MARSH & McLENNAN COMPANIES

2016

Turning a year of uncertainty into opportunity

MARSH & McLENNAN COMPANIES
ANNUAL REPORT

We are Marsh & McLennan Companies: a global professional services firm offering clients advice and solutions in risk, strategy and people.

We serve clients in more than 130 countries through our market-leading professional services firms:

RISK & INSURANCE SERVICES

MARSH
Insurance broking and risk management

GUY CARPENTER
Reinsurance and intermediary advisory services

CONSULTING

MERCER
Health, wealth and career solutions and consulting

OLIVER WYMAN
Management, economic and brand strategy consulting

WE ARE COMMITTED TO:

ENABLING CLIENT SUCCESS
We anticipate the needs of our clients and act as their trusted advisors.

FINDING THE SMARTER WAY
We never stop searching for a better solution.

WORKING SIDE BY SIDE
We collaborate to harness our collective intelligence.

LIVING THE GREATER GOOD
We act with integrity and strive to improve our communities around the world.

This annual report contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. Please see "Information Concerning Forward-Looking Statements" on page (i) in the Form 10-K included in this annual report.

To our shareholders,

Disruption swept the world in 2016. Waves of nationalism and populism erupted, challenging established institutions, norms and our expectations of political leaders. Free trade, all types of immigration and globalization became, almost overnight, fraught concepts. Attempts to undermine public confidence in the cornerstones of our society reached new levels of sophistication.

"The more dynamic and complex the world gets, the more clients look to Marsh & McLennan Companies for our trusted advice."

Technology continued to transform our lives, bringing with it productivity gains and awe-inspiring innovations. These advances created deep anxiety about the impact of technology on jobs. Much of the dialogue around dramatic technological change focuses on the negative implications rather than the extraordinary opportunities it presents to solve some of our biggest global challenges.

The Chinese general, military strategist and philosopher, Sun Tzu, once wrote, "In the midst of chaos, there is also opportunity."

Amid all the flux in 2016, one constant held true, as it has for almost 150 years: the more dynamic and complex the world gets, the more clients look to Marsh & McLennan Companies for our trusted advice in the areas of risk, strategy and people.

Today, the quantity and speed of information, combined with heightened geopolitical volatility, make it harder for countries, institutions and individuals to identify risks and opportunities.

"We enable our clients to minimize risk, maximize opportunity and energize their people to achieve great things."

DAN GLASER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
MARSH & McLENNAN COMPANIES

7 years
OF CONSECUTIVE ADJUSTED MARGIN GROWTH IN BOTH SEGMENTS

The pace of innovation creates new risks — risks that will be refracted and dispersed through a prism of social, political and environmental issues. This landscape favors the innovative and the agile.

At Marsh & McLennan, we see significant opportunity in this environment. We are a strategic partner in promoting growth, protecting value and helping clients make better decisions in an increasingly complicated landscape.

Our more than 60,000 colleagues around the world thrive on making a meaningful difference in critical moments on behalf of our clients, delivering on our commitments to shareholders and improving the communities in which we live.

In my letter to you last year, I articulated our aspiration to become one of the very best companies, not simply in our industry segments, but in the world. To achieve this, we must be relevant to clients as the world becomes more complex, drive innovation and continue to be a great place to work. Together, these will enhance our ability to generate sustained growth in revenues and profits.

It is my pleasure to report the tangible progress our firm made in 2016.

ANOTHER YEAR OF STRONG FINANCIAL PERFORMANCE

Marsh & McLennan produced excellent financial results in 2016. We delivered underlying revenue growth, margin expansion in both segments and strong growth in adjusted earnings per share. We also had another successful year of growing the firm through acquisitions — enhancing our market position, capabilities, client services and geographic footprint.

We generated 3% underlying revenue growth on a consolidated basis, which was balanced across both operating segments.

Adjusted operating income[1] rose 10% to $2.7 billion and our consolidated adjusted margin increased 140 basis points to 20.5%, our ninth consecutive year of margin improvement.

Our adjusted EPS grew 12% to a record $3.42. Since 2009, adjusted EPS has grown at a CAGR of 13.3% — consistent with our long-term target of 13%.

In looking at our operating segments, Risk and Insurance Services revenue of $7.1 billion reflected an increase of 3% on an underlying basis. Adjusted operating income rose 10% to $1.8 billion, with the adjusted margin expanding 140 basis points to 24.7%, the highest level in more than a decade.

Marsh continued to generate underlying revenue growth, with 2016 marking the sixth straight year of 3% or more.

Guy Carpenter produced positive underlying revenue growth in 2016 — and has done so every year since 2009.

Our Consulting segment produced revenue of $6.1 billion, an increase of 3% on an underlying basis. Adjusted operating income rose 9% to $1.1 billion, up from $1 billion in 2015. The adjusted operating margin grew 130 basis points to a strong 18.6%.

$2.5 billion

OF CAPITAL ALLOCATED IN 2016 TO ACQUISITIONS, SHARE REPURCHASES AND DIVIDENDS

Mercer's underlying revenue growth of 3% marked its sixth straight year of at least 3% growth.

Oliver Wyman also generated underlying revenue growth of 3% for 2016.

OUR COMMITMENTS TO SHAREHOLDERS

We have two annual commitments to shareholders:

1) Increase our dividends per share by double digits; and
2) Reduce our total shares outstanding.

In 2016, we returned close to $1.5 billion to our shareholders in the form of dividends and share repurchases, and delivered on our capital-return commitments for the third consecutive year.

Our earnings growth has been impressive given the volatility around commodity prices and foreign exchange, persistently low interest rates, weak global GDP growth, political instability and lower property and casualty insurance pricing.

Importantly, we have consistently delivered value over time — over the past nine years, our annual EPS growth has exceeded the S&P 500 by an average of seven percentage points.

Over the long term, we expect to grow EPS at a higher rate than the S&P 500 with lower capital requirements — and lower levels of risk.

1 For a reconciliation of non-GAAP results to GAAP results, as related to all non-GAAP references presented in this letter, please refer to the Company's Form 8-K, dated February 2, 2017, available on the Company's website at mmc.com.

"Our adjusted EPS grew 12% to a record $3.42. Since 2009, adjusted EPS has grown at a CAGR of 13.3% — consistent with our long-term target of 13%."

10.2% DIVIDEND GROWTH

delivering on our annual commitment to increase dividends per share by double digits

20.5%

consolidated adjusted margin — an increase of 1,170 basis points since 2007

9 CONSECUTIVE YEARS

of consolidated adjusted margin expansion

Highest margins in
Risk & Insurance Services
and Consulting in

13 YEARS

Risk & Insurance Services and
Consulting adjusted
operating income each at

RECORD HIGH

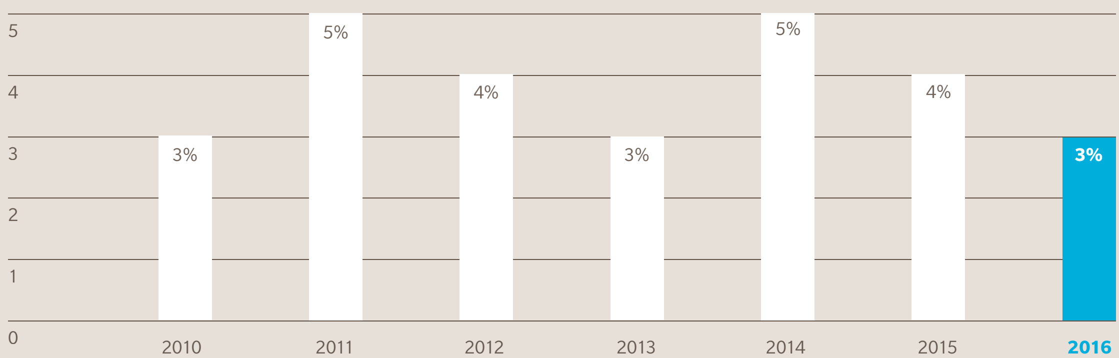
Committed nearly

$6 BILLION

across roughly 130 acquisitions
and investments since 2009

7 YEARS

of consecutive underlying revenue growth in the 3-5 percent range



Clients in more than

130 COUNTRIES

Annual revenue exceeds

$13 BILLION

60,000

colleagues around the world
making a difference for
clients in critical moments

> “No other organization can match Marsh & McLennan’s breadth of capabilities, depth of specialization and global reach.”

OUR VIEW OF THE MARKETS

The issues of risk, strategy and people give Marsh & McLennan a sustainable platform for growth.

The age of risk has only just begun. Whether it’s artificial intelligence, biotechnology, blockchain, 3D printing or climate change, emerging technologies and global developments present new sets of risks and opportunities. We are optimistic that insurance will continue to play an integral role in the advancement of society. Insurance is about more than just protection on the downside, it’s also about growth — it enables commerce to thrive.

Like the world around us, the insurance industry is changing rapidly as data, distribution and capital converge.

Underwriters continue to offer new insurance and reinsurance products and services that meet the emerging risk needs of our clients. This trend enhances the value we deliver and bodes well for the industry. We continue to see large-scale mergers and acquisitions and an influx of alternative capital, along with disruption and innovation in distribution platforms and technologies.

The dynamic and shifting environment also places a premium on trusted consulting advice and expertise.

Look no further than the workforce, which is being rapidly transformed in many markets by everything from robotics to the impact of longevity and the challenge of inadequate retirement savings. Critical decision making in the areas of health, wealth and careers is increasingly shifting to individuals, driving the need for innovative solutions to create more secure and rewarding futures.

And across industries, more companies are seeking strategic guidance as they fully embrace digitization to build and sustain new competitive advantages while simultaneously navigating complex regulatory environments.

Our firm changes with the times. The more complicated the issue, the greater the opportunity we have to draw on our collective strengths to better serve our clients.

According to the survey of approximately 13,000 executives that informs the 2017 *Global Risks Report* produced by the World Economic Forum in partnership with Marsh & McLennan and others, the top five concerns of businesses worldwide are unemployment, energy price shock, fiscal crises, national governance crises and social instability.

To address these and other concerns, companies will look to strengthen their resilience by sharpening their risk insights, insulating their investment strategies and deepening their stakeholder relationships. They will also seek to better understand the disruptive potential of emerging technologies. We believe they will increasingly rely on our expertise to help with the concerns of the day. No other organization can match Marsh & McLennan's breadth of capabilities, depth of specialization and global reach.

OUR COMMITMENT TO LONG-TERM GROWTH

Becoming one of the world's best companies requires the ability to drive long-term revenue growth. We are strongly positioned to do this because we are in growth businesses and markets — and anticipate even greater demand for our advice and services in the areas of risk, strategy and people.

We continually position the firm toward higher-growth opportunities while divesting or de-emphasizing slower-growing parts of the business. Our investments are focused on growing the firm — organically and through acquisitions — for the long term, while balancing our expectations to deliver exceptional performance today.

Rarely do we commit to an acquisition purely based on financial considerations. Since 2009, we have committed nearly $6 billion across roughly 130 acquisitions and investments that have made us stronger. Through these transactions, we have enhanced our strategic positioning by expanding our geographic reach and presence in fast-growing economies, opening up opportunities in under-penetrated growth segments and adding new capabilities.

The diversity of our geographic footprint has long been a distinct advantage for our firm. In 2016, we allocated capital for expansion across all operating companies in Latin America, Asia, the Middle East and South Africa. Amid shifting views on globalization, Marsh & McLennan is on the ground in more than 100 countries, providing flexibility to service clients in either a global or local environment.

OUR COMMITMENT TO INNOVATION

Our history is steeped in innovation, which can take many forms — and helps us drive growth. In our Risk and Insurance Services segment, Marsh & McLennan Agency (MMA) has been a great success for our firm. In 2009, we set out to extend beyond our traditional base of large commercial clients to build the best middle market agency in the industry. Seven years later, MMA boasts more than 4,000 colleagues across the United States and generates more than $1 billion in revenue. Including the January 2017 acquisition of J. Smith Lanier & Co., the premier agency in the Southeast US, MMA has acquired a string of 58 high-quality agencies since 2009.

Marsh has expanded its presence in the small and medium-sized enterprise (SME) market in the United Kingdom with the acquisition of Bluefin Insurance Group Limited in 2016, which followed our 2015 acquisition of Jelf Group.

184,000

VOLUNTEER HOURS CONTRIBUTED BY OUR COLLEAGUES AROUND THE WORLD TO IMPROVE SOCIETY

With approximately 250,000 customers in the UK, we've gone from having a negligible presence less than two years ago to being one of the largest SME players in the market.

Guy Carpenter has developed a series of state-of-the-art technologies that are transforming the way insurers assess their risks, capital needs and reinsurance pricing. In partnership with Weather Analytics, Guy Carpenter provides clients with predictive insights derived from machine learning around catastrophe risk.

Mercer is providing new technology-driven solutions that enable workforces to thrive as the relationship between employee and employer evolves, the freelance economy expands, people work further into life and concerns over financial security in retirement heighten. In 2016, Mercer acquired Thomsons Online Benefits, the leading global benefits management firm whose proprietary platform, Darwin, has been implemented in more than 80 countries and 24 languages. Mercer also acquired Sirota Consulting LLC, a global provider of employee engagement solutions, invested in Workday implementation capabilities and built out the Mercer Pension Risk Exchange, which provides real-time pricing for pension buyout transactions.

And Oliver Wyman is quickly emerging as a critical advisor on the digitization of business. The company's Digital, Technology, Operations and Analytics practice is growing rapidly to support clients across industries. OW Labs, a technology and data service that helps clients achieve competitive advantages through the power of their data, is also expanding quickly and supporting our core strategy work.

The consistency of this strategic approach compounds powerfully — we're building for the long term. We expect these faster-growing businesses will represent an even larger portion of our firm's revenues over time.

Taken together, our investment approach and ability to innovate, constantly reassess our outlook and improve the mix of our businesses have transformed Marsh & McLennan over the past decade — and strongly position us for sustainable growth and profitability.

OUR PEOPLE

Marsh & McLennan offers colleagues the opportunity to work with extraordinary people, to address some of society's greatest challenges, to take on new roles and responsibilities and to make a difference. In the last four years, more than 3,100 colleagues have moved to a different operating company or to our corporate team, a testament to our commitment to the development of our people.

Our colleagues give us their passion and their commitment. They also give us their careers — in some cases, their entire careers. It is deeply gratifying to have more than 650 colleagues who have worked with us for 35-plus years, including 150 who have given us 40-plus years and nine inspiring colleagues who have been with Marsh & McLennan for more than 50 years.

The vitality and longevity of these colleagues is a shining example for our millennial colleagues, whose ideas and contributions touch every part of our company. Millennials represent 37% of our entire firm globally, including 30% of colleagues at Marsh, 26% at Guy Carpenter, 45% at Mercer and close to 60% at Oliver Wyman. On a geographic basis, Asia has our highest percentage of millennials at 62%.

Together, we share a sense of purpose that goes beyond commercial success. Our colleagues relish being there for our clients when it matters most: in moments of decision, in moments of opportunity and in moments of peril. And they bring this shared purpose to life, each and every day.

“There is no Marsh & McLennan without the knowledge and know-how of our colleagues.”

They are trusted advisors always searching for a better solution; working to harness our collective intelligence across teams, business units and global offices; and living the greater good by acting with integrity and improving their communities.

At Marsh & McLennan, we believe in the primacy of family life, and that personal growth enriches professional development.

OUR CULTURE

Everything we do across our entire organization is anchored by our culture.

Mutual respect, dignity, diversity and inclusion are at the heart of Marsh & McLennan Companies. We value the richness of different perspectives and life experiences. And we value a striving, questioning culture, where it’s safe for all colleagues to speak up, because diverse views and a free and open exchange are how we create our best ideas. We will never back away from our commitment to these fundamental values.

One of our most powerful competitive advantages is the element of constructive discontent embedded in our culture. It’s our way of looking at the world, at a business approach or at our own work environment and spotting what could be better. Not what’s wrong — what *we can do* better. At a recent town hall meeting, a colleague asked me what could be improved at the company. I responded with one word: “Everything.”

This restless search for a smarter way guards against complacency and arrogance, which tend to afflict companies that have done well for long periods of time. It’s also where innovation — and impact — begins.

Our distinct culture is reflected in the contributions our people make to the communities where they live and work. I am extremely proud of what our colleagues accomplished outside the office last year. Collectively, they volunteered 184,000 hours — to causes ranging from education, to animal advocacy, to health, to homelessness — making a meaningful difference in more than 350 cities and 50 countries around the world.

Among the commendations Marsh & McLennan received in 2016, we were recognized by *Forbes* magazine as one of America’s Best Employers for the first time, named the No. 1 Military-Friendly Employer in the US by *G.I. Jobs* magazine for our efforts to support veterans and earned an A- rating by CDP for our sustainability initiatives.

We are more than 60,000 global colleagues united by a uniquely collaborative culture and our shared commitment to make a difference for the businesses, people and societies we serve.

THE IMPORTANCE OF LEADERSHIP

One of the most powerful benefits of having high-quality colleagues and a strong culture is that it enhances our ability to attract the best, most qualified individuals to our organization.

The conventional command-and-control management philosophy that multinational companies have applied for decades is changing rapidly. For us, that means entrusting our colleagues to make faster and smarter decisions, closer to the client. Leadership is often less about one big idea and more about always putting the client first, empowering our people to create and deliver new solutions that add value and upholding our commitment to integrity and quality, each and every day.

We are not satisfied with average; we strive to be exceptional. More than any other factor, our performance is a matter of will and determination.

> “Our investments are focused on growing the firm for the long term, while balancing our expectations to deliver exceptional performance today.”

LOOKING FORWARD

I am incredibly proud to serve as the CEO of this unique company. Combining our depth of leadership, the long-term growth potential of each of our businesses and our dedicated colleagues is powerful — making us an exceptional professional services firm.

I would like to thank our Board of Directors, and especially Ed Hanway for his stewardship since taking over as Independent Chairman last year.

I would also like to welcome our newest board members, Anthony Anderson and Deborah Hopkins. Tony’s deep industry experience and Debby’s proven track record of innovation will enrich our perspective.

In closing, I want to thank our colleagues for their energy and commitment, our clients for the trust they place in us each day and our investors for their continued support. We are always in the market for investors who support our balanced approach of delivering strong financial performance today while investing for our future.

Together, we’ve been able to create a truly special company — one that continues to make itself even stronger in every regard while better enabling our clients to minimize risk, maximize opportunity and energize their people to achieve great things.

In an unprecedented time of rapid change and emerging challenges, there’s little doubt the best is yet to come for Marsh & McLennan.

Best regards,

DAN GLASER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
MARSH & McLENNAN COMPANIES
FEBRUARY 24, 2017

Top, from left: Morton O. Schapiro, Anthony K. Anderson, Steven A. Mills, Bruce P. Nolop, Daniel S. Glaser, Marc D. Oken, Lloyd M. Yates, Oscar Fanjul
Bottom, from left: R. David Yost, Elaine La Roche, H. Edward Hanway, Deborah C. Hopkins

OUR BOARD OF DIRECTORS

ANTHONY K. ANDERSON
Former Vice Chair and
Midwest Area Managing Partner,
Ernst & Young

OSCAR FANJUL
Vice Chairman, Omega Capital
Former Chairman and
Chief Executive Officer, Repsol

DANIEL S. GLASER
President and Chief Executive Officer,
Marsh & McLennan Companies

H. EDWARD HANWAY
Former Chairman and
Chief Executive Officer,
Cigna Corporation

DEBORAH C. HOPKINS
Former Chief Executive Officer
of Citi Ventures and
Chief Innovation Officer,
Citigroup

ELAINE LA ROCHE
Chief Executive Officer,
China International Capital Corporation US
Former Chief Executive Officer, China
International Capital Corporation, Beijing

STEVEN A. MILLS
Former Executive Vice President,
Software & Systems,
International Business Machines
Corporation (IBM)

BRUCE P. NOLOP
Former Chief Financial Officer,
E*TRADE Financial Corporation

MARC D. OKEN
Managing Partner,
Falfurrias Capital Partners
Former Chief Financial Officer,
Bank of America Corporation

MORTON O. SCHAPIRO
President, Northwestern University

LLOYD M. YATES
Executive Vice President, Market Solutions &
President, Carolinas—Duke Energy

R. DAVID YOST
Former President and
Chief Executive Officer,
AmerisourceBergen Corporation

Marsh & McLennan Companies Awards

Forbes | 2016 AMERICA'S BEST LARGE EMPLOYERS

Named one of **America's Best Employers** by *Forbes* magazine

BUSINESS INSURANCE

Ranked **#1 Insurance Broker** by *Business Insurance*

BEST PLACES TO WORK 2017 for LGBT Equality 100% CORPORATE EQUALITY INDEX

Named one of the **Best Places to Work for LGBT Equality** by Human Rights Campaign

MILITARY FRIENDLY MF'17 GOLD TOP 10 EMPLOYER

Named **#1 Military Friendly® Employer** in US by *G.I. Jobs* magazine

Top, from left: John Q. Doyle, Scott McDonald, Mark McGivney, Peter J. Beshar, E. Scott Gilbert
Bottom, from left: Peter Zaffino, Daniel S. Glaser, Laurie Ledford, Julio A. Portalatin

OUR EXECUTIVE COMMITTEE

PETER J. BESHAR
Executive Vice President and
General Counsel,
Marsh & McLennan Companies

JOHN Q. DOYLE
President,
Marsh

E. SCOTT GILBERT
Senior Vice President and
Chief Information Officer,
Marsh & McLennan Companies

DANIEL S. GLASER
President and Chief Executive Officer,
Marsh & McLennan Companies

LAURIE LEDFORD
Senior Vice President and
Chief Human Resources Officer,
Marsh & McLennan Companies

SCOTT McDONALD
President and Chief Executive Officer,
Oliver Wyman Group

MARK McGIVNEY
Chief Financial Officer,
Marsh & McLennan Companies

JULIO A. PORTALATIN
President and Chief Executive Officer,
Mercer

PETER ZAFFINO
Chairman, Risk and
Insurance Services
Chief Executive Officer,
Marsh

Marsh named **Best Cyber Risk Broking Team** by Advisen

Mercer ranked **#1 Human Resources Consulting Firm** by Vault

Guy Carpenter named *Reactions'* London Market Awards' **Reinsurance Broker of the Year**

Oliver Wyman named one of the **Best Workplaces** for recent college graduates by *Fortune* magazine and Great Place to Work®

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016
Commission File No. 1-5998

MARSH & McLENNAN COMPANIES

Marsh & McLennan Companies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**36-2668272**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1166 Avenue of the Americas
New York, New York 10036-2774
(Address of principal executive offices; Zip Code)
(212) 345-5000
Registrant's telephone number, including area code
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.00 per share	New York Stock Exchange
	Chicago Stock Exchange
	London Stock Exchange

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting Company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting Company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒	Accelerated Filer ☐
Non-Accelerated Filer ☐ (Do not check if a smaller reporting company)	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell Company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2016, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately $35,474,889,954 computed by reference to the closing price of such stock as reported on the New York Stock Exchange on June 30, 2016.

As of February 16, 2017, there were outstanding 515,003,586 shares of common stock, par value $1.00 per share, of the registrant.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Marsh & McLennan Companies, Inc.'s Notice of Annual Meeting and Proxy Statement for the 2017 Annual Meeting of Stockholders (the "2017 Proxy Statement") are incorporated by reference in Part III of this Form 10-K.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future events or results, use words like "anticipate," "assume," "believe," "continue," "estimate," "expect," "intend," "plan," "project" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would." Forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed or implied in our forward-looking statements.

Factors that could materially affect our future results include, among other things: our organization's ability to maintain adequate safeguards to protect the security of our information systems and confidential, personal or proprietary information, particularly given the volume of third party vendors we use; our ability to successfully recover if we experience a business continuity problem due to cyberattack, natural disaster or otherwise; our exposure to potential liabilities, including reputational impact, arising from errors and omissions, breach of fiduciary duty and similar claims against us; our ability to compete effectively and adapt to changes in the competitive environment, including to respond to pricing pressures and technological and other types of innovation; the impact of macroeconomic conditions, political events and market conditions on us, our clients and the industries in which we operate, including the effects of the vote in the U.K. to exit the E.U. and the potential for more protectionist laws and business practices; the financial and operational impact of complying with laws and regulations where we operate, including the E.U.’s General Data Protection Regulation; our exposure to potential civil remedies or criminal penalties if we fail to comply with applicable U.S. and non-U.S. laws and regulations; our ability to incentivize and retain key employees; the effect of our global pension obligations on our financial position, earnings and cash flows and the impact of low interest rates on those obligations; the impact on our competitive position of our tax rate relative to our competitors; the impact of fluctuations in foreign exchange, interest rates and securities markets on our results; and the impact of changes in accounting rules or in our accounting estimates or assumptions.

The factors identified above are not exhaustive. We caution readers not to place undue reliance on any forward-looking statements, which are based only on information currently available to us and speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made.

Further information concerning Marsh & McLennan Companies and its businesses, including information about factors that could materially affect our results of operations and financial condition, is contained in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section in Part I, Item 1A of this report and the "Management’s Discussion and Analysis of Financial Condition and Results of Operations" section in Part II, Item 7 of this report.

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PART I

ITEM 1. BUSINESS.

References in this report to "we", "us" and "our" are to Marsh & McLennan Companies, Inc. and its consolidated subsidiaries (the "Company"), unless the context otherwise requires.

GENERAL

The Company is a global professional services firm offering clients advice and solutions in risk, strategy and people. It is the parent company of a number of leading risk advisors and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and investment related financial advice and services; and Oliver Wyman Group, the management, economic and brand consultancy. With approximately 60,000 employees worldwide and annual revenue of more than $13 billion, the Company provides analysis, advice and transactional capabilities to clients in more than 130 countries.

The Company conducts business through two segments:

- **Risk and Insurance Services** includes risk management activities (risk advice, risk transfer and risk control and mitigation solutions) as well as insurance and reinsurance broking and services. The Company conducts business in this segment through Marsh and Guy Carpenter.
- **Consulting** includes health, retirement, talent and investments consulting services and products, and specialized management, economic and brand consulting services. The Company conducts business in this segment through Mercer and Oliver Wyman Group.

We describe our current segments in further detail below. We provide financial information about our segments in our consolidated financial statements included under Part II, Item 8 of this report.

OUR BUSINESSES

RISK AND INSURANCE SERVICES

The Risk and Insurance Services segment generated approximately 54% of the Company's total revenue in 2016 and employs approximately 32,600 colleagues worldwide. The Company conducts business in this segment through Marsh and Guy Carpenter.

MARSH

Marsh is a global leader in delivering risk advisory and insurance solutions to companies, institutions and individuals around the world. From its founding in 1871 to the present day, Marsh has demonstrated a commitment to thought leadership, innovation and insurance expertise to meet its clients’ needs. Marsh’s pioneering contributions include introducing the practice of client representation through brokerage, the discipline of risk management, the globalization of risk management services and the development of service platforms that identify, quantify, mitigate and transfer risk.

Currently, approximately 30,300 Marsh colleagues provide risk management, insurance broking, insurance program management services, risk consulting, analytical modeling and alternative risk financing to a wide range of businesses, government entities, professional service organizations and individuals in more than 130 countries. Marsh generated approximately 45% of the Company's total revenue in 2016.

Insurance Broking and Risk Consulting

In its core insurance broking and risk advisory business, Marsh employs a team approach to identify, quantify and address clients' risk management and insurance needs. Marsh’s product and service offerings include risk analysis, insurance program design and placement, insurance program support and administration, claims support and advocacy, alternative risk strategies and a wide array of risk analysis and risk management consulting services. We believe that clients benefit from Marsh’s advanced analytics, deep technical expertise, collaborative global culture and the ability to develop innovative solutions and products. The firm’s resources also include more than 35 risk, specialty and industry practices, including robust cyber, financial and professional service practices, along with a successful and growing employee health & benefits business.

Marsh provides services to clients of all sizes, including large multinational companies, high growth middle-market businesses, small commercial enterprises and high net-worth private clients. Marsh segments clients to ensure that their needs are effectively addressed through tailored value propositions, which aim to provide solutions that best mitigate and manage their risk exposures.

Global Risk Management. Marsh has an extensive global footprint and market-leading advisory and placement services that benefit large domestic and international companies and institutions facing complex risk exposures. These clients are also supported by Marsh's robust analytics and a growing digital experience.

In addition, Marsh's largest multinational clients are serviced by a dedicated team of colleagues from around the world focused on delivering service excellence and insurance solutions to clients wherever they are located. Marsh provides global expertise and an intimate knowledge of local markets, helping clients navigate local regulatory environments to address the worldwide risk issues that confront them.

Middle Market & Corporate. A fast-growing, "solutions-based" segment, middle market and corporate clients are served by Marsh's brokerage operations globally and constitute a substantial majority of clients served by Marsh & McLennan Agency (MMA) in the United States, Jelf/Bluefin in the United Kingdom and large portions of Marsh's international business.

- ***MMA*** offers a broad range of commercial property and casualty products and services, as well as solutions for employee health and benefits, retirement and administration needs and a growing personal lines business in the United States and Canada. Since its first acquisition in 2009, MMA has acquired 58 agencies. MMA provides advice on insurance program structure and market dynamics, along with industry expertise and transactional capability.
- ***Jelf*** (acquired in December 2015) ***and Bluefin*** (acquired in December 2016) service more than 250,000 clients, primarily in the small to mid-market segment across the United Kingdom, and offer high quality technical advice, bespoke products and distinctive services including claims consultancy, employee health and benefit, personal lines solutions and risk management. As a result of these acquisitions, Marsh is now a leading SME (small and medium enterprise) broker in the United Kingdom.

Small Commercial. Clients in this market segment face less complex risks and are served by Marsh's innovative product and placement offerings and growing capabilities in digitally enabled distribution.

- ***Schinnerer Group*** is composed of Victor O. Schinnerer & Co. in the United States and ENCON Group Inc. in Canada. It is one of the largest underwriting managers of professional liability and specialty insurance programs worldwide. In the United States, Victor O. Schinnerer & Co. provides risk management and insurance solutions to over 35,000 insureds through a national third-party distribution network of licensed brokers. ENCON Group Inc., a leading managing general agent in Canada with over 42,000 insureds, offers professional liability and construction insurance, as well as group and retiree benefits programs and claims handling for individuals, professionals, organizations and businesses.
- ***Dovetail Insurance*** is a leading provider of cloud-based insurance services tailored to the U.S. small commercial market. Based in Columbia, South Carolina, Dovetail has developed an advanced cloud-based technology platform that enables independent insurance agents, on behalf of their small business clients, to obtain online quotes from multiple insurance providers and bind insurance policies in real time. The process enables independent agents to deliver more efficient and timely service and an expanded product selection, while giving insurance providers access to a state-of-the art platform for distributing their products.

High Net Worth (HNW). Individual high net worth clients are serviced by Marsh's Private Client Services (PCS), MMA and other personal lines businesses globally. These businesses provide a single-source solution for high net worth clients, and are dedicated to sourcing protections across a complete spectrum of risk. Using a consultative and advisory centric approach, exposures are analyzed and customized programs provide comprehensive coverage for clients with complex asset portfolios.

Additional Services and Adjacent Businesses

In addition to insurance broking, Marsh provides certain other specialist advisory or placement services:

Marsh Risk Consulting (MRC) is a global practice comprising specialists that advise clients on identifying exposures, use data and analytics to assess critical business activities and evaluate existing risk practices and strategies. MRC provides client services in five main areas: Property Risk and Asset Valuation; Workforce Strategies; Claims Consulting; Strategic Risk and Cybersecurity Consulting; and Financial Advisory Services.

Marsh Global Analytics helps organizations use data and analytical tools to better understand risks, make more informed decisions, support the implementation of innovative solutions and strategies and, ultimately, reduce costs. Marsh Global Analytics employs a suite of solutions including extensive, global placement data viewed using PlaceMAP (a benchmarking and placement application), statistical and financial analyses, decision modeling, catastrophic loss modeling and the Marsh Analytical Platform (Marsh’s proprietary suite of analytics applications that delivers risk insights to clients for better decision making concerning retaining, mitigating and transferring risk).

Marsh Captive Solutions serves more than 1,250 captive facilities, including single-parent captives, reinsurance pools and risk retention groups. The Captive Solutions practice operates in 42 captive domiciles and leverages the consulting expertise within Marsh’s brokerage offices worldwide. The practice includes the Captive Advisory Group, a consulting arm that performs captive feasibility studies and helps to structure and implement captive solutions; the Captive Management Group, an industry leader in managing captive facilities and in providing administrative, consultative and insurance-related services; and the Actuarial Services Group, which is comprised of credentialed actuaries and supporting actuarial analysts.

