

Marsh & McLennan Companies Inc (MMC)

Insurance Brokers and Consulting

April 10, 2024

Stock Rating

Buy

Investment Thesis

Marsh & McLennan Companies Inc. (MMC) is a global provider of Insurance brokerage and Consulting services with a balanced basket of service offering that can survive any economic cycle. We recommend a BUY rating on MMC with a price target range of \$226 - \$252, representing a potential upside of 25%.

Drivers of Thesis

- MMC is strategically positioned within the fragmented Insurance brokerage industry, controlling the largest market share of 3.1%⁷. We expect the company's strategy of sporadic acquisitions to fortify its market leader position.
- MMC has consistently delivered high single digit revenue growth and margin expansion, even during economic downturns. We expect MMC to grow revenue by 6.3% on a CAGR basis over 10years.
- MMC has a strong capital position to support business expansion and reward shareholders, demonstrated with \$7.05bn share repurchase, dividend payment and acquisitions in 2 years. We believe this positions MMC to take on potential opportunities in new and existing markets.
- MMC is a cost disciplined company and has achieved a notable reduction in operating expenses as a percentage of sales from 83.9% in 2019 to 76% in 2023. This bodes well for margin expansion into the future.

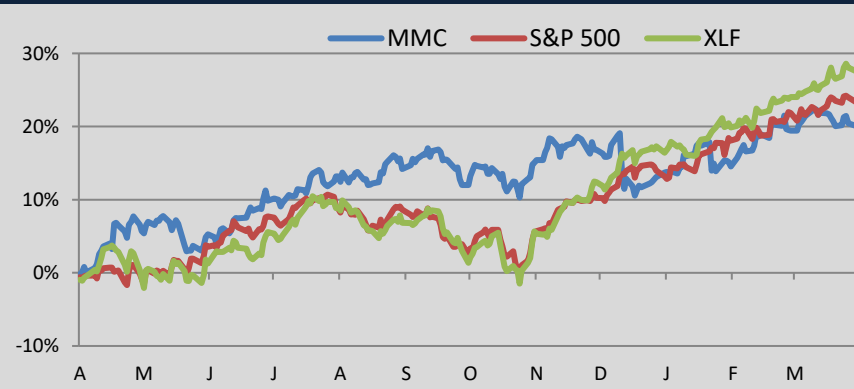
Risks to Thesis

- MMC completed a total of 80 acquisitions within the last 5years. Inability to derive intended synergies or achieve market share expansion may dampen the outlook and growth assumptions.
- MMC operates in a highly competitive environment and relies on third party vendors to provide key operational functions. This presents potential business risk and could affect growth outlook.

Earnings Estimates

Year	2021	2022	2023	2024E	2025E	2026E
EPS	\$6.20	\$6.11	\$7.60	\$8.63	\$9.47	\$10.34
HF est.				\$8.95	\$9.50	\$10.38
Growth	55.78%	-1.45%	24.39%	17.76%	6.14%	9.26%

12 Month Performance



Target Price

\$226 - \$252

Henry Fund DCF	\$252
Henry Fund DDM	\$176
Relative Multiple	\$210

Price Data

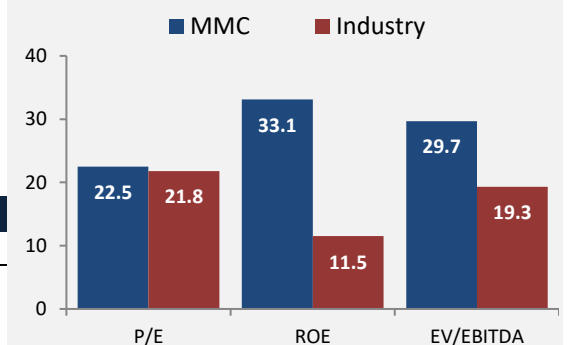
Current Price	\$201.6
52wk Range	\$166.9 – 209.2
Consensus 1yr Target	\$226

Key Statistics

Market Cap (B)	\$100.1
Shares Outstanding (M)	492.0
Institutional Ownership	91.6%
Beta	0.87
Dividend Yield	1.40%
Est. 5yr Growth	8.44%
Price/Earnings (TTM)	25.17
Price/Earnings (FY1)	22.40
Price/Sales (TTM)	4.15
Price/Book (mrq)	7.65

Profitability

Operating Margin	26.20%
Profit Margin	16.50%
Return on Assets (TTM)	10.09%
Return on Equity (TTM)	34.94%

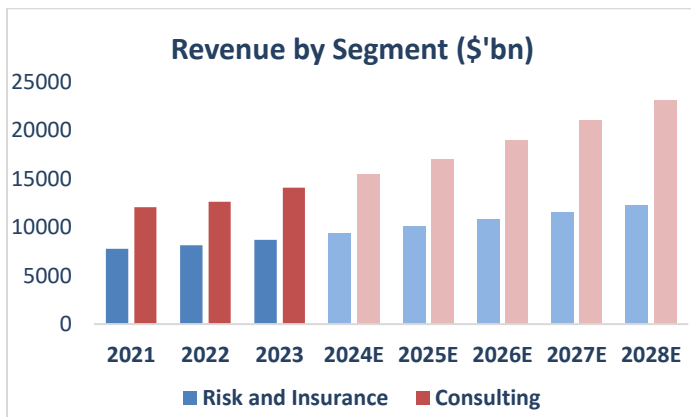


Company Description

Marsh & McLennan is a leading professional services company that operates through two segments: Risk and Insurance services, and Consulting. The Risk and Insurance services segment focuses on risk management, insurance, and reinsurance brokerage services while the Consulting segment offers specialized management, strategic and economic consulting services as well as health, wealth, and career solutions. In 2023, The company reported \$22.74bn in revenue with 23.2% operating margin and 16.52% net margin.

COMPANY DESCRIPTION

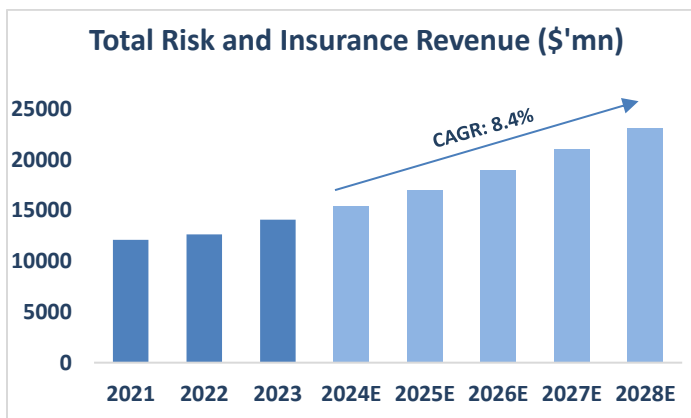
Marsh & McLennan Companies Incorporation (MMC) is a global provider of risk management, insurance and reinsurance brokerage services, and consulting services. MMC operates primarily through two broad segments: Risk and Insurance services, and Consulting segments across Asia Pacific, Emerging markets and the Americas. MMC employs 85,000 talents across 130 countries generating an annual revenue of \$22.74bn as of FYE 2023.



Source: MMC's 10k, HF Research

Risk and Insurance Segment

Risk and Insurance business is conducted through Marsh and Guy Carpenter. MMC through the Risk and Insurance segment offers risk advisory, risk transfer and control, mitigation solutions as well as insurance and reinsurance brokerage services. Marsh specializes in risk brokerage and advisory with over a century of experience dealing with companies, institutions, and individuals. Marsh generated approximately 53%² of total revenue in 2023, representing the largest subsegment in all of MMC's business.



Source: MMC's 10k, HF Research

Guy Carpenter is the second arm of the Risk and Insurance segment that specializes solely in reinsurance intermediation and advisory services. Guy Carpenter provides reinsurance in a broad range of segments including Automobile, Aviation, Agriculture, Cyber, Engineering/Construction, Insurtech among others. This arm of MMC generated 11% of total revenue in 2023 and became part of MMC in 1923. In wholesome, the Risk and Insurance segment of MMC generated 62% of total revenue in 2023.

We projected an 8.4% growth on a CAGR basis in the Risk and Insurance segment over the next five years owing to existential and rising risk embedded in operations of businesses globally. Supply chain disruptions, geopolitical underpinnings, natural disaster, and climate disorder has heightened the need for Insurance and risk cover for businesses in recent years, and we expect these phenomena to remain a bottleneck in the next decade.

Marsh

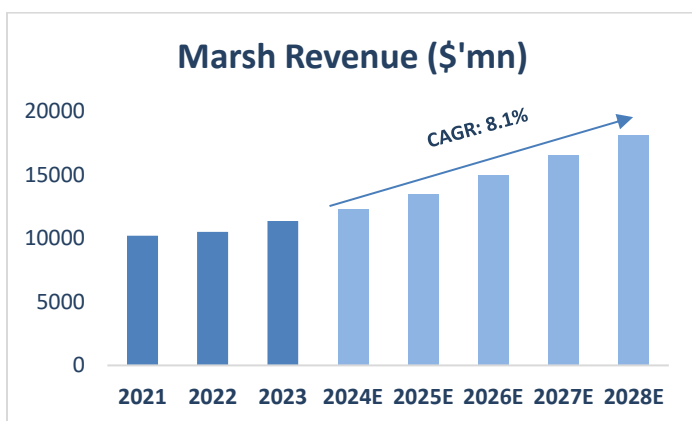
Marsh represents the single largest subsegment in the Marsh and McLennan family companies, contributing 50% of 2023's total revenue. Marsh was established in 1871 and is recognized as the world's foremost insurance broker and risk advisor with a global workforce of about 45,800 spanning over 130 countries². Marsh serves a diverse clientele, including businesses, government entities, professional service organizations, and individuals.

Marsh's core offerings include risk management, insurance broking, program management, consulting, and alternative risk financing services. The firm employs a team-based approach to address clients' risk management and insurance needs. It offers a wide range of services such as risk analysis, insurance program design and placement, claims advocacy, and alternative risk strategies. This segment's clientele varies in size and complexity, from large multinational corporations to middle-market businesses and small commercial enterprises². Marsh tailors its services to meet the specific needs of each client segment, enhancing its value proposition and operating efficiency accordingly.

Although Marsh is known globally as a leading insurance broker and risk management expert, it faces significant competition from various insurance brokers from different parts of the world. We would like to see this as a net

positive rather than a negative because of the diversification benefits.

Marsh primarily generates revenue from compensation for brokerage and consulting services through commission and fees. These commissions and fees vary and can depend on the type of insurance or reinsurance services provided, the type and capacity in which the insurer or reinsurer acts and negotiates with clients. In addition, Marsh also generates revenue from additional compensation from insurance companies including payment for consulting services, analytics, underwriting services provided to or on behalf of insurers, and contingent commissions.



Source: MMC's 10k, HF Research

Marsh experiences revenue boost in periods of economic uncertainty and heightened business risk. For instance, Marsh saw 18.7% growth in topline in 2021 as business grappled with geopolitical risks, inflation, and supply chain disruptions. In 2023, revenue growth printed at 8.3% compared to 3.0% growth recorded in 2022. We factored an 8.1% CAGR growth in our forecast through 2028, premised on the belief that the clientele base of Marsh will continue to encounter dynamic business challenges stemming from geopolitical tensions, supply chain disruptions, climate disorder among many other systemic risks affecting organizations and public entities. We believe that the MMC's focus on emerging growth sectors like digital, climate, sustainability, and cybersecurity will serve as a major growth buffer in the medium to long-term. Our growth assumption also factored in the consistent pattern of acquisition as a strategy for MMC to expand market share, forge ahead of competitors whilst

keeping revenue stream diversified. For additional context, MMC acquired a total of 80 businesses between 2019 and 2023. We would like to view this large number of acquisitions as a net positive, even though MMC faces the risk of not being able to optimally manage conflicts or determine synergies that comes along with acquiring significant number of businesses in diverse areas.

Guy Carpenter

Guy Carpenter operates as the reinsurance intermediary and advisor within the Risk and Insurance segment. The subsegment contributed approximately 11% to the company's total revenue in 2023, with a team of around 3,500 colleagues globally².

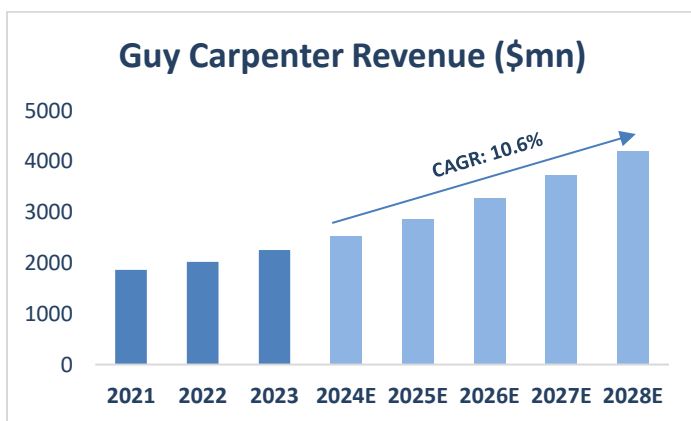
Guy Carpenter specializes in providing clients with a comprehensive range of reinsurance broking expertise, strategic advisory services, and analytics solutions. Leveraging risk assessment analytics, actuarial services, and deep product knowledge. This arm of the business creates and implements reinsurance and risk management solutions for clients worldwide. For additional context, Guy Carpenter acts as a broker or intermediary for all classes of reinsurance, placing two main types: treaty reinsurance, involving the transfer of a portfolio of risks, and facultative reinsurance, involving the transfer of part or all coverage provided by a single insurance policy across Automobile/Motor, Aviation, Cyber, Engineering / Construction, Financial Lines, Life/Accident/Health, Marine and Energy, Political Risk & Trade Credit, and Workers Compensation/Employer Liability, among others.

In addition to traditional reinsurance services, this subsegment provides clients with alternatives such as industry loss warranties and capital markets solutions, including insurance-linked securities. Another division of MMC, GC Securities, also offers corporate finance solutions, mergers & acquisitions advice, private debt, and equity capital raising, and capital markets-based risk transfer solutions.

In 2023, Guy Carpenter expanded revenue by 11.8%, compared to 8.2% growth recorded in 2022. Growth in this subsegment is generally driven by perceived or heightened

risks of doing business within the economy, economic cycles and increased demand for insurance and reinsurance services. This subsegment generates revenue from compensation for brokerage and consulting services through commission and fees. These commissions and fees vary and can depend on the type of insurance or reinsurance services provided, the type and capacity in which the insurer or reinsurer acts and negotiates with clients.

Given the geopolitical tensions and supply chain disruptions that have driven increased demand for insurance related services in the past year, we have forecasted revenue to capture perceived risks in line with recent global occurrences.



