

Marsh & McLennan Companies, Inc.
Consolidated Statements of Income
 (in millions of dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 3,734	\$ 3,734	\$ 7,734	\$ 7,734
Expense:				
Operating Expenses	2,135	2,135	4,359	4,359
Other Net Benefit Credits (a)	908	908	1,776	1,776
Operating Income	3,043	3,043	6,135	6,135
Interest Income	691	691	1,599	1,599
Interest Expense	65	65	131	131
Investment Income	3	3	6	6
Income Before Income Taxes	(68)	(68)	(129)	(129)
Income Tax Expense	28	28	28	28
Net Income Before Non-Controlling Interests	719	719	1,635	1,635
Less: Net Income Attributable to Non-Controlling Interests	183	183	403	403
Net Income Attributable to the Company	536	536	1,232	1,232
Net Income Per Share Attributable to the Company:				
- Basic	\$ 1.05	\$ 1.05	\$ 2.41	\$ 2.41
- Diluted	\$ 1.04	\$ 1.04	\$ 2.38	\$ 2.38
Average Number of Shares Outstanding				
- Basic	507	507	507	507
- Diluted	512	512	513	513
Shares Outstanding at 6/30	505	505	505	505

(in millions of dollars)

Marsh & McLennan Companies, Inc.
Consolidated Statements of Income - Impact of Revenue Standard
(In millions, except per share figures)
(Unaudited)

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

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

Marsh & McLennan Companies, Inc.
Supplemental Information - Revenue Analysis
Three Months Ended June 30
(Millions) (Unaudited)

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

Revenue Details

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

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

Note:

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

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

Marsh & McLennan Companies, Inc.
Supplemental Information - Revenue Analysis
Six Months Ended June 30
(Millions) (Unaudited)

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

Revenue Details

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

	Six Months Ended June 30,		% Change GAAP Revenue	Components of Revenue Change*			
				2018	2017	Currency Impact	Acquisitions/ Dispositions/ Other Impact
	2018	2017					
Marsh:							
EMEA	\$ 1,169	\$ 1,086	8 %	8 %	—	—	(1)%
Asia Pacific	347	320	8 %	3 %	—	—	5 %
Latin America	183	179	2 %	(4)%	2 %	—	4 %
Total International	1,699	1,585	7 %	6 %	—	—	1 %
U.S. / Canada	1,744	1,625	7 %	—	4 %	(2)%	6 %
Total Marsh	\$ 3,443	\$ 3,210	7 %	3 %	2 %	(1)%	3 %
Mercer:							
Defined Benefit Consulting & Administration	\$ 659	\$ 674	(2)%	5 %	(2)%	—	(5)%
Investment Management & Related Services	458	378	21 %	4 %	4 %	—	14 %
Total Wealth	1,117	1,052	6 %	4 %	—	—	2 %
Health	871	838	4 %	2 %	(1)%	(1)%	4 %
Career	341	296	15 %	3 %	6 %	—	6 %
Total Mercer	\$ 2,329	\$ 2,186	7 %	3 %	1 %	—	3 %

Note:

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

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

Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures
Includes Revenue Standard Impact
Three Months Ended June 30
(Millions) (Unaudited)

Overview

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

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

Adjusted Operating Income (Loss) and Adjusted Operating Margin

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

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

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

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

Note:

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

Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures - Comparable Accounting Basis
Excludes the Revenue Standard Impact
Three Months Ended June 30
(Millions) (Unaudited)

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

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

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

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

Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures
Includes Revenue Standard Impact
Six Months Ended June 30
(Millions) (Unaudited)

Overview

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

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

Adjusted Operating Income (Loss) and Adjusted Operating Margin

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

	Risk & Insurance Services	Consulting	Corporate/ Eliminations	Total
Six Months Ended June 30, 2018				
Operating income (loss)	\$ 1,188	\$ 514	\$ (103)	\$ 1,599
Add (Deduct) impact of Noteworthy Items:				
Restructuring (a)	58	1	5	64
Adjustments to acquisition related accounts (b)	9	1	—	10
Other	—	(1)	—	(1)
Operating income adjustments	67	1	5	73
Adjusted operating income (loss)	\$ 1,255	\$ 515	\$ (98)	\$ 1,672
Operating margin	26.8%	15.5%	N/A	20.7%
Adjusted operating margin	28.3%	15.5%	N/A	21.6%

