

MARSH

News Release

MARSH UK ANNOUNCES NEW BUSINESS MODEL

LONDON, 11 APRIL 2005 – Marsh, the world's leading risk and insurance services firm today announces the details of its new model for conducting business in the UK.

The model has three key elements – our client value proposition; cost reduction and efficiency measures; and organisational changes. Our clients are the most important focus of everything we do in our firm. Each of these elements is designed to improve our offering to them.

Client value

For 130 years Marsh has been a leader in our industry by serving our clients through our technical excellence, our knowledge of their industry, the depth of our resources, the breadth of our network and our position in the market. To these capabilities we are adding market leadership in transparency and efficiency.

Transparency - Each of Marsh's clients in the UK will know exactly what Marsh is earning on their account, and exactly what work Marsh has carried out in respect of those earnings.

Efficiency – Marsh will significantly increase its use of new technology to drive down costs and create efficiencies for clients, including speeding up the placement process and leading the drive towards contract certainty at policy inception for all clients.

Pricing – Traditionally, insurers recognised the value of the Marsh network by means of contingent commissions. As a result of our decision in October 2004 not to accept these payments, insurers are continuing to receive value but not paying for it. We believe that this value should still be recognised but that the beneficiaries should be our clients.

To this end we are in discussion with a number of leading insurers in relation to general lines of business in our retail markets to establish mechanisms that enable this value to be recognised by means of clearly structured premium discounts of between 1% - 2%.

Cost reduction and efficiency

We are committed to setting the standards for improved processes in our marketplace. Starting with our own internal procedures, in order to reduce costs and improve efficiency, we are eliminating overlapping functions and centralising many of our administrative services including claims administration, policy issuance and invoicing.

As a result of the potential efficiencies we have identified we are entering into consultation with approximately 750 colleagues in the UK to discuss the possible impact this may have on their roles. We regret having to take these actions, which are painful for those colleagues who are affected, but are also necessary in order to achieve the level of operating efficiencies our clients deserve and, increasingly, expect.

Alongside the consulting and brokerage expertise we offer our clients, we continue to provide some clearly defined services to certain specialist insurance markets, including Lloyd's, where this is necessary for the efficient delivery of value and commitments to our clients. We are in discussion with these markets to agree a charge in the order of 0.75% of relevant premium to cover the cost of providing these services.

Organisational changes

Marsh will simplify its UK regional structure by creating centres of excellence for administrative processes, thereby focusing a higher proportion of our regional resources on client facing activity while maintaining a presence in all UK locations in which we currently operate.

Bruce Carnegie-Brown, President and Chief Executive for Marsh in Europe, comments:

“Aligning our business model with the new dynamics of our marketplace has necessitated a complete review of our UK business. The investigation and planning process has involved numerous colleagues over several months and has included consultation with a broad range of clients, client associations, insurance market bodies and other external stakeholders.

“There is much work still to be done, but I believe what we have announced today represents a comprehensive approach to making our firm even more client focused and more efficient.”

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Notes to editors

Marsh, the world's leading risk and insurance services firm, has nearly 30,000 employees and annual revenues exceeding \$5 billion. The firm provides advice and transactional capabilities to clients in over 100 countries. Marsh is a unit of Marsh & McLennan Companies (MMC), a global professional services firm with more than 60,000 employees and annual revenues exceeding \$12 billion. MMC also is the parent company of Guy Carpenter, Kroll, Putnam Investments, and Mercer. MMC's stock (ticker symbol: MMC) is listed on the New York, Chicago, Pacific, and London stock exchanges. MMC's Web site address is www.mmc.com. Marsh's web site address is www.marsh.co.uk

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