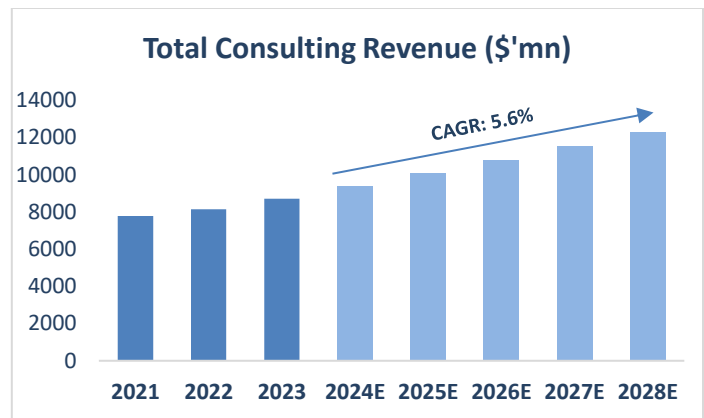
Source: MMS's 10k, HF Research

Through 2028, we expect revenue to grow by 10.6% on a CAGR basis. Our growth assumption for Guy Carpenter is similar to that of Marsh since they both operate in the Risk and Insurance segment.

Consulting Segment

The Consulting segment conducts business through Mercer and Oliver Wyman. MMC's Consulting segment provides advisory services, solutions and products that help organizations cater to health, wealth, and career needs of their multifaceted workforce. This segment also provides management consulting services to businesses across 48 countries, optimizing and improving operations and risk profile with expertise in strategy, operations, risk management, and organizational transformation. The

consulting segment contributed 38% of total revenue in 2023.



Source: MMC's 10k, HF Research

Mercer primarily focuses on providing advisory services, solutions, and products to improve employee health, wealth, and career advancement for businesses of all sizes and individual customers. Mercer generated approximately 24% of total revenue in 2023 with its 24,500 employees across 48 countries². Oliver Wyman provides management consulting services to organizations, combining deep industry knowledge and specialized expertise in strategy, operations, and risk management to help optimize and improve operations, risk profile and performance. Oliver Wyman generated approximately 14% of total revenue in 2023.

For the consulting segment, our growth forecast was premised on historical growth trajectory and recent strategic acquisitions. We expect revenue to grow at 5.6% CAGR, especially as the segment benefits from acquisition synergies and continued expansion in emerging markets.

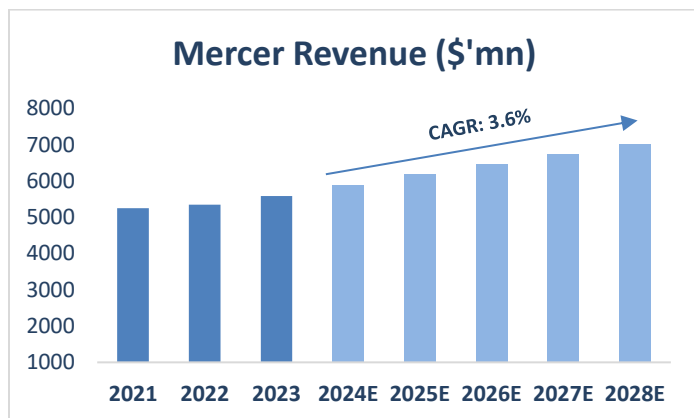
Mercer

Mercer is the biggest subsegment within the Consulting segment by revenue generated. Mercer is MMC's line of business that deals with provision of advisory services, solutions, and products that help organizations meet their workforce's health, wealth, and career needs. This subsegment employs approximately 24,500 talents across 48 countries², serving a wide range of clients, including small, medium and large organizations, public sector entities, and individual customers.

Mercer operates primarily through Health, Wealth, and Career subsegments. In the Health category, Mercer

assists employers in designing and managing employee health and welfare programs, administering health benefits, and ensuring compliance with local regulations. Services include total health and wellness management, global health brokerage solutions, vendor performance audit, and life and disability management. Meanwhile, the Wealth category deals with consulting, governance, and risk management services for defined benefit, defined contribution, and hybrid retirement plans. The company offers actuarial consulting, investment management, retirement plan outsourcing, and investment solutions for institutional investors, financial intermediaries, and individuals through this subsegment. Lastly, the Career category advises organizations on employee engagement, skill assessment, management and reward strategies, executive remuneration programs, HR effectiveness, and digital HR information systems implementation.

Mercer generates revenue through its three diverse subsegments, including fees paid by clients, commissions, and fees based on assets or members. The company's compensation structure includes commissions for health insurance placement, fees based on assets under management, and fees for consulting and advisory services.



Source: MMC's 10k, HF Research

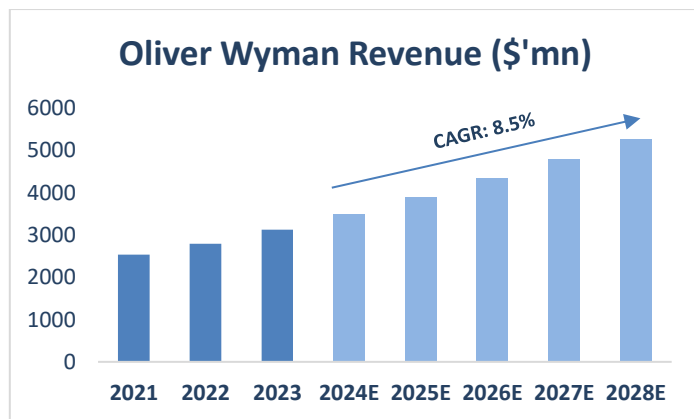
In 2023, Mercer grew revenue by 4.5% compared to 1.7% growth recorded in 2022. Majority of this growth is traceable to the Wealth category that recorded a significant rebound in revenue from negative 5.7% growth in 2022 to 6% positive in 2023. We projected a 3.6% CAGR growth through 2028 for the Mercer segment in line with historical trend. We believe the Mercer segment is driven

largely by economic cycles, and as such exposed to downturns. Mercer's Wealth category is exposed to interest rate fluctuations; hence a lower interest rate could impact revenue growth in this subsegment. We also accounted for potential acquisitions, since MMC employs acquisition as a growth strategy.

Oliver Wyman

Oliver Wyman is a global leader in management consulting, with over 6,800 professionals across more than 30 countries². Oliver Wyman delivers specialized expertise in strategy, operations, risk management, and organizational transformation to clients worldwide. Industry-focused sectors served by Oliver Wyman include automotive and manufacturing, communications, media & technology, energy and natural resources, financial services, insurance and asset management, health and life sciences, public sector, private capital, retail & consumer goods, transportation services, and more.

The firm complements its industry knowledge with functional specializations such as actuarial services, climate and sustainability consulting, finance and risk management, restructuring, digital transformation, operations optimization, organizational performance, payments strategy, pricing, sales, marketing, customer experience design, and performance transformation.



Source: MMC's 10k, HF Research

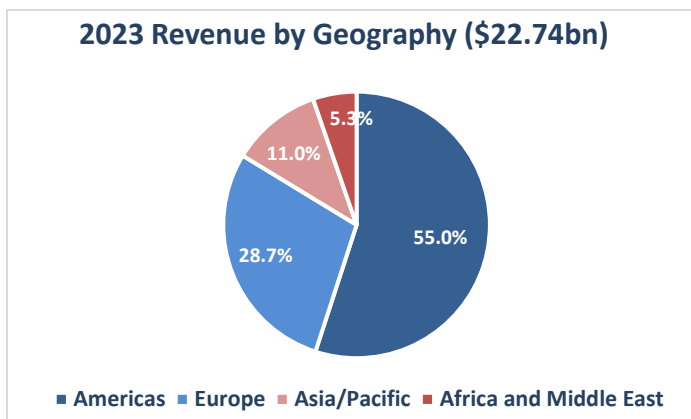
Oliver Wyman generates revenue primarily from fees paid by clients for advisory services. In recent years, Oliver Wyman group recorded decent topline growth, including 23.8% growth in 2021, 10.22% growth in 2022 and 11.74%

growth in 2023. As for 2023, acquisitions contributed approximately 3%² to revenue growth, while 1%² was contributed by foreign currency translation.

Our growth assumption for this subsegment is similar to that of Mercer. We project an 8.5% CAGR through 2028, in line with historical trends and future trajectory. We think the Consulting segment is prone to economic downturns due to service offerings depending largely on the state of the economy.

Geographic Breakdown

In 2023, 55% of total revenue was generated from the Americas compared to 52.6% recorded in 2022. The US had the largest pie of the Americas, generating 47% of total revenue. Europe (28.7%) contributed the second largest portion of total revenue in 2023, with a large portion associated with business in the United Kingdom (16% of total revenue).



Source: FactSet

Africa, Middle East, and Asia/Pacific contributed the rest of the pie, together amounting to 15.3%. We favor diversification of revenue streams across continents as it helps ride economic downturns and geographical disruptions that hurt some regions but not others.

For additional context, MMC has generated over 52% of its total revenue outside of the United States. Although this diversification exposes MMC to various legal, economic, operational and compliance risks, we believe this is a great strategy to navigate the increasing geopolitical conflicts and reduce exposure to any one economy. Additionally,

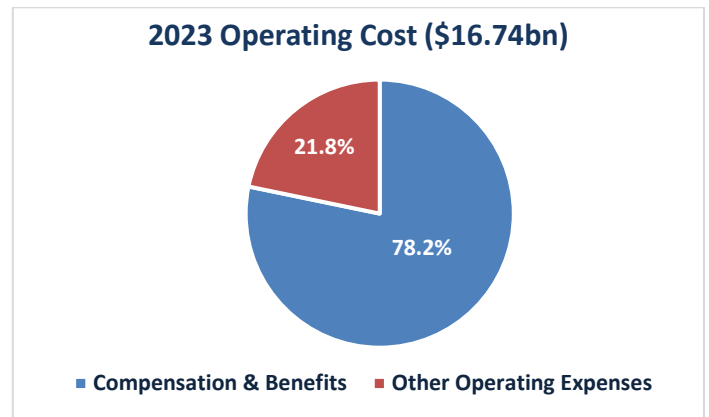
MMC grew its business in Emerging markets by 11.8% in 2023 compared to 10.4% in 2022³.

In our forecast, we expect overall revenue to grow by 13.7% on a CAGR basis throughout the forecast horizon with the largest portion coming from the US businesses. Although, we believe MMC’s strategy will keep expanding presence in emerging markets and the rest of the world to remain competitive and diversified.

Additional Company Analysis

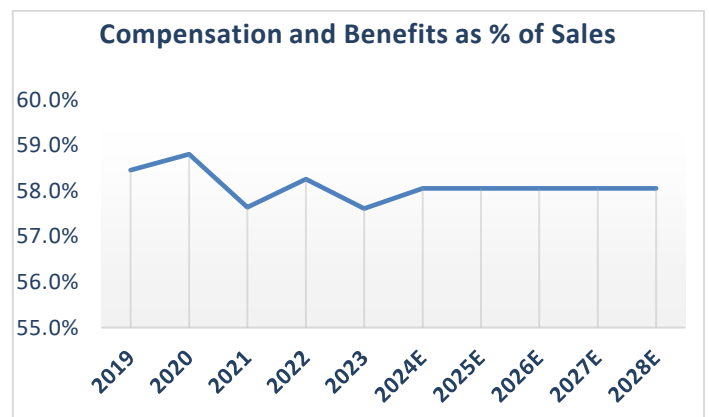
Cost Structure

The biggest operating cost of MMC is Compensation and Benefit, followed by other operating expenses. Given that the bulk of MMC’s business is service oriented, this is very normal and typical.



Compensation and Benefits:

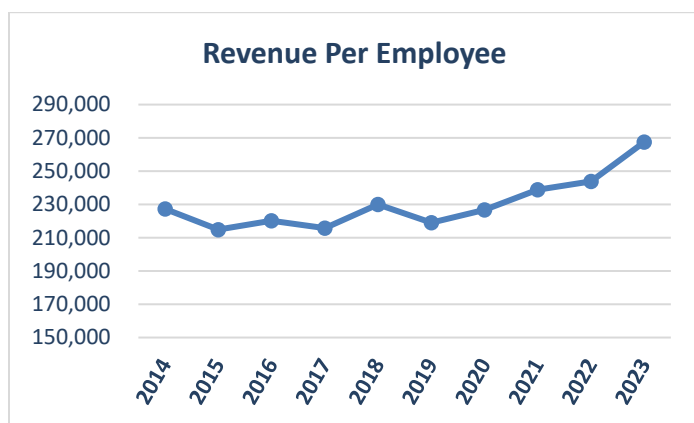
Compensation and Benefits costs primarily relate to costs incurred to retain and attract talents/employees.



Source: MMC’s 10k, HF Research

These expenses generally include employee compensation and benefits, and travel costs that are incurred in connection with delivery of services².

In 2023, compensation and benefits increased in absolute terms by approximately \$1bn², driven largely by increased headcounts, higher base salary and incentive compensation². This is in line with historical trends especially between 2019 and 2023, due in part to aggressive mergers and acquisitions leading to increase in employee headcount. For additional context, employee headcount rose from 57,000 in 2014 to 85,000 in 2023. To understand the effect of these increases in employee headcount, we measured the impact of the increase on revenue and discovered that revenue per employee has climbed from under \$230,000 in 2014 to roughly \$270,000 in 2023.



Source: MMC's 10k, Mergent, HF Research

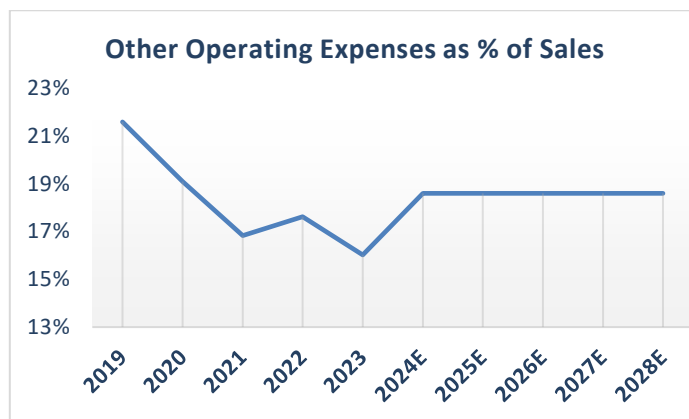
As a result, compensation and benefits have stayed under 59% within the same period when measured as a percentage of sales.

We have projected Compensation and Benefits as a percentage of sales to capture the average range observed within the past 5 years. Our projection lies within the 58% range, although we think this is a fairly conservative way to model this line item. We believe MMC might be able to achieve a lower range in the future as the synergies from acquisitions begin to kick in.

Other Operating Expenses

The second apparent line item on the operating cost segment is the Other Operating Expenses. MMC defined this line item as mostly restructuring cost, including moving, legal, or consulting costs. We observed the declining trend of this line item dating back to 2019. It is

evident that the myriad of acquisitions executed by MMC has provided scale and in turn reduced other operating expenses, especially when measured as a percentage of revenue generated. We also discovered the declining trend of restructuring costs which according to MMC's 10k is primarily related to severance, lease exit charges and costs of integrating new acquisitions.



Source: MMC's 10k, HF Research

Other operating expenses as a percentage of revenue generated declined steadily from 22% in 2019 to approximately 16% in 2023. We expect this line item to stay within 16% - 18% range, even though we think synergies from future acquisitions may potentially lower this range.