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

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

Note:

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

Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures - Comparable Accounting Basis
Excludes the Revenue Standard Impact
Six Months Ended June 30
(Millions) (Unaudited)

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

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

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

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

Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures
Includes the Revenue Standard Impact
Three and Six Months Ended June 30
(Millions) (Unaudited)

Adjusted Income, Net of Tax and Adjusted Earnings per Share

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

		Three Months Ended June 30, 2018	
		Amount	Adjusted EPS
Income from continuing operations		\$ 536	
Less: Non-controlling interest, net of tax		5	
Subtotal		\$ 531	\$ 1.04
Operating income adjustments	\$ 63		
Investments adjustment (a)	(26)		
Impact of income taxes	(6)		
		31	0.06
Adjusted income, net of tax		\$ 562	\$ 1.10

		Six Months Ended June 30, 2018	
		Amount	Adjusted EPS
Income from continuing operations		\$ 1,232	
Less: Non-controlling interest, net of tax		11	
Subtotal		\$ 1,221	\$ 2.38
Operating income adjustments	\$ 73		
Investments adjustment (a)	(18)		
Impact of income taxes	(10)		
Adjustments to provisional 2017 tax estimates (b)	3		
		48	0.09
Adjusted income, net of tax		\$ 1,269	\$ 2.47

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

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

Note:

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

Marsh & McLennan Companies, Inc.
Reconciliation of Non-GAAP Measures - Comparable Accounting Basis
Excludes the Revenue Standard Impact
Three and Six Months Ended June 30
(Millions) (Unaudited)

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

	Three Months Ended June 30, 2018		Three Months Ended June 30, 2017	
	Amount	Adjusted EPS	Amount	Adjusted EPS
Income from continuing operations, (2018 prior to the impact of ASC 606)	\$ 526		\$ 507	
Less: Non-controlling interest, net of tax	5		6	
Subtotal	<u>\$ 521</u>	<u>\$ 1.02</u>	<u>\$ 501</u>	<u>\$ 0.96</u>
Operating income adjustments	\$ 63		\$ 24	
Investments adjustment (a)	(26)		—	
Impact of income taxes	(6)		(7)	
	<u>31</u>	<u>0.06</u>	<u>17</u>	<u>0.04</u>
Adjusted income, net of tax	<u><u>\$ 552</u></u>	<u><u>\$ 1.08</u></u>	<u><u>\$ 518</u></u>	<u><u>\$ 1.00</u></u>

	Six Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	Amount	Adjusted EPS	Amount	Adjusted EPS
Income from continuing operations, (2018 prior to the impact of ASC 606)	\$ 1,147		\$ 1,085	
Less: Non-controlling interest, net of tax	11		15	
Subtotal	<u>\$ 1,136</u>	<u>\$ 2.22</u>	<u>\$ 1,070</u>	<u>\$ 2.05</u>
Operating income adjustments	\$ 73		\$ 17	
Investments adjustment (a)	(18)		—	
Impact of income taxes	(10)		(6)	
Adjustments to provisional 2017 tax estimates (b)	3		—	
	<u>48</u>	<u>0.09</u>	<u>11</u>	<u>0.03</u>
Adjusted income, net of tax	<u><u>\$ 1,184</u></u>	<u><u>\$ 2.31</u></u>	<u><u>\$ 1,081</u></u>	<u><u>\$ 2.08</u></u>

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

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

Marsh & McLennan Companies, Inc.
Supplemental Information - Impact of Revenue Recognition Standard
Three and Six Months Ended June 30
(Millions) (Unaudited)

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

Marsh & McLennan Companies, Inc.
Consolidated Balance Sheets
(Millions)

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

Note:

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

Marsh & McLennan Companies, Inc.
Consolidated Balance Sheets - Impact of Revenue Standard
(Millions) (Unaudited)

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

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