Bowring Marsh is an international placement broker for property and casualty risks. Bowring Marsh uses placement expertise in major international insurance market hubs, including Bermuda, Brazil, China, United Arab Emirates, Ireland, Hong Kong, England, Spain, the United States, Singapore, South Korea, Japan and Switzerland, and an integrated global network to secure advantageous terms and conditions for its clients throughout the world.

Torrent Technologies is a service provider to Write Your Own (WYO) insurers participating in the National Flood Insurance Program (NFIP) in the United States. It offers a comprehensive suite of flood insurance products and services to WYO carriers and agents. Torrent and Marsh together also have demonstrated capabilities in the private retail flood space and in providing other non-NFIP flood insurance administration services to mortgage lenders and other businesses.

Marsh ClearSight is a cloud-based software platform that serves the needs of risk management professionals, insurance carriers and third-party administrators, through integrated technology, analytics and data services solutions across risk, safety and claims management. Marsh ClearSight enables its customers to analyze trends, gain industry insights, optimize decision-making and reduce costs across the entire risk lifecycle.

Services for Insurers

Insurer Consulting Group provides services to insurance carriers. Through Marsh's patented electronic platform, MarketConnect, and sophisticated data analysis, Marsh provides insurers with individualized preference setting and risk identification capabilities, as well as detailed performance data and metrics. Insurer consulting teams review performance metrics and preferences with insurers. Marsh's Insurer Consulting services are designed to improve the product offerings available to clients, assist insurers in identifying new opportunities and enhance insurers’ operational efficiency. The scope and nature of the services vary by insurer and by geography.

GUY CARPENTER

Guy Carpenter, the Company’s reinsurance broker, generated approximately 9% of the Company's total revenue in 2016. The workforce consists of approximately 2,300 professionals who provide clients with a combination of specialized reinsurance broking expertise, strategic advisory services and analytics solutions. Guy Carpenter creates and executes reinsurance and risk management solutions for clients worldwide through risk assessment analytics, actuarial services, highly-specialized product knowledge and trading relationships with reinsurance markets. Client services also include contract and claims management and fiduciary accounting.

Acting as a broker or intermediary on all classes of reinsurance, Guy Carpenter places two main types of property and casualty reinsurance: treaty reinsurance, which involves the transfer of a portfolio of risks; and facultative reinsurance, which involves the transfer of part or all of the coverage provided by a single insurance policy.

Guy Carpenter provides reinsurance services in a broad range of specialty practice areas, including: agriculture; alternative risk transfer (such as group-based captives and insurance pools); aviation & aerospace; casualty clash (losses involving multiple policies or insureds); construction and engineering; credit, bond & political risk; cyber; excess & umbrella; flood; general casualty; life, accident & health; marine and energy; medical professional liability; professional liability; program manager solutions; property; public sector; retrocessional reinsurance (reinsurance between reinsurers); surety (reinsurance of surety bonds and other financial guarantees); terror, and workers compensation.

Guy Carpenter also offers clients alternatives to traditional reinsurance, including industry loss warranties and, through its licensed affiliates, capital markets alternatives such as transferring catastrophe risk through the issuance of risk-linked securities. GC Securities, the Guy Carpenter division of MMC Securities LLC and MMC Securities (Europe) Limited, offers corporate finance solutions, including mergers & acquisitions and private debt and equity capital raising, and capital markets-based risk transfer solutions that complement Guy Carpenter's strong industry relationships, analytical capabilities and reinsurance expertise.

Guy Carpenter also provides its clients with reinsurance-related services, including actuarial, enterprise risk management, financial and regulatory consulting, portfolio analysis and advice on the efficient use of capital. Guy Carpenter's GC Analytics® unit helps clients better understand and quantify the uncertainties inherent in their businesses. Working in close partnership with Guy Carpenter account executives, GC Analytics specialists help support clients' critical decisions in numerous areas, including reinsurance utilization, catastrophe exposure portfolio management, new product and market development, rating agency, regulatory and account impacts, loss reserve risk, capital adequacy and return on capital.

Compensation for Services in Risk and Insurance Services

Marsh and Guy Carpenter are compensated for brokerage and consulting services through commissions and fees. Commission rates and fees vary in amount and can depend upon a number of factors, including the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer selected, and the capacity in which the broker acts and negotiates with clients. In addition to compensation from its clients, Marsh also receives other compensation, separate from retail fees and commissions, from insurance companies. This other compensation includes, among other things, payments for consulting and analytics services provided to insurers; fees for administrative and other services provided to or on behalf of insurers (including services relating to the administration and management of quota shares, panels and other facilities in which insurers participate); and contingent commissions, which are paid by insurers based on the attainment of specified goals relating to Marsh's placements, particularly at MMA and in parts of Marsh's international operations.

Marsh and Guy Carpenter receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others. For a more detailed discussion of revenue sources and factors affecting revenue in our Risk and Insurance Services segment, see Part II, Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") of this report.

CONSULTING

The Company's Consulting segment generated approximately 46% of the Company's total revenue in 2016 and employs approximately 25,500 colleagues worldwide. The Company conducts business in this segment through Mercer and Oliver Wyman Group.

MERCER

Mercer is a global consulting leader in health, retirement, investments and talent. Mercer helps clients around the world advance the health, wealth and performance of their most vital asset - their people. Mercer's approximately 21,000 employees are based in more than 40 countries. Clients include a majority of the companies in the Fortune 1000 and FTSE 100, as well as medium- and small-market organizations. Mercer generated approximately 33% of the Company's total revenue in 2016.

Mercer operates in the following areas:

Health. Mercer assists public and private sector employers in the design and management of employee health care programs; administration of health benefits and flexible benefits programs, including total benefits outsourcing; compliance with local benefits-related regulations; and the establishment of health and welfare benefits coverage for employees. Mercer provides a range of advice and solutions to clients, which, depending on the engagement, may include: total health management strategies; global health brokerage solutions; vendor performance and audit; life and disability management; and measurement of healthcare provider performance. These services are provided through traditional fee-based consulting as well as commission-based brokerage services in connection with the selection of insurance companies and healthcare providers. Mercer also provides products and solutions for private active and retiree exchanges in the United States, including its Mercer Marketplace 365^{SM} offering.

Retirement. Mercer provides a wide range of strategic and compliance-related retirement services and solutions to corporate, governmental and institutional clients. Mercer assists clients worldwide in the design, governance and risk management of defined benefit, defined contribution and hybrid retirement plans. Mercer's approach to retirement services enables clients to consider the benefits, accounting, funding and investment aspects of plan design and management in the context of business objectives and governance requirements. Mercer also provides total benefits outsourcing; total retirement outsourcing, including administration and delivery for retirement benefits; and stand-alone services for defined benefit administration and defined contribution administration.

Investments. Mercer's investments business provides clients with investment consulting and investment management services. In its investment consulting business, Mercer provides investment advice and related services to the sponsors of pension funds, foundations, endowments, insurance companies, wealth management firms and other investors in more than 40 countries. Mercer's services cover all stages of the institutional investment process, from strategy, structure and implementation to ongoing portfolio management.

Mercer provides investment management services - also referred to as delegated solutions or fiduciary management - to institutional investors including retirement plans (defined benefit and defined contribution), endowments and foundations and wealth managers, primarily through investment in manager of manager funds sponsored and managed by Mercer. Mercer offers a diverse range of solutions to meet a full spectrum of risk/return preferences and manages investment vehicles across a range of investment strategies for clients globally. As of December 31, 2016, Mercer had assets under management of approximately $158 billion worldwide.

Talent. Mercer's talent businesses advise organizations on the engagement, management and rewarding of employees; the design of executive remuneration programs; and improvement of human resource (HR) effectiveness. Through proprietary survey data and decision support tools, Mercer's Information Products Solutions business provides clients with human capital information and analytical capabilities to improve strategic human capital decision making. Mercer's Communications business helps clients plan and implement HR programs and other organizational changes designed to maximize employee engagement, drive desired employee behaviors and achieve improvements in business performance.

Effective January 1, 2017, Mercer merged its investment and retirement businesses into a newly-created wealth business. We believe this combination will align Mercer's investment management capabilities globally. In addition, moving forward we will refer to our talent business as our career business.

OLIVER WYMAN GROUP

With approximately 4,400 professionals and offices in 27 countries, Oliver Wyman Group delivers advisory services to clients through three operating units, each of which is a leader in its field: Oliver Wyman, Lippincott and NERA Economic Consulting. Oliver Wyman Group generated approximately 13% of the Company's total revenue in 2016.

Oliver Wyman is a leading global management consulting firm. Oliver Wyman's consultants specialize by industry and functional area, allowing clients to benefit from both deep sector knowledge and specialized expertise in strategy, operations, risk management and organization transformation. Industry groups include:

- Automotive
- Aviation, Aerospace & Defense
- Business Services
- Communications, Media & Technology
- Distribution & Wholesale
- Energy
- Financial Services (including corporate and institutional banking, insurance, wealth and asset management, public policy, and retail and business banking)
- Health & Life Sciences
- Industrial Products
- Public Sector
- Retail & Consumer Products
- Surface Transportation
- Travel & Leisure

Oliver Wyman overlays its industry knowledge with expertise in the following functional specializations:

- *Actuarial*. Oliver Wyman offers actuarial consulting services to public and private enterprises, self-insured group organizations, insurance companies, government entities, insurance regulatory agencies and other organizations.
- *Business & Organization Transformation*. Oliver Wyman advises organizations undergoing or anticipating profound change or facing strategic discontinuities or risks by providing guidance on leading the institution, structuring its operations, improving its performance and building its organizational capabilities.
- *Corporate Finance & Restructuring.* Oliver Wyman provides an array of capabilities to support investment decision making by private equity funds, hedge funds, sovereign wealth funds, investment banks, commercial banks, arrangers, strategic investors and insurers.
- *Digital*. Oliver Wyman has a dedicated cross-industry team helping clients capitalize on the opportunities created by digital technology and address the strategic threats.
- *Marketing & Sales*. Oliver Wyman advises leading firms in the areas of offer/pricing optimization; product/service portfolio management; product innovation; marketing spend optimization; value-based customer management; and sales and distribution model transformation.
- *OW Labs*. OW Labs applies innovative approaches to technology to drive business impact for its clients. The mission of OW Labs is to help clients to unleash the power of the information they already have or could capture - essentially to become knowledge-powered businesses - and through that to drive competitive advantage and sustained impact.

- *Operations & Technology*. Oliver Wyman offers market-leading IT organization design, IT economics management, Lean Six Sigma principles and methodologies, and sourcing expertise to clients across a broad range of industries.
- *Risk Management.* Oliver Wyman works with chief financial officers, chief risk officers, and other senior finance and risk management executives of corporations and financial institutions on risk management solutions. Oliver Wyman provides effective, customized solutions to the challenges presented by the evolving roles, needs and priorities of these individuals and organizations.
- *Strategy*. Oliver Wyman is a leading provider of corporate strategy advice and solutions in the areas of growth strategy and corporate portfolio; non-organic growth and M&A; performance improvement; business design and innovation; corporate center and shared services; and strategic planning.
- *Sustainability Center*. The Sustainability Center at Oliver Wyman supports leading companies and governments around the world in their efforts to foster economic growth while encouraging more responsible use of natural resources and environmental protection.
- *Value Sourcing*. Oliver Wyman helps organizations with optimization of purchasing processes or organization; cost monitoring; low-cost country sourcing; supply chain management; strategic sourcing; sequenced supply; part kitting; and with transforming procurement into a strong competitive advantage, delivering sustained value.

Lippincott is a brand strategy and design consulting firm that advises corporations around the world in a variety of industries on corporate branding, identity and image. Lippincott has helped create some of the world's most recognized brands.

NERA Economic Consulting provides economic analysis and advice to public and private entities to achieve practical solutions to highly complex business and legal issues arising from competition, regulation, public policy, strategy, finance and litigation. NERA professionals operate worldwide assisting clients including corporations, governments, law firms, regulatory agencies, trade associations, and international agencies. NERA's specialized practice areas include: antitrust; securities; complex commercial litigation; energy; environmental economics; network industries; intellectual property; product liability and mass torts; and transfer pricing.

Compensation for Services in Consulting

Mercer and the Oliver Wyman Group of businesses are compensated for advice and services primarily through fees paid by clients. Mercer's Health & Benefits business is compensated through commissions for the placement of insurance contracts (comprising more than half of the revenue in the Health & Benefits business) and consulting fees. Mercer's delegated solutions business and certain of Mercer's defined contribution administration services are compensated typically through fees based on assets under administration or management. For a majority of the Mercer-managed investment funds, revenue received from Mercer's investment management clients as sub-advisor fees is reported in accordance with U.S. GAAP, on a gross basis rather than a net basis. For a more detailed discussion of revenue sources and factors affecting revenue in the Consulting segment, see Part II, Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") of this report.

REGULATION

The Company's activities are subject to licensing requirements and extensive regulation under U.S. federal and state laws, as well as laws of other countries in which the Company's subsidiaries operate. See Part I, Item 1A ("Risk Factors") below for a discussion of how actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our businesses.

Risk and Insurance Services. While laws and regulations vary from location to location, every state of the United States and most foreign jurisdictions require insurance market intermediaries and related service providers (such as insurance brokers, agents and consultants, reinsurance brokers and managing general agents) to hold an individual or company license from a government agency or self-regulatory organization. Some jurisdictions issue licenses only to individual residents or locally-owned business entities; in those instances, if the Company has no licensed subsidiary, it may maintain arrangements with residents or business entities licensed to act in such jurisdiction. Such arrangements are subject to an internal review and approval process. Licensing of reinsurance intermediaries is generally less rigorous compared to that of insurance brokers, and most jurisdictions require only corporate reinsurance intermediary licenses.

The Insurance Mediation Directive was adopted by the United Kingdom and 26 other European Union Member States in 2005. Its implementation gave powers to the Financial Services Authority ("FSA"), the United Kingdom regulator at the time, to expand their responsibilities in line with the Financial Services and Markets Act, the result of which was the regulation of insurance and reinsurance intermediaries. The enhanced regulatory regime implemented in the United Kingdom created a licensing system based on an assessment of factors which included professional competence, financial capacity and the requirement to hold professional indemnity insurance. In April 2013, the FSA was superseded by the Financial Conduct Authority ("FCA"). In April 2014, the FCA's responsibilities were expanded further to include the regulation of credit activities for consumers. This included the broking of premium finance to consumers who wished to spread the cost of their insurance. In April 2015, the FCA obtained concurrent competition powers enabling them to enforce prohibitions on anti-competitive behavior in relation to financial services.

Insurance authorities in the United States and certain other jurisdictions in which the Company's subsidiaries do business, including the FCA in the United Kingdom, also have enacted laws and regulations governing the investment of funds, such as premiums and claims proceeds, held in a fiduciary capacity for others. These laws and regulations typically provide for segregation of these fiduciary funds and limit the types of investments that may be made with them, and generally apply to both the insurance and reinsurance business. The FCA is currently reviewing its rules governing the protection of client assets and client money. If deemed appropriate, the FCA will implement changes intended to provide enhanced protection to client funds.

Certain of the Company's Risk and Insurance Services activities are governed by other regulatory bodies, such as investment, securities and futures licensing authorities. In the United States, Marsh and Guy Carpenter use the services of MMC Securities LLC, a SEC registered broker-dealer in the United States, investment adviser and introducing broker. MMC Securities LLC is a member of the Financial Industry Regulatory Authority ("FINRA"), the National Futures Association and the Securities Investor Protection Corporation ("SIPC"), primarily in connection with capital markets and other investment banking-related services relating to insurance-linked and alternative risk financing transactions. Also in the United States, Marsh uses the services of MMA Securities LLC, a SEC registered broker-dealer and member of FINRA, SIPC and the Municipal Securities Rulemaking Board, primarily in connection with retirement, executive compensation and benefits consulting and advisory services to qualified and non-qualified benefits plans, companies and executives. In the United Kingdom, Marsh and Guy Carpenter use the expertise of MMC Securities (Europe) Limited, which is authorized and regulated by the FCA to provide advice on securities and investments, including mergers & acquisitions in the European Union. MMC Securities LLC, MMC Securities (Europe) Limited and MMA Securities LLC are indirect, wholly-owned subsidiaries of Marsh & McLennan Companies, Inc.

Consulting. Certain of Mercer's retirement-related consulting and investment services are subject to pension law and financial regulation in many countries. In addition, the trustee services, investment services (including advice to persons, institutions and other entities on the investment of pension assets and assumption of discretionary investment management responsibilities) and retirement and employee benefit program administrative services provided by Mercer and its subsidiaries and affiliates are also subject to investment and securities regulations in various jurisdictions, including regulations imposed or enforced by the SEC and the Department of Labor in the United States, the FCA in the United Kingdom, the Central Bank of Ireland and the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission. In the United States, Mercer provides investment services through Mercer Investment Management, Inc. and Mercer Investment Consulting LLC, each an SEC-registered investment adviser in the United States. Mercer Trust Company, a New Hampshire chartered trust bank, provides services for Mercer's benefits administration and investment management business in the United States. The benefits insurance consulting and brokerage services provided by Mercer and its subsidiaries and affiliates are subject to the same licensing requirements and regulatory oversight as the insurance market intermediaries described above regarding our Risk and Insurance Services businesses. Mercer uses the services of MMC Securities LLC to provide certain retirement and employee benefit services. Oliver Wyman Group uses the services of MMC Securities (Europe) Limited in the European Union, primarily in connection with corporate finance advisory services.

FATCA. Regulations promulgated by the U.S. Treasury Department pursuant to the Foreign Account Tax Compliance Act and related legislation (FATCA) require the Company to take various measures relating to non-U.S. funds, transactions and accounts. The regulations impose on Mercer certain client financial account tracking and disclosure obligations with respect to non-U.S. financial institution and insurance clients, and require Marsh and Guy Carpenter (and Mercer, in limited circumstances) to collect, validate and maintain certain documentation from each foreign insurance entity that insures a risk that is subject to the regulations. As of January 1, 2017, FATCA expanded to regulate a broader set of insurance and reinsurance placements, known as "foreign-to-foreign" transactions. The Company has adopted processes to substantially address FATCA's requirements.

COMPETITIVE CONDITIONS

The Company faces strong competition in all of its businesses from providers of similar products and services, including competition with regard to identifying and pursuing acquisition candidates. The Company also encounters strong competition throughout its businesses from both public corporations and private firms in attracting and retaining qualified employees. In addition to the discussion below, see "Risks Relating to the Company Generally-Competitive Risks," in Part I, Item 1A of this report.

Risk and Insurance Services. The Company's combined insurance and reinsurance services businesses are global in scope. Our insurance and reinsurance businesses compete principally on sophistication, range, quality and cost of the services and products they offer to clients. The Company encounters strong competition from other insurance and reinsurance brokerage firms that operate on a nationwide or worldwide basis, from a large number of regional and local firms in the United States, the European Union and elsewhere, from insurance and reinsurance companies that market, distribute and service their insurance and reinsurance products without the assistance of brokers or agents and from other businesses, including commercial and investment banks, accounting firms, consultants and online platforms, that provide risk-related services and products or alternatives to traditional insurance brokerage services. In addition, third party capital providers have entered the insurance and reinsurance risk transfer market offering products and capital directly to the Company's clients. Their presence in the market increases the competitive pressures that the Company faces.

Certain insureds and groups of insureds have established programs of self insurance (including captive insurance companies) as a supplement or alternative to third-party insurance, thereby reducing in some cases their need for insurance placements. Certain insureds also obtain coverage directly from insurance providers. There are also many other providers of managing general agency, affinity programs and private client services, including specialized firms, insurance companies and other institutions.

Consulting. The Company's consulting and HR outsourcing businesses face strong competition from other privately and publicly held worldwide and national companies, as well as regional and local firms. These businesses generally compete on the basis of the range, quality and cost of the services and products they provide to clients. Competitors include independent consulting and outsourcing firms, as well as consulting and outsourcing operations affiliated with accounting, information systems, technology and financial services firms. Mercer's investments business faces competition from many sources, including investment consulting firms (many of which offer delegated services) and other financial institutions. In some cases, clients have the option of handling the services provided by Mercer and Oliver Wyman Group internally, without assistance from outside advisors.

Segmentation of Activity by Type of Service and Geographic Area of Operation.

Financial information relating to the types of services provided by the Company and the geographic areas of its operations is incorporated herein by reference to Note 16 to the consolidated financial statements included under Part II, Item 8 of this report.

Employees

As of December 31, 2016, the Company and its consolidated subsidiaries employed approximately 60,000 people worldwide, including approximately 32,600 in risk and insurance services, 25,500 in consulting and 1,700 individuals at the parent-company level.

EXECUTIVE OFFICERS OF THE COMPANY

The executive officers of the Company are appointed annually by the Company's Board of Directors. The following individuals are the executive officers of the Company:

Peter J. Beshar, age 55, is Executive Vice President and General Counsel of Marsh & McLennan Companies. In addition to managing the Company's Legal, Compliance & Public Affairs function, Mr. Beshar also oversees the Company's Government Relations and Risk Management groups. Before joining Marsh & McLennan Companies in November 2004, Mr. Beshar was a Litigation Partner in the law firm of Gibson, Dunn & Crutcher LLP. Mr. Beshar joined Gibson, Dunn & Crutcher in 1995 after serving as an Assistant Attorney General in the New York Attorney General's office and as the Special Assistant to Cyrus Vance in connection with the peace negotiations in the former Yugoslavia.

John Q. Doyle, age 53, is President of Marsh and oversees Marsh's core brokerage business worldwide as well as Global Sales, Global Clients and Marsh & McLennan Agency. In addition to serving on the Executive Committee of Marsh & McLennan Companies, he is a member of the Marsh Executive Committee. Prior to assuming this role in April 2016, Mr. Doyle was most recently Chief Executive Officer of AIG's commercial insurance businesses. He began his career at AIG in 1986 and held several senior executive positions, including President and Chief Executive Officer of AIG property and casualty in the U.S., President and Chief Executive Officer of National Union Fire Insurance Company, and President of American Home Assurance Company.

E. Scott Gilbert, age 61, is Senior Vice President and Chief Information Officer of Marsh & McLennan Companies. Mr. Gilbert leads the Company's firm-wide efforts to improve the experience of clients and colleagues through the development and implementation of innovative and cost-effective technologies. In his role, he has responsibility for the Global Technology Infrastructure group, the Marsh & McLennan Innovation Centre, and chairs the Company's Technology Council. In addition, Mr. Gilbert oversees the Company's global Business Resiliency and Security operations. Prior to assuming his current role in September 2015, Mr. Gilbert served as Senior Vice President and Chief Risk and Compliance Officer of the Company. Prior to joining Marsh & McLennan Companies in January 2005, he was the Chief Compliance Counsel of the General Electric Company since September 2004. Prior thereto, he was Counsel, Litigation and Legal Policy at GE. Between 1986 and 1992, when he joined GE, he served as an Assistant United States Attorney in the Southern District of New York.

Daniel S. Glaser, age 56, is President and Chief Executive Officer of Marsh & McLennan Companies. Prior to his current role, Mr. Glaser served as Group President and Chief Operating Officer of the Company from April 2011 through December 2012. He rejoined Marsh & McLennan Companies in December 2007 as Chairman and Chief Executive Officer of Marsh after serving in senior positions in commercial insurance and insurance brokerage in the United States, Europe and the Middle East, returning to the firm where he had begun his career 25 years before, right out of university. Mr. Glaser was named Chairman of the Federal Advisory Committee on Insurance (FACI) in August 2014. Mr. Glaser also serves on the International Advisory Board of BritishAmerican Business and is a member of the Board of Trustees for The Institutes (American Institute for Chartered Property Casualty Underwriters) and Ohio Wesleyan University.

Laurie Ledford, age 59, is the Company's Senior Vice President and Chief Human Resources Officer. Ms. Ledford is responsible for Marsh & McLennan Companies' overall human capital and talent strategy and the delivery of human resources services to all our colleagues worldwide. Prior to her current role, Ms. Ledford served as Chief Human Resources Officer (CHRO) for Marsh Inc. Ms. Ledford joined Marsh in 2000 and was named CHRO in 2006, after having served as Senior Human Resources Director for Marsh's International Specialty Operations. Her prior experience was with Citibank and NationsBank.

Scott McDonald, age 50, is President and Chief Executive Officer of Oliver Wyman Group. Prior to assuming this role in January 2014, Mr. McDonald was President of Oliver Wyman. Before becoming President of Oliver Wyman in 2012, Mr. McDonald was the Managing Partner of Oliver Wyman's Financial Services practice and has held a number of senior positions, including the Global head of the Corporate & Institutional Banking practice. Before joining Oliver Wyman in 1995, he was an M&A investment banker with RBC Dominion Securities in Toronto.

Mark McGivney, age 49, is the Company's Chief Financial Officer. Mr. McGivney has held a number of senior financial management positions since joining the Company in 2007, including Chief Financial Officer of Marsh and Chief Financial Officer and Chief Operating Officer of Mercer. In his most recent role as Senior Vice President, Corporate Finance of Marsh & McLennan Companies, Mr. McGivney was responsible for leading and directing the Company's Corporate Development, Treasury and Investor Relations functions. His prior experience includes senior positions at The Hanover Insurance Group, including serving as Senior Vice President of Finance, Treasurer, and Chief Financial Officer of the Property & Casualty business, and investment banking positions at Merrill Lynch and Salomon Brothers.

Julio A. Portalatin, age 57, is President and Chief Executive Officer of Mercer. Prior to joining Mercer in February 2012, Mr. Portalatin was the President and CEO of Chartis Growth Economies, and Senior Vice President, American International Group (AIG). In that role, he had responsibility for operations in Asia Pacific, South Asia, Latin America, Africa, the Middle East and Central Europe. Mr. Portalatin began his career with AIG in 1993 and thereafter held a number of key leadership roles, including President of the Worldwide Accident & Health Division at American International Underwriters (AIU) from 2002-2007. From 2007-2010, he served as President and CEO of Chartis Europe S.A. and Continental European Region, based in Paris, before becoming President and CEO of Chartis Emerging Markets. Prior to joining AIG / Chartis, Mr. Portalatin spent 12 years with Allstate Insurance Company in various executive product underwriting, distribution and marketing positions.

Peter Zaffino, age 50, is Chairman of the Risk and Insurance Services Segment and Chief Executive Officer of Marsh. Mr. Zaffino was named Chairman of the Risk and Insurance Services segment of the Company in May 2015. Prior to being named Marsh CEO in 2011, Mr. Zaffino was President and CEO of Guy Carpenter, a position he assumed in early 2008. Previously, he was an Executive Vice President of Guy Carpenter and had held a number of senior positions, including Head of Guy Carpenter's U.S. Treaty Operations and Head of the firm's Global Specialty Practices. Mr. Zaffino has over 25 years of experience in the Insurance and Reinsurance industry. Prior to joining Guy Carpenter in 2001, he held several senior positions, most recently serving in an executive role with a GE Capital portfolio company.

AVAILABLE INFORMATION

The Company is subject to the information reporting requirements of the Securities Exchange Act of 1934. In accordance with the Exchange Act, the Company files with, or furnishes to, the SEC annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The Company makes these reports and any amendments to these reports available free of charge through its website, www.mmc.com, as soon as reasonably practicable after they are filed with or furnished to the SEC. The SEC also maintains a website at www.sec.gov that contains reports, proxy and information statements and other information regarding issuers, like the Company, that file electronically with the SEC.

The Company also posts on its website certain governance and other information for investors.

The Company encourages investors to visit these websites from time to time, as information is updated and new information is posted. Website references in this report are provided as a convenience and do not constitute, and should not be viewed as, incorporation by reference of the information contained on, or available through, the websites. Therefore, such information should not be considered part of this report.

Item 1A. Risk Factors

You should consider the risks described below in conjunction with the other information presented in this report. These risks have the potential to materially adversely affect the Company's business, results of operations or financial condition.

RISKS RELATING TO THE COMPANY GENERALLY

Legal and Regulatory Risks

We are subject to significant uninsured exposures arising from errors and omissions, breach of fiduciary duty and similar claims.

Our operating companies provide numerous professional services, including the placement of insurance and the provision of consulting, investment advisory and actuarial services, to clients around the world. As a result, the Company and its subsidiaries are subject to a significant number of errors and omissions, breach of fiduciary duty and similar claims, which we refer to collectively as "E&O claims." In our Risk and Insurance Services segment, such claims include allegations of damages arising from our failure to assess clients' risks, advise clients, place coverage or notify insurers of potential claims on behalf of clients in accordance with our obligations to them. In our Consulting segment, where we increasingly act in a fiduciary capacity through our investments business, such claims include allegations of damages arising from the provision of consulting, investments, actuarial, pension administration and other services. These services frequently involve complex calculations and other analysis, including (i) making assumptions about, and preparing estimates concerning, contingent future events, (ii) drafting and interpreting complex documentation governing pension plans, (iii) calculating benefits within complex pension structures, (iv) providing investment advice, including guidance on asset allocation and investment strategy, and (v) managing client assets, including the selection of investment managers. These matters often relate to services provided by the Company dating back many years. Such claims may subject us to significant liability for monetary damages, including punitive and treble damages, negative publicity and reputational harm, and may divert personnel and management resources. We may be unable to effectively limit our potential liability in certain jurisdictions, including through insurance, or in connection with certain types of claims, particularly those concerning claims of a breach of fiduciary duty.

In establishing liabilities for E&O claims in accordance with FASB ASC Subtopic No. 450-20 (Contingencies - Loss Contingencies), the Company uses case level reviews by inside and outside counsel, an internal actuarial analysis by Oliver Wyman Group, a subsidiary of the Company, and other methods to estimate potential losses. A liability is established when a loss is both probable and reasonably estimable. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable. Given the challenges inherent in establishing liabilities in accordance with FASB ASC Subtopic No. 450-20, as well as the unpredictability of E&O claims and the litigation that can flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on the Company's business, results of operations or financial condition in a given quarterly or annual period.

Further, and as more fully described in Note 15 to our consolidated financial statements included under Part II, Item 8 of this report, we are subject to legal proceedings, regulatory investigations and other contingencies other than E&O claims which, if determined unfavorably to us, could have a material adverse effect on our business, results of operations or financial condition.

We cannot guarantee that we are or will be in compliance with all current and potentially applicable U.S. federal and state or foreign laws and regulations, and actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate could have a material adverse effect on our business.

Our activities are subject to extensive regulation under the laws of the United States and its various states, the European Union and its member states and the other jurisdictions in which we operate. For example, we are subject to regulation by agencies such as the Securities and Exchange Commission in the United States and the Financial Conduct Authority (the "FCA") in the United Kingdom, state insurance regulators in the United States and self-regulatory organizations such as FINRA, as further described above under Part I, Item 1 - Business (Regulation) of this report. We are also subject to trade sanctions laws relating to countries such as Cuba, Iran, Russia, Sudan and Syria, and anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Anti-Bribery Act. We are subject to numerous other laws on matters as diverse as internal control over financial reporting and disclosure controls and procedures, securities regulation, data privacy and protection, taxation, anti-trust, immigration, wage-and-hour standards and employment and labor relations.

The U.S. and foreign laws and regulations that apply to our operations are complex, and our efforts to comply with them require significant resources. In some cases, these laws and regulations may impose operational limitations on our business, including on the products and services we may offer or on the amount or type of compensation we may collect. While we attempt to comply with applicable laws and regulations, there can be no assurance that we, our employees, our consultants and our contractors and other agents are in full compliance with such laws and regulations or interpretations at all times, or that we will be able to comply with any future laws or regulations. If we fail to comply with applicable laws and regulations, including those referred to above, we may be subject to investigations, criminal penalties or civil remedies, including fines, injunctions, loss of an operating license or approval, increased scrutiny or oversight by regulatory authorities, the suspension of individual employees, limitations on engaging in a particular business or redress to clients. The cost of compliance and the consequences of non-compliance could have a material adverse effect on our business, results of operations and financial condition. In addition, a failure to comply with applicable laws and regulations could have a material adverse effect on the Company by exposing us to negative publicity and reputational damage or by harming our client or employee relationships.