By and large, we are confident that MMC is very well positioned from a cost perspective, especially due to the fact that their major growth strategy stems from acquisition, expanding existing business, and venturing into new industries across the globe.

Debt Maturity Analysis

As of December 31, 2023, MMC had a total consolidated debt outstanding of \$13.5bn. For a company like MMC that places huge importance on acquisition as a growth strategy, it is fair to observe a decent amount of debt on their books.

MMC increased its short-term commercial paper financing program to \$3.5bn² in 2023 from \$2.8bn² the previous year. The Company had previously increased the Program's capacity in October 2022 to \$2.8bn² from \$2.0bn. Although, MMC has no commercial paper outstanding as of December 31, 2023, and 2022.

In terms of long-term debt, MMC recently repaid \$250mm 4.05% senior notes that matured during the last quarter of 2023. However, there were several issuances of long-term debts during 2023.

In September 2023, the company issued \$1.6bn senior notes due 2033 and 2053, while \$600mn was issued in March 2023 due in 2053.

Year	USD debt Maturity (\$'mn)
2024	1600
2025	499
2026	1216
2029	1499
2030	1342
2031	397
2032	493
2033	890
2039	496
2047	494
2048	593
2049	1239
2051	346
2052	491
2053	1579

Source: MMC's 10k

Marsh and McLennan stated on their 10k that scheduled repayment of long-term debt in 2024 amounts to \$1.6bn. MMC generated an operating cash flow of \$4.26bn in 2023, and thus could reasonably service upcoming debt obligations without refinancing. Currently, the Company's senior debt is rated A- by S&P, A3 by Moody's, and A- by Fitch. Meanwhile, MMC's short-term debt is currently rated A-2 by S&P, P-2 by Moody's, and F-2 by Fitch. The Company carries a Stable outlook with S&P, Moody's, and Fitch.

Sustainability and Social Responsibility

Sustainability, societal impact, and responsible governance constitute the core pillars of Environmental, Social, and Governance (ESG) evaluation, crucial factors in assessing the enduring value and societal footprint of an investment in an enterprise. These metrics not only offer insights into a company's future financial trajectory but also gauge its risk exposure.

Environmental Sustainability

MMC is committed to achieving net-zero carbon emissions across its global business operations by 2050, with a 50% emissions reduction by 2030¹. Through partnerships and internal policies, the company focuses on reducing emissions through technological advances, renewables, and sustainable choices. Initiatives like installing solar panels on office premises demonstrate tangible progress towards reducing environmental impact.

Corporate Governance

The company boasts of high ethical standards and independence in governance, with an independent chairman and a separate CEO and chairman of the board¹. Gender diversity on the board is presently not balanced with six male and 2 female board representation. Regular reviews ensure board composition aligns with shareholder interests, while robust ethics and compliance policies, including a Code of Ethics for senior officers¹, reinforce integrity and accountability.

Risk Assessments

Marsh & McLennan conducts comprehensive risk assessments, including bribery and corruption risk assessments covering 100% of its business operations in 2023¹. Action plans are promptly deployed to mitigate risks, demonstrating a commitment to ethical conduct and compliance with industry best practices.

Cybersecurity Risk Management

As a professional services firm handling sensitive information, MMC prioritizes cybersecurity risk management. Industry-standard frameworks and certifications, along with periodic assessments by third-party consultants, ensure robust cybersecurity measures are in place¹. Oversight by the chief information security officer and chief information officer ensures proactive prevention, detection, and mitigation of cybersecurity incidents.

Company	ESG Score	Risk Rating
Aon Plc	15.2	Low
Arthur J. Gallagher	21.2	Medium
WTW	18.7	Low
Brown and Brown	20.5	Medium
MMC	21.6	Medium

Source: FactSet, Morningstar Sustainability

A close comparison of peers in this industry places Marsh and McLennan in the medium bracket. Given the highlighted ESG efforts of MMC above, we expect the ESG

score to gravitate towards the Low bracket in the medium-to-long term. We have not factored ESG into our model as we do not expect it to drive any significant value, at least in the immediate.

RECENT DEVELOPMENTS

Recent Earnings Announcement

Marsh and McLennan reported fourth quarter and FYE 2023 results on 5th of January 2024. MMC reported a consolidated annual revenue of \$22.7bn², representing 10% growth year-on-year. Operating Income for the year increased by \$1.0bn² or 23.4% to \$5.3bn, while the Net Income printed at \$3.8bn² or 23.16% increase compared to 2022.

Risk and Insurance Services recorded an 11% increase in topline to \$14.1bn, with Operating Income improving by 25.8% to \$3.9bn. Similarly, the Consulting business of MMC saw a 7% increase in topline to \$8.7bn in 2023, with \$1.7bn of that amount dropping into the operating income.

MMC completed 14 acquisitions in 2023, the largest being the acquisitions of Honan Insurance Group and Graham Company in the Risk and Insurance Services segment². The company also repurchased 6.4mn shares for \$1.15bn, and paid Dividend of \$1.3bn or \$2.6/share during the year. Management expects mid-to-high single digit underlying topline growth for FY2024.

Technological Integration

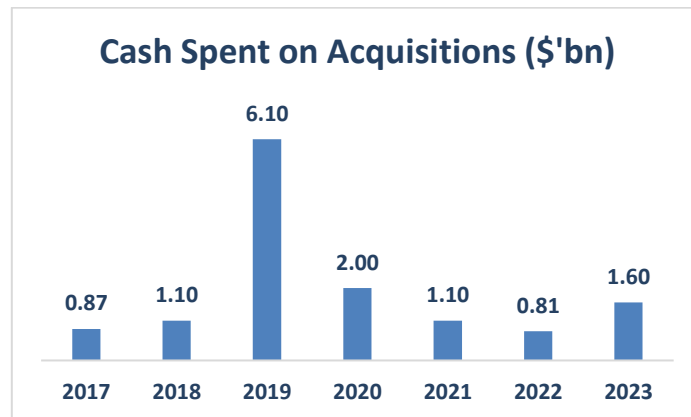
Artificial intelligence (AI) and Big Data have become the most important game changer for companies to survive the next level of a dynamic cycle. Marsh and McLennan in November 2023 announced the launch of a new generative AI tool, called Len AI. The tool, called LenAI, was developed by Marsh McLennan’s Dublin Innovation Center in collaboration with Oliver Wyman Digital and is available to Marsh McLennan’s more than 85,000 colleagues worldwide¹.

This tool was built on technologies from Microsoft and Open AI, deployed internally to keep all data in-house and most importantly available to improve efficiency of MMC’s workforce. These features allow colleagues to be more

productive and have greater impact in their client work. Early adopters at Oliver Wyman self-reported saving an average of eight hours per week when using the tool¹. Additionally, they reported spending 20% less time on simple, repetitive tasks and reallocating that time toward more complex tasks. We expect the deployment of this Generative AI tool to improve efficiency, reduce unnecessary costs and boost turnaround time of complex tasks for MMC’s army of talents.

Acquisition

MMC has a longstanding history of acquiring businesses to achieve inorganic growth and operational scale. Between 2019 and 2023, MMC completed a total of 80 deals across the Risk and Insurance, and Consulting segments.



During this period, total cash spent on acquisitions amounted to \$11.6bn, with over 50% spent in 2019 alone.

In 2023 alone, MMC completed 14 acquisitions, the largest being the acquisitions of Honan Insurance Group and Graham Company in the Risk and Insurance Services segment². For the Consulting segment, MMC completed the acquisition of Westpac Banking Corporation’s financial advisory business, Advance Asset Management, and the transfer from Westpac of BT Financial Group’s personal and corporate pension funds to the Mercer Super Trust managed by Mercer Australia¹. Although MMC runs the risk of not fully realizing the cost synergies and (or) market share expansion intended for these acquisitions, management intend to remain aggressive on this path, especially as a growth strategy.

MMC does not typically disclose the method of financing acquisitions, although we feel a good portion of these deals are financed with cash.

Acquisitions in 2021	Acquisitions in 2022	Acquisitions in 2023
<ul style="list-style-type: none"> • Compass Financial Partners • PayneWest Insurance, Inc. • Vaaler Insurance, Inc. • Huron Consulting Group, Inc. • Truck Insurance Agency, Inc. • Retired Cary Co., Inc. • InSource Insurance Group LLC 	<ul style="list-style-type: none"> • Azure Consulting • GeFi Assurance SASU • Blue Orange Digital LLC • Advance Asset Mgt Ltd. • Clark Insurance • Cs Insurance Strategies, Inc. • Steinberg & Associates, Inc. • IA/BCH Strategic Alliance LLC • Bradley Insurance Agency • McDonald-Zaring Insurance 	<ul style="list-style-type: none"> • HMS Insurance Associates • Leapgen LLC • Austral Insurance Brokers Pty • SOLV Risk Solutions LLC • Integrity HR, Inc. • Trideo Systems • Graham Co. • Honan Insurance Group Pty • Re Solutions

Source: FactSet

In 2024, Oliver Wyman, one of MMC’s consulting businesses completed two acquisitions. Oliver Wyman acquired Innopay BV, an expert in innovative payment solutions and related transaction services, and SeaTec Consulting, which offers engineering and management consulting services. Mercer also acquired Vanguard’s outsourced chief investment officer (OCIO) business that provides investment management services for not-for-profit organizations and other institutional investors in the United States¹. In addition, there are two acquisitions currently in the pipeline, Louisiana Cos. and Querbes & Nelson.

It is not a surprise that acquisitions have kickstarted in 2024, especially because management believes it to be the major growth driver for the overall company.

Industry Trends

Source: IBIS World

Industry Overview

The Insurance Brokers and Agencies industry primarily consists of independent brokers and agencies that act as intermediaries between insurance providers and clients. They earn commission income from selling insurance policies and annuities, along with fees for risk management consulting. In essence, industry revenue grows as policy prices and volumes increase. The industry is vital to the larger insurance sector as operators act as

intermediaries between insurance providers and downstream clients⁷.

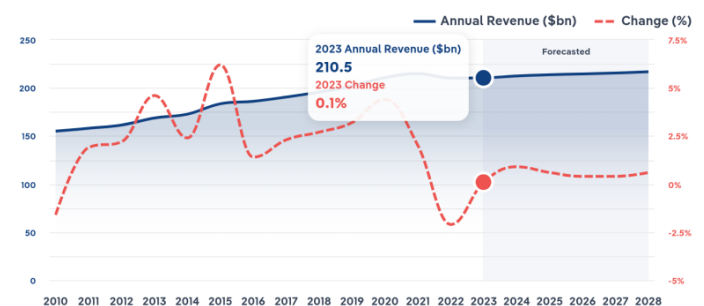
In recent years, Insurance Brokers have seen steady growth stemming from economic growth and rising premium prices on policies sold to consumers. Despite rising premium prices, consumers have not decreased their consumption of insurance products due to rising disposable income levels and favorable legislative trends⁷. Even in 2020 and 2021, when adverse economic effects of COVID-19 were raging, federal government’s adoption of aggressive countercyclical policies kept revenue considerably on a growth trajectory.

The industry's resilience is supported by the hardening cycle, where increasing insurance policy prices boost revenue. Prices in this industry respond to macroeconomic conditions and regional factors like the frequency of natural disasters, influencing premiums on policies.

Industry revenue grew on a CAGR basis of 1.5% to an estimated \$210.5 billion over the past five years, profit has also increased since operating cost inflation has kept pace with the rise in premiums. To reiterate, Insurance brokers enjoy the benefit of increased revenue during periods of economic uncertainty, and as such, remained on a growth path despite global economic woes in the past few years.

Revenue

Total value (\$) and annual change from 2010 – 2028. Includes 5-year outlook.



According to IBIS world, the Insurance brokers industry will stay the course of revenue growth into 2028.

For context, the industry is expected to continue its growth trajectory, fueled by macroeconomic improvements post-COVID. Demand for insurance policies, especially in the commercial line, is projected to be driven largely by Per capita disposable income growth and rebounding business sentiment.

We align with IBIS World’s view that rising inflationary pressures may dampen this outlook. A prolonged period of inflationary pressures may bring about consumer spending cuts, shifting demand to specific insurance niches.

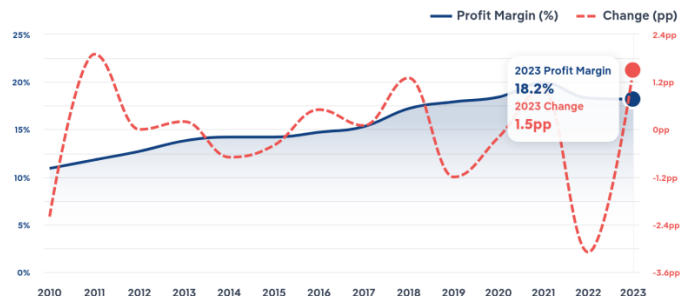
dependence on acquiring those policies, therefore lowering volatility.

Over the next decade, we believe the battle against inflation will be over and global economy will become stable. In that scenario, growth in per capita disposable income, coupled with a rebound in the business sentiment index will keep industry demand considerably strong.

The use of technology as an accelerant for online sales and expanding Direct-To-Consumer capabilities is poised to strengthen industry growth, as operators will look to improve customer service and enhance policy processing across their servers⁷.

Profit Margin

Total profit margin (%) and annual change from 2010 - 2023



Source: IBIS World

Profit Margins for the insurance brokers have also increased over the years since operating cost inflation has kept pace with the rise in premiums, with an anticipated 18.2%⁷ margin in 2023. Despite multifaceted operational changes in many industries necessitating increased demand for workers to assist customers understand their policies which in turn led to expansion of workforce, bottom-line remained considerably resilient. We would like to note that the industry's profit margin is largely determined by the prevalent economic cycle. In the case of a hardening price cycle (a cycle denoted by higher premium for insurance policies), premiums are higher and industry firms can generate more revenue and vice versa.

Industry Outlook

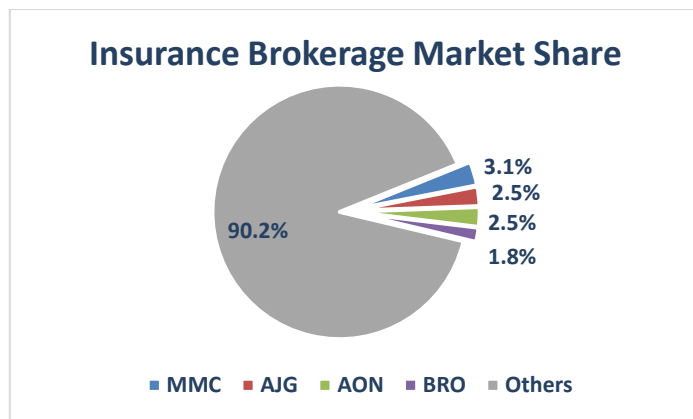
We like to view the insurance brokerage business as one that thrives in any economic situation. A tough cycle brings about economic uncertainty and thus causes revenue to remain strong, at least from the commercial lines. Likewise, a growing economy typically increases consumer spending and expands the bucket list of insurable items for consumers.

