a director of Tyco International Ltd.

**Bruce P. Nolop**  
*Audit Committee*  
*Finance Committee*

**Director since 2008**

Bruce P. Nolop, 57, was executive vice president and chief financial officer of Pitney Bowes, Inc. from 2000 through March 1, 2008. From 1993 to 2000, Mr. Nolop was a managing director, mergers & acquisitions, at Wasserstein Perella & Co. Prior thereto, he was a vice president with Goldman, Sachs & Co. for six years, and previously held positions with Kimberly-Clark Corporation and Morgan Stanley & Co. Mr. Nolop serves on the boards of directors of two non-profit organizations, JA Worldwide and Regional Plan Association.

*Class II Directors Continuing in Office*

*(Term Expiring in 2009)*

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

**Director since 2007**

Mr. Baker, age 65, was chairman of Wachovia Corporation from 2001 until his retirement in 2003. Mr. Baker joined Wachovia in 1969, where he served as chairman, president and chief executive officer from 1998 to 2001, and as chief executive officer from 1994 to 1998. He is a director of the North Carolina Arboretum, Marine Corps Heritage Foundation, Old Salem, Inc. and the James B. Hunt Institute for Education.





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**Gwendolyn S. King**

**Director since 1998**

*Directors and*

*Governance Committee (Chair)*

*Executive Committee*

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

**Marc D. Oken**

**Director since 2007**

*Audit Committee (Chair)*

*Executive Committee*

*Finance Committee*

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

**David A. Olsen**

**Director since 1997**

*Audit Committee*

*Compliance Committee*

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

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**Class III Directors Continuing in Office**

**(Term Expiring in 2010)**

**Zachary W. Carter**

**Director since 2004**

*Audit Committee*

*Compliance Committee (chair)*

*Executive Committee*

Mr. Carter, age 58, is a partner at the law firm of Dorsey & Whitney LLP, where he is co-chair of the White Collar Crime and Civil Fraud practice group. He joined Dorsey & Whitney in 1999. Mr. Carter was the United States Attorney for the Eastern District of New York from 1993 to 1999. Mr. Carter is a director of Cablevision Systems Corporation and is chairman of the Mayor's Advisory Committee on the Judiciary, chairman of the board of directors of Hale House Center, Inc. and a trustee of the New York University School of Law and the Vera Institute of Justice.

**Oscar Fanjul**

**Director since 2001**

*Compensation Committee*

*Finance Committee*

Mr. Fanjul, age 58, is vice chairman and chief executive officer of Omega Capital, a private investment firm in Spain. Mr. Fanjul is honorary chairman of Repsol YPF, where he was chairman and chief executive officer from its inception in 1986 until 1996. He was chairman of Hidroeléctrica del Cantábrico from 1999 to 2001 and chairman of NH Hoteles from 1997 until 1999. Mr. Fanjul is a director of Acerinox, the Lafarge Group, the London Stock Exchange, Areva (Conseil de Surveillance) and a member of MMC's International Advisory Board. He is a trustee of the International Accounting Standards Committee Foundation and the Amigos del Museo del Prado.

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

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

Name	Amount and Nature of Beneficial Ownership (1)		Total
	Sole Voting and Investment Power	Other than Sole Voting and Investment Power (2)	
Leslie M. Baker, Jr.	8,977		8,977
Matthew B. Bartley	7,424	120,879	128,303
M. Michele Burns	1,887	131,803	133,690
Zachary W. Carter		10,714	10,714
Michael G. Cherkasky (3)	2,381	1,242,845	1,245,226
John P. Drzik	4,911	118,905	123,816
Brian Duperreault		411,124	411,124
Oscar Fanjul	38,695		38,695
Charles E. Haldeman, Jr. (3)	58,460		58,460
Stephen R. Hardis	22,000	48,839	70,839
Gwendolyn S. King		26,705	26,705
Lord Lang	10,017	10,128	20,145
Bruce P. Nolop			
Marc D. Oken	11,652	2,325	13,977
David A. Olsen	435,828		435,828