In most jurisdictions, government regulatory authorities have the power to interpret and amend applicable laws and regulations, and have discretion to grant, renew and revoke the various licenses and approvals we need to conduct our activities. Such authorities may require the Company to incur substantial costs in order to comply with such laws and regulations. In some areas of our businesses, we act on the basis of our own or the industry's interpretations of applicable laws or regulations, which may conflict from state to state or country to country. In the event those interpretations eventually prove different from the interpretations of regulatory authorities, we may be penalized or precluded from carrying on our previous activities. Moreover, the laws and regulations to which we are subject may conflict among the various jurisdictions and countries in which we operate, which increases the likelihood of our businesses being non-compliant in one or more jurisdictions.

Cybersecurity and Data Protection Risks

We could incur significant liability or our reputation could be damaged if our information systems are breached or we otherwise fail to protect client or Company data or information systems.

We rely on the efficient, uninterrupted and secure operation of complex information technology systems and networks to operate our business and securely process, transmit and store electronic information. In the normal course of business, we also share electronic information with our vendors and other third parties. This electronic information comprises sensitive and confidential data, including information related to financial records, health care, mergers and acquisitions and clients' personal data. Our information technology systems, and those of our numerous third-party providers, are potentially vulnerable to damage or interruption from a variety of external threats, including cyber-attacks, computer viruses and other malware, ransomware and other types of security breaches. Our systems are also subject to compromise from internal threats such as improper action by employees, vendors and other third parties with otherwise legitimate access to our systems. The latency of such attacks is often measured in months, and we may not be able to detect an attack in a timely manner. We could experience significant financial and reputational harm if our information systems are breached, or sensitive client or Company data are compromised.

We are at risk of attack by a growing list of adversaries, including by state-sponsored organizations, organized crime, hackers or "hactivists" (activist hackers), through use of increasingly sophisticated methods of attack, including long-term, persistent attacks referred to as advanced persistent threats. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and generally are not identified until they are launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures, resulting in potential data loss or other damage to information technology systems.

As the breadth and complexity of our infrastructure continues to grow, including as a result of the use of mobile technologies, cloud services, social media and the increased reliance on devices connected to the Internet (known as the "Internet of Things"), the potential risk of security breaches and cyber-attacks also increases. Despite ongoing efforts to improve our ability to protect data from theft, we may not be able to protect all of our data across our diverse systems. Should an attacker gain access to our network using compromised credentials of an authorized user, we are at risk that the attacker might successfully leverage that access to compromise additional systems and data. Certain measures that could increase the security of our infrastructure, such as data encryption or deployment of multi-factor authentication, take significant time and resources to deploy broadly, and such measures may not be effective against an attack. The inability to implement, maintain and upgrade adequate safeguards could have a material adverse effect on our business.

Due to the large number and age of the systems and platforms that we operate, the increased frequency at which vendors issue security patches to their products, the need to test patches and, in some cases coordinate with clients and vendors, before they can be deployed, we are at risk that we cannot deploy patches in a timely manner. We are also dependent on third party vendors like cloud service providers to keep their systems patched in order to protect our data. If we, our clients and our vendors are unable to keep systems patched in a timely manner, they may be breached, which could have a material adverse effect on our business.

We have numerous vendors and other third parties who receive personal information from us in connection with the services we offer our clients. A small percentage of them have direct access to our systems. We are at risk of a cyber-attack involving a vendor or other third party, which could result in a breakdown of such third party’s data protection processes or the cyber-attackers gaining access to our infrastructure through the third party. To the extent that a vendor or third party suffers a cyber-attack that compromises their operations, we could incur significant costs and possible service interruption, which could have an adverse effect on our business.

We have a history of making acquisitions and investments, including 115 in the period from 2011-2016. The process of integrating the information systems of the businesses we acquire is complex and exposes us to additional risk. For instance, we may not adequately identify weaknesses in the target’s information systems, either before or after the acquisition, which could affect the value we are able to derive from the acquisition, expose us to unexpected liabilities or make our own systems more vulnerable to a cyber-attack. We may also be unable to integrate the systems of the businesses we acquire into our environment in a timely manner, which could further increase these risks until such integration takes place.

Our policies, procedures and technical safeguards may be insufficient to prevent or detect improper access to confidential, personal or proprietary information by employees, vendors or other third parties with otherwise legitimate access to our systems. Improper access to or disclosure of sensitive client or Company information could harm our reputation and subject us to liability under our contracts, as well as under existing or future laws, rules and regulations.

We have from time to time experienced data incidents and cybersecurity breaches, such as malware incursions (including computer viruses and ransomware), users exceeding their data access authorization, employee misconduct and incidents resulting from human error, such as loss of portable and other data storage devices. Like many companies, we are subject to regular phishing email campaigns directed at our employees that can result in malware infections and data losses. Although these incidents have resulted in data loss and other damages, to date, they have not had a material adverse effect on our business or operations. In the future, these types of incidents could result in confidential, personal or proprietary information being lost or stolen, including client, employee or company data, which could have a material adverse effect on our business. We also may be unable to detect an incident, assess its severity or impact, or appropriately respond in a timely manner. In addition, our liability insurance, which includes cyber insurance, may not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

The costs to comply with, or our failure to comply with, U.S. and foreign laws related to privacy, data security and data protection, such as the E.U. General Data Protection Regulation, could adversely affect our financial condition, operating results and our reputation.

In providing services and solutions to clients, we store and transfer sensitive client or Company data, including personal data, in and across multiple jurisdictions. We leverage systems and applications that are spread all over the world requiring us to regularly move data across national borders. As a result, we are or may become subject to a variety of laws and regulations in the United States and abroad regarding privacy, data protection and data security. These laws and regulations are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly with respect to foreign laws. For example, in April 2016 the European Commission adopted the General Data Protection Regulation ("GDPR"), which greatly increases the jurisdictional reach of its laws and adds a broad array of requirements for handling personal data, such as the public disclosure of significant data breaches, privacy impact assessments, data portability and the appointment of data protection officers in some cases. Other countries have enacted or are enacting data localization laws that require data to stay within their borders. At a state level, the New York State Department of Financial Services has issued cybersecurity regulations which impose an array of detailed security measures on covered entities. All of these evolving compliance and operational requirements impose significant costs that are likely to increase over time and may restrict the way services involving data are offered, all of which may adversely affect our results of operations.

Unauthorized disclosure or transfer of sensitive or confidential client or Company data, whether through systems failure, employee negligence, fraud or misappropriation, by the Company, our vendors or other parties with whom we do business could subject us to significant litigation, monetary damages, regulatory enforcement actions, fines and criminal prosecution in one or more jurisdictions. For example, under the GDPR, violations could result in a fine of up to 4% of a corporation’s global annual revenue. Such events could also result in negative publicity and damage to our reputation and cause us to lose clients, which could therefore have a material adverse effect on our results of operations.

Competitive Risks

We face significant competitive pressures in each of our businesses.

As a global professional services firm, the Company faces intense, sustained competition in each of its operating segments. Our ability to compete successfully depends on a variety of factors, including the quality and expertise of our colleagues, our geographic reach, the sophistication and quality of our services, our pricing relative to competitors, our customers' ability to self-insure or use internal resources instead of consultants, known as "disintermediation," and our ability to respond to changes in client demand and industry conditions. Some of our competitors may have greater financial resources, or may be better positioned to respond to technological and other changes in the industries we serve, and they may be able to compete more effectively. If we are unable to respond successfully to the competition we face, our business, results of operations and financial condition will be adversely impacted.

As a U.S.-domiciled company, our consolidated effective tax rate is higher than a number of our key competitors that are domiciled outside the United States where corporate tax rates are lower than the U.S. federal statutory tax rate. Certain of our businesses, such as Marsh & McLennan Agency, also operate primarily in the United States where their earnings are subject to higher tax rates. The higher consolidated tax rate at which our earnings are taxed could have an adverse impact on our ability to compete with a number of our competitors. Additionally, the tax laws, rulings, policies or related legal and regulatory interpretations of the U.S. and other jurisdictions could change in the future, and such changes could cause a material change in our tax rate.

In our Risk and Insurance Services segment, in addition to the challenges posed by capital market alternatives to traditional insurance and reinsurance, we compete intensely against a wide range of other insurance and reinsurance brokerage and risk advisory firms that operate on a global, regional, national or local scale for both client business and employee talent. We also compete with insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or other market intermediaries, and with various other companies that provide risk-related services or alternatives to traditional brokerage services including through technological solutions. This competition is intensified by an industry trend toward a "syndicated" or "distributed" approach to the purchase of insurance and reinsurance brokerage services, where a client engages multiple brokers to service different portions of the client's account. In addition, third party capital providers have entered the insurance and reinsurance risk transfer market offering products and capital directly to our clients. Their presence in the market increases the competitive pressures that we face.

In our Consulting segment, we compete for business with numerous consulting firms and similar organizations, many of whom also provided, or are affiliated with firms that provided, accounting, information systems, technology and financial services. Such competitors may be able to offer more comprehensive products and services to potential clients, which may give them a competitive advantage.

The loss of key professionals could hurt our ability to retain existing client revenues and generate revenues from new business.

Across all of our businesses, our colleagues are critical to developing and retaining the client relationships as well as performing the services on which our revenues depend. It is therefore important for us to attract, incentivize and retain significant revenue-producing employees and the key managerial and other professionals who support them. In addition, we could be adversely affected if we fail to adequately plan for the succession of members of our senior management team. We face numerous challenges in this regard, including the intense competition for talent and the general mobility of professionals.

Losing employees who manage or support substantial client relationships or possess substantial experience or expertise could adversely affect our ability to secure and complete client engagements, which could adversely affect our results of operations. And, subject to applicable enforceable restrictive covenants, if a key employee were to join an existing competitor or form a competing company, some of our clients could choose to use the services of that competitor instead of our services.

Our business performance and growth plans could be negatively affected if we are not able to effectively apply technology in driving value for our clients.

To remain competitive in many of our business areas, we must anticipate and respond effectively to the threat of digital disruption and other technological change. The threat comes from traditional players through disintermediation as well as from new entrants. We must also identify relevant technologies and methodologies and integrate them into our product and service offerings. We may not be able to do this effectively. Additionally, the effort to gain technological expertise and develop new technologies in our business requires us to incur significant expenses, and we may not make sufficient investments necessary to realize these goals.

We have a number of strategic initiatives involving investments in technology systems and infrastructure to support our growth strategy. In addition to new platforms and systems, we are deploying new processes and many of our colleagues across the business are changing the way they perform certain roles to capture efficiencies. These initiatives may not yield sufficient return to cover the investments they require. In some cases, we depend on key vendors and partners to provide technology and other support for our strategic initiatives. If these vendors or partners fail to perform their obligations or otherwise cease to work with us, our ability to execute on our strategic initiatives could be adversely affected. If we do not keep up with technological changes or execute well on our strategic initiatives, our business and results of operations could be adversely impacted.

Damage to our reputation could have a material adverse effect on our business.

Our reputation is one of our key assets. We advise our clients on and provide services related to a wide range of subjects and our ability to attract and retain clients is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters or others could erode trust and confidence and damage our reputation among existing and potential clients, which could make it difficult for us to attract new clients and maintain existing ones as mentioned above. Negative public opinion could also result from actual or alleged conduct by us or those currently or formerly associated with us in any number of activities or circumstances, including operations, regulatory compliance, and the use and protection of data and systems, satisfaction of client expectations, and from actions taken by regulators or others in response to such conduct. This damage to our reputation could further affect the confidence of our clients, rating agencies, regulators, stockholders and the other parties in a wide range of transactions that are important to our business and could have a material adverse effect on our business, financial condition and operating results.

Consolidation in the industries we serve could adversely affect our business.

Companies in the industries that we serve may seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If two or more of our current clients merge, or consolidate or combine their operations, it may decrease the amount of work that we perform for these clients. If one of our current clients merges or consolidates with a company that relies on another provider for its services, we may lose work from that client or lose the opportunity to gain additional work. Any of these or similar possible results of industry consolidation could adversely affect our business. The insurance industry saw increased market consolidation in 2016, and this trend could continue or accelerate in 2017. As the insurance and reinsurance companies continue to consolidate, Guy Carpenter’s smaller client base may be more susceptible to this risk given the limited number of insurance company clients and reinsurers in the marketplace.

We rely on a large number of vendors and other third parties to perform key functions of our business operations and to provide services to our clients. These vendors and third parties may act in ways that could harm our business.

We rely on a large number of vendors and other third parties, and in some cases subcontractors, to provide services, data and information such as technology, information security, funds transfers, data processing, and administration and support functions that are critical to the operations of our business. These third parties include correspondents, agents and other brokers and intermediaries, insurance markets, data providers, plan trustees, payroll service providers, software and system vendors, health plan providers, investment managers, risk modeling providers, outsourced providers of client-related services and providers of human resource functions, such as recruiters. As we do not fully control the actions of these third parties, we are subject to the risk that their decisions or operations may adversely impact us and replacing these service providers could create significant delay and expense. A failure by the third parties to comply with service level agreement, or regulatory or legal requirements in a high quality and timely manner, particularly during periods of our peak demand for their services, could result in economic and reputational harm to us. In addition, these third parties face their own technology, operating, business and economic risks, and any significant failures by them, including the improper use or disclosure of our confidential client, employee, or company information or failure to comply with applicable law, could cause harm to our reputation or otherwise expose us to liability. An interruption in or the cessation of service by any service provider as a result of systems failures, capacity constraints, financial difficulties or for any other reason could disrupt our operations, impact our ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from clients or employees, damage to our reputation and harm to our business.

Financial Risks

Our results of operations could be adversely affected by macroeconomic conditions, political events and market conditions.

Macroeconomic conditions and political events around the world affect our clients' businesses and the markets they serve. These conditions may reduce demand for our services or depress pricing for those services, which could have a material adverse effect on our results of operations. Changes in macroeconomic and political conditions could also shift demand to services for which we do not have a competitive advantage, and this could negatively affect the amount of business that we are able to obtain. For example, recently there has been a move toward protectionist laws and business practices in some countries, which could favor local competition and adversely affect our business. In particular, on June 23, 2016, the United Kingdom held a referendum and voted in favor of leaving the European Union, or E.U., referred to as "Brexit". Brexit has created political and economic uncertainty, particularly in the United Kingdom and the E.U., and this uncertainty may last for years. Our business in the United Kingdom, the E.U. and worldwide could be affected during this period of uncertainty, and perhaps longer, by the impact of the United Kingdom’s referendum. In addition, as a result of the recent change of administration in the United States, changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories and countries where we currently do business, and any negative sentiments toward the United States as a result of such changes, could adversely affect our business. Further, concerns persist regarding the economic health and political stability of certain Eurozone countries. If the demand for our products and services declines as a result of these or any other macroeconomic conditions, political events or market conditions, we may be required to respond in a way which could adversely affect our ability to execute our business strategy.

Our investments, including our minority investments in other companies as well as our cash investments and those held in a fiduciary capacity, are subject to general credit, liquidity, counterparty, foreign exchange, market and interest rate risks. These risks may be exacerbated by global macroeconomic conditions, market volatility and regulatory, financial and other difficulties affecting the companies in which we have invested or that may be faced by financial institution counterparties. During times of stress in the banking industry, counterparty risk can quickly escalate, potentially resulting in substantial trading and investment losses for corporate and other investors. In addition, we may incur investment losses as a result of unusual and unpredictable market developments, and we may continue to experience reduced investment earnings if the yields on investments deemed to be low risk remain at or near their current low levels. If the banking system or the fixed income, interest rate, credit or equity markets deteriorate, the value and liquidity of our investments could be adversely affected. Finally, the value of the Company's assets held in other jurisdictions, including cash holdings, may decline due to foreign exchange fluctuations.

If we are unable to collect our receivables, our results of operations and cash flows could be adversely affected.

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for the work we perform. Accounts receivable typically total about one-quarter of our total annual revenues, and as of December 31, 2016, our accounts receivable were approximately $3.4 billion. Macroeconomic conditions could result in financial difficulties for our clients, which could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance or default on their payment obligations to us. Timely collection of client balances also depends on our ability to complete our contractual commitments and bill and collect our contracted revenues. If we are unable to meet our contractual requirements, we might experience delays in collection of, or be unable to collect, our client balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience an increase in the time it takes to bill and collect for our services, our cash flows could be adversely affected.

We may not be able to obtain financing on favorable terms or at all.

The maintenance and growth of our business, the payment of dividends and our ability to make share repurchases depend on our access to capital, which depends in large part on cash flow generated by our business and the availability of equity and debt financing. Certain of our businesses such as GC Securities and MMC Securities (Europe) Limited also rely on financings by us to fund debt and equity capital raising offerings by their clients. There can be no assurance that our operations will generate sufficient positive cash flow to finance all of our capital needs or that we will be able to obtain equity or debt financing on favorable terms or at all. In addition, our ability to obtain financing will depend in part upon prevailing conditions in credit and capital markets, which are beyond our control.

Our defined benefit pension plan obligations could cause the Company's financial position, earnings and cash flows to fluctuate.

Our defined benefit pension obligations and the assets set aside to fund those obligations are sensitive to certain changes in the financial markets. Any such changes may result in increased pension expense or additional cash payments to fund these plans.

The Company has significant defined benefit pension obligations to its current and former employees, totaling approximately $15.6 billion, and related plan assets of approximately $14.4 billion, at December 31, 2016 on a U.S. GAAP basis. The Company's policy for funding its defined benefit pension plans is to contribute amounts at least sufficient to meet the funding requirements set forth by law. In the United States, contributions to these plans are based on ERISA guidelines. Outside the United States, contributions are generally based on statutory requirements and local funding practices, which may differ from measurements under U.S. GAAP. In the U.K., for example, the assumptions used to determine pension contributions are the result of legally-prescribed negotiations between the Company and the plans' trustee. Currently, this results in a lower funded status than under U.S. GAAP and may result in contributions irrespective of the U.S. GAAP funded status.

The financial calculations relating to our defined benefit pension plans are complex. Pension plan assets could decrease as the result of poor future asset performance. Also, pension plan liabilities, periodic pension expense and future funding amounts could increase as a result of a decline in the interest rates we use to discount our pension liabilities, longer lifespans than those reflected in our mortality assumptions, actual investment return that is less than the expected return on assets, adverse changes in laws or regulations and other variables.

While we have taken steps to mitigate the impact of pension volatility on our earnings and cash funding requirements, these strategies may not be successful. Accordingly, given the magnitude of our worldwide pension plans, variations in or reassessment of the preceding factors or potential miscalculations relating to our defined benefit pension plans could cause significant fluctuation from year to year in our earnings and cash flow, as well as our pension plan assets, liabilities and equity, and may result in increased levels of contributions to our pension plans.

Our significant non-U.S. operations expose us to exchange rate fluctuations and various risks that could impact our business.

A significant portion of our business is located outside of the United States. We are subject to exchange rate movement because some of our subsidiaries receive revenue other than in their functional currencies and because we must translate the financial results of our foreign subsidiaries into U.S. dollars. These movements may change over time, and they could have a material adverse impact on our financial results and cash flows. Our U.S. operations earn revenue and incur expenses primarily in U.S. dollars. In certain jurisdictions, however, our Risk and Insurance Services operations generate revenue in a number of different currencies, but expenses are almost entirely incurred in local currency. Due to fluctuations in foreign exchange rates, we are subject to economic exposure as well as currency translation exposure on the net operating results of our operations. Because the non-U.S. based revenue that is exposed to foreign exchange fluctuations is approximately 50% of total revenue, exchange rate movement can have a significant impact on our business, financial condition, results of operations and cash flow. For additional discussion, see "Market Risk and Credit Risk-Foreign Currency Risk" in Part II, Item 7A ("Quantitative and Qualitative Disclosures about Market Risk") of this report.

We may not be able to receive dividends or other distributions in needed amounts from our subsidiaries.

The Company is organized as a legal entity separate and distinct from our operating subsidiaries. Because we do not have significant operations of our own, we are dependent upon dividends and other payments from our operating subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligations, paying dividends to stockholders, repurchasing our common stock under our share repurchase program and paying corporate expenses. In the event our operating subsidiaries are unable to pay sufficient dividends and make other payments to the Company, we may not be able to service our debt, pay dividends on or repurchase our common stock or meet our other obligations.

Further, the Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside the United States. Funds from the current year's earnings of the Company's non-U.S. operating subsidiaries are regularly repatriated to the United States. A number of factors could arise that could limit our ability to repatriate funds or could make repatriation cost-prohibitive, including, but not limited to, the imposition of currency controls and other government restrictions on repatriation in the jurisdictions in which our subsidiaries operate, fluctuations in foreign exchange rates, the imposition of withholding and other taxes on such payments and our ability to repatriate earnings in a tax-efficient manner.

In the event we are unable to generate or repatriate cash from our operating subsidiaries for any of the reasons discussed above, our overall liquidity could deteriorate and our ability to finance our obligations, including to pay dividends on or repurchase our common stock, could be adversely affected.

Our quarterly revenues and profitability may fluctuate significantly.

Quarterly variations in revenues and operating results may occur due to several factors. These include:

- the number of client engagements during a quarter;
- the possibility that clients may decide to delay or terminate a current or anticipated project as a result of factors unrelated to our work product or progress;
- fluctuations in hiring and utilization rates and clients' ability to terminate engagements without penalty;
- seasonality due to the impact of regulatory deadlines, policy renewals and other timing factors to which our clients are subject;
- the success of our acquisitions or investments;
- macroeconomic factors such as changes in foreign exchange rates, interest rates and global securities markets, particularly in the case of Mercer, where fees in its investments business and certain other business lines are derived from the value of assets under management or administration; and
- general economic conditions, since results of operations are directly affected by the levels of business activity of our clients, which in turn are affected by the level of economic activity in the industries and markets that they serve.

A significant portion of our total operating expenses is relatively fixed in the short term. Therefore, a variation in the number of client assignments or in the timing of the initiation or the completion of client assignments can cause significant variations in quarterly operating results for these businesses.

Credit rating downgrades would increase our financing costs and could subject us to operational risk.

Currently, the Company's senior debt is rated A- by S&P and Baa1 by Moody's. The ratings from both S&P and Moody's currently carry a Stable outlook.

If we need to raise capital in the future (for example, in order to fund maturing debt obligations or finance acquisitions or other initiatives), credit rating downgrades would increase our financing costs, and could limit our access to financing sources. Further, a downgrade to a rating below investment-grade could result in greater operational risks through increased operating costs and increased competitive pressures.

Global Operations

We are exposed to multiple risks associated with the global nature of our operations.

We do business worldwide. In 2016, 50% of the Company's total revenue was generated from operations outside the United States, and over one-half of our employees were located outside the United States. We expect to expand our non-U.S. operations further.

The geographic breadth of our activities subjects us to significant legal, economic, operational, market, compliance and reputational risks. These include, among others, risks relating to:

- economic and political conditions in the countries in which we operate;
- unexpected increases in taxes or changes in U.S. or foreign tax laws, rulings, policies or related legal and regulatory interpretations, including recent international initiatives to require multinational enterprises, like ours, to report profitability on a country-by-country basis, which could increase scrutiny by foreign tax authorities;
- potential transfer pricing-related tax exposures that may result from the flow of funds among our subsidiaries and affiliates in the various jurisdictions in which we operate;
- withholding or other taxes that foreign governments may impose on the payment of dividends or other remittances to us from our non-U.S. subsidiaries;
- potential conflicts of interest that may arise as we expand the scope of our businesses and our client base;
- international hostilities, terrorist activities, natural disasters and infrastructure disruptions;
- local investment or other financial restrictions that foreign governments may impose;
- potential costs and difficulties in complying with a wide variety of foreign laws and regulations (including tax systems) administered by foreign government agencies, some of which may conflict with U.S. or other sources of law;

- potential costs and difficulties in complying, or monitoring compliance, with foreign and U.S. laws and regulations that are applicable to our operations abroad, including trade sanctions laws relating to countries such as Cuba, Iran, Russia, Sudan and Syria and anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act 2010;
- limitations or restrictions that foreign or U.S. governments and regulators may impose on the products or services we sell, the methods by which we sell our products and services and the manner in which we are compensated;
- limitations that foreign governments may impose on the conversion of currency or the payment of dividends or other remittances to us from our non-U.S. subsidiaries;
- the length of payment cycles and potential difficulties in collecting accounts receivable;
- engaging and relying on third parties to perform services on behalf of the Company; and
- potential difficulties in monitoring employees in geographically dispersed locations.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

If we experience a local or regional disaster or other business continuity event, such as an earthquake, hurricane, flood, terrorist attack, pandemic, security breach, cyber-attack, power loss or telecommunications failure, our ability to operate will depend, in part, on the continued availability of our personnel, our office facilities and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we could experience operational challenges that could have a material adverse effect on our business. The risk of business disruption is more pronounced in certain geographic areas, including major metropolitan centers, like New York or London, where we have concentrations of customers and employees or significant operations, and in certain countries and regions in which we operate that are subject to potential threat of terrorist attacks or military conflicts.

Our operations depend in particular upon our ability to protect our technology infrastructure against damage. If a business continuity event occurs, we could lose client or Company data or experience interruptions to our operations or delivery of services to our clients, which could have a material adverse effect. A cyber-attack or other business continuity event affecting us or a key vendor or other third party could result in a significant and extended disruption in the functioning of our information technology systems or operations, requiring us to incur significant expense to address and remediate or otherwise resolve such issues. An extended outage could result in the loss of clients and a decline in our revenues.

We regularly assess and take steps to improve our existing business continuity plans and key management succession. However, a disaster or other continuity event on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover from such an event, could materially interrupt our business operations and result in material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships and legal liability. Our business disruption insurance may also not be sufficient in type or amount to cover the cost of a successful recovery in the event of such a disruption.

Acquisitions and Dispositions

We face risks when we acquire and dispose of businesses.

We have a history of making acquisitions and investments, including a total of 115 in the period 2011-2016. We expect that acquisitions will continue to be a key part of our business strategy. Our success in this regard will depend on our ability to identify and compete for appropriate acquisition candidates and to complete the transactions we decide to pursue with favorable results. As we typically acquire other professional services firms, the success of our transactions is also highly dependent on the retention of the key employees of our acquisition targets.

While we intend that our acquisitions will improve our competitiveness and profitability, we cannot be certain that our past or future acquisitions will be accretive to earnings or otherwise meet our operational or strategic expectations. Acquisitions involve special risks, including accounting, regulatory, compliance, information technology or human resources issues that could arise in connection with, or as a result of, the acquisition of the acquired company; the assumption of unanticipated liabilities and contingencies;

difficulties in integrating acquired businesses; possible management distraction; and the inability of acquired businesses to achieve the levels of revenue, profit, productivity or synergies we anticipate or otherwise perform as we expect on the timeline contemplated. In addition, if in the future, the performance of our reporting units or an acquired business varies from our projections or assumptions, or estimates about future profitability of our reporting units or an acquired business change, the estimated fair value of our reporting units or an acquired business could change materially and could result in an impairment of goodwill and other acquisition-related intangible assets recorded on our balance sheet or in adjustments in contingent payment amounts. As of December 31, 2016, the Company's consolidated balance sheet reflected $9.5 billion of goodwill and intangible assets, representing approximately 52% of the Company's total consolidated assets and allocated by reporting segment as follows: Risk and Insurance Services, $6.8 billion and Consulting, $2.7 billion. Given the significant size of the Company's goodwill and intangible assets, an impairment could have a material adverse effect on our results of operations in any given period.

When we dispose of businesses, we are also subject to the risk, contractually agreed or otherwise, that we will continue to be subject to the liabilities of that business after its disposition.

RISKS RELATING TO OUR RISK AND INSURANCE SERVICES SEGMENT

Our Risk and Insurance Services segment, conducted through Marsh and Guy Carpenter, represented 54% of the Company's total revenue in 2016. Our business in this segment is subject to particular risks.

Results in our Risk and Insurance Services segment may be adversely affected by a general decline in economic activity.

Demand for many types of insurance and reinsurance generally rises or falls as economic growth expands or slows. This dynamic affects the level of commissions and fees generated by Marsh and Guy Carpenter. To the extent our clients become adversely affected by declining business conditions, they may choose to limit their purchases of insurance and reinsurance coverage, as applicable, which would inhibit our ability to generate commission revenue and other revenue based on premiums placed by us. Also, the insurance they seek to obtain through us may be impacted by changes in their assets, property values, sales or number of employees, which may reduce our commission revenue, and they may decide not to purchase our risk advisory or other services, which would inhibit our ability to generate fee revenue. Moreover, insolvencies and combinations associated with an economic downturn, especially insolvencies and combinations in the insurance industry, could adversely affect our brokerage business through the loss of clients or by hampering our ability to place insurance and reinsurance business, as well as our revenues from insurers. Guy Carpenter is especially susceptible to this risk given the limited number of insurance company clients and reinsurers in the market place.

Volatility or declines in premiums and other market trends may significantly impede our ability to improve revenues and profitability.

A significant portion of our Risk and Insurance Services revenue consists of commissions paid to us out of the premiums that insurers and reinsurers charge our clients for coverage. We do not determine the insurance premiums on which our commissions are generally based. Our revenues and profitability are subject to change to the extent that premium rates fluctuate or trend in a particular direction. The potential for changes in premium rates is significant, due to the normal cycles of pricing in the commercial insurance and reinsurance markets.

As traditional insurance companies continue to rely on non-affiliated brokers or agents to generate premium, those insurance companies may seek to reduce their expenses by lowering their commission rates. The reduction of these commission rates, along with general volatility or declines in premiums, may significantly affect our profitability. Because we do not determine the timing or extent of premium pricing changes, it is difficult to accurately forecast our commission revenues, including whether they will significantly decline. As a result, we may have to adjust our budgets for future acquisitions, capital expenditures, dividend payments, loan repayments and other expenditures to account for unexpected changes in revenues, and any decreases in premium rates may adversely affect the results of our operations.

In addition to movements in premium rates, our ability to generate premium-based commission revenue may be challenged by the growing availability of alternative methods for clients to meet their risk-protection needs. This trend includes a greater willingness on the part of corporations to self-insure, the use of captive insurers, and the advent of capital markets-based solutions to traditional insurance and reinsurance needs. Further, the profitability of our Risk and Insurances Services segment depends in part on our ability to be compensated for the analytical services and other advice that we provide. If we are unable to achieve and maintain adequate billing rates for all of our services, our margins and profitability could decline.

Allegations of conflicts of interest, adverse legal developments and future regulations concerning how intermediaries are compensated by insurers or clients could have a material adverse effect on Marsh's business, results of operations and financial condition.

The ways in which insurance intermediaries are compensated receive scrutiny from regulators in part because of the potential for conflicts of interest. The vast majority of the compensation that Marsh receives is in the form of retail fees and commissions that are paid by the client or paid from premium that is paid by the client. The amount of other compensation that we receive from insurance companies, separate from retail fees and commissions, has increased significantly in the last several years, both organically and through acquisition. This other compensation includes payment for (i) consulting and analytics services provided to insurers; (ii) administrative and other services provided to insurers (including services relating to the administration and management of quota shares, panels and other facilities); and (iii) contingent commissions (paid by insurers based on volume and profitability of Marsh's placements). Future changes in the regulatory environment may impact our ability to collect these revenue streams. In addition, these revenues present potential regulatory, litigation and reputational risks that may arise from alleged conflicts of interest or allegations under antitrust, competition and unfair trade practice laws. Adverse regulatory, legal or other developments could have a material adverse effect on our business and expose the Company to negative publicity and reputational harm.

RISKS RELATING TO OUR CONSULTING SEGMENT

Our Consulting segment, conducted through Mercer and Oliver Wyman Group, represented 46% of our total revenue in 2016. Our businesses in this segment are subject to particular risks.

Revenues for the services provided by our Consulting segment may decline for various reasons, including as a result of changes in economic conditions, the value of equity, debt and other asset markets, our clients' or an industry's financial condition or government regulation.

Global economic conditions over the past several years have negatively affected businesses and financial institutions. Many of our clients, including financial institutions, corporations, government entities and pension plans, have been reducing expenses, including amounts spent on consulting services, and using internal resources instead of consultants. The evolving needs and financial circumstances of our clients may reduce demand for our consulting services and our revenues and profitability. If the economy or markets in which we operate experience continued weakness at current levels or deteriorate further, our business, financial condition and results of operations could be materially and adversely affected.

In addition, some segments of Mercer's investments business generate fees based upon the value of the clients' assets under management or advisement. Changes in the value of equity, debt, currency, real estate, commodities or other asset classes could cause the value of assets under management or advisement, and the fees received by Mercer, to decline. Such changes could also cause clients to withdraw funds from Mercer's investment business in favor of other investment service providers. In either case, our business, financial condition and results of operations could be materially and adversely affected. Further, revenue received by Mercer as investment manager to the majority of the Mercer-managed investment funds is reported in accordance with U.S. GAAP on a gross basis rather than a net basis. Therefore the reported revenue for these offerings does not fully reflect the inclusion of sub-advisor fees, and thus the amount of revenue ultimately attributable to Mercer would be lower.