Increased geopolitical uncertainty, climate change, and uncertain business environment as we have it presently is viewed as a net positive for the Insurance brokers. We expect that rising climate disasters, such as wildfire and flood will put an upward pressure on premiums for insurance policies. As noted by IBIS World, there is no guarantee consumers will leave even if prices increase, as the mandate surrounding insurance coverage creates

PEER COMPARISON

Return Ratios Comparison:

The peer set comprises of companies operating a close or same business model as Marsh & McLennan. These companies operate mostly in the Insurance and Reinsurance brokerage space and have over the years competed with MMC for market share domestically as well as on a global scale.



Source: FactSet

The insurance brokerage industry is highly fragmented, with MMC, the top market player, holding just 3.1% of the market share.

Company	ROA(%)	ROE(%)
Marsh & McLennan Companies	9.22	33.08
Aon Plc	7.69	8.01
Aurthur J. Gallagher	2.16	9.73

Willis Tower Watson	3.47	10.80
Brown and Brown Inc	5.88	16.83

Source: FactSet

Marsh & McLennan also led the sect with a 33.1% return on equity, while Brown and Brown Inc and Willis Tower Watson trailed with 16.8% and 10.8% respectively. Elsewhere, MMC also recorded the biggest return on assets of 9.2% with Aon Plc and Brown and Brown trailing with 7.7% and 5.9% respectively.

Profitability Comparison:

The Insurance brokerage industry enjoys a fairly high profitability margin with an industry-wide average profitability margin of 15%.

Company	Operating Margin (%)	Net Margin (%)
Marsh & McLennan	26.20	16.50
Aon Plc	30.91	19.13
Aurthur J. Gallagher	18.73	9.77
Willis Tower Watson	19.30	11.13
Brown and Brown Inc	29.81	20.14

Source: FactSet

Aon Plc led the pack with a 30.9% operating margin and a 19.1% Net margin in 2023. Brown and Brown Inc and Marsh & McLennan trailed closely, with operating margins of 29.8% and 26.2%, respectively. While these two companies ended FY23 with strong operational profitability, their Net Margins of 20.1% and 16.5% wandered apart from the industry average.

Competitive Landscape

MMC faces significant competition across all its business segments, including Risk and Insurance Services and Consulting. The company competes with providers of similar products and services, as well as for attracting and retaining qualified employees.

In the Insurance and Reinsurance services sector, MMC competes globally based on the sophistication, range, quality, and cost of its offerings. Competitors include global, regional, and local insurance and reinsurance brokerage firms, insurance companies marketing directly

to consumers, and other businesses providing risk-related services. For context, MMC expressed concerns in their latest annual report about private equity sponsors investing tens of billions of dollars into the insurance brokerage sector in recent years with the aim of transforming existing players and creating new ones to compete with large brokers.

Additionally, the emergence of third-party capital providers in the insurance and reinsurance market intensifies competition. Outside the fierce competition for clients and business, there is also an accelerating competition to attract and retain talents. It is worthy to note that having world class talents and best-in-class employees have a significant impact on service delivery and in turn MMC's bottom-line.

Despite the fierce competition for clientele base and talents, we like to think of MMC as a leading insurance broker. We expect MMC to maintain the top spot in terms of market share and continue to retain best-in-class talent as a result. We believe the risk and insurance business would also benefit from scale of operation given that acquisition is an active growth strategy employed by MMC.

In the Consulting business, MMC competes with a mix of privately and publicly held companies, regional and local firms, and consulting operations affiliated with larger firms. Competition is based on the range, quality, and cost of services provided. Mercer's Health business faces additional competition from insurers and non-traditional competitors in the health benefits space. Oliver Wyman Group competes globally in management consulting, facing competition from consulting, broking, and outsourcing firms, as well as consulting operations affiliated with larger firms. The market is also characterized by fragmentation and the presence of start-ups offering solutions at lower prices or on more favorable conditions.

Even in the face of this competition, we think MMC is very well positioned to grab a decent pie of domestic and international businesses in the Consulting segment. Active

acquisitions, and expansion of expertise and service offerings are expected to be a net positive for this portion of the business. For additional context, Oliver Wyman already completed acquisition of SeaTec consulting in February 2024 and Innopay BV in March 2024. Hence, we are confident that the consulting business of MMC is very well positioned and actively looking for opportunities to expand service offerings.

Aon Plc (AON)

Aon Plc is global provider of risk, health, and wealth solutions. It focuses on risk capital including claim management, reinsurance, risk analysis, management, retention, and transfer; and human capital involving analytics, health and benefits, investments, pensions and retirement, talent and rewards, and workplace wellbeing. The company was founded in 1982 and is headquartered in Dublin, Ireland with workforce strength of 50,000 globally.

\$millions	2020	2021	2022	2023
Revenue	11,054	12,149	12,483	13,401
EBITDA	3,182	2,371	3,995	4,398
Net Income	1,968	1,255	2,589	2,564
Total Asset	32,114	31,917	32,704	33,959

Source: FactSet

Aon controls 2.6% of the Insurance brokerage industry as of December 2023. Aon generated \$13.4bn in revenue in the past year, with 30.9% and 19.1% of that amount dropping into operating and net margin, respectively. Aon has the largest profitability margin among peers but is a laggard when compared from a return ratio perspective.

Aurthur J. Gallagher (AJG)

Arthur J. Gallagher & Co. is a global provider of insurance brokerage, reinsurance brokerage, consulting, and third-party claims settlement and administration services. AJG operates through the Brokerage, Risk Management, and Corporate segments. The Brokerage segment consists of retail and wholesale insurance brokerage operations, while the Risk Management segment provides contract claim settlement and administration services. The Corporate segment manages clean energy and other

investment related offerings. The company was founded by Arthur J. Gallagher in 1927, headquartered in Rolling Meadows, IL with over 44,000 employees globally.

\$millions	2020	2021	2022	2023
Revenue	6,858	8,058	8,420	9,927
EBITDA	1,603	1,884	2,267	2,556
Net Income	819	907	1,114	970
Total Asset	22,331	33,345	38,358	51,616

Source: FactSet

Aurthur J. Gallagher controls 2.6% of the Insurance brokerage industry, trailing Marsh and McLennan, and Aon Plc. The global insurance brokerage provider generated \$9.9bn in revenue in 2023, a significant improvement compared to \$6.9bn revenue levels in 2020. EBITDA has expanded by 59.5% since 2020 to \$2.6bn in line with steady growth in revenue. The company's total assets expanded from \$22.3bn in 2020 to \$51.6bn in 2023, underscoring aggressive acquisitions and business expansion. Although Aurthur J. Gallagher has a strong asset base and profitability margins, its return ratios lag the industry average.

Willis Tower Watson (WTW)

Willis Towers Watson (WTW) Plc is also a global provider of advisory, broking, and solutions services. It operates through Health, Wealth, and Career (HCW), Risk and Broking (R&B), and Corporate and Other segments. The HCW segment provides an array of advice, broking, solutions, and technology for employee benefit plans, institutional investors, compensation and career programs, and the employee experience overall. The R&B segment focuses on a broad range of risk advice, insurance brokerage, and consulting services to clients globally, ranging from small businesses to multinational corporations. The company was founded in 1828 and is headquartered in London, the United Kingdom.

\$millions	2020	2021	2022	2023
Revenue	8,612	9,004	8,862	9,481
EBITDA	1,758	2,072	1,878	2,335
Net Income	738	2,142	1,049	1,055
Total Asset	38,531	34,970	31,769	29,090

Source: FactSet

Despite fluctuation in revenue generated over the past five years, WTW grew EBITDA steadily from \$1.8bn in 2020 to \$2.3bn in 2023. Operating margin and Net margin stayed competitive, with 2023 results printing at 19.3% and 11.1% respectively. Williams Tower Watson, when compared to peers is a laggard in terms of return ratios, although profitability appeared relatively healthy.

Brown and Brown Incorporation (BRO)

Brown & Brown (BRO), Inc., based in Daytona Beach, Florida, is a multifaceted insurance organization. Founded by J. Adrian Brown and Charles Covington Owen in 1939, it offers a variety of services across four main divisions: Retail, National Programs, Wholesale Brokerage, and Services. The Retail division operates on a fee-based model, while the National Programs division serves as a managing general agent, offering professional liability and related package products for specific professionals and industries, as well as individual insurance products and flood coverage. The Wholesale Brokerage division focuses on marketing and selling surplus commercial and personal lines insurance through both independent and retail agents of the company. The Services division offers a range of insurance-related services, including claims administration, medical utilization management services, and advocacy services for social security disability and Medicare benefits.

\$millions	2020	2021	2022	2023
Revenue	2,611	3,042	3,569	4,257
EBITDA	809	1,073	1,229	1,475
Net Income	465	574	659	857
Total Asset	9,101	9,932	14,110	15,059

Source: FactSet

BRO controls 1.8% of the brokerage industry market share, with strong revenue growth. The company's revenue has seen a steady increase, rising from \$2.6bn in 2020 to \$4.3bn in 2023. BRO's EBITDA and net income have also followed a similar upward trajectory. The EBITDA increased from \$809mn in 2020 to \$1.5bn in 2023, and the net income rose from \$465mn to \$857mn over the same period. Compared to peers, BRO had the second highest operating margin (29.8%) and the highest net margin.

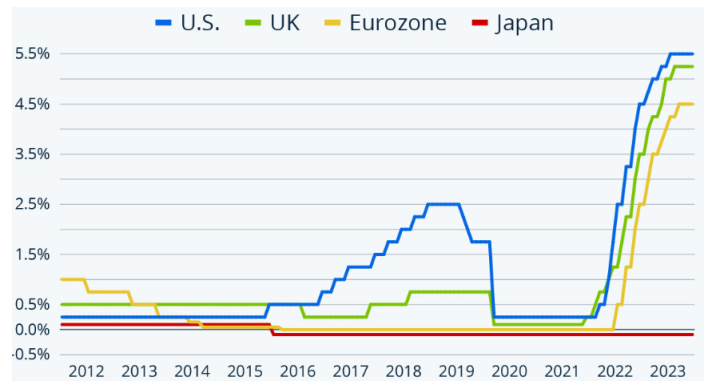
ECONOMIC OUTLOOK

Interest Rates

Interest rates significantly affect business activities for corporations in the service segment, insurance brokers inclusive. Throughout 2023, the Fed combatted sticky inflation by raising the policy rates by an additional 75bps to a target range of 5.00% - 5.25%.

High interest rates generally drag the flow of business and impacts revenue negatively. However, insurance brokers can benefit from rising premiums especially because commissions on insurance brokerage rise with increase in premium since they are typically calculated as a percentage of premiums. Interest rates are at their highest level in the US and other part of the world. In Europe, BOE kept rate at 5.25%¹² during their March meeting, although the inflationary environment may necessitate further hike.

Global Interest Rate Direction (%)



Source: Statista

Recent announcements and policy guidance from The Fed's Chair and principal officials suggest that the era of rate hikes might be behind us, with the possibility of a cut being closer than initially anticipated. Although, we think financial market participants are overly optimistic in this regard.

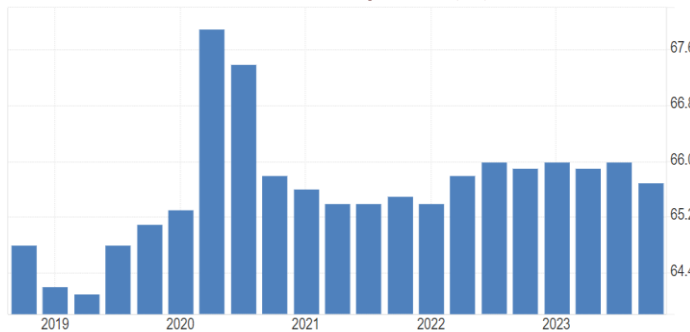
In a bullish scenario, we are factoring in the expectation of two-to-three rate cuts in the US and Europe, predominantly in the latter half of the year. Conversely, the bear case scenario anticipates at least one rate cut in 2024. For MMC, high interest rates environment poses a threat to the consulting business, however, may be

partially offset by rising premium in the risk and insurance business.

Homeownership

Homeownership is a significant economic metric that reflects the financial health of individuals and the overall economy. It is used widely as an indicator of wealth accumulation and economic stability. This metric is closely tied to the insurance industry, which provides critical financial protection for homeowners.

United States Homeownership Rate (%)



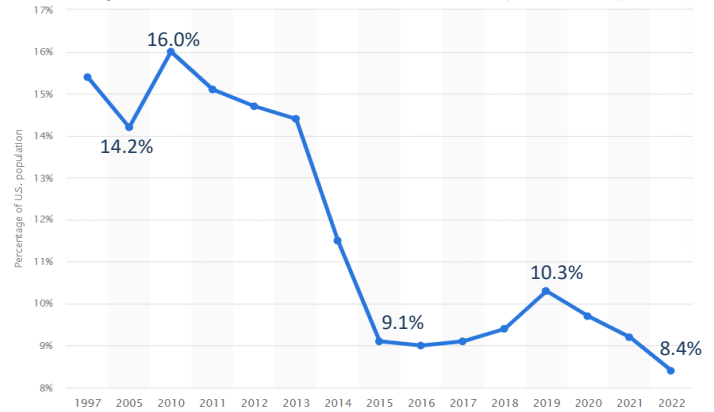
Source: Trading Economics, US Census Bureau

For Marsh & McLennan Companies (MMC), monitoring homeownership is crucial as it directly influences the number of Property & Casualty (P&C) policies sold. As the cost of homes increases, so does the insured amount and consequently, the premiums. Currently, homeownership is slightly above 65%, a decline from 68% at the beginning of 2020. Looking ahead, we anticipate a rise in homeownership over the medium term, especially in line with anticipation of rate cuts and resurgence of mortgage market activities.

Health Insurance

According to Statista, around 30 million Americans lacked health insurance coverage in 2021. Although this figure declined in 2022, it still represents a significant portion of the population and a potential market for Health Insurance providers like MMC. Given the expensive nature of healthcare expenses in the United States, we expect the portion of the population without healthcare insurance to continue shrinking.

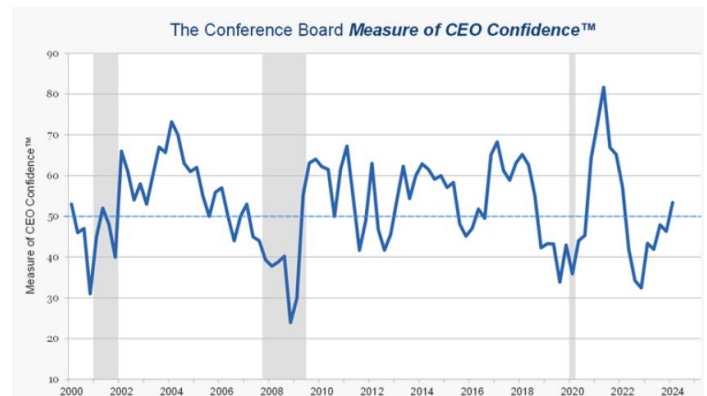
of People without Health Insurance in the USA (1997-2022)



Source: Statista

CEO Confidence

CEO confidence as measured and reported by The Conference Board in collaboration with The Business Council depicted upward trajectory, especially since the second half of 2023. This metric serves as an important gauge of CEO confidence, reflecting their optimism about future economic conditions. Notably, CEO confidence improved to 53 in the first quarter of 2024, compared to 46 recorded during the fourth quarter of 2023, marking the first-time optimism prevailed in the measure since Q1 of 2022.



Source: The Conference Board

This aligns with our expectation of businesses rebounding at least in the second half of 2024. The positive trend in CEO confidence underscores a potential shift in sentiment and bodes well for economic prospects in the coming months, and in turn MMC's Consulting and Insurance segment.

Valuation

Revenue Assumptions

We have discussed revenue assumptions by segment and subsegment previously in the Company description section. Overall, we expect the topline to grow on a CAGR basis of 6.3% over the forecast horizon, that is, 2024 to 2033. This growth was premised on MMC's ability to remain a key player in the Risk and Insurance business, whilst maintaining a competitive stance in the Consulting and Investment Management business.

Over the forecast period, we see the Risk and Insurance business contributing the largest portion of growth largely due to its resilience during a tight and robust economic condition. We see the Risk and Insurance segment growing on a CAGR basis of 15.8% over the forecast horizon. Meanwhile, we expect continuous acquisition and expansion of insurance service offerings to support growth in this segment.

For the Consulting segment, our growth assumptions were premised on optimism around rate cuts and a general resurgence in business activities. MMC has demonstrated consistent effort to expand market share in this segment, some of which includes two acquisitions in 2024 alone to support overall revenue growth and to enjoy the benefit of scale. We see topline growing on a CAGR basis of 9.9% throughout our forecast horizon, that is, 2024 to 2033.

Intangible Assets

Intangible Assets for MMC have been classified to be Goodwill and Other Intangible assets. It is imperative we discuss Intangible assets and their impact on our valuation because of their size on MMC's Balance Sheet. Over the past 5 years, Intangible assets consisting of Goodwill and Other Intangible assets represent 55% of total assets on average for any given year. This is not far-fetched given the aggressive nature of acquisitions executed by MMC.

For proper context, Goodwill represents acquisition costs in excess of the fair value of net assets acquired, while Other Intangible assets consist of acquired customer lists that are not deemed to have an indefinite life, are amortized over their estimated lives, typically ranging from 10 to 15 years.

In terms of value acquisitions made in 2023 generated revenue worth \$152mn and operating income worth \$24mn compared to revenue of \$58mn and operating loss of \$5mn in 2022.

As of the end of 2023, Goodwill stood at \$17.2bn or 46% of total asset compared to \$15.5bn recorded in 2020. Due to the size of Goodwill on MMC Balance sheet, we factored this line item into our Invested Capital calculation throughout our forecast horizon. In terms of forecast, we held Goodwill constant throughout the forecast horizon due to the difficulty involved in accurately measuring this line item. Although, we are confident that Goodwill from acquisitions will continue to grow given the stance of management to capitalize on acquisitions as a major growth strategy.

Other Intangible assets were treated differently from Goodwill. We projected this line item by adjusting for amortization expense as provided in the 10k. Since MMC defined Other Intangible assets as having a definite life, and amortized over their estimated lives, we forecasted this line item in line with this definition, thereby adjusting for amortization throughout the forecast horizon, that is, 2024 to 2033.

Cost Assumptions

We have discussed the cost assumptions and drivers of Marsh & McLennan in the additional company analysis section above. To reiterate, the two biggest operating costs of MMC are Compensation and Benefits, followed by other operating expenses.

	252.19	56.60%	57.10%	57.60%	58.06%	58.60%	59.10%	59.60%
18.00%	279.23	272.42	265.61	259.40	251.99	245.17	238.36	
18.20%	276.96	270.15	263.34	257.12	249.71	242.90	236.09	
18.40%	274.69	267.88	261.06	254.85	247.44	240.63	233.82	
18.63%	272.02	265.21	258.40	252.19	244.78	237.96	231.15	
18.80%	270.14	263.33	256.52	250.31	242.90	236.09	229.27	
19.00%	267.87	261.06	254.25	248.03	240.62	233.81	227.00	
19.20%	265.60	258.79	251.98	245.76	238.35	231.54	224.73	

Our forecast for Compensation and Benefit was in line with historical averages since it has been relatively stable in the last 5 years. We believe this line item will remain within the 58% range over the forecast horizon. For Other Operating expenses, we discovered a downward trend in the last five years. As a percentage of revenue, Other

Operating expenses declined steadily from 21.6% in 2019 to 16.0% in 2023. To be conservative, we projected this line item using historical average over the last five years of 18.6% throughout the forecast horizon, although we think this range could be much lower as synergies from recent acquisitions come into effect.

These two items are very sensitive to our DCF and EP models, given that they both constitute the largest cost incurred to provide services during any given period.

WACC

The weighted average cost of capital (WACC) was estimated using a mix of estimates. For the equity part of the WACC, we used the Henry Fund's Equity risk premium of 5.00%, which is based on Damodaran's forward looking Equity Risk Premium (ERP) estimates as well as historical geometric average. We estimated the Beta by taking the weekly average of 2year, 3year and 5year Beta of MMC. The 10-year US treasury bond rate represented the risk-free element in our computation resulting in a cost of equity of 8.60%. On the Debt part of the equation, we adopted the implied YTM on MMC's long term bond, resulting in a cost of debt of 3.9%. Debt-to-value ratio for the computation amounted to 13.23%, while the Equity-to-value ratio printed at 86.77%. Overall, we arrived at a WACC estimate of 7.98%.

Payout Policy

Marsh & McLennan's dividend payout policy over the years has mirrored its performance. Although, we observed a declining trend in the last five years, owing to aggressive acquisitions and steady growth in capital expenditure. For additional context, payout ratio declined from 51% in 2019 to 34% in 2023, although, averaging 41%. In the near-to-long term, we expect dividend payout ratio to gradually return to 51% at the end of the forecast horizon.

DCF and EP Valuation

The discounted cash flow (DCF) technique and Economic profit (EP) methodology was the primary model for deriving MMC's valuation. Our DCF and EP model returned an intrinsic value of \$252.19. Our key assumptions for arriving at this value were:

- Continuing value free cashflow of \$181bn
- Continuing value of ROIC 36%
- Continuing value growth of NOPLAT of 4.0%
- Weighted average cost of capital of 8.6%

We discounted free cash flow and economic profit with WACC assumptions explained above. We then arrived at value of operating assets of \$128.2bn, after which we adjusted for non-operating items. We arrived at a value of equity of \$115.4bn, which was then applied to shares outstanding of 466.4mn to derive our intrinsic value of \$247.39. Finally, we adjusted for dividend yield and found the implied price as of the date of modeling to be \$252.19.

While the DCF and EP methods are generally used for valuation, they are limited by sensitivity to assumptions, discount rate estimation, terminal value assumptions and market conditions/dynamics.

Dividend Discount Model (DDM) Valuation

The dividend discount model is premised on a fundamental assumption that a firm will continue paying dividends into the future. Historically, MMC has delivered not just value but consistent dividends to shareholders, hence, the reason for conducting a DDM valuation. Our assumption factored CV year ROE of 20.6%, whilst using a cost of equity of 8.6% - similar to our DCF model – to discount projected dividend per share to present day. Based off these assumptions, we arrived at an intrinsic value of \$175.9.

Relative Valuation

Relative valuation technique for deriving intrinsic value of a share is one that groups peer companies to provide a close-to-accurate range for any typical company within the pack. Our relative valuation considered peer companies like Aon Plc, Arthur J. Gallagher, Willis Tower Watson, and Brown & Brown to arrive at an average P/E valuation to determine a target range for MMC. The peer comparison is premised on operators in the Insurance brokerage industry within the USA and on a global scale. We believe our peer comparison is robust, given the service offerings of companies in the peer set.

Based on this valuation technique, we derived a target price range of \$202 - \$210 for MMC.

Pricing publicly traded companies using relative valuation is limited by sensitivity of valuation metrics to market conditions, cyclical nature of industries, muting growth prospects among other notable limitations.

Valuation Summary

To derive an accurate intrinsic value for Marsh & McLennan Companies, we have employed the discounted cash flow method (DCF), economic profit (EP) method, dividend discount method (DDM) and relative valuation technique. Our relative valuation, DCF and EP models returned a price greater than the current market price of MMC, although we rely more on our DCF and EP model price of \$252 to recommend our buy rating on MMC. Our target price implies a potential upside of 25%.

Our target price is currently above FactSet consensus estimate of \$206.48³ and Yahoo finance analyst expectation range of \$205-\$226⁵.

We are fairly confident that MMC is poised to remain a market leader in the Insurance brokerage industry whilst expanding market share in the consulting and investment management industry. As previously emphasized, MMC's bucket of service offering provides a balanced portfolio that can thrive in any economic condition. In addition, management is very keen on expanding market share and scale of operations both domestically and internationally, reducing operational costs and exploring new markets. In this light, we recommend a buy rating on Marsh & McLennan Companies with a target price range of \$226 - \$252.

KEYS TO MONITOR

Drivers

Steady Revenue Growth and Cost Discipline

Marsh & McLennan operates a business model that ensures steady growth in revenue across all types of macroeconomic environment. In the past five years, MMC has consistently delivered robust revenue growth, mostly

in the high single-digit. We feel comfortable that MMC's well defined strategy of attracting and retaining top talents, expanding business segments and margins, and leveraging cutting-edge technology will keep revenue in the high single-digit to mid double-digit over the forecast horizon. MMC has achieved a steady decline in operating expenses over the past five years, signaling management commitment to keeping costs under control.

Strategic Acquisitions and Market Share Expansion

Marsh & McLennan has been very aggressive in terms of acquisition and market share expansion. In 2023 alone, MMC completed 14 acquisitions, amounting to \$1.6bn. In Q1 of 2024, Oliver Wyman, one of MMC's consulting businesses completed two acquisitions, one of which was executed to expand market share and expertise in the aviation and aerospace industry. We believe these acquisitions would increase revenue and market share, whilst expanding margins for MMC.

Strong Capital Position

MMC has demonstrated robust capital position in recent years. In 2022, MMC repurchased \$1.9bn shares and paid \$1.1bn in dividends. In 2023, MMC repurchased \$1.15bn shares whilst paying \$1.3bn in dividends. We believe this strong capital position positions MMC to take on potential opportunities and expand revenue stream.

Resilience Across Different Cycles

Marsh and McLennan's Risk and Insurance business thrives in an economic upswing and downswing. Insurance is not a discretionary product, hence, very necessary for clients to either proceed with their businesses or daily lives. Since MMC's Risk and Insurance business represents over 60% of the entire company, we are confident that at least 60% of growth is close to being guaranteed in any type of economic condition.

Risks

Acquisitions and Dispositions Risks

Marsh & McLennan completed a total of 80 acquisitions within the last 5years. Inability to derive intended

synergies or achieve market share expansion may dampen the outlook and growth assumptions.

Competitive Pressures

MMC faces intense competitive pressures across products, services, and geographies. About 53% of MMC's revenue are generated outside the United States. Hence, inability to compete effectively on a global scale may dampen growth outlook.

Cybersecurity, Data Protection and Technology Risks

Marsh & McLennan operates in a data intensive industry. Cyber threats, including ransom attacks, Technology failure or Data protection liability may expose the company to significant financial loss. Inability to stay on top of cybersecurity and technology risks may adversely affect MMC's outlook, dampen growth assumptions and destroy value.

Vendor and Third-Party Risk

Marsh & McLennan operates a business model that relies on vendors and third parties to perform key operational functions and client servicing. Failure of these vendors to service clients optimally or provide operational support may result in chain breakdown. These could potentially dampen the growth outlook for MMC.

CONCLUSION

Marsh & McLennan Companies Inc. is a leading Insurance broker in the US and on a global scale. MMC operates a business model that we perceive to be a natural edge against general economic slowdown. The company's Insurance business, which contributes over 60% of the overall revenue, deals with risk and reinsurance brokerage. This business thrives when the economy is rosy, largely due to increased disposable income and in turn demand for insurance services. On the other hand, The business enjoys the benefit of rising premium and increased demand for insurance and reinsurance services from corporates during an inflationary economic condition. Although, the Consulting segment of MMC,

which contributes roughly about 40% of overall revenue sheds growth during a downturn.

In this light, we are recommending a BUY rating on MMC with a price target of \$252, representing a potential upside of 25%.

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12. Trading Economics
13. Renaissance Capital

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Marsh and McLennan Companies Inc

Revenue Decomposition

\$ In Millions

Fiscal Years Ending Dec. 31

Revenue by Segment

Risk and Insurance

Marsh	10,203	10,505	11,378	12,325	13,501	14,955	16,584	18,151	19,495	20,733	21,781	22,870	24,013
growth rate %	18.71%	2.96%	8.31%	8.32%	9.55%	10.77%	10.89%	9.45%	7.40%	6.35%	5.06%	5.00%	5.00%
Guy Carpenter	1,867	2,020	2,258	2,540	2,870	3,272	3,730	4,197	4,616	4,986	5,285	5,549	5,827
growth rate %	10.08%	8.19%	11.78%	12.50%	13.00%	14.00%	14.00%	12.50%	10.00%	8.00%	6.00%	5.00%	5.00%
Fiduciary Interest Income	15	120	453	566	651	716	752	790	813	838	863	889	933
growth rate %	-67.39%	700.00%	277.50%	25.00%	15.00%	10.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	5.00%
Total Risk and Insurance	12,085	12,645	14,089	15,431	17,023	18,944	21,067	23,138	24,925	26,556	27,929	29,308	30,773
Growth rate %	16.91%	4.63%	11.42%	9.53%	10.31%	11.29%	11.20%	9.83%	7.72%	6.55%	5.17%	4.94%	5.00%

Consulting

Merger:													
Wealth	2,509	2,366	2,507	2,670	2,830	2,972	3,091	3,214	3,311	3,410	3,512	3,618	3,798
growth rate %	6.86%	-5.70%	5.96%	6.50%	6.00%	5.00%	4.00%	4.00%	3.00%	3.00%	3.00%	3.00%	5.00%
Health	1,855	2,017	2,061	2,123	2,208	2,307	2,411	2,507	2,583	2,660	2,740	2,822	2,963
growth rate %	3.46%	8.73%	2.18%	3.00%	4.00%	4.50%	4.50%	4.00%	3.00%	3.00%	3.00%	3.00%	5.00%
Career	890	962	1,019	1,080	1,140	1,197	1,250	1,300	1,339	1,380	1,421	1,464	1,537
growth rate %	13.09%	8.09%	5.93%	6.00%	5.50%	5.00%	4.50%	4.00%	3.00%	3.00%	3.00%	3.00%	5.00%
Total Mercer	5,254	5,345	5,587	5,873	6,177	6,475	6,752	7,022	7,233	7,450	7,673	7,903	8,298
growth rate %	6.62%	1.73%	4.53%	5.12%	5.19%	4.82%	4.27%	4.00%	3.00%	3.00%	3.00%	3.00%	5.00%
Oliver Wyman	2,535	2,794	3,122	3,497	3,899	4,328	4,782	5,260	5,628	5,910	6,087	6,270	6,583
growth rate %	23.78%	10.22%	11.74%	12%	12%	11%	11%	10%	7%	5%	3%	3%	5%
Total Consulting	7,789	8,139	8,709	9,370	10,076	10,803	11,534	12,282	12,861	13,359	13,760	14,173	14,882
Growth rate %	11.65%	4.49%	7.00%	7.58%	7.54%	7.21%	6.77%	6.49%	4.71%	3.88%	3.00%	3.00%	5.00%