Demand for many of Mercer's benefits services is affected by government regulation and tax laws, rulings, policies and interpretations, which drive our clients' needs for benefits-related services. Significant changes in government regulations affecting the value, use or delivery of benefits and human resources programs, including changes in regulations relating to health and welfare plans, defined contribution plans or defined benefit plans, may adversely affect the demand for or profitability of Mercer's services.

Factors affecting defined benefit pension plans and the services we provide relating to those plans could adversely affect Mercer.

Mercer currently provides corporate, multi-employer and public clients with actuarial, consulting and administration services relating to defined benefit pension plans. The nature of our work is complex. Our actuarial services involve numerous assumptions and estimates regarding future events, including interest rates used to discount future liabilities, estimated rates of return for a plan's assets, healthcare cost trends, salary projections and participants' life expectancies. Our consulting services involve the drafting and interpretation of trust deeds and other complex documentation governing pension plans. Our administration services include calculating benefits within complicated pension plan structures. Clients dissatisfied with our services have brought, and may bring, significant claims against us, particularly in the United States and the United Kingdom. In addition, a number of Mercer's clients have frozen or curtailed their defined benefit plans and have moved to defined contribution plans resulting in reduced revenue for Mercer's retirement business. These developments could adversely affect Mercer's business and operating results.

Mercer’s investment business is subject to a number of risks, including risks related to third-party investment managers, operational risk, conflicts of interest, asset performance and regulatory compliance, that, if realized, could result in significant damage to our business.

Mercer’s investment business provides clients with investment consulting and investment management (referred to as "delegated solutions") services. In the investment consulting business, clients make and implement their own investment decisions based upon advice provided by Mercer. In its delegated solutions business, Mercer implements the client’s investment policy by engaging and overseeing independent asset managers who determine which securities to buy and sell. To effect implementation of a client’s investment policy, Mercer may utilize its "manager of managers" investment funds.

Mercer’s investment business is subject to a number of risks, including risks related to third-parties, our operations, conflicts of interest, asset performance and regulatory compliance and scrutiny, which could arise in connection with these offerings. For example, Mercer’s due diligence on an asset manager may fail to uncover material deficiencies or fraud that could result in investment losses to a client. There is a risk that Mercer will fail to properly implement a client’s investment policy, which could cause an incorrect or untimely allocation of client assets among asset managers or strategies. Mercer may also be perceived as recommending certain asset managers to clients, or offering delegated solutions to an investment consulting client, solely to enhance its own compensation. Asset classes may perform poorly, or investment managers may underperform their benchmarks, due to poor market performance, negligence or other reasons, resulting in poor returns or loss of client capital. These risks, if realized, could result in significant liability and to damage our business. In addition, the FCA is conducting a market study of the U.K. asset management industry, which includes asset managers and investment consultants. In November 2016, the FCA published an interim report which contains preliminary findings relating to the investment consulting industry and a provisional reference to the U.K. Competition & Markets Authority (CMA) for a market investigation reference (MIR). If the MIR goes forward, the CMA may impose remedies on the industry that may adversely affect Mercer’s U.K. investment consulting and delegated solutions businesses.

The profitability of our Consulting segment may decline if we are unable to achieve or maintain adequate utilization and pricing rates for our consultants.

The profitability of our Consulting businesses depends in part on ensuring that our consultants maintain adequate utilization rates (i.e., the percentage of our consultants' working hours devoted to billable activities). Our utilization rates are affected by a number of factors, including:

- our ability to transition consultants promptly from completed projects to new assignments, and to engage newly-hired consultants quickly in revenue-generating activities;
- our ability to continually secure new business engagements, particularly because a portion of our work is project-based rather than recurring in nature;
- our ability to forecast demand for our services and thereby maintain appropriate headcount in each of our geographies and workforces;
- our ability to manage attrition;
- unanticipated changes in the scope of client engagements;

- the potential for conflicts of interest that might require us to decline client engagements that we otherwise would have accepted;
- our need to devote time and resources to sales, training, professional development and other non-billable activities;
- the potential disruptive impact of acquisitions and dispositions; and
- general economic conditions.

If the utilization rate for our consulting professionals declines, our profit margin and profitability could decline.

In addition, the profitability of our Consulting businesses depends in part on the prices we are able to charge for our services. The prices we charge are affected by a number of factors, including:

- clients' perception of our ability to add value through our services;
- market demand for the services we provide;
- our ability to develop new services and the introduction of new services by competitors;
- the pricing policies of our competitors;
- the extent to which our clients develop in-house or other capabilities to perform the services that they might otherwise purchase from us; and
- general economic conditions.

If we are unable to achieve and maintain adequate billing rates for our services, our profit margin and profitability could decline.

Item 1B. Unresolved Staff Comments.

There are no unresolved comments to be reported pursuant to Item 1B.

Item 2. Properties.

Marsh & McLennan Companies maintains its corporate headquarters in New York City. We also maintain other offices around the world, primarily in leased space. In certain circumstances we may have space that we sublet to third parties, depending upon our needs in particular locations.

Marsh & McLennan Companies and certain of its subsidiaries own, directly and indirectly through special purpose subsidiaries, a 58% condominium interest covering approximately 900,000 square feet of office space in a 44 story condominium in New York City. This real estate serves as the Company's headquarters and is occupied primarily by the Company and its subsidiaries for general corporate use. The condominium interests are financed by a 30-year mortgage loan that is non-recourse to the Company unless the Company (i) is downgraded below B (stable outlook) by S&P or Fitch or B2 (stable outlook) by Moody's and such downgrade is continuing or (ii) an event of default under the mortgage loan has occurred. The mortgage is secured by a first priority assignment of leases and rents, including the leases which the Company and certain of its subsidiaries entered into with their affiliated special purpose subsidiaries which own the mortgaged condominium interests. The net rent due under those leases in effect services the mortgage debt.

Item 3. Legal Proceedings.

We and our subsidiaries are party to a variety of legal, administrative, regulatory and government proceedings, claims and inquiries arising in the normal course of business. Additional information regarding certain legal proceedings and related matters is set forth in Note 15 to the consolidated financial statements appearing under Part II, Item 8 ("Financial Statements and Supplementary Data") of this report.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

For information regarding dividends paid and the number of holders of the Company's common stock, see the table entitled "Selected Quarterly Financial Data and Supplemental Information (Unaudited)" below on the last page of Part II, Item 8 ("Financial Statements and Other Supplementary Data") of this report.

The Company's common stock is listed on the New York, Chicago and London Stock Exchanges. The following table indicates the high and low prices (NYSE composite quotations) of the Company's common stock during 2016 and 2015 and each quarterly period thereof:

	2016 Stock Price Range		2015 Stock Price Range	
	High	Low	High	Low
First Quarter	$60.96	$50.81	$58.11	$53.50
Second Quarter	$68.57	$59.85	$59.99	$55.79
Third Quarter	$68.69	$65.48	$58.83	$50.90
Fourth Quarter	$69.77	$62.33	$57.46	$51.05
Full Year	$69.77	$50.81	$59.99	$50.90

On February 16, 2017, the closing price of the Company's common stock on the NYSE was $73.26.

The Company repurchased 2.6 million shares of its common stock for $175 million during the fourth quarter of 2016, resulting in full year 2016 repurchases of 12.7 million shares for $800 million. In November 2016, the Board of Directors of the Company authorized the Company to repurchase up to $2.5 billion in shares of the Company's common stock, which superseded any prior authorizations. As of December 31, 2016, the Company remained authorized to repurchase up to approximately $2.4 billion in shares of its common stock. There is no time limit on the authorization.

Period	**Total Number of Shares (or Units) Purchased**	**Average Price Paid per Share (or Unit)**	**Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs**	**Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs**
Oct 1-31, 2016	1,286,132	$ 65.91	1,286,132	$ 445,708,926
Nov 1-30, 2016	1,216,589	$ 66.57	1,216,589	$ 2,450,000,602
Dec 1-31, 2016	134,469	$ 68.78	134,469	$ 2,440,752,101
Total	2,637,190	$ 66.36	2,637,190	$ 2,440,752,101

Item 6. Selected Financial Data.

Marsh & McLennan Companies, Inc. and Subsidiaries
FIVE-YEAR STATISTICAL SUMMARY OF OPERATIONS

For the Years Ended December 31, *(In millions, except per share figures)*	**2016**	2015	2014	2013	2012
Revenue	**$ 13,211**	$ 12,893	$ 12,951	$ 12,261	$ 11,924
Expense:					
Compensation and Benefits	**7,461**	7,334	7,515	7,226	7,134
Other Operating Expenses	**3,086**	3,140	3,135	2,958	2,961
Operating Expenses	**10,547**	10,474	10,650	10,184	10,095
Operating Income [(a)]	**2,664**	2,419	2,301	2,077	1,829
Interest Income	**5**	13	21	18	24
Interest Expense	**(189)**	(163)	(165)	(167)	(181)
Cost of Extinguishment of Debt	**—**	—	(137)	(24)	—
Investment Income	**—**	38	37	69	24
Income Before Income Taxes	**2,480**	2,307	2,057	1,973	1,696
Income Tax Expense	**685**	671	586	594	492
Income From Continuing Operations	**1,795**	1,636	1,471	1,379	1,204
Discontinued Operations, Net of Tax	**—**	—	26	6	(3)
Net Income Before Non-Controlling Interests	**1,795**	1,636	1,497	1,385	1,201
Less: Net Income Attributable to Non-Controlling Interests	**27**	37	32	28	25
Net Income Attributable to the Company	**$ 1,768**	$ 1,599	$ 1,465	$ 1,357	$ 1,176
Basic Net Income Per Share Information:					
Income From Continuing Operations	**$ 3.41**	$ 3.01	$ 2.64	$ 2.46	$ 2.16
Income From Discontinued Operations	**—**	—	0.05	0.01	—
Net Income Attributable to the Company	**$ 3.41**	$ 3.01	$ 2.69	$ 2.47	$ 2.16
Average Number of Shares Outstanding	**519**	531	545	549	544
Diluted Income Per Share Information:					
Income From Continuing Operations	**$ 3.38**	$ 2.98	$ 2.61	$ 2.42	$ 2.13
Discontinued Operations, net of tax per share	**—**	—	0.04	0.01	—
Net Income Attributable to the Company	**$ 3.38**	$ 2.98	$ 2.65	$ 2.43	$ 2.13
Average Number of Shares Outstanding	**524**	536	553	558	552
Dividends Paid Per Share	**$ 1.30**	$ 1.18	$ 1.06	$ 0.96	$ 0.90
Return on Average Equity	**27 %**	23 %	19 %	19 %	19 %
Year-end Financial Position:					
Working capital	**$ 802**	$ 1,336	$ 1,856	$ 2,027	$ 2,007
Total assets	**$ 18,190**	$ 18,216	$ 17,793	$ 16,960	$ 16,274
Long-term debt	**$ 4,495**	$ 4,402	$ 3,368	$ 2,619	$ 2,657
Total equity	**$ 6,272**	$ 6,602	$ 7,133	$ 7,975	$ 6,606
Total shares outstanding (net of treasury shares)	**514**	522	540	547	545
Other Information:					
Number of employees	**60,000**	60,000	57,000	55,000	54,000
Stock price ranges—					
U.S. exchanges — High	**$ 69.77**	$ 59.99	$ 58.74	$ 48.56	$ 35.78
— Low	**$ 50.81**	$ 50.90	$ 44.25	$ 34.43	$ 30.69

(a) Includes the impact of net restructuring costs of $44 million, $28 million, $12 million, $22 million and $78 million in 2016, 2015, 2014, 2013 and 2012, respectively.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations", appearing under Part II, Item 7 of this report, for discussion of significant items affecting the results of operations in 2016, 2015 and 2014.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Marsh & McLennan Companies, Inc. and its consolidated subsidiaries (the "Company") is a global professional services firm offering clients advice and solutions in risk, strategy and people. It is the parent company of a number of leading risk advisors and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and Investment related financial advice and services; and Oliver Wyman Group, the management, economic and brand consultancy. With approximately 60,000 employees worldwide and annual revenue of more than $13 billion, the Company provides analysis, advice and transactional capabilities to clients in more than 130 countries.

The Company conducts business through two segments:

- **Risk and Insurance Services** includes risk management activities (risk advice, risk transfer and risk control and mitigation solutions) as well as insurance and reinsurance broking and services. The Company conducts business in this segment through Marsh and Guy Carpenter.
- **Consulting** includes health, retirement, talent and Investments consulting services and products, and specialized management, economic and brand consulting services. The Company conducts business in this segment through Mercer and Oliver Wyman Group.

We describe the primary sources of revenue and categories of expense for each segment below, in our discussion of segment financial results. A reconciliation of segment operating income to total operating income is included in Note 16 to the consolidated financial statements included in Part II, Item 8 in this report. The accounting policies used for each segment are the same as those used for the consolidated financial statements.

This Management's Discussion & Analysis ("MD&A") contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See "Information Concerning Forward-Looking Statements" at the outset of this report.

Consolidated Results of Operations

For the Years Ended December 31, *(In millions, except per share figures)*	**2016**	2015	2014
Revenue	**$ 13,211**	$ 12,893	$ 12,951
Expense			
Compensation and Benefits	**7,461**	7,334	7,515
Other Operating Expenses	**3,086**	3,140	3,135
Operating Expenses	**10,547**	10,474	10,650
Operating Income	**$ 2,664**	$ 2,419	$ 2,301
Income from Continuing Operations	**$ 1,795**	$ 1,636	$ 1,471
Discontinued Operations, Net of Tax	**—**	—	26
Net Income Before Non-Controlling Interests	**$ 1,795**	$ 1,636	$ 1,497
Net Income Attributable to the Company	**$ 1,768**	$ 1,599	$ 1,465
Net Income from Continuing Operations Per Share:			
Basic	**$ 3.41**	$ 3.01	$ 2.64
Diluted	**$ 3.38**	$ 2.98	$ 2.61
Net Income Per Share Attributable to the Company:			
Basic	**$ 3.41**	$ 3.01	$ 2.69
Diluted	**$ 3.38**	$ 2.98	$ 2.65
Average number of shares outstanding:			
Basic	**519**	531	545
Diluted	**524**	536	553
Shares outstanding at December 31,	**514**	522	540

Consolidated operating income increased 10% to $2.7 billion in 2016 compared with $2.4 billion in 2015, reflecting the combined impact of a 2% increase in revenue and a 1% increase in expenses as compared to the prior year.

Diluted net income per share from continuing operations was $3.38 in 2016, compared with $2.98 in 2015, reflecting a $169 million increase in net income as well as a 2% decrease in the average number of diluted shares outstanding as compared to the same period last year. Shares issued related to the vesting of share awards and exercise of employee stock options were more than offset by share repurchases over the past four quarters.

Risk and Insurance Services operating income increased $214 million, or 14% in 2016 compared with 2015. Revenue increased 4% reflecting a 3% increase on an underlying basis and a 3% increase from acquisitions, partly offset by a decrease resulting from the impact of foreign currency translation of 2%. Expense increased 1% in 2016 compared with 2015.

Consulting operating income increased $28 million, or 3%, to $1.1 billion in 2016 compared with 2015, reflecting the combined impact of 1% revenue growth, while expense was flat.

Consolidated operating income increased 5% to $2.4 billion in 2015 compared with $2.3 billion in 2014, reflecting the combined impact of a slight decrease in revenue and a 2% decrease in expense as compared with the prior year. The Company achieved this growth despite significant foreign exchange headwinds, caused by the strengthened U.S. dollar, which had the effect of reducing the translated value of the Company's foreign earnings.

Risk and Insurance Services operating income increased $30 million, or 2%, in 2015 compared with 2014. Revenue decreased 1%, while expenses decreased 2%.

Consulting operating income increased $80 million, or 8%, to $1.1 billion in 2015 compared with 2014, reflecting flat revenue and decrease in expense of 1%. The operating income and revenue in 2015 include a pre-tax gain of $37 million from the sale of Mercer's U.S. defined contribution recordkeeping business.

The Company recorded expenses related to the early extinguishment of debt of $137 million in 2014.

Consolidated net income attributable to the Company was $1.8 billion in 2016, compared with $1.6 billion in 2015 and $1.5 billion in 2014.

Consolidated Revenue and Expense

Revenue - Components of Change

The Company conducts business in many countries. As a result foreign exchange rate movements may impact period-to-period comparisons of revenue. Similarly, certain other items such as the revenue impact of acquisitions and dispositions, including transfers among businesses, may impact period-to-period comparisons of revenue. Underlying revenue measures the change in revenue from one period to another by isolating these impacts. The impact of foreign currency exchange fluctuations, acquisitions and dispositions, including transfers among businesses, on the Company's operating revenues by segment was as follows:

	Year Ended December 31,			Components of Revenue Change*		
(In millions, except percentage figures)	**2016**	2015	% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Risk and Insurance Services						
Marsh	**$ 5,976**	$ 5,727	4%	(2)%	4%	3%
Guy Carpenter	**1,141**	1,121	2%	—	—	2%
Subtotal	**7,117**	6,848	4%	(2)%	3%	3%
Fiduciary Interest Income	**26**	21				
Total Risk and Insurance Services	**7,143**	6,869	4%	(2)%	3%	3%
Consulting						
Mercer	**4,323**	4,313	—	(2)%	—	3%
Oliver Wyman Group	**1,789**	1,751	2%	(2)%	—	3%
Total Consulting	**6,112**	6,064	1%	(2)%	—	3%
Corporate/Eliminations	**(44)**	(40)				
Total Revenue	**$ 13,211**	$ 12,893	2%	(2)%	2%	3%

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

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

	Year Ended December 31,			Components of Revenue Change*		
(In millions, except percentage figures)	**2016**	2015	% Change GAAP Revenue	Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Marsh:						
EMEA	**$ 1,924**	$ 1,848	4 %	(4)%	6 %	2%
Asia Pacific	**635**	636	—	—	(3)%	3%
Latin America	**374**	380	(2)%	(10)%	—	8%
Total International	**2,933**	2,864	2 %	(4)%	4 %	3%
U.S. / Canada	**3,043**	2,863	6 %	—	4 %	2%
Total Marsh	**$ 5,976**	$ 5,727	4 %	(2)%	4 %	3%
Mercer:						
Health	**$ 1,588**	$ 1,558	2 %	(1)%	—	3%
Retirement	**1,215**	1,345	(10)%	(3)%	(6)%	—
Investments	**838**	818	2 %	(3)%	—	6%
Talent	**682**	592	15 %	(2)%	12 %	5%
Total Mercer	**$ 4,323**	$ 4,313	—	(2)%	—	3%

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 and the deconsolidation of Marsh India. For 2015, the impact of the gain from the disposal of Mercer's U.S. defined contribution recordkeeping business is included in acquisitions/dispositions in Mercer's Retirement business.

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

(In millions, except percentage figures)	Year Ended December 31, 2015	2014	% Change GAAP Revenue	Components of Revenue Change* Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Risk and Insurance Services						
Marsh	$ 5,727	$ 5,753	—	(7)%	3 %	3%
Guy Carpenter	1,121	1,154	(3)%	(4)%	(1)%	2%
Subtotal	6,848	6,907	(1)%	(6)%	2 %	3%
Fiduciary Interest Income	21	24				
Total Risk and Insurance Services	6,869	6,931	(1)%	(6)%	2 %	3%
Consulting						
Mercer	4,313	4,350	(1)%	(7)%	2 %	4%
Oliver Wyman Group	1,751	1,709	3 %	(6)%	2 %	7%
Total Consulting	6,064	6,059	—	(7)%	2 %	5%
Corporate/Eliminations	(40)	(39)				
Total Revenue	$ 12,893	$ 12,951	—	(6)%	2 %	4%

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

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

(In millions, except percentage figures)	Year Ended December 31, 2015	2014	% Change GAAP Revenue	Components of Revenue Change* Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Marsh:						
EMEA	$ 1,848	$ 1,980	(7)%	(10)%	1 %	2%
Asia Pacific	636	683	(7)%	(10)%	1 %	2%
Latin America	380	413	(8)%	(18)%	2 %	8%
Total International	2,864	3,076	(7)%	(11)%	1 %	3%
U.S. / Canada	2,863	2,677	7 %	(1)%	5 %	3%
Total Marsh	$ 5,727	$ 5,753	—	(7)%	3 %	3%
Mercer:						
Health	$ 1,558	$ 1,553	—	(3)%	(2)%	6%
Retirement	1,345	1,375	(2)%	(7)%	5 %	—
Investments	818	836	(2)%	(12)%	2 %	7%
Talent	592	586	1 %	(7)%	3 %	5%
Total Mercer	$ 4,313	$ 4,350	(1)%	(7)%	2 %	4%

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 and transfers among businesses. For 2015, the impact of a $37 million gain from the disposal of Mercer's U.S. defined contribution recordkeeping business is included in acquisitions/dispositions in Mercer's Retirement business.

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

Revenue

Consolidated revenue was $13.2 billion in 2016, an increase of 2%, or 3% on an underlying basis. Revenue in the Risk and Insurance Services segment increased 4% in 2016 compared with 2015, or 3% on an underlying basis. Revenue increased 3% and 2% on an underlying basis at Marsh and Guy Carpenter, respectively, as compared with 2015. The Consulting segment's revenue increased 1% on a reported basis compared with 2015, or 3% on an underlying basis. Both Mercer and Oliver Wyman Group's revenue increased 3% on an underlying basis compared with 2015.

Consolidated revenue was $12.9 billion in 2015, a slight decrease from 2014, but an increase of 4% on an underlying basis. Revenue in the Risk and Insurance Services segment decreased 1% in 2015 compared with 2014, but increased 3% on an underlying basis. Revenue increased 3% and 2% on an underlying basis at Marsh and Guy Carpenter, respectively, as compared with 2014. The Consulting segment's revenue was flat compared with 2014, but increased 5% on an underlying basis. Mercer and Oliver Wyman's revenue increased 4% and 7% on an underlying basis, respectively, compared with 2014.

Operating Expense

Consolidated operating expenses increased 1% in 2016 compared with the same period in 2015 on both a reported and underlying basis. The underlying expense increase reflects higher base salary costs, higher amortization of identified intangible assets and the impact of the net benefit from the termination of the Company's post-65 retiree medical reimbursement plan in the United States (the "RRA Plan"), which was recorded in the first quarter of 2015, partly offset by decreases in defined benefit plan pension expense and contingent acquisition consideration expense.

Consolidated operating expenses decreased 2% in 2015 compared with the same period in 2014, but increased 3% on an underlying basis. The increase in underlying expenses primarily reflects higher base salary, bonus, and higher defined benefit and defined contribution plan costs ("retirement benefit costs"), partly offset by the impact of the net benefit from the termination of the RRA plan.

Risk and Insurance Services

In the Risk and Insurance Services segment, the Company’s subsidiaries and other affiliated entities act as brokers, agents or consultants for insureds, insurance underwriters and other brokers in the areas of risk management, insurance broking and insurance program management services, primarily under the name of Marsh; and engage in reinsurance broking, catastrophe and financial modeling services and related advisory functions, primarily under the name of Guy Carpenter.

Marsh and Guy Carpenter are compensated for brokerage and consulting services primarily through fees paid by clients or commissions paid out of premiums charged by insurance and reinsurance companies. Commission rates vary in amount depending upon the type of insurance or reinsurance coverage provided, the particular insurer or reinsurer, the capacity in which the broker acts and negotiates with clients. Revenues can be affected by premium rate levels in the insurance/reinsurance markets, the amount of risk retained by insurance and reinsurance clients themselves and by the value of the risks that have been insured since commission-based compensation is frequently related to the premiums paid by insureds/reinsureds. In many cases, fee compensation may be negotiated in advance, based on the type of risk, coverage required and service provided by the Company and ultimately, the extent of the risk placed into the insurance market or retained by the client. The trends and comparisons of revenue from one period to the next can be affected by changes in premium rate levels, fluctuations in client risk retention and increases or decreases in the value of risks that have been insured, as well as new and lost business, and the volume of business from new and existing clients.

Marsh also receives other compensation from insurance companies, separate from retail fees and commissions. This compensation includes, among other things, payment for consulting and analytics services provided to insurers; administrative and other services provided to or on behalf of insurers (including services relating to the administration and management of quota share, panels and other facilities in which insurers participate); and contingent commissions. Marsh and Guy Carpenter also receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others. The investment of fiduciary funds is regulated by state and other insurance authorities. These regulations typically require segregation of fiduciary funds and limit the types of investments that may be made with them. Interest income from these investments varies depending on the amount of funds invested and applicable interest rates, both of which vary from time to time. For presentation purposes, fiduciary interest is segregated from the other revenues of Marsh and Guy Carpenter and separately presented within the segment, as shown in the revenue by segments charts presented earlier in this MD&A.

The results of operations for the Risk and Insurance Services segment are presented below:

(In millions of dollars, except percentages)	**2016**	2015	2014
Revenue	**$ 7,143**	$ 6,869	$ 6,931
Compensation and Benefits	**3,732**	3,629	3,781
Other Operating Expenses	**1,658**	1,701	1,641
Operating Expenses	**5,390**	5,330	5,422
Operating Income	**$ 1,753**	$ 1,539	$ 1,509
Operating Income Margin	**24.5%**	22.4%	21.8%

Revenue

Revenue in the Risk and Insurance Services segment increased 4% in 2016 compared with 2015, as a 3% growth in underlying revenue and 3% growth from acquisitions was partly offset by a 2% decrease resulting from the impact of foreign currency translation.

In Marsh, revenue of $6 billion increased 4% on a reported basis in 2016 as compared with 2015, reflecting a 3% increase on an underlying basis and a 4% increase from acquisitions, offset by a 2% decrease resulting from the impact of foreign currency translation. The underlying revenue increase reflects growth in all major geographies. International operations had underlying revenue growth of 3% reflecting increases of 2% in EMEA, 3% in Asia Pacific and 8% in Latin America, while U.S./Canada increased 2%.

Guy Carpenter's revenue increased 2% to $1.1 billion in 2016 compared with 2015, reflecting an increase of 2% on an underlying basis.

Fiduciary interest income was $26 million in 2016 compared with $21 million in 2015 due to the combined effect of higher average invested funds and higher interest rates.

The Risk and Insurance Services segment completed nine acquisitions during 2016. Information regarding those acquisitions is included in Note 4 to the consolidated financial statements.

Revenue in the Risk and Insurance Services segment decreased 1%, but increased 3% on an underlying basis, in 2015 compared with 2014.

In Marsh, revenue of $5.7 billion, was essentially flat on a reported basis in 2015 as compared with 2014, reflecting a 3% increase on an underlying basis and a 3% increase from acquisitions, offset by a 7% decrease resulting from the impact of foreign currency translation. The underlying revenue increase reflects growth in all major geographies. International operations had underlying revenue growth of 3% reflecting increases of 2% in EMEA, 2% in Asia Pacific and 8% in Latin America, while U.S./Canada increased 3%.

Guy Carpenter's revenue decreased 3% to $1.1 billion in 2015 compared with 2014, but increased 2% on an underlying basis.

Fiduciary interest income was $21 million in 2015 compared with $24 million in 2014 due to lower average invested funds combined with lower interest rates.

The Risk and Insurance Services segment completed thirteen acquisitions during 2015.

Expense

Expense in the Risk and Insurance Services segment increased 1% on both a reported and underlying basis in 2016 compared with 2015. The impact of foreign currency translation reduced expenses by 3%, which was offset by a 3% increase related to acquisitions. The increase in underlying expense reflects higher base salary and incentive compensation costs, higher identified intangible asset amortization expense and the impact of the net benefit from the termination of the RRA plan which was recorded in the first quarter of 2015, offset by a decrease in defined benefit plan pension expense and lower contingent consideration costs related to acquisitions.

Expense in the Risk and Insurance Services segment decreased 2% on a reported basis, but increased 2% on an underlying basis, in 2015 compared with 2014. The impact of foreign currency translation reduced expenses by 7%, partly offset by a 3% increase related to acquisitions. The increase in underlying expenses reflects higher base salaries, incentive compensation and retirement benefit costs, higher intangible asset amortization expense and charges for adjustments to acquisition-related contingent consideration liabilities, partly offset by the impact of the net benefit from the termination of the RRA plan.

Consulting

Effective January 1, 2017, Mercer merged its investment and retirement businesses into a newly-created wealth business. We believe this combination will align Mercer's investment management capabilities globally. In addition, moving forward we will refer to our talent business as our career business.

The Company conducts business in its Consulting segment through two main business groups, Mercer and Oliver Wyman Group. Mercer provides consulting expertise, advice, services and solutions in the areas of health, retirement, talent and investments. Oliver Wyman Group provides specialized management, economic and brand consulting services.

The major component of revenue in the Consulting business is fees paid by clients for advice and services. Mercer, principally through its health line of business, also earns revenue in the form of commissions received from insurance companies for the placement of group (and occasionally individual) insurance contracts, primarily life, health and accident coverages. Revenue for Mercer's investment management business and certain of Mercer's defined contribution administration services consists principally of fees based on assets under management or administration.

Revenue in the Consulting segment is affected by, among other things, global economic conditions, including changes in clients' particular industries and markets. Revenue is also affected by competition due to the introduction of new products and services, broad trends in employee demographics, including levels of employment, the effect of government policies and regulations, and fluctuations in interest and foreign exchange rates. Revenues from the provision of investment management services and retirement trust and administrative services are significantly affected by the level of assets under management or administration and securities market performance.

For the investment management business, revenues from the majority of funds are included on a gross basis in accordance with U.S. GAAP and include reimbursable expenses incurred by professional staff and sub-advisory fees, and the related expenses are included in other operating expenses.

The results of operations for the Consulting segment are presented below:

(In millions of dollars, except percentages)	**2016**	2015	2014
Revenue	**$ 6,112**	$ 6,064	$ 6,059
Compensation and Benefits	**3,385**	3,354	3,398
Other Operating Expenses	**1,624**	1,635	1,665
Operating Expenses	**5,009**	4,989	5,063
Operating Income	**$ 1,103**	$ 1,075	$ 996
Operating Income Margin	**18.1%**	17.7%	16.4%

Revenue

Consulting revenue in 2016 increased 1% compared with 2015, reflecting a 3% increase on an underlying basis offset by a 2% decrease from the impact of foreign currency translation. Mercer's revenue of $4.3 billion was flat when compared with 2015 but increased 3% on an underlying basis. Mercer's year over year revenue comparison reflects a decrease of 2% from the impact of foreign currency translation. The underlying revenue growth reflects an increase in Investments of 6%, Health of 3% and Talent of 5%, while Retirement remained flat. Oliver Wyman Group's revenue increased 2% in 2016 compared with 2015, reflecting an increase of 3% on an underlying basis, partly offset by a decrease of 2% from the impact of foreign currency translation.

The Consulting segment completed six acquisitions during 2016. Information regarding those acquisitions is included in Note 4 to the consolidated financial statements.

Consulting revenue in 2015 was flat compared with 2014, reflecting a 5% increase on an underlying basis and a 2% increase related to acquisitions, offset by a 7% decrease from the impact of foreign currency translation. Mercer's revenue was $4.3 billion in 2015, a decrease of 1%, but an increase of 4% on an underlying basis. The year over year revenue change also reflects an increase of 2% from acquisitions/dispositions, offset by a decrease of 7% from the impact of foreign currency translation. Mercer's revenue in 2015 includes a $37 million gain from the disposal of its U.S. defined contribution recordkeeping business, and is reflected in the 2% impact from acquisitions/dispositions. The underlying revenue growth reflects an increase in Investments of 7%, Health of 6% and Talent of 5%, while Retirement remained flat. Oliver Wyman's revenue increased 3% in 2015 compared with 2014, reflecting an increase of 7% on an underlying basis and a 2% increase from acquisitions, partly offset by a decrease of 6% from the impact of foreign currency translation.

The Consulting segment completed eight acquisitions during 2015.

Expense

Consulting expense in 2016 was essentially flat compared with 2015, reflecting an increase of 2% on an underlying basis offset by a 2% decrease from the impact of foreign currency translation. The increase in underlying expense reflects higher base salaries and the impact of the net benefit from the termination of the RRA plan which was recorded in the first quarter of 2015, partly offset by lower defined benefit plan pension expense.