Total Revenue	19,820	20,720	22,736	24,734	27,026	29,667	32,513	35,325	37,684	39,808	41,577	43,364	45,532
Growth rate %	15.07%	4.54%	9.73%	8.79%	9.27%	9.77%	9.59%	8.65%	6.68%	5.64%	4.44%	4.30%	5.00%

Revenue by Geography

Marsh													
EMEA	2,946	2,997	3,262	3,556	3,911	4,341	4,819	5,301	5,725	6,126	6,432	6,753	7,091
growth rate %	14.41%	1.73%	8.84%	9.00%	10.00%	11.00%	11.00%	10.00%	8.00%	7.00%	5.00%	5.00%	5.00%
Asia Pacific	1,462	1,215	1,295	1,386	1,490	1,609	1,754	1,911	2,045	2,168	2,276	2,390	2,510
growth rate %	38.05%	-16.89%	6.58%	7.00%	7.50%	8.00%	9.00%	9.00%	7.00%	6.00%	5.00%	5.00%	5.00%
Latin America	453	502	559	620	695	785	887	994	1,083	1,159	1,229	1,290	1,355
growth rate %	6.84%	10.82%	11.35%	11.00%	12.00%	13.00%	13.00%	12.00%	9.00%	7.00%	6.00%	5.00%	5.00%
Total International	4,861	4,714	5,166	5,562	6,096	6,735	7,460	8,206	8,853	9,453	9,937	10,434	10,955
Growth rate %	19.79%	-3.02%	9.59%	7.66%	9.60%	10.49%	10.76%	10.00%	7.89%	6.77%	5.12%	5.00%	5.00%
US/Canada	5,342	5,791	6,262	6,763	7,405	8,220	9,124	9,945	10,642	11,280	11,844	12,436	13,058
Growth rate %	17.74%	8.41%	8.13%	8.00%	9.50%	11.00%	11.00%	9.00%	7.00%	6.00%	5.00%	5.00%	5.00%
Total Marsh	10,203	10,505	11,378	12,325	13,501	14,955	16,584	18,151	19,495	20,733	21,781	22,870	24,013
Growth rate %	18.71%	2.96%	8.31%	8.32%	9.55%	10.77%	10.89%	9.45%	7.40%	6.35%	5.06%	5.00%	5.00%

Marsh and McLennan Companies Inc
Income Statement

\$ In millions

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	19820	20720	22736	24,734	27,026	29,667	32,513	35,325	37,684	39,808	41,577	43,364	45,532
Expense:													
Compensation and Benefits	11425	12071	13099	14,360	15,690	17,223	18,876	20,508	21,878	23,111	24,138	25,175	26,434
Depreciation Expense	382	381	370	395	403	411	420	429	439	449	459	469	480
Amortization of Intangibles	365	338	343	351	309	287	278	270	270	270	270	270	55
Other Operating Expenses	3336	3650	3642	3,957	4,459	4,895	5,527	6,005	7,022	7,418	7,748	8,081	8,485
Operating Expenses	15508	16440	17454	19,063	20,861	22,817	25,101	27,213	29,609	31,248	32,614	33,995	35,453
Operating Income	4312	4280	5282	5,671	6,165	6,850	7,412	8,112	8,075	8,560	8,963	9,369	10,079
Other Net Benefit Credits	277	235	239	334	365	401	439	477	509	537	561	586	615
Interest income	2	15	78	167	319	447	590	741	901	1042	1182	1320	1456
Interest Expense	-444	-469	-578	-799	-814	-837	-865	-895	-925	-952	-976	-996	-1018
Income before Taxes	4208	4082	5026	5,968	6,294	6,840	7,248	7,789	7,591	7,932	8,195	8,460	9,025
Income Tax Expense	1034	995	1224	1,523	1,606	1,745	1,849	1,988	1,937	2,024	2,091	2,159	2,303
Income from Continuing Operations	3174	3087	3802	4,445	4,688	5,095	5,399	5,802	5,654	5,908	6,104	6,301	6,722
Discontinued Operations, Net of Tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income before Non-controlling Interest	3174	3087	3802	4,445	4,688	5,095	5,399	5,802	5,654	5,908	6,104	6,301	6,722
Net Income Attributable to NCI	31	37	46	58	61	66	70	75	73	77	79	82	87
Net Income Attributable to the Company	3143	3050	3756	4,388	4,627	5,029	5,328	5,726	5,581	5,832	6,024	6,219	6,635
Earning Per Share - Basic	6.20	6.11	7.60	8.95	9.50	10.38	11.05	11.93	11.69	12.29	12.78	13.27	14.23
Weighted Average Shares Outstanding	507.00	499.00	494.00	490	487	485	482	480	477	474	472	469	466
Year End Shares Outstanding	504.00	495.00	492.00	489	486	483	481	479	476	473	470	468	465
Dividends Per Share	2.00	2.25	2.60	3.71	4.08	4.46	4.86	5.37	5.26	5.78	6.13	6.63	7.26

Marsh and McLennan Companies Inc

Balance Sheet

\$ In millions

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
ASSETS													
Current assets:													
Cash and Cash Equivalents	1,752	1,442	3,358	6,413	8,969	11,847	14,882	18,083	20,926	23,740	26,500	29,241	32,098
Receivables:													
Commissions and fees	5,093	5,293	5,806	6,524	7,129	7,825	8,576	9,318	9,940	10,500	10,967	11,438	12,010
Advanced premiums and claims	136	103	103	146	160	176	193	209	223	236	246	257	270
other receivables	523	616	660	774	845	928	1,017	1,105	1,179	1,245	1,300	1,356	1,424
	5,752	6,012	6,569	7,444	8,134	8,929	9,786	10,632	11,342	11,981	12,514	13,051	13,704
Less-allowance for doubtful accounts and cancellations	(166)	(160)	(151)	(193)	(211)	(232)	(254)	(276)	(294)	(311)	(325)	(339)	(356)
Net receivables	5,586	5,852	6,418	7,251	7,923	8,697	9,532	10,356	11,048	11,670	12,189	12,713	13,348
Other current assets	926	1,005	1,178	1,103	1,205	1,323	1,450	1,575	1,680	1,775	1,854	1,933	2,030
Total current assets	8,264	8,299	10,954	14,767	18,097	21,867	25,863	30,013	33,654	37,185	40,543	43,887	47,477
Goodwill	16,317	16,251	17,231	17,231	17,231	17,231	17,231	17,231	17,231	17,231	17,231	17,231	17,231
Other Intangible Assets	2,810	2,537	2,630	2,279	1,970	1,683	1,405	1,135	865	595	325	55	-
Fixed assets, net	847	871	882	899	918	938	958	980	1,002	1,024	1,047	1,071	1,095
Pension related assets	2,270	2,127	2,051	2,153	2,260	2,373	2,491	2,615	2,745	2,882	3,026	3,176	3,335
Right of use assets	1,868	1,562	1,541	1,571	1,604	1,638	1,675	1,712	1,750	1,789	1,829	1,871	1,913
Deferred tax assets	551	358	357	356	355	354	353	352	351	350	349	348	347
Other assets	1,461	1,449	1,590	1,669	1,752	1,840	1,931	2,027	2,128	2,234	2,346	2,462	2,585
Total Assets	34,388	33,454	37,236	40,926	44,187	47,923	51,908	56,065	59,726	63,291	66,696	70,101	73,981
LIABILITIES AND EQUITY													
Current liabilities:													
Short-term debt	17	268	1,619	1,781	1,946	2,136	2,340	2,543	2,713	2,866	2,993	3,122	3,278
Accounts payable and accrued liabilities	3,165	3,278	3,403	3,953	4,320	4,742	5,197	5,646	6,023	6,363	6,645	6,931	7,277
Accrued compensation and employee benefits	2,942	3,095	3,346	3,543	3,871	4,250	4,657	5,060	5,398	5,703	5,956	6,212	6,522
Current lease liabilities	332	310	312	294	300	307	314	321	328	335	343	350	358
Acquisition Derivatives	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued income taxes	198	221	321	393	415	451	477	513	500	522	540	557	594
Total Current Liabilities	6,654	7,172	9,001	9,964	10,852	11,885	12,986	14,083	14,962	15,788	16,476	17,172	18,030
Fiduciary liabilities	9,622	10,660	10,794	11,942	13,049	14,324	15,698	17,056	18,195	19,221	20,075	20,937	21,984
Less — cash and investments held in a fiduciary capacity	(9,622)	(10,660)	(10,794)	(11,942)	(13,049)	(14,324)	(15,698)	(17,056)	(18,195)	(19,221)	(20,075)	(20,937)	(21,984)
Long-term debt	10,933	11,227	11,844	12,008	12,254	12,552	12,882	13,215	13,500	13,761	13,985	14,217	14,573
Pension, postretirement and postemployment benefits	1,632	921	779	703	635	573	517	467	422	381	344	310	280
Long-term lease liabilities	1,880	1,667	1,661	1,624	1,658	1,694	1,731	1,770	1,810	1,850	1,892	1,934	1,978
Liability for errors and omissions	355	355	314	451	493	541	593	644	687	726	758	791	830
Other liabilities	1,712	1,363	1,267	1,934	2,113	2,319	2,542	2,762	2,946	3,112	3,251	3,390	3,560

Equity:

Common Equity	1,673	1,740	1,803	1,944	2,084	2,225	2,366	2,506	2,534	2,534	2,534	2,534	2,534
Retained earnings	18,389	20,301	22,759	25,335	27,978	30,851	33,840	36,995	40,072	43,172	46,313	49,431	52,691
Accumulated other comprehensive loss	(4,575)	(5,314)	(5,295)	(5,295)	(5,295)	(5,295)	(5,295)	(5,295)	(5,295)	(5,295)	(5,295)	(5,295)	(5,295)
Non-controlling interests	213	229	179	237	298	364	434	509	583	660	739	821	908
	15,700	16,956	19,446	22,220	25,065	28,144	31,345	34,716	37,895	41,071	44,291	47,491	50,838
Treasury shares	(4,478)	(6,207)	(7,076)	(7,979)	(8,882)	(9,786)	(10,689)	(11,592)	(12,495)	(13,398)	(14,301)	(15,205)	(16,108)
Total Equity	11,222	10,749	12,370	14,241	16,183	18,359	20,656	23,124	25,400	27,673	29,990	32,287	34,731
Total Liability and Equity	34,388	33,454	37,236	40,926	44,187	47,923	51,908	56,065	59,726	63,291	66,696	70,101	73,981

Marsh and McLennan Companies Inc
Historical Cash Flow Statement

\$ In millions

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating cash flows:											
Net income before non-controlling interests	1,385	1497	1636	1795	1512	1,670	1,773	2,046	3174	3087	3802
Adjustments to reconcile net income to cash from operations:											
Depreciation and amortization	286	302	314	308	312	311	333	390	382	381	370
Amortization of intangible assets	72	86	109	130	169	183	314	351	365	338	343
Intangible asset impairment	24	19	11	(33)	(24)	(4)	27	(22)	27	11	(11)
Cost of extinguishment of debt	24	137					32				
Provision for deferred income taxes	184	127	178	68	396	(39)	84	40	(63)	-	-
Gain on investments	(69)	(37)	(38)	-	(15)	12	(22)	22	(61)	(21)	(5)
(Gain) Loss on disposition of assets		(38)	(13)	6	10	(48)	56	24	(33)	(127)	16
Share-based compensation expense	129	93	88	109	149	193	252	290	348	367	363
Changes in assets and liabilities:											
Net receivables	(245)	(58)	(52)	(154)	(454)	(78)	(130)	(75)	(252)	(492)	(467)
Other current assets	1	8	3	(9)	(3)	26	(13)	(66)	(166)	-	-
Other assets	(141)	13	(10)	34	(199)	(37)	(1)	86	(215)	(122)	(154)
Accounts payable and accrued liabilities	106	45	(125)	55	87	23	120	241	225	-	-
Accrued compensation and employee benefits	(8)	167	23	2	63	68	154	207	527	171	195
Accrued income taxes	43	33	(15)	(21)	37	(40)	42	60	(45)	(54)	105
Pension and benefit plans in excess of current year expense/credit	(432)	(152)	(231)	(279)	(457)	(291)	(369)	(356)	(372)	(385)	(335)
Other liabilities		(196)	(60)	(97)	406	9	(172)	108	2	193	64
Operating lease liabilities	-	-	-	-	-	-	(327)	(351)	(349)	(323)	(316)
Effect of exchange rate changes	(32)	73	70	104	(96)	18	(115)	32	(38)	-	-
Net cash provided by operations	1341	2119	1888	2007	1893	2428	2361	3382	3516	3465	4258
Financing cash flows:											
Purchase Of treasury shares	(550)	(800)	(1,400)	(800)	(900)	(675)	(485)	-	(1,159)	(1,950)	(1,150)
Proceeds from debt	547	1,386	1,091	347	987	591	6,459	737	743	984	2,169
Repayments of debt	(260)	(331)	(61)	-	-	(263)	(1,064)	(2,515)	(1,016)	(365)	(266)
Payments for early extinguishment of debt	(274)	(765)	-	-	-	-	(585)	-	-	-	-
Shares withheld for taxes on vested units — treasury shares	(79)	(64)	(49)	(39)	(49)	(67)	(89)	(132)	(101)	(198)	(148)
Issuance of common stock from treasury shares	352	263	224	188	166	93	158	132	161	126	199
Payments of deferred and contingent consideration for acquisitions	(9)	(55)	(49)	(98)	(136)	(117)	(65)	(122)	(117)	(158)	-
Distributions of non-controlling interests	(28)	(20)	(30)	(21)	(22)	(30)	(16)	(34)	(36)	(27)	(31)
Dividends paid	(533)	(582)	(632)	(682)	(740)	(807)	(890)	(943)	(1,026)	(1,138)	(1,298)
Change in fiduciary liabilities	-	-	-	-	-	-	-	-	1,183	1,684	(255)
Net cash used for financing activities	(834)	(968)	(906)	(1,067)	(1,009)	(1,310)	3,306	(1,880)	(1,297)	(1,046)	(1,119)
Investing cash flows:											
Capital expenditures	(401)	(368)	(325)	(253)	(302)	(314)	(421)	(348)	(406)	(470)	(416)
Net (purchases) sales of long-term investments	93	6	(65)	2	(13)	4	183	107	18	-	(57)
Purchase of equity investment	-	(304)	-	-	-	-	(91)	-	(5)	-	-
Proceeds from sales of fixed assets	5	3	2	4	8	3	10	6	-	-	-
Dispositions	5		71	-	-	110	229	98	84	119	(17)
Acquisitions	(142)	(554)	(952)	(813)	(655)	(884)	(5,505)	(668)	(859)	(572)	(976)
Other, net	(6)	(5)	4	4	6	(8)	(76)	(9)	4	9	11
Net cash used for investing activities	(446)	(1,222)	(1,265)	(1,056)	(956)	(1,089)	(5,671)	(814)	(1,164)	(850)	(1,417)
Effect Of exchange rate changes on cash and cash equivalents	(59)	(274)	(301)	(232)	251	(168)	93	246	(355)	(841)	328
Cash and cash equivalents at beginning Of period	2,301	2,303	1,958	1,374	1,026	1,205	1,066	1,155	10,674	11,374	12,102
Cash and cash equivalents at end Of period	2303	1958	1374	1026	1205	1066	1155	2089	11374	12102	14152