Consulting expense in 2015 decreased 1%, reflecting increases of 4% in underlying expenses and 1% related to acquisitions, partly offset by a 6% decrease from the impact of foreign currency translation. The increase in underlying expense reflects the impact of higher base salaries and incentive compensation costs and higher retirement benefit costs, partly offset by the impact of the net benefit from the termination of the RRA plan.

Corporate and Other

Corporate expense in 2016 was $192 million compared with $195 million in 2015, reflecting lower executive compensation and lower defined benefit pension costs.

Corporate expense in 2015 was $195 million compared with $204 million in 2014. The lower expenses in 2015 were primarily due to the cost of non-recurring corporate initiatives which occurred in 2014, which included strengthening cyber security protections, expenses related to strategic investments and corporate transformation efforts, primarily within the HR and Finance functions.

Discontinued Operations

As part of the disposal transactions for Putnam and Kroll, the Company provided certain indemnities, primarily related to pre-transaction tax uncertainties and legal contingencies. In accordance with applicable accounting guidance, liabilities were established related to these indemnities at the time of the sales and reflected as a reduction of the gain on disposal. Discontinued operations includes charges or credits resulting from the settlement or resolution of the indemnified matters, as well as adjustments to the liabilities related to such matters.

On December 31, 2014, an agreement was reached between Putnam and the Massachusetts Department of Revenue ("DOR") regarding a tax dispute, which was covered under the indemnity agreement referred to above. In January 2015, all necessary approvals were received, the agreement was executed and the tax was paid. Concurrently, Putnam and the Company executed a settlement agreement to resolve all remaining matters under the indemnity agreement. The Company recorded a gain, net of federal tax, of approximately $28 million in 2014 related to the settlement with Putnam.

Summarized Statements of Income data for discontinued operations are as follows:

For the Years Ended December 31, *(In millions of dollars, except per share figures)*	**2016**	2015	2014
Income (loss) from discontinued operations, net of tax	**$ —**	$ —	$ —
Disposals of discontinued operations	**—**	(5)	42
Income tax (credit) expense	**—**	(5)	16
Disposals of discontinued operations, net of tax	**—**	—	26
Discontinued operations, net of tax	**$ —**	$ —	$ 26
Discontinued operations, net of tax per share			
—Basic	**$ —**	$ —	$ 0.05
—Diluted	**$ —**	$ —	$ 0.04

Other Corporate Items

Interest

Interest income earned on corporate funds amounted to $5 million in 2016 compared with $13 million in 2015. The decrease is due to the combined effects of a lower level of invested funds and lower interest rates. Interest expense was $189 million in 2016 compared with $163 million in 2015 due to higher average debt outstanding during 2015.

Interest income earned on corporate funds amounted to $13 million in 2015 compared with $21 million in 2014, primarily due to a lower level of invested funds in 2015. Interest expense was $163 million in 2015 compared with $165 million in 2014, due to lower average interest rates in 2015 compared with the prior year, partly offset by higher average debt outstanding during 2015.

Cost of Extinguishment of Debt

In October 2014, the Company redeemed $230 million of its 2015 notes and $400 million of its 2019 notes. The Company acquired the notes at market value plus a make-whole premium based on the terms of the original indenture, which exceeded the carrying value of the notes and resulted in a cost of $137 million in the fourth quarter of 2014.

Investment Income

The caption "Investment income (loss)" in the consolidated statements of income comprises realized and unrealized gains and losses from investments recognized in current earnings. It includes, when applicable, other-than-temporary declines in the value of debt and available-for-sale securities and equity method gains or losses on its investment in private equity funds. The Company's investments may include direct investments in insurance, consulting and related companies and investments in private equity funds. The Company recorded net investment income of less than $1 million in 2016 and $38 million in 2015. Net investment income in 2015 was primarily related to the general partner carried interest from Trident III. Stonepoint Capital, the investment manager of Trident III, substantially liquidated the remaining two investments of Trident III during the third quarter of 2015, which resulted in the Company recognizing its remaining deferred performance fees.

Income Taxes

The Company's consolidated effective tax rate was 27.6%, 29.1% and 28.5% in 2016, 2015 and 2014, respectively. These rates reflect foreign operations which are taxed at rates below the U.S. statutory tax rate, including the effect of repatriation, as well as the impact of discrete tax matters such as tax legislation, changes in valuation allowances, nontaxable adjustments to contingent acquisition consideration and the true-up of the tax provision to amounts filed in the Company's tax returns. In 2016, pre-tax income in the U.K., Canada, Luxembourg, Australia, Bermuda and Ireland accounted for approximately 60% of the Company's total non-U.S. pre-tax income, with effective rates in those countries of 23% (excluding certain discrete adjustments), 27%, 2%, 30%, 1% and 13%, respectively. The Company anticipates its non-U.S. operations will continue to incur taxes at rates below the U.S. federal tax rate of 35% under current U.S. law. The Company's U.S. revenue over the past three years has been approximately 50% of total revenue, while over that period the pre-tax income from U.S. locations has been approximately 25% of total pre-tax income.

As a U.S.-domiciled parent holding company, Marsh & McLennan Companies, Inc. is the issuer of essentially all of the Company's external indebtedness, and incurs the related interest expense in the U.S. Further, most senior executive and oversight functions are conducted in the U.S. and the associated costs are incurred primarily in the United States.

The effective tax rate may vary significantly from period to period for the foreseeable future. It is sensitive to the geographic mix of and repatriation of the Company's earnings, which may result in higher or lower effective tax rates. A proportional increase in U.S. pre-tax income will tend to increase the effective tax rate because U.S. federal and state corporate tax rates exceed tax rates applicable outside the U.S. Losses in certain jurisdictions cannot be offset by earnings from other operations, and may require valuation allowances that affect the rate, depending on estimates of the realizability of associated deferred tax assets. The effective tax rate is also sensitive to changes in unrecognized tax benefits, including the impact of settled tax audits and expired statutes of limitation.

The realization of deferred tax assets depends on generating future taxable income during the periods in which the tax benefits are deductible or creditable. Tax liabilities are determined and assessed jurisdictionally by legal entity or filing group. Certain taxing jurisdictions allow or require combined or consolidated tax filings. The Company assessed the realizability of its deferred tax assets. The Company considered all available evidence, including the existence of a recent history of losses, placing particular weight on evidence that could be objectively verified. A valuation allowance was recorded to reduce deferred tax assets to the amount that the Company believes is more likely than not to be realized.

Changes in tax laws, rulings, policies or related legal and regulatory interpretations occur frequently and may also have significant favorable or adverse impacts on our effective tax rate. For example, political activity surrounding proposals for fundamental U.S. tax reform have recently intensified and such reform, if enacted, could have a significant impact on the Company's effective tax rate.

Liquidity and Capital Resources

The Company is organized as a legal entity separate and distinct from its operating subsidiaries. As the Company does not have significant operations of its own, the Company is dependent upon dividends and other payments from its operating subsidiaries to pay principal and interest on its outstanding debt obligations, pay dividends to stockholders, repurchase its shares and pay corporate expenses. The Company also provides financial support to its operating subsidiaries for acquisitions, investments and certain parts of their business that require liquidity, such as the capital markets business of Guy Carpenter. Other sources of liquidity include borrowing facilities discussed below in financing cash flows.

The Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside of the United States. Funds from those operating subsidiaries are regularly repatriated to the United States out of annual earnings. At December 31, 2016, the Company had approximately $850 million of cash and cash equivalents in its foreign operations, substantially all of which is considered to be permanently invested in those operations to fund foreign investments and working capital needs. The non-U.S. cash and cash equivalents considered permanently reinvested includes $144 million of operating funds required to be maintained for regulatory requirements or as collateral under certain captive insurance arrangements. The Company expects to continue its practice of repatriating foreign funds from its non-U.S. operating subsidiaries out of current annual earnings. While management does not foresee a need to repatriate the funds which are currently deemed permanently invested, if facts or circumstances change, management could elect to repatriate them, if necessary, which could result in higher effective tax rates in the future. During 2016, the Company recorded foreign currency translation adjustments which reduced net equity by $778 million. Continued strengthening of the U.S. dollar against foreign currencies would further reduce the translated U.S. dollar value of the Company’s net investments in its non-U.S. subsidiaries, as well as the translated U.S. dollar value of cash repatriations from those subsidiaries.

Cash on our consolidated balance sheets includes funds available for general corporate purposes. Funds held on behalf of clients in a fiduciary capacity are segregated and shown separately in the consolidated balance sheets as an offset to fiduciary liabilities. Fiduciary funds cannot be used for general corporate purposes, and should not be considered as a source of liquidity for the Company.

Operating Cash Flows

The Company generated $2.0 billion of cash from operations in 2016, compared with $1.9 billion in 2015. These amounts reflect the net income of the Company during those periods, excluding gains or losses from investments, adjusted for non-cash charges and changes in working capital which relate primarily to the timing of payments of accrued liabilities or receipts of assets and pension contributions.

Pension-Related Items

Contributions

During 2016, the Company contributed $27 million to its U.S. pension plans and $187 million to non-U.S. pension plans. In 2015, the Company contributed $29 million to U.S. plans and $166 million to non-U.S. plans.

In the United States, contributions to the tax-qualified defined benefit plans are based on ERISA guidelines and the Company generally expects to maintain a funded status of 80% or more of the liability determined under the ERISA guidelines. There was no ERISA funding requirement for the U.S. qualified plan in 2016. The Company expects to fund approximately $32 million to its U.S. pension plans in 2017, including $6 million to its U.S. qualified plan to meet ERISA funding requirements.

The Company contributed $91 million to the U.K. plans in 2016, including an expense allowance of approximately $9 million. Based on the funding test carried out at November 1, 2016, the Company contributions to the U.K. plans in 2017 are expected to be approximately $125 million, including the expense allowance.

Outside the United States, the Company has a large number of non-U.S. defined benefit pension plans, the largest of which are in the U.K., which comprise approximately 81% of non-U.S. plan assets at December 31, 2016. Contribution rates for non-U.S. plans are generally based on local funding practices and statutory requirements, which may differ significantly from measurements under U.S. GAAP. In the U.K., the assumptions used to determine pension contributions are the result of legally-prescribed negotiations between the Company and the plans' trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. Currently, this results in a lower funded status than under U.S. GAAP and may result in contributions irrespective of the U.S. GAAP funded status. In November 2016, the Company and the Trustee of the U.K. Defined Benefits Plans agreed to a funding deficit recovery plan for the U.K. defined benefit pension plans. The current agreement with the Trustee sets out the annual deficit contributions which would be due based on the deficit at December 31, 2015. The funding level is subject to re-assessment, in most cases on November 1 of each year. If the funding level on November 1 is sufficient, no deficit funding contributions will be required in the following year, and the contribution amount will be deferred. As part of a long-term strategy, which depends on having greater influence over asset allocation and overall investment decisions, in November 2016 the Company renewed its agreement to support annual deficit contributions by the U.K. operating companies under certain circumstances, up to GBP 450 million over a seven-year period.

In the aggregate, the Company expects to contribute approximately $224 million to its non-U.S. defined benefit plans in 2017, comprising approximately $99 million to plans outside of the U.K. and $125 million to the U.K. plans.

Changes to Pension Plans

Effective September 1, 2015, the Company divided its U.S. qualified defined benefit plan to provide enhanced flexibility to manage the risk associated with those participants not receiving benefit accruals. The existing plan was amended to cover only the retirees currently receiving benefits and terminated vested participants as of August 1, 2015. The Company's active participants as of that date were transferred into a newly established, legally separate qualified defined benefit plan. The benefits offered to the plans' participants were unchanged. As a result of the plan amendment and establishment of the new plan, the Company re-measured the assets and liabilities of the two plans as required under U.S. GAAP, based on assumptions and market conditions at the amendment date. The net periodic pension expense recognized in 2015 reflects the weighted average costs of the December 31, 2014 measurement and the September 1, 2015 re-measurement.

The Company continues to manage the cost and assess the competitiveness of its benefits programs, and also to manage the risks related to its defined benefit pension plan liabilities. In October 2016, the Company modified its U.S. defined benefit pension plans to discontinue further benefit accruals for participants after December 31, 2016. At the same time, the Company amended its U.S. defined contribution retirement plans for most of its U.S. employees to add an automatic Company contribution equal to 4% of eligible base pay beginning on January 1, 2017. This new Company contribution, together with the Company’s current matching contribution, provides eligible U.S. employees with the opportunity to receive a total contribution of up to 7% of eligible base pay. As required under GAAP, the defined benefit plans that were significantly impacted by the modification were re-measured in October 2016 using market data and assumptions as of the modification date. The net periodic pension expense recognized in 2016 reflects the weighted average costs of the December 31, 2015 measurement and the October 2016 re-measurement. In addition, the U.S. qualified plans were merged effective December 30, 2016, since no participants would be receiving benefit accruals after December 2016.

After completion of a consultation period with affected colleagues, in January 2014, the Company amended its U.K. defined benefit pension plans to close those plans to future benefit accruals effective August 1, 2014 and replaced those plans, along with its existing defined contribution plans, with a new, comprehensive defined contribution arrangement. This change resulted in a curtailment of the U.K. defined benefit plans, and as required under GAAP, the Company re-measured the defined benefit plans’ assets and liabilities at the amendment date, based on assumptions and market conditions at that date. The Company recognized a curtailment gain of $65 million in the first quarter of 2014, primarily resulting from the recognition of the remaining unamortized prior service credit related to a plan amendment made in December 2012. This gain was mostly offset by the cost of a transition benefit to certain employees most impacted by the amendment.

Effective August 1, 2015, the Company amended its Ireland defined benefit pension plans to close those plans to future benefit accruals and replaced those plans with a defined contribution arrangement. The Company re-measured the assets and liabilities of the plans, based on assumptions and market conditions on the amendment date.

Changes in Funded Status and Expense

The year-over-year change in the funded status of the Company's pension plans is impacted by the difference between actual and assumed results, particularly with regard to return on assets, and changes in the discount rate, as well as the amount of Company contributions, if any. Unrecognized actuarial losses were approximately $1.7 billion and $3.1 billion at December 31, 2016 for the U.S. plans and non-U.S. plans, respectively, compared with $1.8 billion and $2.9 billion at December 31, 2015. The decrease in the U.S. was primarily due to the modification of the U.S. plans mentioned above. The increase in the non-U.S. plans was primarily due to the impact of decreases in the discount rates partly offset by actual returns on plan assets in 2016 that were higher than the estimated long-term rate of return on plan assets. In the past several years, the amount of actuarial losses has been significantly impacted, both positively and negatively, by actual asset performance and changes in discount rates. The discount rate used to measure plan liabilities decreased in both the U.S. and the U.K. (the Company's largest plans) in 2016 after increasing in 2015. The increase in 2015 followed a decrease in 2014. An increase in the discount rate decreases the measured plan benefit obligation, resulting in actuarial gains, while a decrease in the discount rate increases the measured plan obligation, resulting in actuarial losses. During 2016, the Company's defined benefit pension plan assets had actual returns of 9.8% and 22.1% in the U.S. and U.K., respectively. During 2015, the Company's defined benefit pension plan assets had a loss of 3.9% in the U.S. and gain of 1.2% in the U.K. During 2014, the Company's defined benefit pension plan assets had actual returns of 9.8% and 19.4% in the U.S. and U.K., respectively.

Overall, based on the measurement at December 31, 2016, expenses related to the Company’s defined benefit pension plans are expected to decrease in 2017 by approximately $120 million from 2016. This is driven by expense decreases in U.S. plans resulting from the modification of those plans which discontinued further benefit accruals for participants after December 31, 2016, as mentioned above. This decrease will be partially offset by an increase in defined contribution expense due to the additional automatic company contribution also mentioned above. The impact of the reduction in expense from the modification of the U.S. plans offset by the additional expense from the additional Company contributions to the defined contribution plan is expected to result in a net expense reduction of approximately $30 million, net of bonus. Pension expenses in the Company’s non-U.S. defined benefit plans are expected to increase approximately $5 million from 2016.

Historically, service and interest costs were estimated using a single weighted average discount rate derived from the yield curves used to measure the benefit obligations at the beginning of the period. In 2016, the Company changed the approach used to estimate the service and interest cost components of net periodic benefit cost for its significant non-U.S. plans. This change in approach was made to improve the correlation between the projected benefit cash flows and the corresponding yield curve spot rates and to provide a more precise measurement of service and interest costs. The change did not impact the measurement of the plans’ total projected benefit obligation. The Company accounted for this change as a change in estimate, that was applied prospectively beginning in 2016 and resulted in pension expense being approximately $45 million lower than if the prior approach had been used.

The Company’s accounting policies for its defined benefit pension plans, including the selection of and sensitivity to assumptions, are discussed below under Management’s Discussion of Critical Accounting Policies. For additional information regarding the Company’s retirement plans, see Note 8 to the consolidated financial statements.

In March 2015, the Company amended the RRA, resulting in its termination, with benefits to certain participants to be paid through December 31, 2016. As a result of the termination of the RRA plan, the Company recognized a net credit of approximately $125 million in the first quarter of 2015.

Financing Cash Flows

Net cash used for financing activities was $1.1 billion in 2016 compared with $906 million used in 2015.

Debt

The Company increased outstanding debt by approximately $400 million in 2016 and $1 billion in 2015.

The Company has established a short-term debt financing program of up to $1.5 billion through the issuance of commercial paper. The proceeds from the issuance of commercial paper are used for general corporate purposes. The Company had $50 million of commercial paper outstanding at December 31, 2016 at an effective interest rate of 1%.

In March 2016, the Company issued $350 million of 3.30% seven-year senior notes. In September 2015, the Company issued $600 million of 3.75% 10.5-year senior notes, and in March 2015, the Company issued $500 million of 2.35% five-year senior notes. The Company used the net proceeds from these issuances for general corporate purposes.

In September 2014, the Company issued $300 million of 2.35% five-year senior notes and $500 million of 3.50% 10.5-year senior notes. In October 2014, a significant portion of the net proceeds of this offering was used to redeem $630 million of debt, including $230 million of 5.75% senior notes due in September 2015 and $400 million of 9.25% senior notes due in 2019. Total cash outflow related to this transaction was approximately $765 million, including a $137 million cost for early redemption, which was reflected as a charge in the consolidated statements of income in the fourth quarter of 2014.

During the second quarter of 2014, the Company issued $600 million of 3.5% ten-year senior notes. The net proceeds of this offering were used for general corporate purposes, including the repayment of $320 million of 5.375% senior notes that matured in July 2014.

In January 2017, the Company issued $500 million of 2.75% senior notes due in 2022 and $500 million of 4.35% senior notes due in 2047. The Company intends to use the net proceeds for general corporate purposes, which may include the repayment of a $250 million debt maturity in April 2017.

Credit Facilities

The Company and certain of its subsidiaries maintain a $1.5 billion multi-currency five-year unsecured revolving credit facility. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility expires in November 2020 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at December 31, 2016.

The Company also maintains other credit facilities, guarantees and letters of credit with various banks, aggregating $376 million at December 31, 2016 and $379 million at December 31, 2015. There were $1.6 million of outstanding borrowings under these facilities at December 31, 2016 and $0.4 million of outstanding borrowings under these facilities at December 31, 2015.

The Company's senior debt is currently rated A- by Standard & Poor's and Baa1 by Moody's. The Company's short-term debt is currently rated A-2 by Standard & Poor's and P-2 by Moody's. The Company carries a stable outlook from both firms.

Share Repurchases

During 2016, the Company repurchased 12.7 million shares of its common stock for total consideration of $800 million at an average price per share of $63.18. In November 2016, the Board of Directors authorized an increase in the Company’s share repurchase program, which supersedes any prior authorization, allowing management to buy back up to $2.5 billion of the Company’s common stock going forward. As of December 31, 2016, the Company remained authorized to purchase additional shares of its common stock up to a value of approximately $2.4 billion. There is no time limit on this authorization.

During 2015, the Company repurchased 24.8 million shares of its common stock for total consideration of $1.4 billion at an average price per share of $56.46.

Dividends

The Company paid total dividends of $682 million in 2016 ($1.30 per share), $632 million in 2015 ($1.18 per share) and $582 million in 2014 ($1.06 per share).

Contingent Payments Related To Acquisitions

During 2016, the Company paid $86 million of contingent payments related to acquisitions made in prior years. These payments are split between financing and operating cash flows in the consolidated statements of cash flows. Payments of $44 million related to the contingent consideration liability that was recorded on the date of acquisition are reflected as financing cash flows. Payments related to increases in the contingent consideration liability subsequent to the date of acquisition of $42 million are reflected as operating cash flows. Remaining estimated future contingent consideration payments of $241 million for acquisitions completed in 2016 and in prior years are included in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at December 31, 2016. The Company paid deferred purchase consideration related to prior years' acquisitions of $54 million, $36 million and $25 million in the years ended December 31, 2016, 2015 and 2014, respectively. Remaining deferred cash payments of approximately $113 million are included in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at December 31, 2016.

In 2015, the Company paid $47 million of contingent payments related to acquisitions made in prior periods, of which $13 million was reported as financing cash flows and $34 million as operating cash flows. In 2014, the Company made $42 million of contingent payments related to acquisitions made in prior periods, of which $30 million was reported as financing cash flows and $12 million as operating cash flows.

Investing Cash Flows

Net cash used for investing activities amounted to $1.1 billion in 2016 compared with $1.3 billion used for investing activities in 2015.

The Company paid $813 million and $952 million, net of cash acquired, for acquisitions it made during 2016 and 2015, respectively.

On February 24, 2015, Mercer purchased shares of common stock of Benefitfocus (NASDAQ:BNFT) constituting approximately 9.9% of BNFT's outstanding capital stock as of the acquisition date. The purchase price for the BNFT shares and certain other rights and other consideration was approximately $75 million. In 2015, the Company elected to account for this investment under the cost method of accounting as the shares purchased were categorized as restricted. Effective December 31, 2016, these shares are no longer considered restricted for the purpose of determining if they are marketable securities under GAAP, and are accounted for as available for sale securities and included in other assets in the consolidated balance sheets.

On June 23, 2014, Mercer acquired 34% of the common shares of South Africa-based Alexander Forbes Group Holdings Limited ("Alexander Forbes"). Mercer purchased its stake in Alexander Forbes in two tranches at 7.50 South African Rand per share at an aggregate purchase price of approximately $300 million. The investment in Alexander Forbes is accounted for using the equity method and is included in other assets in the consolidated balance sheets.

The Company’s additions to fixed assets and capitalized software, which amounted to $253 million in 2016 and $325 million in 2015, primarily relate to computer equipment purchases, the refurbishing and modernizing of office facilities and software development costs.

The Company has commitments for potential future investments of approximately $45 million in four private equity funds that invest primarily in financial services companies.

Commitments and Obligations

The following sets forth the Company's future contractual obligations by the types identified in the table below as of December 31, 2016:

Contractual Obligations *(In millions of dollars)*	Payment due by Period Total	Within 1 Year	1-3 Years	4-5 Years	After 5 Years
Commercial paper	$ 50	$ 50	$ —	$ —	$ —
Current portion of long-term debt	262	262	—	—	—
Long-term debt	5,520	—	575	1,029	3,916
Interest on long-term debt	2,128	193	405	363	1,167
Net operating leases	2,173	326	564	424	859
Service agreements	351	225	115	10	1
Other long-term obligations	385	164	204	12	5
Total	$ 10,869	$ 1,220	$ 1,863	$ 1,838	$ 5,948

The above includes the senior notes issued in January 2017. The above does not include the liability for unrecognized tax benefits of $65 million as the Company is unable to reasonably predict the timing of settlement of these liabilities, other than approximately $2 million that may become payable during 2017. The above does not include net pension liabilities of approximately $1.9 billion because the timing and amount of ultimate payment of such liability is dependent upon future events, including, but not limited to, future returns on plan assets and changes in the discount rate used to measure the liabilities. The amounts of estimated future benefits payments to be made from pension plan assets are disclosed in Note 8 to the consolidated financial statements. In 2017, the Company expects to contribute approximately $32 million and $224 million to its U.S. and non-U.S. defined benefit pension plans, respectively.

Management's Discussion of Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and judgments that affect reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities. Management considers the policies discussed below to be critical to understanding the Company's financial statements because their application places the most significant demands on management's judgment, and requires management to make estimates about the effect of matters that are inherently uncertain. Actual results may differ from those estimates.

Legal and Other Loss Contingencies

The Company and its subsidiaries are subject to numerous claims, lawsuits and proceedings including claims for errors and omissions ("E&O"). GAAP requires that a liability be recorded when a loss is both probable and reasonably estimable. Significant management judgment is required to apply this guidance. The Company utilizes case level reviews by inside and outside counsel, an internal actuarial analysis by Oliver Wyman Group, a subsidiary of the Company, and other analyses to estimate potential losses. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable. Given the unpredictability of E&O claims and of litigation that could flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on the Company's businesses, results of operations, financial condition or cash flow in a given quarterly or annual period.

In addition, to the extent that insurance coverage is available, significant management judgment is required to determine the amount of recoveries that are probable of collection under the Company's various insurance programs.

Retirement Benefits

The Company maintains qualified and non-qualified defined benefit pension and defined contribution plans for its eligible U.S. employees and a variety of defined benefit and defined contribution plans for its eligible non-U.S. employees. The Company's policy for funding its tax-qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth in U.S. and applicable foreign laws.

The Company recognizes the funded status of its over-funded defined benefit pension and retiree medical plans as a net benefit plan asset and its unfunded and underfunded plans as a net benefit plan liability. The gains or losses and prior service costs or credits that have not been recognized as components of net periodic costs are recorded as a component of Accumulated Other Comprehensive Income ("AOCI"), net of tax, in the Company's consolidated balance sheets. The gains and losses that exceed specified corridors are amortized prospectively out of AOCI over a period that approximates the remaining life expectancy of participants in plans where substantially all participants are inactive or the average remaining service period of active participants for plans with active participants.

The determination of net periodic pension cost is based on a number of assumptions, including an expected long-term rate of return on plan assets, the discount rate, mortality and assumed rate of salary increase. The assumptions used in the calculation of net periodic pension costs and pension liabilities are disclosed in Note 8 to the consolidated financial statements. The assumptions for expected rate of return on plan assets and the discount rate are discussed in more detail below.

The long-term rate of return on plan assets assumption is determined for each plan based on the facts and circumstances that exist as of the measurement date, and the specific portfolio mix of each plan's assets. The Company utilizes a model developed by Mercer, a subsidiary of the Company, to assist in the determination of this assumption. The model takes into account several factors, including: actual and target portfolio allocation; investment, administrative and trading expenses incurred directly by the plan trust; historical portfolio performance; relevant forward-looking economic analysis; and expected returns, variances and correlations for different asset classes. These measures are used to determine probabilities using standard statistical techniques to calculate a range of expected returns on the portfolio.

The target asset allocation for the U.S. Plans is 64% equities and equity alternatives and 36% fixed income. At the end of 2016, the actual allocation for the U.S. Plans was 65% equities and equity alternatives and 35% fixed income. The target asset allocation for the U.K. Plans, which comprise approximately 81% of non-U.S. Plan assets, is 48% equities and equity alternatives and 52% fixed income. At the end of 2016, the actual allocation for the U.K. Plans was 48% equities and equity alternatives and 52% fixed income.

The discount rate selected for each U.S. plan is based on a model bond portfolio with coupons and redemptions that closely match the expected liability cash flows from the plan. Discount rates for non-U.S. plans are based on appropriate bond indices adjusted for duration; in the U.K., the plan duration is reflected using the Mercer yield curve.

The table below shows the weighted average assumed rate of return and the discount rate at the December 31, 2016 measurement date (for measuring pension expense in 2017) for the total Company, the U.S. and the Rest of World ("ROW").

	Total Company	U.S.	ROW
Assumed Rate of Return on Plan Assets	6.64%	7.95%	6.07%
Discount Rate	3.40%	4.58%	2.69%

Holding all other assumptions constant, a half-percentage point change in the rate of return on plan assets and discount rate assumptions would affect net periodic pension cost for the U.S. and U.K. plans, which together comprise approximately 86% of total pension plan liabilities, as follows:

	0.5 Percentage Point Increase		0.5 Percentage Point Decrease	
(In millions of dollars)	U.S.	U.K.	U.S.	U.K.
Assumed Rate of Return on Plan Assets	$ (23)	$ (36)	$ 23	$ 36
Discount Rate	$ (2)	$ (5)	$ 2	$ 2

The impact of discount rate changes shown above relates to the increase or decrease in actuarial gains or losses being amortized through net periodic pension cost, as well as the increase or decrease in interest expense, with all other facts and assumptions held constant. It does not contemplate nor include potential future impacts a change in the interest rate environment and discount rates might cause, such as the impact on the market value of the plans' assets. Changing the discount rate and leaving the other assumptions constant also may not be representative of the impact on expense, because the long-term rates of inflation and salary increases are often correlated with the discount rate. Changes in these assumptions will not necessarily have a linear impact on the net periodic pension cost.

The Company contributes to certain health care and life insurance benefits provided to its retired employees. The cost of these post-retirement benefits for employees in the U.S. is accrued during the period up to the date employees are eligible to retire, but is funded by the Company as incurred. The key assumptions and sensitivity to changes in the assumed health care cost trend rate are discussed in Note 8 to the consolidated financial statements.

Income Taxes

The Company's tax rate reflects its income, statutory tax rates and tax planning in the various jurisdictions in which it operates. Significant judgment is required in determining the annual effective tax rate and in evaluating uncertain tax positions. The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step involves recognition. The Company determines whether it is more likely than not that a tax position will be sustained upon tax examination, including resolution of any related appeals or litigation, based on only the technical merits of the position. The technical merits of a tax position derive from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate resolution with a taxing authority.

Uncertain tax positions are evaluated based upon the facts and circumstances that exist at each reporting period and involve significant management judgment. Subsequent changes in judgment based upon new information may lead to changes in recognition, derecognition, and measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue.

Certain items are included in the Company's tax returns at different times than the items are reflected in the financial statements. As a result, the annual tax expense reflected in the consolidated statements of income is different than that reported in the tax returns. Some of these differences are permanent, such as expenses that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities, which are measured at existing tax rates. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which a benefit has already been recorded in the financial statements. In assessing the need for and amount of a valuation allowance for deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjusts the valuation allowance accordingly. The Company evaluates all significant available positive and negative evidence, including the existence of losses in recent years and its forecast of future taxable income by jurisdiction, in assessing the need for a valuation allowance. The Company also considers tax planning strategies that would result in realization of deferred tax assets, and the presence of taxable income in prior period tax filings in jurisdictions that allow for the carryback of tax attributes pursuant to the applicable tax law. The underlying assumptions the Company uses in forecasting future taxable income require significant judgment and take into account the Company's recent performance. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary differences or carry-forwards are deductible or creditable. Valuation allowances are established for deferred tax assets when it is estimated that it is more likely than not that future taxable income will be insufficient to fully use a deduction or credit in that jurisdiction.

Fair Value Determinations

Goodwill Impairment Testing—The Company is required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs the annual impairment test for each of its reporting units during the third quarter of each year. In accordance with applicable accounting guidance, the Company assesses qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. The Company considered numerous factors, which included that the fair value of each reporting unit exceeded its carrying value by a substantial margin in its most recent estimate of reporting unit fair values, whether significant acquisitions or dispositions occurred which might alter the fair value of its reporting units, macroeconomic conditions and their potential impact on reporting unit fair values, actual performance compared with budget and prior projections used in its estimation of reporting unit fair values, industry and market conditions, and the year-over-year change in the Company's share price.

The Company completed its qualitative assessment in the third quarter of 2016 and concluded that a two-step goodwill impairment test was not required in 2016 and that goodwill was not impaired.

Share-based Payment

The guidance for accounting for share-based payments requires, among other things, that the estimated fair value of stock options be charged to earnings. Significant management judgment is required to determine the appropriate assumptions for inputs such as volatility and expected term necessary to estimate option values. In addition, management judgment is required to analyze the terms of the plans and awards granted thereunder to determine if awards will be treated as equity awards or liability awards, as defined by the accounting guidance.

As of December 31, 2016, there was $14.4 million of unrecognized compensation cost related to stock option awards. The weighted-average period over which the costs are expected to be recognized is 1.42 years. Also as of December 31, 2016, there was $127.2 million of unrecognized compensation cost related to the Company's restricted stock, restricted stock unit and performance stock unit awards. The weighted-average period over which that cost is expected to be recognized is approximately 1.05 years.

See Note 9 to the consolidated financial statements for additional information regarding accounting for share-based payments.

New Accounting Pronouncements

Note 1 to the consolidated financial statements contains a summary of the Company's significant accounting policies, including a discussion of recently issued accounting pronouncements and their impact or potential future impact on the Company's financial results, if determinable, under the sub-heading "New Accounting Pronouncements".

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk and Credit Risk

Certain of the Company’s revenues, expenses, assets and liabilities are exposed to the impact of interest rate changes and fluctuations in foreign currency exchange rates and equity markets.

Interest Rate Risk and Credit Risk

Interest income generated from the Company’s cash investments as well as invested fiduciary funds will vary with the general level of interest rates.

The Company had the following investments subject to variable interest rates:

(In millions of dollars)		**December 31, 2016**
Cash and cash equivalents invested in money market funds, certificates of deposit and time deposits	**$**	**1,026**
Fiduciary cash and investments	**$**	**4,241**

Based on the above balances, if short-term interest rates increased or decreased by 10%, or 6 basis points, over the full year, annual interest income, including interest earned on fiduciary funds, would increase or decrease by approximately $2 million.

In addition to interest rate risk, our cash investments and fiduciary fund investments are subject to potential loss of value due to counter-party credit risk. To minimize this risk, the Company and its subsidiaries invest pursuant to a Board approved investment policy. The policy mandates the preservation of principal and liquidity and requires broad diversification with counter-party limits assigned based primarily on credit rating and type of investment. The Company carefully monitors its cash and fiduciary fund investments and will further restrict the portfolio as appropriate to market conditions. The majority of cash and fiduciary fund investments are invested in short-term bank deposits and liquid money market funds.

Foreign Currency Risk

The translated values of revenue and expense from the Company’s international operations are subject to fluctuations due to changes in currency exchange rates. The non-U.S. based revenue that is exposed to foreign exchange fluctuations is approximately 50% of total revenue. We periodically use forward contracts and options to limit foreign currency exchange rate exposure on net income and cash flows for specific, clearly defined transactions arising in the ordinary course of business. Although the Company has significant revenue generated in foreign locations which is subject to foreign exchange rate fluctuations, in most cases both the foreign currency revenue and expenses are in the functional currency of the foreign location. As such, under normal circumstances, the U.S. dollar translation of both the revenues and expenses, as well as the potentially offsetting movements of various currencies against the U.S. dollar, generally tends to mitigate the impact on net operating income of foreign currency risk. However, there have been periods where the impact was not mitigated due to external market factors, and recent events, including the vote on "Brexit" in the United Kingdom, may result in greater foreign exchange rate fluctuations in the future. If foreign exchange rates of major currencies (Euro, Sterling, Australian dollar and Canadian dollar) moved 10% in the same direction against the U.S. dollar compared with the foreign exchange rates in 2016, the Company estimates net operating income would increase or decrease by approximately $54 million. The Company has exposure to approximately 80 foreign currencies overall. In Continental Europe, the largest amount of revenue from renewals for the Risk & Insurance Services segment occurs in the first quarter.

Equity Price Risk

The Company holds investments in both public and private companies as well as private equity funds. Investments of approximately $105 million are classified as available for sale, which includes the Company's investment in Benefitfocus. Approximately $21 million are accounted for using the cost method and $389 million are accounted for using the equity method, which includes the Company's investments in Alexander Forbes. The investments are subject to risk of changes in market value, which, if determined to be other than temporary, could result in realized impairment losses. The Company periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

As of December 31, 2016, the carrying value of the Company’s investment in Alexander Forbes was $247 million. As of December 31, 2016, the market value of the approximately 443 million shares of Alexander Forbes owned by the Company, based on the December 31, 2016 closing share price of 7.95 South African Rand per share, was approximately $251 million.

Other

A number of lawsuits and regulatory proceedings are pending. See Note 15 ("Claims, Lawsuits and Other Contingencies") to the consolidated financial statements included in this report.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

For the Years Ended December 31, *(In millions, except per share figures)*	**2016**	2015	2014
Revenue	**$ 13,211**	$ 12,893	$ 12,951
Expense:			
Compensation and benefits	**7,461**	7,334	7,515
Other operating expenses	**3,086**	3,140	3,135
Operating expenses	**10,547**	10,474	10,650
Operating income	**2,664**	2,419	2,301
Interest income	**5**	13	21
Interest expense	**(189)**	(163)	(165)
Cost of extinguishment of debt	**—**	—	(137)
Investment income	**—**	38	37
Income before income taxes	**2,480**	2,307	2,057
Income tax expense	**685**	671	586
Income from continuing operations	**1,795**	1,636	1,471
Discontinued operations, net of tax	**—**	—	26
Net income before non-controlling interests	**1,795**	1,636	1,497
Less: Net income attributable to non-controlling interests	**27**	37	32
Net income attributable to the Company	**$ 1,768**	$ 1,599	$ 1,465
Basic net income per share – Continuing operations	**$ 3.41**	$ 3.01	$ 2.64
– Net income attributable to the Company	**$ 3.41**	$ 3.01	$ 2.69
Diluted net income per share – Continuing operations	**$ 3.38**	$ 2.98	$ 2.61
– Net income attributable to the Company	**$ 3.38**	$ 2.98	$ 2.65
Average number of shares outstanding – Basic	**519**	531	545
– Diluted	**524**	536	553
Shares outstanding at December 31,	**514**	522	540

The accompanying notes are an integral part of these consolidated statements.

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, *(In millions)*	**2016**	2015	2014
Net income before non-controlling interests	**$ 1,795**	$ 1,636	$ 1,497
Other comprehensive (loss) income, before tax:			
Foreign currency translation adjustments	**(742)**	(639)	(527)
Unrealized investment income	**21**	1	—
Gain (loss) related to pension/post-retirement plans	**(119)**	337	(1,085)
Other comprehensive loss, before tax	**(840)**	(301)	(1,612)
Income tax (credit) expense on other comprehensive (loss) income	**33**	72	(386)
Other comprehensive loss, net of tax	**(873)**	(373)	(1,226)
Comprehensive income	**922**	1,263	271
Less: Comprehensive income attributable to non-controlling interests	**27**	37	32
Comprehensive income attributable to the Company	**$ 895**	$ 1,226	$ 239

The accompanying notes are an integral part of these consolidated statements.

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, *(In millions, except share figures)*		**2016**		2015
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**1,026**	$	1,374
Receivables				
Commissions and fees		**3,370**		3,198
Advanced premiums and claims		**83**		51
Other		**286**		309
		3,739		3,558
Less-allowance for doubtful accounts and cancellations		**(96)**		(87)
Net receivables		**3,643**		3,471
Other current assets		**215**		199
Total current assets		**4,884**		5,044
Goodwill		**8,369**		7,889
Other intangible assets		**1,126**		1,036
Fixed assets, net		**725**		773
Pension related assets		**776**		1,159
Deferred tax assets		**1,097**		1,138
Other assets		**1,213**		1,177
	$	**18,190**	$	18,216
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term debt	**$**	**312**	$	12
Accounts payable and accrued liabilities		**1,969**		1,886
Accrued compensation and employee benefits		**1,655**		1,656
Accrued income taxes		**146**		154
Total current liabilities		**4,082**		3,708
Fiduciary liabilities		**4,241**		4,146
Less – cash and investments held in a fiduciary capacity		**(4,241)**		(4,146)
		—		—
Long-term debt		**4,495**		4,402
Pension, postretirement and postemployment benefits		**2,076**		2,058
Liability for errors and omissions		**308**		318
Other liabilities		**957**		1,128
Commitments and contingencies		**—**		—
Equity:				
Preferred stock, $1 par value, authorized 6,000,000 shares, none issued		**—**		—
Common stock, $1 par value, authorized				
1,600,000,000 shares, issued 560,641,640 shares at December 31, 2016 and December 31, 2015		**561**		561
Additional paid-in capital		**842**		861
Retained earnings		**12,388**		11,302
Accumulated other comprehensive loss		**(5,093)**		(4,220)
Non-controlling interests		**80**		89
		8,778		8,593
Less – treasury shares, at cost, 46,150,415 shares at December 31, 2016 and 38,743,686 shares at December 31, 2015		**(2,506)**		(1,991)
Total equity		**6,272**		6,602
	$	**18,190**	$	18,216

The accompanying notes are an integral part of these consolidated statements.

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, *(In millions)*	**2016**	2015	2014
Operating cash flows:			
Net income before non-controlling interests	**$ 1,795**	$ 1,636	$ 1,497
Adjustments to reconcile net income to cash provided by operations:			
Depreciation and amortization of fixed assets and capitalized software	**308**	314	302
Amortization of intangible assets	**130**	109	86
Adjustments and payments related to contingent consideration liability	**(33)**	11	19
Gain on deconsolidation of entity	**(11)**	—	—
Cost of early extinguishment of debt	**—**	—	137
Provision for deferred income taxes	**68**	178	127
Gain on investments	**—**	(38)	(37)
(Gain) Loss on disposition of assets	**6**	(13)	(38)
Share-based compensation expense	**109**	88	93
Changes in assets and liabilities:			
Net receivables	**(154)**	(52)	(58)
Other current assets	**(9)**	3	8
Other assets	**34**	(10)	13
Accounts payable and accrued liabilities	**55**	(125)	45
Accrued compensation and employee benefits	**2**	23	167
Accrued income taxes	**(21)**	(15)	33
Contributions to pension and other benefit plans in excess of current year expense/credit	**(279)**	(231)	(152)
Other liabilities	**(97)**	(60)	(196)
Effect of exchange rate changes	**104**	70	73
Net cash provided by operations	**2,007**	1,888	2,119
Financing cash flows:			
Purchase of treasury shares	**(800)**	(1,400)	(800)
Net increase in commercial paper	**50**	—	—
Proceeds from debt	**347**	1,091	1,386
Repayments of debt	**(12)**	(61)	(331)
Payments for early extinguishment of debt	**—**	—	(765)
Shares withheld for taxes on vested units – treasury shares	**(39)**	(49)	(64)
Issuance of common stock from treasury shares	**188**	224	263
Payments of deferred and contingent consideration for acquisitions	**(98)**	(49)	(55)
Distributions of non-controlling interests	**(21)**	(30)	(20)
Dividends paid	**(682)**	(632)	(582)
Net cash used for financing activities	**(1,067)**	(906)	(968)
Investing cash flows:			
Capital expenditures	**(253)**	(325)	(368)
Net (purchases) sales of long-term investments	**2**	(65)	6
Purchase of equity investment	**—**	—	(304)
Proceeds from sales of fixed assets	**4**	2	3
Dispositions	**—**	71	—
Acquisitions	**(813)**	(952)	(554)
Other, net	**4**	4	(5)
Net cash used for investing activities	**(1,056)**	(1,265)	(1,222)
Effect of exchange rate changes on cash and cash equivalents	**(232)**	(301)	(274)
Decrease in cash and cash equivalents	**(348)**	(584)	(345)
Cash and cash equivalents at beginning of year	**1,374**	1,958	2,303
Cash and cash equivalents at end of year	**$ 1,026**	$ 1,374	$ 1,958

The accompanying notes are an integral part of these consolidated statements.

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY

For the Years Ended December 31, *(In millions, except per share figures)*	**2016**	2015	2014
COMMON STOCK			
Balance, beginning and end of year	**$ 561**	$ 561	$ 561
ADDITIONAL PAID-IN CAPITAL			
Balance, beginning of year	**$ 861**	$ 930	$ 1,028
Change in accrued stock compensation costs	**44**	16	(15)
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax impact	**(63)**	(85)	(83)
Balance, end of year	**$ 842**	$ 861	$ 930
RETAINED EARNINGS			
Balance, beginning of year	**$ 11,302**	$ 10,335	$ 9,452
Net income attributable to the Company	**1,768**	1,599	1,465
Dividend equivalents declared - (per share amounts: $1.30 in 2016, $1.18 in 2015, and $1.06 in 2014)	**(7)**	(4)	(3)
Dividends declared – (per share amounts: $1.30 in 2016, $1.18 in 2015, and $1.06 in 2014)	**(675)**	(628)	(579)
Balance, end of year	**$ 12,388**	$ 11,302	$ 10,335
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Balance, beginning of year	**$ (4,220)**	$ (3,847)	$ (2,621)
Other comprehensive loss, net of tax	**(873)**	(373)	(1,226)
Balance, end of year	**$ (5,093)**	$ (4,220)	$ (3,847)
TREASURY SHARES			
Balance, beginning of year	**$ (1,991)**	$ (925)	$ (515)
Issuance of shares under stock compensation plans and employee stock purchase plans	**285**	334	387
Issuance of shares for acquisitions	**—**	—	3
Purchase of treasury shares	**(800)**	(1,400)	(800)
Balance, end of year	**$ (2,506)**	$ (1,991)	$ (925)
NON-CONTROLLING INTERESTS			
Balance, beginning of year	**$ 89**	$ 79	$ 70
Net income attributable to non-controlling interests	**27**	37	32
Distributions and other changes	**(22)**	(27)	(23)
Deconsolidation of subsidiary	**(14)**	—	—
Balance, end of year	**$ 80**	$ 89	$ 79
TOTAL EQUITY	**$ 6,272**	$ 6,602	$ 7,133

The accompanying notes are an integral part of these consolidated statements.

1. Summary of Significant Accounting Policies

Nature of Operations: Marsh & McLennan Companies, Inc. (the "Company"), a global professional services firm, is organized based on the different services that it offers. Under this structure, the Company's two business segments are Risk and Insurance Services and Consulting.

The Risk and Insurance Services segment provides risk management activities and insurance broking, reinsurance broking and insurance program management services for businesses, public entities, insurance companies, associations, professional services organizations, and private clients. The Company conducts business in this segment through Marsh and Guy Carpenter.

The Company conducts business in its Consulting segment through Mercer and Oliver Wyman Group. Mercer provides consulting expertise, advice, services and solutions in the areas of health, retirement, talent and investments. Oliver Wyman Group provides specialized management and economic and brand consulting services.

Acquisitions impacting the Risk and Insurance Services and Consulting segments are discussed in Note 4 below.

Principles of Consolidation: The accompanying consolidated financial statements include all wholly-owned and majority-owned subsidiaries. All significant inter-company transactions and balances have been eliminated.

Fiduciary Assets and Liabilities: In its capacity as an insurance broker or agent, the Company generally collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters. The Company also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims proceeds are held by the Company in a fiduciary capacity. Risk and Insurance Services revenue includes interest on fiduciary funds of $26 million, $21 million and $24 million in 2016, 2015 and 2014, respectively. The Consulting segment recorded fiduciary interest income of $3 million, $4 million and $6 million in 2016, 2015 and 2014, respectively. Since fiduciary assets are not available for corporate use, they are shown in the consolidated balance sheets as an offset to fiduciary liabilities.

Net uncollected premiums and claims and the related payables were $7 billion and $6.9 billion at December 31, 2016 and 2015, respectively. The Company is not a principal to the contracts under which the right to receive premiums or the right to receive reimbursement of insured losses arises. Accordingly, net uncollected premiums and claims and the related payables are not assets and liabilities of the Company and are not included in the accompanying consolidated balance sheets.

In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. These advances are made from corporate funds and are reflected in the accompanying consolidated balance sheets as receivables.

Mercer manages approximately $158 billion of assets in trusts or funds for which Mercer's management or trustee fee is not considered a variable interest, since the fees are commensurate with the level of effort required to provide those services. Mercer is not the primary beneficiary of these trusts or funds. Mercer's maximum exposure to loss of its interests is, therefore, limited to collection of its fees.

Revenue: Risk and Insurance Services revenue includes insurance commissions, fees for services rendered and interest income on certain fiduciary funds. Insurance commissions and fees for risk transfer services generally are recorded as of the effective date of the applicable policies or, in certain cases (primarily in the Company's reinsurance broking operations), as of the effective date or billing date, whichever is later. A reserve for policy cancellation is provided based on historic and current data on cancellations. Consideration for fee arrangements covering multiple insurance placements, the provision of risk management and/or other services is allocated to all deliverables on the basis of the relative selling prices. Fees for non-risk transfer services provided to clients are recognized over the period in which the services are provided, using a proportional performance model. Fees resulting from achievement of certain performance thresholds are recorded when such levels are attained and such fees are not subject to forfeiture.

Consulting revenue includes fees paid by clients for advice and services and commissions from insurance companies for the placement of individual and group contracts. Fee revenue for engagements where remuneration is based on time plus out-of-pocket expenses is recognized based on the amount of time consulting professionals expend on the engagement. For fixed fee engagements, revenue is recognized using a proportional performance model. Revenue from insurance commissions not subject to a fee arrangement is recorded over the effective period of the applicable policies. Revenue for asset based fees is recognized on an accrual basis by applying the daily/monthly rate as contractually agreed with the client to the applicable net asset value. On a limited number of engagements, performance fees may also be earned for achieving certain prescribed performance criteria. Such fees are recognized when the performance criteria have been achieved and, when required, agreed to by the client. Reimbursable expenses incurred by professional staff in the generation of revenue and sub-advisory fees related to the majority of funds in the investment management business are included in revenue and the related expenses are included in other operating expenses.

Cash and Cash Equivalents: Cash and cash equivalents primarily consist of certificates of deposit and time deposits, with original maturities of three months or less, and money market funds. The estimated fair value of the Company's cash and cash equivalents approximates their carrying value. The Company is required to maintain operating funds primarily related to regulatory requirements outside the United States or as collateral under captive insurance arrangements. At December 31, 2016, the Company maintained $159 million related to these regulatory requirements.

Fixed Assets: Fixed assets are stated at cost less accumulated depreciation and amortization. Expenditures for improvements are capitalized. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is reflected in income. Expenditures for maintenance and repairs are charged to operations as incurred.

Depreciation of buildings, building improvements, furniture, and equipment is provided on a straight-line basis over the estimated useful lives of these assets. Furniture and equipment is depreciated over periods ranging from three to ten years. Leasehold improvements are amortized on a straight-line basis over the periods covered by the applicable leases or the estimated useful life of the improvement, whichever is less. Buildings are depreciated over periods ranging from thirty to forty years. The Company periodically reviews long-lived assets for impairment whenever events or changes indicate that the carrying value of assets may not be recoverable.

The components of fixed assets are as follows:

December 31, *(In millions of dollars)*	**2016**	2015
Furniture and equipment	**$ 1,113**	$ 1,133
Land and buildings	**389**	396
Leasehold and building improvements	**906**	865
	2,408	2,394
Less-accumulated depreciation and amortization	**(1,683)**	(1,621)
	$ 725	$ 773

Investments: The Company holds investments in certain private equity funds. Investments in private equity funds are accounted for under the equity method of accounting using a consistently applied three-month lag period adjusted for any known significant changes from the lag period to the reporting date of the Company. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. Investment gains or losses for its proportionate share of the change in fair value of the funds are recorded in earnings. Investments using the equity method of accounting are included in other assets in the consolidated balance sheets.

In 2016, the Company recorded investment income of less than $1 million compared to $38 million in 2015 and $37 million in 2014. The investment income in 2015 and 2014 is primarily due to general partner carried interest from the Company's investment in Trident III, which was substantially liquidated in 2015.

Goodwill and Other Intangible Assets: Goodwill represents acquisition costs in excess of the fair value of net assets acquired. Goodwill is reviewed at least annually for impairment. The Company performs an annual impairment test for each of its reporting units during the third quarter of each year. When a step 1 test is performed, fair values of the reporting units are estimated using either a market approach or a discounted cash flow model. Carrying values for the reporting units are based on balances at the prior quarter end and include directly identified assets and liabilities as well as an allocation of those assets and liabilities not recorded at the reporting unit level. As discussed in Note 6, the Company may elect to assess qualitative factors to determine if a step 1 test is necessary. Other intangible assets, which primarily 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, and reviewed for impairment upon the occurrence of certain triggering events in accordance with applicable accounting literature. The Company had no indefinite lived identified intangible assets at December 31, 2016 and 2015.

Capitalized Software Costs: The Company capitalizes certain costs to develop, purchase or modify software for the internal use of the Company. These costs are amortized on a straight-line basis over periods ranging from 3 to 10 years. Costs incurred during the preliminary project stage and post implementation stage, are expensed as incurred. Costs incurred during the application development stage are capitalized. Costs related to updates and enhancements are only capitalized if they will result in additional functionality. Capitalized computer software costs of $482 million and $498 million, net of accumulated amortization of $1.1 billion and $958 million at December 31, 2016 and 2015, respectively, are included in other assets in the consolidated balance sheets.

Legal and Other Loss Contingencies: The Company and its subsidiaries are subject to a significant number of claims, lawsuits and proceedings including claims for errors and omissions ("E&O"). The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires that a liability be recorded when a loss is both probable and reasonably estimable. Significant management judgment is required to apply this guidance. The Company utilizes case level reviews by inside and outside counsel, an internal actuarial analysis by Oliver Wyman Group, a subsidiary of the Company, and other analysis to estimate potential losses. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable. Given the unpredictability of E&O claims and of litigation that could flow from them, it is possible that an adverse outcome in a particular matter could have a material adverse effect on the Company's businesses, results of operations, financial condition or cash flow in a given quarterly or annual period.

In addition, to the extent that insurance coverage is available, significant management judgment is required to determine the amount of recoveries that are probable of collection under the Company's various insurance programs.

The legal and other contingent liabilities described above are not discounted.

Income Taxes: The Company's effective tax rate reflects its income, statutory tax rates and tax planning in the various jurisdictions in which it operates. Significant judgment is required in determining the annual tax provision and in evaluating uncertain tax positions and the ability to realize deferred tax assets.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in a tax return. The evaluation of a tax position is a two-step process. The first step involves recognition. The Company determines whether it is more likely than not that a tax position will be sustained upon tax examination, including resolution of any related appeals or litigation, based on only the technical merits of the position. The technical merits of a tax position derive from both statutory and judicial authority (legislation and statutes, legislative intent, regulations, rulings, and case law) and their applicability to the facts and circumstances of the tax position. If a tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the financial statements. The second step is measurement. A tax position that meets the more-likely-than-not-recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon ultimate resolution with a taxing authority. Uncertain tax positions are evaluated based upon the facts and circumstances that exist at each reporting period. Subsequent changes in judgment based upon new information may lead to changes in recognition, de-recognition, and measurement. Adjustments may result, for example, upon resolution of an issue with the taxing authorities, or expiration of a statute of limitations barring an assessment for an issue. The Company recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense.

Tax law may require items be included in the Company's tax returns at different times than the items are reflected in the financial statements. As a result, the annual tax expense reflected in the consolidated statements of income is different than that reported in the income tax returns. Some of these differences are permanent, such as expenses that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which benefit has already been recorded in the financial statements. Valuation allowances are established for deferred tax assets when it is estimated that future taxable income will be insufficient to use a deduction or credit in that jurisdiction. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements.

Derivative Instruments: All derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. The fair value of the derivative is recorded in the consolidated balance sheet in other receivables or accounts payable and accrued liabilities. The change in the fair value of a derivative is recorded in the consolidated statement of income in other operating expenses. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the income statement when the hedged item affects earnings. Changes in the fair value attributable to the ineffective portion of cash flow hedges are recognized in earnings.

Concentrations of Credit Risk: Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, commissions and fees receivable and insurance recoverable. The Company maintains a policy providing for the diversification of cash and cash equivalent investments and places its investments in a large number of high quality financial institutions to limit the amount of credit risk exposure. Concentrations of credit risk with respect to receivables are generally limited due to the large number of clients and markets in which the Company does business, as well as the dispersion across many geographic areas.

Per Share Data: Basic net income per share attributable to the Company and income from continuing operations per share are calculated by dividing the respective after-tax income attributable to common shares by the weighted average number of outstanding shares of the Company’s common stock.

Diluted net income per share attributable to the Company and income from continuing operations per share are calculated by dividing the respective after-tax income attributable to common shares by the weighted average number of outstanding shares of the Company’s common stock, which have been adjusted for the dilutive effect of potentially issuable common shares. Reconciliations of the applicable components used to calculate basic and diluted EPS - Continuing Operations are presented below. The reconciling items related to the EPS calculation are the same for both basic and diluted EPS.

Basic and Diluted EPS Calculation - *Continuing Operations*			
(In millions, except per share figures)	**2016**	2015	2014
Net income from continuing operations	**$ 1,795**	$ 1,636	$ 1,471
Less: Net income attributable to non-controlling interests	**27**	37	32
	$ 1,768	$ 1,599	$ 1,439
Basic weighted average common shares outstanding	**519**	531	545
Dilutive effect of potentially issuable common shares	**5**	5	8
Diluted weighted average common shares outstanding	**524**	536	553
Average stock price used to calculate common stock equivalents	**$ 63.51**	$ 56.27	$ 51.15

There were 13.2 million, 14.8 million and 18.0 million stock options outstanding as of December 31, 2016, 2015 and 2014, respectively.

Estimates: GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from those estimates.

New Accounting Pronouncements: In November 2016, the Financial Accounting Standards Board ("FASB") issued new guidance which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The guidance must be applied retrospectively to all periods presented. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on the Company's consolidated balance sheets or consolidated statement of cash flows.

In October 2016, the FASB issued new guidance which changes the evaluation of whether a reporting entity is the primary beneficiary of a variable interest entity by changing how a reporting entity that is a single decision maker of a variable interest entity treats indirect interests in the entity held through related parties that are under common control with the reporting entity. If a reporting entity satisfies the first characteristic of a primary beneficiary (such that it is the single decision maker of a variable interest entity), the new guidance requires that reporting entity, in determining whether it satisfies the second characteristic of a primary beneficiary, to include all of its direct variable interest in a variable interest entity and, on a proportionate basis, its indirect variable interests in a variable interest entity held through related parties, including related parties that are under common control with the reporting entity. The new guidance is effective for public companies for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a significant impact on its financial position, results of operations and statement of cash flows.

In October 2016, the FASB also issued new guidance which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new guidance eliminates the exception for an intra-entity transfer of an asset other than inventory. The new guidance is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. The new guidance must be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Company is currently evaluating the impact the adoption of this standard will have on its financial position or results of operations.

In August 2016, the FASB issued new guidance which adds or clarifies guidance on the classification of certain cash receipts and payments in the statement of cash flows, including cash payments for debt prepayments or debt extinguishment costs, contingent consideration payments made after a business combination and distributions received from equity method investees. The guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The guidance must be applied retrospectively to all periods presented unless retrospective application is impracticable. Early adoption is permitted. The Company is currently evaluating the impact the adoption the guidance will have on its statement of cash flows.

In April 2016, the FASB issued new guidance which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. The guidance is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for any organization in any interim or annual period. Based on the Company's stock price during January and through February 21, 2017, the Company expects the adoption of this standard to reduce the Company's reported income tax expense and increase its net income and earnings per share in the first quarter of 2017. However, the specific impact will depend on the number of outstanding options exercised (which the Company does not control) and the Company's stock price on the dates shares vest and options are exercised.

In March 2016, the FASB issued new guidance which eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments require that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The new guidance is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early application will be permitted. The Company is currently evaluating the impact the adoption of this standard will have on its financial position or results of operations.

In February 2016, the FASB issued new guidance intended to improve financial reporting about leasing transactions. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles ("GAAP"), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires that only capital leases be recognized on the balance sheet, the new guidance requires that both types of leases be recognized on the balance sheet. The new guidance will require additional disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, and additional information about the amounts recorded in the financial statements. The accounting by organizations that own the assets ("lessor") leased by the lessee will remain largely unchanged from current GAAP. However, the guidance contains some targeted improvements that are intended to align, where necessary, lessor accounting with the lessee accounting model and with the updated revenue recognition guidance issued in 2014. The new guidance on leases will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. Early application will be permitted. The Company is currently evaluating the impact the adoption of the guidance will have on its financial position and results of operations, but expects material "right to use" assets and lease liabilities to be recorded on its consolidated balance sheets.

In January 2016, the FASB issued new guidance intended to improve the recognition and measurement of financial instruments. The new guidance requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements; eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; and requires a reporting organization to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (also referred to as "own credit") when the organization has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The new guidance is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently evaluating the impact of the adoption of the guidance on its financial position and results of operations.

New Revenue Recognition Pronouncement

In May 2014, the FASB issued new accounting guidance to clarify the principles for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, the entity should apply the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. Entities are permitted to adopt the guidance under one of the following methods: the "full retrospective" method, which applies the guidance to each period presented (prior years restated) or the "modified retrospective" method in which the guidance is only applied to the year of adoption, with the cumulative effect of initially applying the guidance recognized as an adjustment to retained earnings. The Company will adopt the new guidance effective January 1, 2018. The Company is evaluating the transition method it will use, but currently expects to use the modified retrospective method.

The Company continues to evaluate the impact of the standard on our Risk and Insurance Services ("RIS") segment. Based on the results of our review to date, the Company expects there will be some movement in the timing of revenue recognition between quarterly and annual periods. However, since the vast majority of our brokerage arrangements involve contracts that cover a single year of placements, on a year over year basis, the Company does not believe there will be a significant change to the amount of revenue recognized in an annual period.

The Company's initial review and preliminary conclusions for the Consulting segment indicate the impact on the existing pattern of revenue recognition in quarterly or annual periods will be less significant than for RIS. The conclusions will be completed following a final review of customer arrangement legal terms and conditions in certain of our non-U.S. locations.

The Company continues to evaluate the extent to which certain costs it incurs that are currently expensed under GAAP must be capitalized as costs to obtain or costs to fulfill customer contracts under guidance issued as part of the revenue recognition update. Any capitalized costs would be amortized on a basis consistent with the transfer of services to which they relate. Such expenses related to Risk and Insurance Services would generally be "amortized" over a period of one year or less. In the Consulting segment, certain expenses that are currently deferred may be amortized over a longer period than our current amortization policy, to reflect the amortization over the expected life of the contract including anticipated renewal periods.

The Company has not yet quantified the impact of the changes discussed above.

New Accounting Pronouncements Recently Adopted

In September 2015, the FASB issued new guidance intended to simplify the accounting for adjustments made to provisional amounts recognized in business combinations. The guidance requires the acquirer to recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustments are determined, and to record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the estimated amounts, calculated as if the accounting had been completed as of the acquisition date. The guidance also includes additional disclosures required for the amounts recorded in current period earnings arising from such adjustments. The guidance was adopted on January 1, 2016 and did not have a material impact on the Company's financial position or results of operations.

In May 2015, the FASB issued new guidance which removes the requirement to present certain investments for which the practical expedient is used to measure fair value at net asset value within the fair value hierarchy table. Instead, an entity is required to include those investments as a reconciling item so that the total fair value amount of investments in the disclosure is consistent with the fair value investment balance on the statement of net assets. This guidance is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The adoption of this new guidance affects footnote disclosure only, and therefore did not have a material impact on the Company's financial position or results of operations.

In February 2015, the FASB issued new accounting guidance intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations and securitization structures. The guidance focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. The guidance is effective for periods beginning after December 15, 2015. The adoption of this guidance did not have a material impact on the Company's financial statements.

In January 2015, the FASB issued new accounting guidance that eliminated the concept of extraordinary items. The guidance is effective for annual periods beginning after December 15, 2015. Adoption of the guidance did not materially affect the Company's financial condition, results of operations or cash flows.

In June 2014, the FASB issued new accounting guidance to clarify the treatment of share-based payment awards that require a specific performance target to be achieved in order for employees to be eligible to vest in the awards which include terms that may provide that the performance conditions could be achieved after an employee completes the requisite service period. The guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, a reporting entity should apply the existing guidance as it relates to awards with performance conditions that affect vesting. The guidance is effective for annual periods beginning after December 15, 2015. Adoption of the guidance did not materially affect the Company's financial condition, results of operations or cash flows.

In April 2014, the FASB issued new accounting guidance which changed the criteria for reporting discontinued operations and enhances disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations, such as disposal of a major geographic area or a major line of business, should be presented as discontinued operations. Those strategic shifts should have a major impact on the organization's operations and financial results. In addition, the new guidance requires expanded disclosures about discontinued operations. The guidance is effective for fiscal years beginning on or after December 15, 2014. Adoption of the guidance did not have a material effect on the Company's financial condition, results of operations or cash flows.

2. Supplemental Disclosures

The following schedule provides additional information concerning acquisitions, interest and income taxes paid:

(In millions of dollars)	**2016**	2015	2014
Assets acquired, excluding cash	**$ 960**	$ 1,327	$ 815
Liabilities assumed	**(111)**	(199)	(64)
Contingent/deferred purchase consideration	**(36)**	(176)	(197)
Net cash outflow for acquisitions	**$ 813**	$ 952	$ 554

(In millions of dollars)	**2016**	2015	2014
Interest paid	**$ 178**	$ 146	$ 172
Income taxes paid, net of refunds	**$ 642**	$ 433	$ 426

The classification of deferred or contingent consideration in the statement of cash flows is dependent upon whether the payment was part of the initial liability established on the acquisition date (financing) or an adjustment to the acquisition date liability (operating).