Marsh and McLennan Companies Inc

Forecasted Cash Flow Statement

\$ In millions

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cash Flow from Operating Activities										
Net Income Attributable to Moody's	4388	4627	5029	5328	5726	5581	5832	6024	6219	6635
Depreciation	395	403	411	420	429	439	449	459	469	480
Changes in Commissions and Fees	-718	-605	-697	-751	-742	-622	-560	-466	-471	-572
Changes in Advanced Premium & Claims	-43	-14	-16	-17	-17	-14	-13	-10	-11	-13
Changes in Other Receivables	-114	-72	-83	-89	-88	-74	-66	-55	-56	-68
Changes in Allowance Doubtful Accounts	42	18	21	22	22	18	17	14	14	17
Changes in Other Current Assets	75	-102	-118	-127	-125	-105	-95	-79	-80	-97
Changes in Accounts Payable & Accruals	550	366	422	455	449	377	340	283	286	347
Benefits	197	328	378	408	403	338	304	253	256	311
Changes in Accrued Income Tax	72	21	36	27	36	-13	22	17	17	37
Changes in Deferred Tax Assets	1	1	1	1	1	1	1	1	1	1
Net Cash from Operations	4845	4973	5385	5678	6095	5926	6230	6440	6645	7078
Cash Flow from Investing Activities										
Capital Expenditure	-412	-421	-431	-441	-451	-461	-471	-482	-493	-504
Changes in Intangible Asset	351	309	287	278	270	270	270	270	270	55
Changes in Pension Related Services	-102	-107	-113	-118	-124	-130	-137	-144	-151	-158
Changes in Right of Use Assets	-30	-33	-35	-36	-37	-38	-39	-40	-41	-42
Changes in Other Assets	-79	-83	-87	-92	-96	-101	-106	-111	-117	-123
Changes in Fiduciary Liabilities	11942	13049	14324	15698	17056	18195	19221	20075	20937	21984
Changes in Investment Held in Fiduciary Capacity	-11942	-13049	-14324	-15698	-17056	-18195	-19221	-20075	-20937	-21984
Net Cash from Investing	-273	-336	-378	-409	-438	-460	-483	-507	-531	-771
Cash Flow from Financing Activities										
Changes in Long Term Debt	164	246	299	330	333	284	261	224	231	356
Changes in Short Term Debt	162	165	190	205	202	170	153	127	129	156
Changes in Current Lease Liabilities	-18	6	6	7	7	7	7	8	8	8
Changes in Post Retirement Benefits	-76	-68	-62	-56	-50	-45	-41	-37	-33	-30
Changes in Long Term Lease	-37	34	36	37	39	40	41	42	43	43
Changes in Liability for Errors and Omissions	137	42	48	52	51	43	39	32	33	40
Changes in Other Liabilities	667	179	206	222	220	184	166	138	140	170
Dividend Payment	-1812	-1984	-2156	-2339	-2571	-2504	-2732	-2883	-3101	-3375
Changes in Non-controlling Interests	58	61	66	70	75	73	77	79	82	87
Share Repurchases	-903	-903	-903	-903	-903	-903	-903	-903	-903	-903
Proceeds from Issuance of Common Stock	141	141	141	141	141	28	0	0	0	0
Net Cash from Financing Activities	-1517	-2082	-2129	-2233	-2456	-2622	-2933	-3173	-3373	-3449
Increase in Cash	3055	2555	2878	3036	3200	2843	2814	2760	2740	2858
Cash at the Beginning	3358	6413	8969	11847	14882	18083	20926	23740	26500	29241
End of Period Cash and Cash Equivalent	6413	8969	11847	14882	18083	20926	23740	26500	29241	32098

Marsh and McLennan Companies Inc
Common Size Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Expense:													
Compensation and Benefits	57.6%	58.3%	57.6%	58.1%	58.1%	58.1%	58.1%	58.1%	58.1%	58.1%	58.1%	58.1%	58.1%
Depreciation Expense	1.9%	1.8%	1.6%	1.6%	1.5%	1.4%	1.3%	1.2%	1.2%	1.1%	1.1%	1.1%	1.1%
Amortization of Intangibles	1.8%	1.6%	1.5%	1.4%	1.1%	1.0%	0.9%	0.8%	0.7%	0.7%	0.6%	0.6%	0.1%
Other Operating Expenses	16.8%	17.6%	16.0%	16.0%	16.5%	16.5%	17.0%	17.0%	18.6%	18.6%	18.6%	18.6%	18.6%
Operating Expenses	78.2%	79.3%	76.8%	77.1%	77.2%	76.9%	77.2%	77.0%	78.6%	78.5%	78.4%	78.4%	77.9%
Operating Income	21.8%	20.7%	23.2%	22.9%	22.8%	23.1%	22.8%	23.0%	21.4%	21.5%	21.6%	21.6%	22.1%
Other Net Benefit Credits	1.4%	1.1%	1.1%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%
Interest income	0.0%	0.1%	0.3%	0.7%	1.2%	1.5%	1.8%	2.1%	2.4%	2.6%	2.8%	3.0%	3.2%
Interest Expense	2.2%	2.3%	2.5%	3.2%	3.0%	2.8%	2.7%	2.5%	2.5%	2.4%	2.3%	2.3%	2.2%
Cost of Extinguishment of Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Income/(Loss)	0.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisition Related Derivative Contracts	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Income before Taxes	21.2%	19.7%	22.1%	24.1%	23.3%	23.1%	22.3%	22.1%	20.1%	19.9%	19.7%	19.5%	19.8%
Income Tax Expense	5.2%	4.8%	5.4%	6.2%	5.9%	5.9%	5.7%	5.6%	5.1%	5.1%	5.0%	5.0%	5.1%
Income from Continuing Operations	16.0%	14.9%	16.7%	18.0%	17.3%	17.2%	16.6%	16.4%	15.0%	14.8%	14.7%	14.5%	14.8%
Discontinued Operations, Net of Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Income before Non-controlling Interest	16.0%	14.9%	16.7%	18.0%	17.3%	17.2%	16.6%	16.4%	15.0%	14.8%	14.7%	14.5%	14.8%
Net Income Attributable to NCI	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Net Income Attributable to the Company	15.9%	14.7%	16.5%	17.7%	17.1%	17.0%	16.4%	16.2%	14.8%	14.6%	14.5%	14.3%	14.6%

Retained earnings	92.8%	98.0%	100.1%	102.4%	103.5%	104.0%	104.1%	104.7%	106.3%	108.4%	111.4%	114.0%	115.7%
Accumulated other comprehensive loss	23.1%	25.6%	23.3%	21.4%	19.6%	17.8%	16.3%	15.0%	14.1%	13.3%	12.7%	12.2%	11.6%
Non-controlling interests	1.1%	1.1%	0.8%	1.0%	1.1%	1.2%	1.3%	1.4%	1.5%	1.7%	1.8%	1.9%	2.0%
Treasury shares	22.6%	30.0%	31.1%	32.3%	32.9%	33.0%	32.9%	32.8%	33.2%	33.7%	34.4%	35.1%	35.4%
Total Equity	56.6%	51.9%	54.4%	57.6%	59.9%	61.9%	63.5%	65.5%	67.4%	69.5%	72.1%	74.5%	76.3%
Total Liability and Equity	173.5%	161.5%	163.8%	165.5%	163.5%	161.5%	159.7%	158.7%	158.5%	159.0%	160.4%	161.7%	162.5%

Marsh and McLennan Companies Inc

Value Driver Estimation

\$ In millions

<i>Fiscal Years Ending Dec. 31</i>	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
NOPLAT:													
Revenue	19820	20720	22736	24734	27026	29667	32513	35325	37684	39808	41577	43364	45532
Compensation and Benefits	-11425	-12071	-13099	-14360	-15690	-17223	-18876	-20508	-21878	-23111	-24138	-25175	-26434
Depreciations	-382	-381	-370	-395	-403	-411	-420	-429	-439	-449	-459	-469	-480
Amortization	-365	-338	-343	-351	-309	-287	-278	-270	-270	-270	-270	-270	-55
Other Operating Expenses	-3336	-3650	-3642	-3957	-4459	-4895	-5527	-6005	-7022	-7418	-7748	-8081	-8485
Plus: Implied Operating Interest on Leases	109	106	95	81	83	85	87	88	90	92	94	97	99
EBIT	4421	4386	5377	5752	6248	6935	7498	8201	8165	8653	9057	9465	10177
Adjusted Taxes:													
Provision for Income Tax	1034	995	1224	1523	1606	1745	1849	1988	1937	2024	2091	2159	2303
Less: Taxes on Other Net Benefit Credit	-71	-60	-61	-85	-93	-102	-112	-122	-130	-137	-143	-149	-157
Less: Taxes on Interest Income	-1	-4	-20	-43	-81	-114	-151	-189	-230	-266	-302	-337	-372
Less: Taxes on Investment Income	-16	-5	-1	0	0	0	0	0	0	0	0	0	0
Plus: Taxes on Interest Expense	113	120	147	204	208	214	221	228	236	243	249	254	260
Plus: Taxes on Interest on Operating Leases	28	27	24	21	21	22	22	23	23	24	24	25	25
Total Adjusted Taxes	1088	1073	1314	1620	1660	1765	1830	1928	1837	1887	1919	1951	2059
Deferred Tax Asset (net)	551	358	357	356	355	354	353	352	351	350	349	348	347
Change in Deferred Tax Assets	-151	-193	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
NOPLAT	3182	3120	4063	4132	4586	5169	5668	6272	6328	6764	7137	7513	8117
Invested Capital (IC):													
Operating Current Asset:													
Normal Cash	1375	1437	1577	1716	1875	2058	2255	2450	2614	2761	2884	3008	3158
Plus: Commission and Fees	5093	5293	5806	6524	7129	7825	8576	9318	9940	10500	10967	11438	12010
Plus: Advanced Premiums and Claims	136	103	103	146	160	176	193	209	223	236	246	257	270
Plus: Other Receivables	523	616	660	774	845	928	1017	1105	1179	1245	1300	1356	1424
Plus: Allowance for doubtful accounts	-166	-160	-151	-193	-211	-232	-254	-276	-294	-311	-325	-339	-356
Plus: Other Current Asset	926	1005	1178	1103	1205	1323	1450	1575	1680	1775	1854	1933	2030
Operating Current Liabilities:													
Less: Accounts payable and accrued liabilities	-3165	-3278	-3403	-3953	-4320	-4742	-5197	-5646	-6023	-6363	-6645	-6931	-7277
Less: Accrued compensation and benefits	-2942	-3095	-3346	-3543	-3871	-4250	-4657	-5060	-5398	-5703	-5956	-6212	-6522
Less: Accrued income taxes	-198	-221	-321	-393	-415	-451	-477	-513	-500	-522	-540	-557	-594
NOWC	1582	1700	2103	2180	2397	2636	2905	3162	3420	3619	3785	3954	4142
Plus: Fixed assets, net	847	871	882	899	918	938	958	980	1002	1024	1047	1071	1095
Plus: Other Intangible Assets	19127	18788	19861	19510	19201	18914	18636	18366	18096	17826	17556	17286	17231
Plus: Right of Use Assets	1868	1562	1541	1571	1604	1638	1675	1712	1750	1789	1829	1871	1913
Plus: Other Assets	1461	1449	1590	1669	1752	1840	1931	2027	2128	2234	2346	2462	2585
Less: Liabilities for errors and omissions	-355	-355	-314	-451	-493	-541	-593	-644	-687	-726	-758	-791	-830
Less: Other Liabilities	-1712	-1363	-1267	-1934	-2113	-2319	-2542	-2762	-2946	-3112	-3251	-3390	-3560
Invested Capital (IC)	22818	22652	24396	23444	23266	23105	22970	22841	22763	22654	22555	22462	22575

Free Cash Flow (FCF):

NOPLAT	3182	3120	4063	4132	4586	5169	5668	6272	6328	6764	7137	7513	8117
Change in IC	681	-166	1744	-952	-178	-161	-135	-130	-78	-109	-99	-92	113
FCF	2501	3286	2319	5083	4765	5331	5803	6401	6406	6873	7236	7605	8004

Return on Invested Capital (ROIC):

NOPLAT	3182	3120	4063	4132	4586	5169	5668	6272	6328	6764	7137	7513	8117
Beginning IC	22137	22818	22652	24396	23444	23266	23105	22970	22841	22763	22654	22555	22462
ROIC	14.37%	13.67%	17.93%	16.94%	19.56%	22.22%	24.53%	27.30%	27.70%	29.72%	31.50%	33.31%	36.14%

Economic Profit (EP):

Beginning IC	22137	22818	22652	24396	23444	23266	23105	22970	22841	22763	22654	22555	22462
x (ROIC - WACC)	6.39%	5.69%	9.95%	8.95%	11.58%	14.24%	16.55%	19.32%	19.72%	21.73%	23.52%	25.33%	28.15%
EP	1415	1299	2254	2184	2715	3312	3823	4438	4505	4947	5329	5713	6324

Marsh and McLennan Companies Inc
Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.25%
Beta	0.87
Equity Risk Premium	5.00%
Cost of Equity	8.60%

ASSUMPTIONS:

*10-year Treasury bond
Average of 2, 3, and 5-year weekly beta
Henry Fund Estimate*

Cost of Debt:

Risk-Free Rate	4.25%
Implied Default Premium	1.03%
Pre-Tax Cost of Debt	5.28%
Marginal Tax Rate	25.52%
After-Tax Cost of Debt	3.93%

*10-year Treasury bond
YTM on company's 10-year corporate bond*

Market Value of Common Equity:

Total Shares Outstanding	492.00
Current Stock Price	\$201.60
MV of Equity	99,187.20

MV Weights

86.77%

Market Value of Debt:

Short-Term Debt	1619
Long-Term Debt	11844
PV of Operating Leases	1661
MV of Total Debt	15,124.00

13.23%

Market Value of the Firm

114,311.20

100.00%

Estimated WACC

7.98%

Marsh and McLennan Companies Inc

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	4.00%
CV Year ROIC	36%
WACC	7.98%
Cost of Equity	8.60%

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
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DCF Model:

Free Cash Flow (FCF)	5083.3	4764.8	5330.6	5802.6	6401.3	6405.7	6873.0	7236.3	7605.4	8004.1
Continuing Value (CV)										181258.5
PV of FCF	4707.5	4086.4	4233.7	4267.9	4360.2	4040.6	4014.9	3914.6	3810.2	90806.8

Value of Operating Assets: 128242.7

Non-Operating Adjustments:

Add: Excess Cash 1826.0

Add: Pension Related Assets 2051.0

Less: Long and Short Term Debt -13463.0

Less: Long Term Lease Liability -1661.0

Less: Pension related debt -779.0

Less: ESOP -660.2

Less: Non-controlling Interests -179.0

Value of Equity 115377.5

Shares Outstanding 466.4

Intrinsic Value of Last FYE \$ 247.39

Implied Price as of Today \$ 252.19

EP Model:

Economic Profit (EP)	2184.3	2715.0	3312.3	3823.4	4438.2	4504.6	4947.4	5328.6	5712.6	6324.0
Continuing Value (CV)										158796.2
PV of EP	2022.9	2328.4	2630.7	2812.2	3023.0	2841.4	2890.0	2882.6	2861.9	79553.6

Total PV of EP 103846.7

Invested Capital (last FYE) 24396.0

Value of Operating Assets 128242.7

Non-Operating Adjustments:

Add: Excess Cash 1826.0

Add: Pension Related Assets 2051.0

0.0

Less: Long and Short Term Debt -13463.0

Less: Long Term Lease Liability -1661.0

Less: Pension related debt -779.0

Less: ESOP -660.2

Less: Non-controlling Interests -179.0

Value of Equity 115377.5

Shares Outstanding 466.4

Intrinsic Value of Last FYE \$ 247.39

Implied Price as of Today \$ 252.19

Marsh and McLennan Companies Inc*Relative Valuation Models*

Ticker	Company	Price	EPS		P/E 24	P/E 25
			2024E	2025E		
AON	Aon Plc	\$333.72	\$16.07	\$17.53	20.77	19.04
AJG	Aurthur J. Gallagher	\$250.04	\$10.14	\$11.35	24.66	22.03
WTW	Willis Tower Watson	\$275.00	\$16.36	\$18.51	16.81	14.86
BRO	Brown & Brown Inc	\$87.54	\$3.49	\$3.80	25.08	23.04
			Average		23.50	21.37

MMC Marsh and McLennan Co \$201.60 8.95 9.50 22.5 21.2

Implied Relative Value:

P/E (EPS24) \$ 210.28

P/E (EPS25) \$ 202.89

Marsh and McLennan Companies Inc

Key Management Ratios

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Liquidity Ratios:													
Current Ratio (Current Asset/Current Liabilities)	124.20%	115.71%	121.70%	148.20%	166.77%	183.99%	199.17%	213.12%	224.93%	235.52%	246.06%	255.57%	263.32%
Cash Ratio (Cash/Current Liabilities)	26.33%	20.11%	37.31%	64.36%	82.65%	99.68%	114.61%	128.40%	139.86%	150.36%	160.84%	170.28%	178.02%
Quick Ratio (Cash & Receivables/Current Liabilities)	112.77%	103.93%	110.29%	139.07%	157.61%	174.81%	189.96%	203.90%	215.67%	226.25%	236.78%	246.29%	254.03%
Asset-Management Ratios:													
Receivables Turnover (Revenue/Account Receivable)	3.45	3.45	3.46	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32	3.32
Average Collection Period (365/(Revenue/Account Receivable))	105.93	105.91	105.46	109.86	109.86	109.86	109.86	109.86	109.86	109.86	109.86	109.86	109.86
Total Asset Turnover (Revenue/Total Asset)	0.58	0.62	0.61	0.60	0.61	0.62	0.63	0.63	0.63	0.63	0.62	0.62	0.62
Financial Leverage Ratios:													
Debt to Asset Ratio (Total Debt/Total Asset)	0.32	0.34	0.36	0.34	0.32	0.31	0.29	0.28	0.27	0.26	0.25	0.25	0.24
Debt to Capital Ratio (Total Debt/Total Liabilities & Equity)	0.32	0.34	0.36	0.34	0.32	0.31	0.29	0.28	0.27	0.26	0.25	0.25	0.24
Debt to EBIT (Total Debt/Operating Income)	2.54	2.69	2.55	2.43	2.30	2.14	2.05	1.94	2.01	1.94	1.89	1.85	1.77
Debt to Equity (Total Debt/Total Equity)	0.98	1.07	1.09	0.97	0.88	0.80	0.74	0.68	0.64	0.60	0.57	0.54	0.51
Profitability Ratios:													
Return on Equity (NI/Beg TSE)	33.94%	27.18%	34.94%	35.47%	32.49%	31.07%	29.02%	27.72%	24.13%	22.96%	21.77%	20.74%	20.55%
Profit Margin (Net Income/Revenue)	15.86%	14.72%	16.52%	17.74%	17.12%	16.95%	16.39%	16.21%	14.81%	14.65%	14.49%	14.34%	14.57%
Return on Assets (Net Income/Total Assets)	9.14%	9.12%	10.09%	10.72%	10.47%	10.49%	10.27%	10.21%	9.34%	9.21%	9.03%	8.87%	8.97%
Payout Policy Ratios:													
Dividend Payout Ratio (Dividend/EPS)	32.26%	36.82%	34.21%	41.43%	43.00%	43.00%	44.00%	45.00%	45.00%	47.00%	48.00%	50.00%	51.00%
Total Payout Ratio ((Divs. + Repurchases)/NI)	69.52%	101.25%	65.18%	61.88%	62.39%	60.84%	60.84%	60.67%	61.05%	62.34%	62.85%	64.38%	64.48%
Retention Ratio (1-Total Payout Ratio)	30.48%	-1.25%	34.82%	38.12%	37.61%	39.16%	39.16%	39.33%	38.95%	37.66%	37.15%	35.62%	35.52%

Marsh and McLennan Companies Inc
Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Year 1	346.0	317.0	325.0	326.0	314.0	329.0	413.0	410.0	389.0	362.0	372.0
Year 2	311.0	286.0	297.0	303.0	282.0	309.0	359.0	380.0	350.0	324.0	345.0
Year 3	273.0	248.0	269.0	261.0	260.0	265.0	335.0	331.0	307.0	291.0	319.0
Year 4	231.0	216.0	224.0	230.0	223.0	242.0	288.0	288.0	276.0	268.0	280.0
Year 5	204.0	177.0	192.0	194.0	206.0	205.0	241.0	256.0	253.0	232.0	199.0
Thereafter	1015.0	974.0	842.0	859.0	772.0	721.0	974.0	905.0	924.0	751.0	722.0
Total Minimum Payments	2380.0	2218.0	2149.0	2173.0	2057.0	2071.0	2610.0	2570.0	2499.0	2228.0	2237.0
Less: Cumulative Interest	516.4	494.6	443.1	450.3	411.7	400.2	523.4	498.3	495.7	423.7	421.0
PV of Minimum Payments	1863.6	1723.4	1705.9	1722.7	1645.3	1670.8	2086.6	2071.7	2003.3	1804.3	1816.0
Implied Interest in Year 1 Payment		98.4	91.0	90.1	91.0	86.9	88.2	110.2	109.4	105.8	95.3
Pre-Tax Cost of Debt	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%	5.28%
Years Implied by Year 6 Payment	5.0	5.5	4.4	4.4	3.7	3.5	4.0	3.5	3.7	3.2	3.6
Expected Obligation in Year 6 & Beyond	204	177	192	194	206	205	241	256	253	232	199
Present Value of Lease Payments											
PV of Year 1	328.6	301.1	308.7	309.7	298.3	312.5	392.3	389.4	369.5	343.8	353.3
PV of Year 2	280.6	258.0	268.0	273.4	254.4	278.8	323.9	342.8	315.8	292.3	311.3
PV of Year 3	234.0	212.5	230.5	223.7	222.8	227.1	287.1	283.7	263.1	249.4	273.4
PV of Year 4	188.0	175.8	182.3	187.2	181.5	197.0	234.4	234.4	224.7	218.1	227.9
PV of Year 5	157.7	136.8	148.4	150.0	159.3	158.5	186.3	197.9	195.6	179.4	153.9
PV of 6 & beyond	674.7	639.1	567.9	578.8	529.0	496.9	662.6	623.4	634.7	521.2	496.2
Capitalized PV of Payments	1863.6	1723.4	1705.9	1722.7	1645.3	1670.8	2086.6	2071.7	2003.3	1804.3	1816.0

Marsh and McLennan Companies Inc

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	7
Average Time to Maturity (years):	5.20
Expected Annual Number of Options Exercised:	1.27

Current Average Strike Price:	\$ 110.90
Cost of Equity:	8.60%
Current Stock Price:	\$201.60

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Increase in Shares Outstanding:	1.27	1.27	1.27	1.27	1.27	0.25	0.00	0.00	0.00	0.00
Average Strike Price:	\$ 110.90	\$ 110.90	\$ 110.90	\$ 110.90	\$ 110.90	\$ 110.90	\$ 110.90	\$ 110.90	\$ 110.90	\$ 110.90
Increase in Common Stock Account:	141	141	141	141	141	28	-	-	-	-
Share Repurchases (\$)	903.17	903.17	903.17	903.17	903.17	903.17	903.17	903.17	903.17	903.17
Expected Price of Repurchased Shares:	\$ 201.60	\$ 216.12	\$ 231.68	\$ 248.36	\$ 266.24	\$ 285.41	\$ 305.96	\$ 327.99	\$ 351.60	\$ 376.92
Number of Shares Repurchased:	4	4	4	4	3	3	3	3	3	2
Shares Outstanding (beginning of the year)	492.00	488.79	485.88	483.25	480.88	478.75	475.84	472.89	470.14	467.57
Plus: Shares Issued Through ESOP	1.27	1.27	1.27	1.27	1.27	0.25	0.00	0.00	0.00	0.00
Less: Shares Repurchased in Treasury	4.48	4.18	3.90	3.64	3.39	3.16	2.95	2.75	2.57	2.40
Shares Outstanding (end of the year)	489	486	483	481	479	476	473	470	468	465

Marsh and McLennan Companies Inc
Valuation of Options Granted under ESOP

Current Stock Price \$201.60
 Risk Free Rate 4.25%
 Current Dividend Yield 1.40%
 Annualized St. Dev. of Stock Returns 21.05%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	7	110.90	5.20	\$ 100.11	\$ 660
Total	7	\$ 110.90	5.20	\$ 113.75	\$ 660

Marsh and McLennan Companies Inc
Sensitivity Tables

		Beta							
		\$ 252.19	0.57	0.67	0.77	0.87	0.97	1.07	1.17
Risk Free Rate	3.95%	432.08	362.38	311.07	271.71	240.56	215.29	194.39	
	4.05%	416.21	350.90	302.38	264.90	235.09	210.80	190.63	
	4.15%	401.39	340.08	294.13	258.40	229.83	206.46	186.99	
	4.25%	387.54	329.86	286.28	252.19	224.79	202.28	183.47	
	4.35%	374.55	320.19	278.80	246.23	219.93	198.25	180.07	
	4.45%	362.35	311.04	271.68	240.53	215.26	194.36	176.77	
	4.55%	350.87	302.35	264.87	235.06	210.77	190.60	173.58	

		Marginal Tax Rate							
		252.19	24.00%	24.50%	25.00%	25.52%	26.00%	26.50%	27.00%
Pre Tax Cost of Debt	2.28%	288.83	287.10	285.37	283.56	281.89	280.14	278.39	
	3.28%	277.66	275.99	274.31	272.56	270.94	269.25	267.56	
	4.28%	267.05	265.43	263.81	262.11	260.54	258.90	257.26	
	5.28%	256.97	255.40	253.82	252.18	250.65	249.05	247.45	
	6.28%	247.39	245.85	244.32	242.71	241.23	239.67	238.11	
	7.28%	238.25	236.76	235.26	233.69	232.24	230.72	229.19	
	8.28%	229.54	228.08	226.61	225.08	223.66	222.17	220.68	

		CV Growth of NOPLAT							
		252.19	1.50%	2.00%	2.50%	3.00%	3.50%	4.00%	4.50%
WACC	4.99%	380.32	427.60	493.85	593.41	759.77	1,094.18	2,111.07	
	5.99%	285.95	310.42	341.90	383.92	442.80	531.28	679.13	
	6.99%	226.12	240.34	257.73	279.47	307.44	344.77	397.09	
	7.99%	184.99	193.90	204.44	217.09	232.56	251.91	276.81	
	8.99%	154.73	160.60	167.37	175.26	184.60	195.81	209.52	
	9.99%	131.78	135.80	140.35	145.55	151.56	158.57	166.85	
	10.99%	113.74	116.57	119.74	123.30	127.33	131.95	137.27	

		Compensation and Benefits (2024-2033)							
		252.19	56.60%	57.10%	57.60%	58.06%	58.60%	59.10%	59.60%
Inflation (5-year Average)	1.50%	272.94	266.13	259.32	253.10	245.69	238.88	232.07	
	1.75%	272.64	265.83	259.02	252.80	245.39	238.58	231.77	
	2.00%	272.33	265.52	258.71	252.50	245.09	238.27	231.46	
	2.25%	272.02	265.21	258.40	252.19	244.78	237.96	231.15	
	3.50%	270.40	263.59	256.78	250.57	243.16	236.35	229.53	
	3.75%	270.07	263.25	256.44	250.23	242.82	236.01	229.20	
	4.00%	269.72	262.91	256.10	249.89	242.48	235.67	228.85	

		Commission and Fees (2024-2033)							
		252.19	23.38%	24.38%	25.38%	26.38%	27.38%	28.38%	29.38%
Cash Return Ratio	4.40%	254.70	253.13	251.57	250.01	248.44	246.87	245.31	
	4.60%	255.47	253.90	252.33	250.77	249.20	247.63	246.06	
	4.80%	256.24	254.66	253.09	251.52	249.94	248.37	246.80	
	4.98%	256.92	255.34	253.76	252.19	250.60	249.03	247.45	
	5.02%	257.06	255.49	253.91	252.33	250.75	249.17	247.59	
	5.04%	257.14	255.56	253.98	252.41	250.82	249.24	247.66	
	5.05%	257.18	255.60	254.02	252.44	250.86	249.28	247.70	

		Compensation and Benefits (2024 - 2033)							
		252.19	56.60%	57.10%	57.60%	58.06%	58.60%	59.10%	59.60%
Other Operating Costs (2024-2033)	18.00%	279.23	272.42	265.61	259.40	251.99	245.17	238.36	
	18.20%	276.96	270.15	263.34	257.12	249.71	242.90	236.09	
	18.40%	274.69	267.88	261.06	254.85	247.44	240.63	233.82	
	18.63%	272.02	265.21	258.40	252.19	244.78	237.96	231.15	
	18.80%	270.14	263.33	256.52	250.31	242.90	236.09	229.27	
	19.00%	267.87	261.06	254.25	248.03	240.62	233.81	227.00	
	19.20%	265.60	258.79	251.98	245.76	238.35	231.54	224.73	