The following amounts are included in the consolidated statements of cash flows as a financing activity. The Company paid deferred and contingent consideration of $98 million in the year ended December 31, 2016, consisting of deferred purchase consideration of $54 million and contingent purchase consideration of $44 million. In the year ended December 31, 2015 the Company paid deferred and contingent consideration of $49 million, consisting of deferred purchase consideration of $36 million and contingent consideration of $13 million, and in the year ended December 31, 2014 the Company paid deferred and contingent consideration of $55 million, consisting of deferred purchase consideration of $25 million and contingent consideration of $30 million.

The following amounts are included in the operating section of the consolidated statements of cash flows. For the year ended December 31, 2016, the Company recorded a net charge for adjustments to acquisition related accounts of $9 million and contingent consideration payments of $42 million. For the year ended December 31, 2015, the Company recorded a net charge for adjustments to acquisition related accounts of $45 million and contingent consideration payments of $34 million, and for the year ended December 31, 2014 the Company recorded a net charge for adjustments to acquisition related accounts of $31 million and contingent consideration payments of $12 million.

The Company had non-cash issuances of common stock under its share-based payment plan of $73 million, $72 million and $108 million for the years ended December 31, 2016, 2015 and 2014, respectively. The Company recorded stock-based compensation expense related to equity awards of $87 million, $67 million and $75 million for the years ended December 31, 2016, 2015 and 2014, respectively.

The consolidated statement of cash flows includes the cash flow impact of discontinued operations related to indemnification payments from the Putnam disposition that reduced the net cash flow provided by operations by $82 million in 2015.

An analysis of the allowance for doubtful accounts is as follows:

For the Years Ended December 31, *(In millions of dollars)*	**2016**	2015	2014
Balance at beginning of year	**$ 87**	$ 95	$ 98
Provision charged to operations	**31**	14	20
Accounts written-off, net of recoveries	**(20)**	(18)	(17)
Effect of exchange rate changes and other	**(2)**	(4)	(6)
Balance at end of year	**$ 96**	$ 87	$ 95

3. Other Comprehensive Income (Loss)

The changes in the balances of each component of Accumulated Other Comprehensive Income ("AOCI") for the years ended December 31, 2016 and 2015, including amounts reclassified out of AOCI, are as follows:

(In millions of dollars)	**Unrealized Investment Gains**	**Pension/Post-Retirement Plans Gains (Losses)**	**Foreign Currency Translation Adjustments**	**Total**
Balance as of January 1, 2016	**$ 6**	**$ (3,124)**	**$ (1,102)**	**$ (4,220)**
Other comprehensive income (loss) before reclassifications	**13**	**(294)**	**(778)**	**(1,059)**
Amounts reclassified from accumulated other comprehensive loss	**—**	**186**	**—**	**186**
Net current period other comprehensive income (loss)	**13**	**(108)**	**(778)**	**(873)**
Balance as of December 31, 2016	**$ 19**	**$ (3,232)**	**$ (1,880)**	**$ (5,093)**

(In millions of dollars)	Unrealized Investment Gains	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Adjustments	Total
Balance as of January 1, 2015	$ 5	$ (3,393)	$ (459)	$ (3,847)
Other comprehensive income (loss) before reclassifications	1	101	(643)	(541)
Amounts reclassified from accumulated other comprehensive loss	—	168	—	168
Net current period other comprehensive income (loss)	1	269	(643)	(373)
Balance as of December 31, 2015	$ 6	$ (3,124)	$ (1,102)	$ (4,220)

The components of other comprehensive income (loss) are as follows:

For the Year Ended December 31,	2016		
(In millions of dollars)	**Pre-Tax**	**Tax (Credit)**	**Net of Tax**
Foreign currency translation adjustments	**$ (742)**	**$ 36**	**$ (778)**
Unrealized investment gains	**21**	**8**	**13**
Pension/post-retirement plans:			
Amortization of losses included in net periodic pension cost:			
Prior service losses (a)	**3**	**1**	**2**
Net actuarial losses (a)	**166**	**46**	**120**
Subtotal	**169**	**47**	**122**
Effect of curtailment	**102**	**38**	**64**
Net losses arising during period	**(855)**	**(175)**	**(680)**
Foreign currency translation adjustments	**416**	**70**	**346**
Other adjustments	**49**	**9**	**40**
Pension/post-retirement plans losses	**(119)**	**(11)**	**(108)**
Other comprehensive (loss) income	**$ (840)**	**$ 33**	**$ (873)**

(a) Components of net periodic pension cost are included in compensation and benefits in the Consolidated Statements of Income. Tax on prior service gains and net actuarial losses is included in income tax expense.

For the Year Ended December 31,	2015		
(In millions of dollars)	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	$ (639)	$ 4	$ (643)
Unrealized investment gains	1	—	1
Pension/post-retirement plans:			
Amortization of losses (gains) included in net periodic pension cost:			
Prior service credits (a)	(1)	—	(1)
Net actuarial losses (a)	271	96	175
Subtotal	270	96	174
Effect of curtailment	(3)	—	(3)
Plan Termination	(6)	(3)	(3)
Net losses arising during period	(125)	(62)	(63)
Foreign currency translation adjustments	214	43	171
Other adjustments	(13)	(6)	(7)
Pension/post-retirement plans gains	337	68	269
Other comprehensive (loss) income	$ (301)	$ 72	$ (373)

(a) Components of net periodic pension cost are included in compensation and benefits in the Consolidated Statements of Income. Tax on prior service gains and net actuarial losses is included in income tax expense.

For the Year Ended December 31,		2014	
(In millions of dollars)	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	$ (527)	$ (12)	$ (515)
Pension/post-retirement plans:			
Amortization of losses (gains) included in net periodic pension cost:			
Prior service credits (a)	(16)	(5)	(11)
Net actuarial losses (a)	242	74	168
Subtotal	226	69	157
Effect of curtailment	(65)	(13)	(52)
Net losses arising during period	(1,418)	(466)	(952)
Foreign currency translation adjustments	180	39	141
Other	(8)	(3)	(5)
Pension/post-retirement plans losses	(1,085)	(374)	(711)
Other comprehensive loss	$ (1,612)	$ (386)	$ (1,226)

(a) Components of net periodic pension cost are included in compensation and benefits in the Consolidated Statements of Income. Tax on prior service gains and net actuarial losses is included in income tax expense.

The components of accumulated other comprehensive income (loss) are as follows:

(In millions of dollars)	**December 31, 2016**	December 31, 2015
Foreign currency translation adjustments (net of deferred tax adjustments of $(9) in 2016 and deferred tax adjustments of $8 in 2015, respectively)	**$ (1,880)**	$ (1,102)
Net unrealized investment gains (net of deferred tax liability of $10 in 2016 and $2 in 2015)	**19**	6
Net charges related to pension / post-retirement plans (net of deferred tax asset of $1,530 and $1,519 in 2016 and 2015, respectively)	**(3,232)**	(3,124)
	$ (5,093)	$ (4,220)

4. Acquisitions / Dispositions

The Company's acquisitions have been accounted for as business combinations. Net assets and results of operations are included in the Company's consolidated financial statements commencing at the respective purchase closing dates. In connection with acquisitions, the Company records the estimated value of the net tangible assets purchased and the value of the identifiable intangible assets purchased, which typically consist of purchased customer lists, trademarks and non-compete agreements. The valuation of purchased intangible assets involves significant estimates and assumptions. Until final valuations are complete, any change in assumptions could affect the carrying value of tangible assets, goodwill and identifiable intangible assets.

The Risk and Insurance Services segment completed nine acquisitions during 2016.

- February – Marsh & McLennan Agency ("MMA") acquired The Celedinas Agency, Inc., a Florida-based brokerage firm providing property and casualty and marine insurance as well as employee benefits services, and Aviation Solutions, LLC, a Missouri-based aviation risk advisor and insurance broker.
- March – MMA acquired Corporate Consulting Services, Ltd., a New York-based insurance brokerage and human resource consulting firm.
- August – MMA acquired Benefits Advisory Group LLC, an Atlanta-based employee benefits consulting firm.
- September – MMA acquired Vero Insurance, Inc., a Florida-based agency specializing in private client insurance services.
- November – MMA acquired Benefits Resource Group Agency, LLC, an Ohio-based benefits consulting firm and Presidio Benefits Group, Inc., a California-based employee benefits consulting firm.
- December – Marsh acquired AD Corretora, a multi-line broker located in Brazil, and Bluefin Insurance Group, Ltd, a U.K.-based insurance brokerage.

The Consulting segment completed six acquisitions during 2016.

- January – Mercer acquired The Positive Ageing Company Limited, a U.K.-based firm providing advice on issues surrounding the aging workforce.
- April – Mercer acquired the Extratextual software system and related client contracts. Extratextual is a web based compliance system that helps clients manage and meet their compliance and risk management obligations.
- December – Oliver Wyman acquired LShift Limited, a software development company, and Mercer acquired Sirota Consulting LLC, a global provider of employee benefit solutions; Pillar Administration, a superannuation provider located in Australia; and Thomsons Online Benefits, a U.K.-based global benefits software business.

Total purchase consideration for acquisitions made during 2016 was approximately $901 million, which consisted of cash paid of $865 million and deferred purchase and estimated contingent consideration of $36 million. Contingent consideration arrangements are based primarily on EBITDA and/or revenue targets over periods of two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. During 2016, the Company also paid $54 million of deferred purchase consideration and $86 million of contingent consideration related to acquisitions made in prior years.

The following table presents the preliminary allocation of the acquisition cost to the assets acquired and liabilities assumed, based on their fair values:

(In millions)		2016
Cash	$	865
Estimated fair value of deferred/contingent consideration		36
Total consideration	$	901
Allocation of purchase price:		
Cash and cash equivalents	$	52
Accounts receivable, net		49
Other current assets		8
Property, plant, and equipment		22
Other intangible assets		307
Goodwill		556
Other assets		18
Total assets acquired		1,012
Current liabilities		57
Other liabilities		54
Total liabilities assumed		111
Net assets acquired	$	901

Other intangible assets acquired are based on initial estimates and subject to change based on final valuations during the measurement period post acquisition date. The following chart provides information of other intangible assets acquired during 2016:

		Amount	Weighted Average Amortization Period
Client relationships	$	241	13 years
Other (a)		66	7 years
	$	307	

(a) Primarily non-compete agreements, trade names and developed technology

Prior Year Acquisitions

During 2015, the Risk and Insurance Services segment completed the following thirteen acquisitions:

- January – Marsh acquired INGESEG S.A., an insurance brokerage located in Argentina.
- May – Marsh acquired Sylvite Financial Services, Inc., a Canada-based insurance consulting firm and Sumitomo Life Insurance Agency America, Inc., an employee benefits brokerage and consulting firm providing employee benefit and other services to U.S.-based subsidiaries of Japanese companies.
- June – MMA acquired MHBT, Inc., a Texas-based insurance broker and Marsh acquired SIS Co. Ltd., a Korea-based insurance broker and advisor.
- July – MMA acquired Vezina, a Canada-based independent insurance brokerage firm, Tequesta Insurance Advisors, an employee benefits insurance provider based in Florida, Cline Wood Agency, a Kansas City-based independent specialty insurance agency and J.W. Terrill, a Missouri-based independent insurance agency. Marsh acquired SMEI Group Ltd., a U.K.-based insurance broker providing specialist commercial insurance to small and medium-sized firms.
- August – Marsh acquired Dovetail Insurance, a leading provider of insurance technology services to the U.S. small commercial market.

- October – MMA acquired Dawson Insurance Agency, a North Dakota-based agency providing commercial and personal insurance, surety bonds, safety and loss control programs, and employee benefits services.
- December – Marsh acquired Jelf Group, PLC, a U.K.-based insurance broking and financial consulting firm.

During 2015, the Consulting segment completed the following eight acquisitions:

- February – Oliver Wyman acquired TeamSAI, a Georgia-based provider of consulting and technical services to the transportation industry, and Mercer acquired Strategic Capital Management AG, a Switzerland-based institutional investment advisor.
- June – Mercer acquired Kepler Associates, a U.K.-based executive remuneration specialist.
- August – Oliver Wyman acquired the Hong Kong and Shanghai franchises of OC&C Strategy Consultants.
- September – Mercer acquired Comptryx, a global pay and workforce metrics business specializing in the technology sector.
- November – Mercer acquired HR Business Solutions (Asia) Limited, a Hong Kong-based compensation and employee benefits consulting firm, and Gama Consultores Associados Ltda, a Brazil-based retirement consulting firm.
- December – Mercer acquired CPSG Partners, a Workday Services partner assisting clients worldwide to maximize the value of Workday Financial Management and Human Capital Management.

Total purchase consideration for acquisitions made during 2015 was $1.2 billion, which consisted of cash paid of $1.0 billion and deferred purchase and estimated contingent consideration of $176 million. Contingent consideration arrangements are primarily based on EBITDA and revenue targets over two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. During 2015, the Company also paid $36 million of deferred purchase consideration and $47 million of contingent consideration related to acquisitions made in prior years. In addition, the Company purchased other intangible assets in the amount of $2 million.

Subsequent Acquisition

On January 13, 2017, MMA entered into a definitive agreement to acquire J. Smith Lanier & Co. ("JSL"), one of the nation’s largest privately held insurance brokerage firms. The transaction is expected to close in the first quarter of 2017 pending customary approvals. JSL is a leading provider of insurance, risk management, and employee benefits solutions to businesses and individuals throughout the U.S. Upon completion of the transaction, JSL will operate as MMA’s Southeast regional hub.

Pro-Forma Information

The following unaudited pro-forma financial data gives effect to the acquisitions made by the Company during 2016, 2015 and 2014. In accordance with accounting guidance related to pro-forma disclosures, the information presented for current year acquisitions is as if they occurred on January 1, 2015 and reflects acquisitions made in 2015 as if they occurred on January 1, 2014. The pro-forma information adjusts for the effects of amortization of acquired intangibles. The unaudited pro-forma financial data is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have been achieved if such acquisitions had occurred on the dates indicated, nor is it necessarily indicative of future consolidated results.

	Years Ended December 31,		
(In millions, except per share data)	**2016**	2015	2014
Revenue	**$ 13,503**	$ 13,528	$ 13,395
Income from continuing operations	**$ 1,792**	$ 1,643	$ 1,475
Net income attributable to the Company	**$ 1,765**	$ 1,606	$ 1,469
Basic net income per share:			
– Continuing operations	**$ 3.40**	$ 3.02	$ 2.65
– Net income attributable to the Company	**$ 3.40**	$ 3.02	$ 2.69
Diluted net income per share:			
– Continuing operations	**$ 3.37**	$ 2.99	$ 2.61
– Net income attributable to the Company	**$ 3.37**	$ 2.99	$ 2.66

The consolidated statement of income for 2016 includes approximately $25 million of revenue and $4 million of operating income related to acquisitions made during 2016. The consolidated statement of income for 2015 includes approximately $124 million of revenue and $7 million of operating income related to acquisitions made during 2015.

Acquisition-related expenses incurred in 2016 were $14 million.

Dispositions

In December 2015, Mercer sold its U.S. defined contribution recordkeeping business. The Company recognized pre-tax gains of $37 million in 2015 and $6 million in 2016 from this transaction, which are included in revenue in the consolidated statements of income in those years.

5. Discontinued Operations

As part of the disposal transactions for Putnam and Kroll, the Company provided certain indemnities, primarily related to pre-transaction tax uncertainties and legal contingencies. In accordance with applicable accounting guidance, liabilities were established related to these indemnities at the time of the sales and reflected as a reduction of the gain on disposal. Discontinued operations includes charges or credits resulting from the settlement or resolution of the indemnified matters, as well as adjustments to the liabilities related to such matters.

On December 31, 2014, an agreement was reached between Putnam and the Massachusetts Department of Revenue ("DOR") regarding a tax dispute, which was covered under the indemnity agreement discussed above. The December 2014 agreement was subject to certain approvals, which included the State Attorney General and the Commissioner of the DOR. In January 2015, all necessary approvals were received, the agreement was executed and the tax was paid. Concurrently, Putnam and the Company executed a settlement agreement to resolve all remaining matters under the indemnity agreement. The Company recorded a gain, net of federal income taxes, of approximately $28 million in 2014 related to the settlement with Putnam.

Summarized Statements of Income data for discontinued operations is as follows:

For the Years Ended December 31,			
(In millions of dollars)	**2016**	2015	2014
Income (loss) from discontinued operations, net of tax	**$ —**	$ —	$ —
Disposals of discontinued operations	**—**	(5)	42
Income tax (credit) expense	**—**	(5)	16
Disposals of discontinued operations, net of tax	**—**	—	26
Discontinued operations, net of tax	**$ —**	$ —	$ 26
Discontinued operations, net of tax per share			
– Basic	**$ —**	$ —	$ 0.05
– Diluted	**$ —**	$ —	$ 0.04

6. Goodwill and Other Intangibles

The Company is required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs the annual impairment assessment for each of its reporting units during the third quarter of each year. In accordance with applicable accounting guidance, the Company assesses qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. The Company considers numerous factors, which included that the fair value of each reporting unit exceeded its carrying value by a substantial margin in its most recent estimate of reporting unit fair values, whether significant acquisitions or dispositions occurred which might alter the fair value of its reporting units, macroeconomic conditions and their potential impact on reporting unit fair values, actual performance compared with budget and prior projections used in its estimation of reporting unit fair values, industry and market conditions, and the year-over-year change in the Company's share price. The Company completed its qualitative assessment in the third quarter of 2016 and concluded that a two-step goodwill impairment test was not required in 2016 and that goodwill was not impaired.

Other intangible assets that are not deemed to have an indefinite life are amortized over their estimated lives and reviewed for impairment upon the occurrence of certain triggering events in accordance with applicable accounting literature.

Changes in the carrying amount of goodwill are as follows:

(In millions of dollars)	**2016**	2015
Balance as of January 1, as reported	**$ 7,889**	$ 7,241
Goodwill acquired	**556**	783
Other adjustments[(a)]	**(76)**	(135)
Balance at December 31,	**$ 8,369**	$ 7,889

(a) Primarily due to the impact of foreign exchange in both years.

The goodwill acquired of $556 million in 2016 (approximately $71 million of which is deductible for tax purposes) is comprised of $321 million related to the Risk and Insurance Services segment and $235 million related to the Consulting segment.

Goodwill allocable to the Company's reportable segments is as follows: Risk and Insurance Services, $5.9 billion and Consulting, $2.5 billion.

The gross cost and accumulated amortization at December 31, 2016 and 2015 are as follows:

(In millions of dollars)	**2016**			2015		
	Gross Cost	**Accumulated Amortization**	**Net Carrying Amount**	Gross Cost	Accumulated Amortization	Net Carrying Amount
Client relationships	**$ 1,390**	**$ 392**	**$ 998**	$ 1,281	$ 347	$ 934
Other (a)	**204**	**76**	**128**	176	74	102
Amortized intangibles	**$ 1,594**	**$ 468**	**$ 1,126**	$ 1,457	$ 421	$ 1,036

(a) Primarily non-compete agreements, trade names and developed technology

Aggregate amortization expense was $130 million for the year ended December 31, 2016, $109 million for the year ended December 31, 2015 and $86 million for the year ended December 31, 2014. The estimated future aggregate amortization expense is as follows:

For the Years Ending December 31, *(In millions of dollars)*	
2017	$ 148
2018	141
2019	134
2020	120
2021	107
Subsequent years	476
	$ 1,126

7. Income Taxes

For financial reporting purposes, income before income taxes includes the following components:

For the Years Ended December 31, *(In millions of dollars)*	**2016**	2015	2014
Income before income taxes:			
U.S.	**$ 725**	$ 702	$ 313
Other	**1,755**	1,605	1,744
	$ 2,480	$ 2,307	$ 2,057

The expense for income taxes is comprised of:			
Income taxes:			
Current–			
U.S. Federal	**$ 208**	$ 90	$ 80
Other national governments	**366**	385	369
U.S. state and local	**43**	52	26
	617	527	475
Deferred–			
U.S. Federal	**26**	125	27
Other national governments	**32**	15	62
U.S. state and local	**10**	4	22
	68	144	111
Total income taxes	**$ 685**	$ 671	$ 586

The significant components of deferred income tax assets and liabilities and their balance sheet classifications are as follows:

December 31, *(In millions of dollars)*	**2016**	2015
Deferred tax assets:		
Accrued expenses not currently deductible	**$ 582**	$ 586
Differences related to non-U.S. operations (a)	**127**	120
Accrued U.S. retirement benefits	**629**	630
Net operating losses (b)	**56**	70
Income currently recognized for tax	**71**	70
Foreign tax credit carryforwards	**—**	20
Other	**50**	49
	$ 1,515	$ 1,545

Deferred tax liabilities:		
Differences related to non-U.S. operations	**$ 217**	$ 176
Depreciation and amortization	**377**	368
Accrued retirement & postretirement benefits - non-U.S. operations	**10**	94
Other	**14**	6
	$ 618	$ 644

(a) Net of valuation allowances of $3 million in 2016 and $9 million in 2015.
(b) Net of valuation allowances of $17 million in 2016 and $19 million in 2015.

December 31, *(In millions of dollars)*	**2016**	2015
Balance sheet classifications:		
Deferred tax assets	**$ 1,097**	$ 1,138
Other liabilities	**$ 200**	$ 237

U.S. Federal income taxes are not provided on the excess of the amount for financial reporting over the tax basis of investments in foreign subsidiaries that are essentially permanent in duration, which at December 31, 2016, the Company estimates, amounted to approximately $4.4 billion. The determination of the unrecognized deferred tax liability with respect to these investments is not practicable.

A reconciliation from the U.S. Federal statutory income tax rate to the Company's effective income tax rate is shown below:

For the Years Ended December 31,	**2016**	2015	2014
U.S. Federal statutory rate	**35.0%**	35.0%	35.0%
U.S. state and local income taxes—net of U.S. Federal income tax benefit	**1.5**	1.6	1.7
Differences related to non-U.S. operations	**(9.2)**	(8.0)	(7.5)
Other	**0.3**	0.5	(0.7)
Effective tax rate	**27.6%**	29.1%	28.5%

The Company's consolidated effective tax rate was 27.6%, 29.1% and 28.5% in 2016, 2015 and 2014, respectively. The tax rate in each year reflects foreign operations, which are generally taxed at rates lower than the U.S. statutory tax rate.

Valuation allowances had net decreases of $8 million and $69 million in 2016 and 2015, respectively, and an increase of $15 million in 2014. During the respective years, adjustments of the beginning of the year balances of valuation allowances decreased income tax expense by $7 million, $14 million and $9 million in 2016, 2015 and 2014, respectively. The decrease in the valuation allowance in 2015 also reflects the write down of a deferred tax asset along with its full valuation allowance because the Company cannot utilize a net operating loss. Approximately 77% of the Company's net operating loss carryforwards expire from 2017 through 2036, and others are unlimited. The potential tax benefit from net operating loss carryforwards at the end of 2016 comprised federal, state and local, and non-U.S. tax benefits of $7 million, $48 million and $31 million, respectively, before reduction for valuation allowances.

The realization of deferred tax assets depends on generating future taxable income during the periods in which the tax benefits are deductible or creditable. Tax liabilities are determined and assessed jurisdictionally by legal entity or filing group. Certain taxing jurisdictions allow or require combined or consolidated tax filings. The Company assessed the realizability of its deferred tax assets. The Company considered all available evidence, including the existence of a recent history of losses, placing particular weight on evidence that could be objectively verified. A valuation allowance was recorded to reduce deferred tax assets to the amount that the Company believes is more likely than not to be realized.

Following is a reconciliation of the Company's total gross unrecognized tax benefits for the years ended December 31, 2016, 2015 and 2014:

(In millions of dollars)	**2016**	2015	2014
Balance at January 1,	**$ 74**	$ 97	$ 128
Additions, based on tax positions related to current year	**2**	3	13
Additions for tax positions of prior years	**6**	22	3
Reductions for tax positions of prior years	**(6)**	(10)	(29)
Settlements	**(7)**	(20)	(4)
Lapses in statutes of limitation	**(4)**	(18)	(14)
Balance at December 31,	**$ 65**	$ 74	$ 97

Of the total unrecognized tax benefits at December 31, 2016, 2015 and 2014, $53 million, $53 million and $51 million, respectively, represent the amount that, if recognized, would favorably affect the effective tax rate in any future periods. The total gross amount of accrued interest and penalties at December 31, 2016, 2015 and 2014, before any applicable federal benefit, was $11 million, $8 million and $7 million, respectively.

As discussed in Note 5, the Company has provided certain indemnities related to contingent tax liabilities as part of the disposals of Putnam and Kroll. At December 31, 2016, 2015 and 2014, $0 million, $1 million and $2 million, respectively, included in the table above, relates to Putnam and Kroll positions included in consolidated Company tax returns.

The Company is routinely examined by tax authorities in the jurisdictions in which it has significant operations. In the US federal jurisdiction the Company participates in the Internal Revenue Service's (IRS) Compliance Assurance Process (CAP), which is structured to conduct real-time compliance reviews. The IRS is currently examining the Company's 2015 tax return and performing a pre-filing review of 2016. During 2016 the Company settled its federal tax audit with the IRS for the year 2014. In 2015, the Company settled its federal tax audit for the year 2013, and in 2014 settled the year 2012.

New York State and New York City have examinations underway for various entities covering the years 2007 through 2014. During 2016, California initiated and concluded an audit of years 2013 and 2014. Outside the United States, there are ongoing examinations in Germany for the years 2009 through 2012 and in France for the years 2013 and 2014. France closed examinations of years 2011 and 2012 in 2016. Canada closed its examination of year 2012 in 2016 and commenced examinations for years 2013 and 2014. The United Kingdom closed its 2011 and 2012 examination in 2016 and commenced an examination of year 2014. The Company regularly considers the likelihood of assessments in each of the taxing jurisdictions resulting from examinations. The Company has established liabilities for uncertain tax positions in relation to the potential assessments. The Company believes the resolution of tax matters will not have a material effect on the consolidated financial position of the Company, although a resolution of tax matters could have a material impact on the Company's net income or cash flows and on its effective tax rate in a particular future period. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between zero and approximately $7 million within the next twelve months due to the settlement of audits and the expiration of statutes of limitation.

8. Retirement Benefits

The Company maintains qualified and non-qualified defined benefit pension plans for its U.S. and non-U.S. eligible employees. The Company's policy for funding its tax qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth by U.S. law and the laws of the non-U.S. jurisdictions in which the Company offers defined benefit plans.

Combined U.S. and non-U.S. Plans

The weighted average actuarial assumptions utilized for the U.S. and significant non-U.S. defined benefit plans and postretirement benefit plans are as follows:

	Pension Benefits		Postretirement Benefits	
	2016	2015	**2016**	2015
Weighted average assumptions:				
Discount rate (for expense)	**4.10%**	3.83%	**4.12%**	3.87%
Expected return on plan assets	**7.06%**	7.23%	**—**	—
Rate of compensation increase (for expense)	**2.44%**	2.42%	**—**	—
Discount rate (for benefit obligation)	**3.40%**	4.11%	**3.64%**	4.12%
Rate of compensation increase (for benefit obligation)*	**1.77%**	2.44%	**—**	—

*The 2016 assumption does not include a rate of compensation increase for the U.S. defined benefit plans since those plans were frozen to future benefits after December 31, 2016.

The Company uses actuaries from Mercer, a subsidiary of the Company, to perform valuations of its pension plans. The long-term rate of return on plan assets assumption is determined for each plan based on the facts and circumstances that exist as of the measurement date, and the specific portfolio mix of each plan's assets. The Company utilizes a model developed by the Mercer actuaries to assist in the determination of this assumption. The model takes into account several factors, including: actual and target portfolio allocation; investment, administrative and trading expenses incurred directly by the plan trust; historical portfolio performance; relevant forward-looking economic analysis; and expected returns, variances and correlations for different asset classes. These measures are used to determine probabilities using standard statistical techniques to calculate a range of expected returns on the portfolio. The Company generally does not adjust the rate of return assumption from year to year if, at the measurement date, it is within the range between the 25th and 75th percentile of the expected long-term annual returns. Historical long-term average asset returns of each plan are also reviewed to determine whether they are consistent and reasonable compared with the rate selected. The expected return on plan assets is determined by applying the assumed long-term rate of return to the market-related value of plan assets. This market-related value recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market value of assets. Since the market-related value of assets recognizes gains or losses over a five-year period, the future market-related value of the assets will be impacted as previously deferred gains or losses are reflected.

The target asset allocation for the U.S. Plans is 64% equities and equity alternatives and 36% fixed income. At the end of 2016, the actual allocation for the U.S. Plans was 65% equities and equity alternatives and 35% fixed income. The target asset allocation for the U.K. Plans, which comprise approximately 81% of non-U.S. Plan assets, is 48% equities and equity alternatives and 52% fixed income. At the end of 2016, the actual allocation for the U.K. Plans was 48% equities and equity alternatives and 52% fixed income. The assets of the Company's defined benefit plans are diversified and are managed in accordance with applicable laws and with the goal of maximizing the plans' real return within acceptable risk parameters. The Company uses threshold-based portfolio re-balancing to ensure the actual portfolio remains consistent with target asset allocation ranges.

The discount rate selected for each U.S. plan is based on a model bond portfolio with coupons and redemptions that closely match the expected liability cash flows from the plan. Discount rates for non-U.S. plans are based on appropriate bond indices adjusted for duration; in the U.K., the plan duration is reflected using the Mercer yield curve.

The components of the net periodic benefit cost for defined benefit and other postretirement plans are as follows:

Combined U.S. and significant non-U.S. Plans		Pension			Postretirement	
For the Years Ended December 31,		Benefits			Benefits	
(In millions of dollars)	**2016**	2015	2014	**2016**	2015	2014
Service cost	**$ 178**	$ 196	$ 213	**$ 2**	$ 3	$ 4
Interest cost	**537**	587	641	**5**	5	11
Expected return on plan assets	**(940)**	(977)	(990)	**—**	—	—
Amortization of prior service (credit) cost	**(1)**	(1)	(16)	**4**	3	—
Recognized actuarial loss (gain)	**168**	271	243	**(2)**	(1)	(1)
Net periodic benefit (credit) cost	**$ (58)**	$ 76	$ 91	**$ 9**	$ 10	$ 14
Curtailment (loss) gain	**(4)**	5	(65)	**—**	—	—
Plan termination	**—**	—	—	**—**	(128)	—
Settlement loss	**—**	1	—	**—**	—	—
Total (credit) cost	**$ (62)**	$ 82	$ 26	**$ 9**	$ (118)	$ 14

Plan Assets

For the U.S. Plans, investment allocation decisions are made by a fiduciary committee composed of senior executives appointed by the Company’s Chief Executive Officer. For the non-U.S. plans, investment allocation decisions are made by local fiduciaries, in consultation with the Company for the larger plans. Plan assets are invested in a manner consistent with the fiduciary standards set forth in all relevant laws relating to pensions and trusts in each country. Primary investment objectives are (1) to achieve an investment return that, in combination with current and future contributions, will provide sufficient funds to pay benefits as they become due, and (2) to minimize the risk of large losses. The investment allocations are designed to meet these objectives by broadly diversifying plan assets among numerous asset classes with differing expected returns, volatilities, and correlations.

The major categories of plan assets include equity securities, equity alternative investments, and fixed income securities. For the U.S. qualified plans, the category ranges are 59-69% for equities and equity alternatives, and 31-41% for fixed income. For the U.K. Plan, the category ranges are 45-51% for equities and equity alternatives, and 49-55% for fixed income. Asset allocation is monitored frequently and re-balancing actions are taken as appropriate.

Plan investments are exposed to stock market, interest rate, and credit risk. Concentrations of these risks are generally limited due to diversification by investment style within each asset class, diversification by investment manager, diversification by industry sectors and issuers, and the dispersion of investments across many geographic areas.

Unrecognized Actuarial Gains/Losses

In accordance with applicable accounting guidance, the funded status of the Company's pension plans is recorded in the consolidated balance sheets and provides for a delayed recognition of actuarial gains or losses arising from changes in the projected benefit obligation due to changes in the assumed discount rates, differences between the actual and expected value of plan assets and other assumption changes. The unrecognized pension plan actuarial gains or losses and prior service costs not yet recognized in net periodic pension cost are recognized in Accumulated Other Comprehensive Income ("AOCI"), net of tax. These gains and losses are amortized prospectively out of AOCI over a period that approximates the remaining life expectancy of participants in plans where substantially all participants are inactive, or the average remaining service period of active participants for plans with active participants.

Interest and Service Cost

In 2016, the Company modified the approach used to estimate the service and interest cost components of net periodic benefit cost for its significant non-U.S. plans. Historically, service and interest costs were estimated using a single weighted average discount rate derived from the yield curves used to measure the benefit obligations at the beginning of the period. This change in approach was made to improve the correlation between the projected benefit cash flows and the corresponding yield curve spot rates and to provide a more precise measurement of service and interest costs. The change does not impact the measurement of the plans’ total Projected Benefit Obligation. The Company has accounted for this change as a change in estimate, that was applied prospectively beginning in 2016.

U.S. Plans

The following schedules provide information concerning the Company's U.S. defined benefit pension plans and postretirement benefit plans:

	U.S. Pension Benefits		U.S. Postretirement Benefits	
(In millions of dollars)	**2016**	2015	**2016**	2015
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 5,685**	$ 5,924	**$ 40**	$ 177
Service cost	**106**	114	**—**	1
Interest cost	**264**	254	**2**	2
Employee contributions	**—**	—	**3**	3
Effect of curtailment	**(98)**	—	**—**	—
Plan termination	**—**	—	**—**	(128)
Actuarial loss (gain)	**160**	(392)	**—**	(5)
Benefits paid	**(223)**	(215)	**(8)**	(10)
Benefit obligation, December 31	**$ 5,894**	$ 5,685	**$ 37**	$ 40
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 4,160**	$ 4,516	**$ 3**	$ 18
Actual return on plan assets	**401**	(170)	**—**	—
Employer contributions	**27**	29	**5**	4
Employee contributions	**—**	—	**3**	3
Benefits paid	**(223)**	(215)	**(8)**	(10)
Other	**—**	—	**(1)**	(12)
Fair value of plan assets, December 31	**$ 4,365**	$ 4,160	**$ 2**	$ 3
Net funded status, December 31	**$ (1,529)**	$ (1,525)	**$ (35)**	$ (37)
Amounts recognized in the consolidated balance sheets:				
Current liabilities	**$ (27)**	$ (26)	**$ (2)**	$ (2)
Non-current liabilities	**(1,502)**	(1,499)	**(33)**	(35)
Net liability recognized, December 31	**$ (1,529)**	$ (1,525)	**$ (35)**	$ (37)
Amounts recognized in other comprehensive income (loss):				
Prior service (cost) credit	**$ —**	$ —	**$ (3)**	$ (7)
Net actuarial (loss) gain	**(1,720)**	(1,754)	**11**	13
Total recognized accumulated other comprehensive (loss) income, December 31	**$ (1,720)**	$ (1,754)	**$ 8**	$ 6
Cumulative employer contributions in excess of (less than) net periodic cost	**191**	229	**(43)**	(43)
Net amount recognized in consolidated balance sheet	**$ (1,529)**	$ (1,525)	**$ (35)**	$ (37)
Accumulated benefit obligation at December 31	**$ 5,894**	$ 5,600	**$ —**	$ —

	U.S. Pension Benefits		U.S. Postretirement Benefits	
(In millions of dollars)	**2016**	2015	**2016**	2015
Reconciliation of prior service credit (cost) recognized in accumulated other comprehensive income (loss):				
Beginning balance	**$ —**	$ —	**$ (7)**	$ 4
Recognized as component of net periodic benefit cost	**—**	—	**4**	3
Plan termination	**—**	—	**—**	(14)
Prior service cost, December 31	**$ —**	$ —	**$ (3)**	$ (7)

	U.S. Pension Benefits		U.S. Postretirement Benefits	
(In millions of dollars)	**2016**	2015	**2016**	2015
Reconciliation of net actuarial (loss) gain recognized in accumulated other comprehensive income (loss):				
Beginning balance	**$ (1,754)**	$ (1,749)	**$ 13**	$ 2
Recognized as component of net periodic benefit cost (credit)	**74**	146	**(2)**	(2)
Changes in plan assets and benefit obligations recognized in other comprehensive income (loss):				
Effect of curtailment	**98**	—	**—**	—
Other	**—**	—	**—**	8
Liability experience	**(160)**	392	**—**	5
Asset experience	**22**	(543)	**—**	—
Total (loss) gain recognized as change in plan assets and benefit obligations	**(40)**	(151)	**—**	5
Net actuarial (loss) gain, December 31	**$ (1,720)**	$ (1,754)	**$ 11**	$ 13

For the Years Ended December 31,	U.S. Pension Benefits			U.S. Postretirement Benefits		
(In millions of dollars)	**2016**	2015	2014	**2016**	2015	2014
Total recognized in net periodic benefit cost and other comprehensive loss (income)	**$ 31**	$ 146	$ 885	**$ 2**	$ (138)	$ 14

Estimated amounts that will be amortized from accumulated other comprehensive loss in the next fiscal year:

	U.S. Pension Benefits	U.S. Postretirement Benefits
(In millions of dollars)	2017	2017
Prior service credit	$ —	$ (3)
Net actuarial loss	37	1
Projected cost (credit)	$ 37	$ (2)

The weighted average actuarial assumptions utilized in determining the above amounts for the U.S. defined benefit and other U.S. postretirement plans as of the end of the year are as follows:

	U.S. Pension Benefits		U.S. Postretirement Benefits	
	2016	2015	**2016**	2015
Weighted average assumptions:				
Discount rate (for expense)	**4.71%**	4.41%	**4.36%**	3.90%
Expected return on plan assets	**8.72%**	8.75%	**—**	—
Rate of compensation increase (for expense)	**2.00%**	2.00%	**—**	—
Discount rate (for benefit obligation)	**4.58%**	4.74%	**4.12%**	4.36%
Rate of compensation increase (for benefit obligation) *	**—**	2.00%	**—**	—

* No assumption is required since the U.S. plans were frozen to future benefits after December 31, 2016.

In 2014, the Society of Actuaries in the United States issued a new mortality table (RP-2014) and an updated improvement scale. The Company considered the effect of RP-2014, along with other available information on mortality improvement and industry specific mortality studies, to select its assumptions for measurement of the plans' benefit obligations at December 31, 2016 and 2015.

The projected benefit obligation, accumulated benefit obligation and aggregate fair value of plan assets for U.S. pension plans with accumulated benefit obligations in excess of plan assets were $5.9 billion, $5.9 billion and $4.4 billion, respectively, as of December 31, 2016 and $5.7 billion, $5.6 billion and $4.2 billion, respectively, as of December 31, 2015.

The projected benefit obligation and fair value of plan assets for U.S. pension plans with projected benefit obligations in excess of plan assets was $5.9 billion and $4.4 billion, respectively, as of December 31, 2016 and $5.7 billion and $4.2 billion, respectively, as of December 31, 2015.

As of December 31, 2016, the U.S. qualified plans hold 4 million shares of the Company's common stock which were contributed to the Plan by the Company in 2005. This represented approximately 6.2% of those plans' assets as of December 31, 2016. In addition, plan assets may be invested in funds managed by Mercer Investments, a subsidiary of the Company.

The components of the net periodic benefit cost for the U.S. defined benefit and other postretirement benefit plans are as follows:

U.S. Plans only For the Years Ended December 31,	Pension Benefits			Postretirement Benefits		
(In millions of dollars)	**2016**	2015	2014	**2016**	2015	2014
Service cost	**$ 106**	$ 114	$ 91	**$ —**	$ 1	$ 2
Interest cost	**264**	254	253	**2**	2	7
Expected return on plan assets	**(379)**	(373)	(346)	**—**	—	—
Amortization of prior service (credit) cost	**—**	—	(7)	**4**	3	—
Recognized actuarial loss (gain)	**74**	146	112	**(2)**	(2)	(2)
Net periodic benefit cost (credit)	**$ 65**	$ 141	$ 103	**$ 4**	$ 4	$ 7
Plan termination	—	—	—	**—**	(128)	—
Total cost (credit)	**$ 65**	$ 141	$ 103	**$ 4**	$ (124)	$ 7

Effective September 1, 2015, the Company divided its U.S. qualified defined benefit plan to provide enhanced flexibility to manage the risk associated with those participants not receiving benefit accruals. The existing plan was amended to cover only the retirees currently receiving benefits and terminated vested participants as of August 1, 2015. The Company's active participants as of that date were transferred into a newly established, legally separate qualified defined benefit plan. The benefits offered to the plans' participants were unchanged. As a result of the plan amendment and establishment of the new plan, the Company re-measured the assets and liabilities of the two plans as required under U.S. GAAP, based on assumptions and market conditions at the amendment date. The net periodic pension expense recognized in 2015 reflects the weighted average costs of the December 31, 2014 measurement and the September 1, 2015 re-measurement.

In October 2016, the Company modified its U.S. defined benefit pension plans to discontinue further benefit accruals for participants after December 31, 2016. At the same time, the Company amended its U.S. defined contribution retirement plans for most of its U.S. employees to add an automatic Company contribution equal to 4% of eligible base pay beginning on January 1, 2017. This new Company contribution, together with the Company's current matching contribution, provides eligible U.S. employees with the opportunity to receive a total contribution of up to 7% of eligible base pay. As required under GAAP, the defined benefit plans that were significantly impacted by the modification were re-measured in October 2016 using market data and assumptions as of the modification date. The net periodic pension expense recognized in 2016 reflects the weighted average costs of the December 31, 2015 measurement and the October 2016 re-measurement. In addition, the U.S. qualified plans were merged effective December 30, 2016, since no participants would be receiving benefit accruals after December 31, 2016.

In March 2015, the Company amended its U.S. Post-65 retiree medical reimbursement plan (the "RRA plan"), resulting in its termination, with benefits to certain participants paid through December 31, 2016. As a result of the termination of the RRA plan, the Company recognized a net credit of approximately $125 million in the first quarter of 2015.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 became law. The net periodic benefit cost for all periods shown above includes the related subsidy.

The assumed health care cost trend rate for Medicare eligibles and non-Medicare eligibles is approximately 6.9% in 2016, gradually declining to 4.5% in 2039. Assumed health care cost trend rates have a small effect on the amounts reported for the U.S. health care plans because the Company caps its share of health care trend at 5%. A one percentage point change in assumed health care cost trend rates would have no effect on the total service and interest cost components or the postretirement benefit obligation.

Estimated Future Contributions

The Company expects to fund approximately $32 million for its U.S. plans in 2017, including an ERISA funding requirement of $6 million to the U.S. qualified plan. The Company's policy for funding its tax-qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth in the U.S. and applicable foreign law.

Non-U.S. Plans

The following schedules provide information concerning the Company's non-U.S. defined benefit pension plans and non-U.S. postretirement benefit plans:

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
(In millions of dollars)	**2016**	2015	**2016**	2015
Change in benefit obligation:				
Benefit obligation at beginning of year	**$ 9,076**	$ 10,018	**$ 79**	$ 93
Service cost	**72**	82	**2**	2
Interest cost	**273**	333	**3**	3
Employee contributions	**7**	8	**—**	—
Actuarial loss (gain)	**1,966**	(432)	**5**	(6)
Plan amendments	**(49)**	(5)	**—**	—
Effect of settlement	**(27)**	(12)	**—**	—
Effect of curtailment	**(7)**	8	**—**	—
Benefits paid	**(352)**	(337)	**(3)**	(3)
Foreign currency changes	**(1,290)**	(632)	**(5)**	(10)
Other	**1**	45	**—**	—
Benefit obligation December 31	**$ 9,670**	$ 9,076	**$ 81**	$ 79
Change in plan assets:				
Fair value of plan assets at beginning of year	**$ 9,826**	$ 10,410	**$ —**	$ —
Actual return on plan assets	**1,815**	187	**—**	—
Effect of settlement	**(27)**	(12)	**—**	—
Company contributions	**187**	166	**3**	3
Employee contributions	**7**	8	**—**	—
Benefits paid	**(352)**	(337)	**(3)**	(3)
Foreign currency changes	**(1,439)**	(620)	**—**	—
Other	**—**	24	**—**	—
Fair value of plan assets, December 31	**$ 10,017**	$ 9,826	**$ —**	$ —
Net funded status, December 31	**$ 347**	$ 750	**$ (81)**	$ (79)
Amounts recognized in the consolidated balance sheets:				
Non-current assets	**$ 766**	$ 1,144	**$ —**	$ —
Current liabilities	**(5)**	(5)	**(3)**	(3)
Non-current liabilities	**(414)**	(389)	**(78)**	(76)
Net asset (liability) recognized, December 31	**$ 347**	$ 750	**$ (81)**	$ (79)
Amounts recognized in other comprehensive (loss) income:				
Prior service (cost) credit	**$ 43**	$ (3)	**$ —**	$ —
Net actuarial loss	**(3,081)**	(2,887)	**(11)**	(6)
Total recognized accumulated other comprehensive (loss) income, December 31	**$ (3,038)**	$ (2,890)	**$ (11)**	$ (6)
Cumulative employer contributions in excess of (less than) net periodic cost	**3,385**	3,640	**(70)**	(73)
Net asset (liability) recognized in consolidated balance sheet, December 31	**$ 347**	$ 750	**$ (81)**	$ (79)
Accumulated benefit obligation, December 31	**$ 9,397**	$ 8,830	**$ —**	$ —

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
(In millions of dollars)	**2016**	2015	**2016**	2015
Reconciliation of prior service credit (cost) recognized in accumulated other comprehensive income (loss):				
Beginning balance	**$ (3)**	$ (2)	**$ —**	$ —
Recognized as component of net periodic benefit credit	**(1)**	(1)	**—**	—
Effect of curtailment	**—**	(5)	**—**	—
Changes in plan assets and benefit obligations recognized in other comprehensive income:				
Plan amendments	**49**	5	**—**	—
Exchange rate adjustments	**(2)**	—	**—**	—
Prior service (cost) credit, December 31	**$ 43**	$ (3)	**$ —**	$ —

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
(In millions of dollars)	**2016**	2015	**2016**	2015
Reconciliation of net actuarial gain (loss) recognized in accumulated other comprehensive income (loss):				
Beginning balance	**$ (2,887)**	$ (3,215)	**$ (6)**	$ (14)
Recognized as component of net periodic benefit cost	**94**	125	**—**	1
Effect of settlement	**—**	2	**—**	—
Changes in plan assets and benefit obligations recognized in other comprehensive (loss) income:				
Liability experience	**(1,966)**	432	**(5)**	6
Asset experience	**1,254**	(417)	**—**	—
Other	**—**	(20)	**—**	—
Effect of curtailment	**3**	—	**—**	—
Total amount recognized as change in plan assets and benefit obligations	**(709)**	(5)	**(5)**	6
Exchange rate adjustments	**421**	206	**—**	1
Net actuarial loss, December 31	**$ (3,081)**	$ (2,887)	**$ (11)**	$ (6)

For the Years Ended December 31,	Non-U.S. Pension Benefits			Non-U.S. Postretirement Benefits		
(In millions of dollars)	**2016**	2015	2014	**2016**	2015	2014
Total recognized in net periodic benefit cost and other comprehensive loss (income)	**$ 21**	$ (407)	$ 201	**$ 10**	$ (2)	$ 5

Estimated amounts that will be amortized from accumulated other comprehensive income in the next fiscal year:

	Non-U.S. Pension Benefits	Non-U.S. Postretirement Benefits
(In millions of dollars)	**2017**	**2017**
Prior service credit	**$ (2)**	**$ —**
Net actuarial loss	**126**	**1**
Projected cost	**$ 124**	**$ 1**

The weighted average actuarial assumptions utilized for the non-U.S. defined and postretirement benefit plans as of the end of the year are as follows:

	Non-U.S. Pension Benefits		Non-U.S. Postretirement Benefits	
	2016	2015	**2016**	2015
Weighted average assumptions:				
Discount rate (for expense)	**3.71%**	3.49%	**4.00%**	3.85%
Expected return on plan assets	**6.36%**	6.57%	**—**	—
Rate of compensation increase (for expense)	**2.72%**	2.67%	**—**	—
Discount rate (for benefit obligation)	**2.69%**	3.71%	**3.42%**	4.00%
Rate of compensation increase (for benefit obligation)	**2.85%**	2.72%	**—**	—

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the non-U.S. pension plans with accumulated benefit obligations in excess of plan assets were $1.2 billion, $1.2 billion and $0.9 billion, respectively, as of December 31, 2016 and $1.7 billion, $1.6 billion and $1.3 billion, respectively, as of December 31, 2015.

The projected benefit obligation and fair value of plan assets for non-U.S. pension plans with projected benefit obligations in excess of plan assets was $2.1 billion and $1.7 billion, respectively, as of December 31, 2016 and $1.9 billion and $1.5 billion, respectively, as of December 31, 2015.

Non-U.S. Plan Amendments

Effective August 1, 2015, the Company amended its Ireland defined benefit pension plans to close those plans to future benefit accruals and replaced those plans with a defined contribution arrangement. The Company re-measured the assets and liabilities of the plans, based on assumptions and market conditions on the amendment date. The net periodic pension costs recognized in 2015 reflect the weighted average costs of the December 31, 2014 measurement and the August 1, 2015 re-measurement.

After completion of a consultation period with affected colleagues, in January 2014, the Company amended its U.K. defined benefit pension plans to close those plans to future benefit accruals effective August 1, 2014 and replaced those plans, along with its existing defined contribution plans, with a new, comprehensive defined contribution arrangement. This change resulted in a curtailment of the U.K. defined benefit plans and, as required under GAAP, the Company re-measured the defined benefit plans' assets and liabilities at the amendment date, based on assumptions and market conditions at that date. The net periodic benefit costs recognized in 2014 are the weighted average resulting from the December 31, 2013 measurement and the January 2014 re-measurement. The Company recognized a curtailment gain of $65 million in the first quarter of 2014, primarily resulting from the recognition of the remaining unamortized prior service credit related to a plan amendment made in December 2012. This gain was mostly offset by the cost of a transition benefit for certain employees most impacted by the amendment, which is not part of net periodic pension cost.

Components of Net Periodic Benefits Costs

The components of the net periodic benefit cost for the non-U.S. defined benefit and other postretirement benefit plans and the curtailment, settlement and termination expenses are as follows:

For the Years Ended December 31,	Non-U.S. Pension Benefits			Non-U.S. Postretirement Benefits		
(In millions of dollars)	**2016**	2015	2014	**2016**	2015	2014
Service cost	**$ 72**	$ 82	$ 122	**$ 2**	$ 2	$ 2
Interest cost	**273**	333	388	**3**	3	4
Expected return on plan assets	**(561)**	(604)	(644)	**—**	—	—
Amortization of prior service cost	**(1)**	(1)	(9)	**—**	—	—
Recognized actuarial loss	**94**	125	131	**—**	1	1
Net periodic benefit (credit) cost	**(123)**	(65)	(12)	**5**	6	7
Settlement loss	**—**	1	—	**—**	—	—
Curtailment (gain) loss	**(4)**	5	(65)	**—**	—	—
Total (credit) cost	**$ (127)**	$ (59)	$ (77)	**$ 5**	$ 6	$ 7

The assumed health care cost trend rate was approximately 5.20% in 2016, gradually declining to 4.48% in 2026. Assumed health care cost trend rates can have a significant effect on the amounts reported for the non-U.S. health care plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

(In millions of dollars)	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total of service and interest cost components	$ 1	$ —
Effect on postretirement benefit obligation	$ 8	$ (7)

Estimated Future Contributions

The Company expects to contribute approximately $224 million to its non-U.S. pension plans in 2017. Funding requirements for non-U.S. plans vary by country. Contribution rates are generally based on local funding practices and requirements, which may differ significantly from measurements under U.S. GAAP. Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the assets and/or liabilities of the plan. Discretionary contributions may also be affected by alternative uses of the Company's cash flows, including dividends, investments and share repurchases.

In the U.K., the assumptions used to determine pension contributions are the result of legally-prescribed negotiations between Company and the plans' trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. Currently, this results in a lower funded status than under U.S. GAAP and may result in contributions irrespective of the U.S. GAAP funded status. In November 2016, the Company and the Trustee of the U.K. Defined Benefits Plans agreed to a funding deficit recovery plan for the U.K. defined benefit pension plans. The current agreement with the Trustee sets out the annual deficit contributions which would be due based on the deficit at December 31, 2015. The funding level is subject to re-assessment, in most cases on November 1st of each year. If the funding level on November 1st is sufficient, no deficit funding contributions will be required in the following year, and the contribution amount will be deferred. As part of a long-term strategy, which depends on having greater influence over asset allocation and overall investment decisions, in November 2016, the Company renewed its agreement to support annual deficit contributions by the U.K. operating companies under certain circumstances, up to GBP 450 million over a seven-year period.

Estimated Future Benefit Payments

The Plans' estimated future benefit payments for its pension and postretirement benefits (without reduction for Medicare subsidy receipts) are as follows:

For the Years Ended December 31,	Pension Benefits		Postretirement Benefits	
(In millions of dollars)	U.S.	Non-U.S.	U.S.	Non-U.S.
2017	$ 244	$ 240	$ 4	$ 3
2018	$ 259	$ 272	$ 4	$ 3
2019	$ 276	$ 281	$ 4	$ 3
2020	$ 287	$ 293	$ 4	$ 3
2021	$ 297	$ 303	$ 3	$ 4
2022-2026	$ 1,641	$ 1,719	$ 14	$ 19

Defined Benefit Plans Fair Value Disclosures

The U.S. and non-U.S. plan investments are classified into Level 1, which refers to investments valued using quoted prices from active markets for identical assets; Level 2, which refers to investments not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to investments valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

In 2016, the Company adopted new guidance issued by the FASB, which removes the requirement to present certain investments for which the practical expedient is used to measure fair value at net asset value ("NAV") within the fair value hierarchy table. Instead, an entity is required to include those investments as a reconciling item so that the total fair value amount of investments in the disclosure is consistent with the fair value investment balance on the statement of net assets. The adoption of the new guidance, which requires retrospective application, resulted in the reclassifications of $6.6 billion and $1.4 billion from Level 2 and Level 3, respectively, to NAV categorization within the hierarchy table as of December 31, 2015.

The following table sets forth, by level within the fair value hierarchy, a summary of the U.S. and non-U.S. plans' investments measured at fair value on a recurring basis at December 31, 2016 and 2015:

	Fair Value Measurements at December 31, 2016				
Assets *(In millions of dollars)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Common/collective trusts	**$ 16**	**$ —**	**$ —**	**$ 6,805**	**$ 6,821**
Corporate obligations	**—**	**3,024**	**9**	**—**	**3,033**
Corporate stocks	**2,009**	**3**	**2**	**—**	**2,014**
Private equity/partnerships	**—**	**—**	**—**	**722**	**722**
Government securities	**11**	**380**	**—**	**—**	**391**
Real estate	**—**	**—**	**—**	**412**	**412**
Short-term investment funds	**297**	**22**	**—**	**—**	**319**
Company common stock	**270**	**—**	**—**	**—**	**270**
Other investments	**15**	**23**	**312**	**—**	**350**
Total investments	**$ 2,618**	**$ 3,452**	**$ 323**	**$ 7,939**	**$ 14,332**

	Fair Value Measurements at December 31, 2015				
Assets *(In millions of dollars)*	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV	Total
Common/collective trusts	$ 175	$ —	$ —	$ 6,861	$ 7,036
Corporate obligations	—	2,651	1	—	2,652
Corporate stocks	1,844	6	2	—	1,852
Private equity/partnerships	—	—	—	710	710
Government securities	10	415	—	—	425
Real estate	—	—	—	442	442
Short-term investment funds	312	4	—	—	316
Company common stock	222	—	—	—	222
Other investments	13	47	257	—	317
Total investments	$ 2,576	$ 3,123	$ 260	$ 8,013	$ 13,972

The tables below set forth a summary of changes in the fair value of the plans' Level 3 assets for the years ended December 31, 2016 and December 31, 2015:

Assets (In millions)	Fair Value, January 1, 2016	Purchases	Sales	Unrealized Gain/ (Loss)	Realized Gain/ (Loss)	Exchange Rate Impact	Transfers in/(out) and Other	Fair Value, December 31, 2016
Other investments	**257**	**27**	**(28)**	**67**	**1**	**(12)**	**—**	**312**
Corporate stocks	**2**	**—**	**—**	**—**	**—**	**—**	**—**	**2**
Corporate obligations	**1**	**8**	**—**	**1**	**—**	**(1)**	**—**	**9**
Total assets	**$ 260**	**$ 35**	**$ (28)**	**$ 68**	**$ 1**	**$ (13)**	**$ —**	**$ 323**

Assets *(In millions)*	Fair Value, January 1, 2015	Purchases	Sales	Unrealized Gain/ (Loss)	Realized Gain/ (Loss)	Exchange Rate Impact	Transfers in/(out) and Other	Fair Value, December 31, 2015
Other investments	239	47	(13)	14	—	(30)	—	257
Corporate stocks	1	—	—	1	—	—	—	2
Corporate obligations	3	—	—	—	—	—	(2)	1
Total assets	$ 243	$ 47	$ (13)	$ 15	$ —	$ (30)	$ (2)	$ 260

The following is a description of the valuation methodologies used for assets measured at fair value:

Company common stock: Valued at the closing price reported on the New York Stock Exchange.

Common stocks, preferred stocks, convertible equity securities, rights/warrants and real estate investment trusts (included in Corporate stocks): Valued at the closing price reported on the primary exchange.

Corporate bonds (included in Corporate obligations): The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable) and bond spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer are used. When observable price quotations are not available, fair value is determined based on cash flow models.

Commercial mortgage-backed and asset-backed securities (included in Corporate obligations): Fair value is determined using discounted cash flow models. Observable inputs are based on trade and quote activity of bonds with similar features including issuer vintage, purpose of underlying loan (first or second lien), prepayment speeds and credit ratings. The discount rate is the combination of the appropriate rate from the benchmark yield curve and the discount margin based on quoted prices.

Common/Collective trusts: Valued at the net asset value of units of a bank collective trust. The net asset value as provided by the trustee, is used as a practical expedient to estimate fair value. The net asset value is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported net asset value.

U.S. government bonds (included in Government securities): The fair value of U.S. government bonds is estimated by pricing models that utilize observable market data including quotes, spreads and data points for yield curves.

U.S. agency securities (included in Government securities): U.S. agency securities are comprised of two main categories consisting of agency issued debt and mortgage pass-throughs. Agency issued debt securities are valued by benchmarking market-derived prices to quoted market prices and trade data for identical or comparable securities. Mortgage pass-throughs include certain "To-be-announced" (TBA) securities and mortgage pass-through pools. TBA securities are generally valued using quoted market prices or are benchmarked thereto. Fair value of mortgage pass-through pools are model driven with respect to spreads of the comparable TBA security.

Private equity and real estate partnerships: Investments in private equity and real estate partnerships are valued based on the fair value reported by the manager of the corresponding partnership and reported on a one quarter lag. The managers provide unaudited quarterly financial statements and audited annual financial statements which set forth the value of the fund. The valuations obtained from the managers are based on various analyses on the underlying holdings in each partnership, including financial valuation models and projections, comparable valuations from the public markets, and precedent private market transactions. Investments are valued in the accompanying financial statements based on the Plan's beneficial interest in the underlying net assets of the partnership as determined by the partnership agreement.

Insurance group annuity contracts: The fair values for these investments are based on the current market value of the aggregate accumulated contributions plus interest earned.

Swap assets (included in Other investments): Fair values for interest rate swaps, equity index swaps and inflation swaps are estimated using a discounted cash flow pricing model. These models use observable market data such as contractual fixed rate, spot equity price or index value and dividend data. The fair values of credit default swaps are estimated using an income approach model which determines expected cash flows based on default probabilities from the issuer-specific credit spread curve and credit loss recovery rates, both of which are dependent on market quotes.

Short-term investment funds: Primarily high-grade money market instruments valued at net asset value at year-end.

Registered investment companies: Valued at the closing price reported on the primary exchange.

Defined Contribution Plans

The Company maintains certain defined contribution plans for its employees, including the Marsh & McLennan Companies 401(k) Savings & Investment Plan ("401(k) Plan"), that are qualified under U.S. tax laws. Under these plans, eligible employees may contribute a percentage of their base salary, subject to certain limitations. For the 401(k) Plan, the Company matches a fixed portion of the employees' contributions. The 401(k) Plan contains an Employee Stock Ownership Plan feature under U.S. tax law. Approximately $436 million of the 401(k) Plan's assets at December 31, 2016 and $398 million in December 31, 2015 were invested in the Company's common stock. If a participant does not choose an investment direction for his or her future contributions, they are automatically invested in a BlackRock LifePath Portfolio that most closely matches the participant's expected retirement year. The cost of these defined contribution plans was $53 million in 2016, $51 million in 2015 and $49 million in 2014. In addition, the Company has a significant defined contribution plan in the U.K. As noted above, effective August 1, 2014, a newly formed defined contribution plan replaced the existing defined contribution and defined benefit plans with regard to future service. The cost of the U.K. defined contribution plan was $81 million, $93 million and $65 million in 2016, 2015 and 2014, respectively. The decrease in cost from 2016 as compared to 2015 is primarily due to the impact of foreign currency translation.

9. Stock Benefit Plans

The Company maintains multiple stock-based payment arrangements under which employees are awarded grants of restricted stock units, stock options and other forms of stock-based benefits.

Marsh & McLennan Companies, Inc. Incentive and Stock Award Plans

On May 19, 2011, the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (the "2011 Plan") was approved by the Company's stockholders. The 2011 Plan replaced the Company's two previous equity incentive plans (the 2000 Senior Executive Incentive and Stock Award Plan and the 2000 Employee Incentive and Stock Award Plan).

The types of awards permitted under the 2011 Plan include stock options, restricted stock and restricted stock units payable in Company common stock or cash, and other stock-based and performance-based awards. The Compensation Committee of the Board of Directors (the "Compensation Committee") determines, at its discretion, which affiliates may participate in the 2011 Plan, which eligible employees will receive awards, the types of awards to be received, and the terms and conditions thereof. The right of an employee to receive an award may be subject to performance conditions as specified by the Compensation Committee. The 2011 Plan contains a provision which, in the event of a change in control of the Company, may accelerate the vesting of the awards. This provision requires both a change in control of the Company and a subsequent specified termination of employment for vesting to be accelerated.

The 2011 Plan retains the remaining share authority of the two previous plans as of the date the 2011 Plan was approved by stockholders. Thus, approximately 23.2 million shares of common stock, plus shares remaining unused under the previous plans, are available for awards over the life of the 2011 Plan.

The current practice is to grant non-qualified stock options, restricted stock units and/or performance stock units ("PSUs") on an annual basis to senior executives and a limited number of other employees as part of their total compensation. Restricted stock units are also granted to new hires or as retention awards for certain employees. Restricted stock has not been granted since 2005.

Stock Options: Options granted under the 2011 Plan may be designated as either incentive stock options or non-qualified stock options. The Compensation Committee determines the terms and conditions of the option, including the time or times at which an option may be exercised, the methods by which such exercise price may be paid, and the form of such payment. Options are generally granted with an exercise price equal to the market value of the Company's common stock on the date of grant. These option awards generally vest 25% per annum and have a contractual term of 10 years.

The estimated fair value of options granted is calculated using the Black-Scholes option pricing valuation model. This model takes into account several factors and assumptions. The risk-free interest rate is based on the yield on U.S. Treasury zero-coupon issues with a remaining term equal to the expected life assumption at the time of grant. The expected life (estimated period of time outstanding) is estimated using the contractual term of the option and the effects of employees' expected exercise and post-vesting employment termination behavior. The Company uses a blended volatility rate based on the following: (i) volatility derived from daily closing price observations for the 10-year period ended on the valuation date, (ii) implied volatility derived from traded options for the period one week before the valuation date and (iii) average volatility for the 10-year periods ended on 15 anniversaries prior to the valuation date, using daily closing price observations. The expected dividend yield is based on expected dividends for the expected term of the stock options.

The assumptions used in the Black-Scholes option pricing valuation model for options granted by the Company in 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Risk-free interest rate	**1.39%**	1.78%	1.88%
Expected life (in years)	**6.0**	6.0	6.0
Expected volatility	**25.55%**	23.75%	24.2%
Expected dividend yield	**2.15%**	1.97%	2.08%

A summary of the status of the Company's stock option awards as of December 31, 2016 and changes during the year then ended is presented below:

	Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term**	**Aggregate Intrinsic Value ($000)**
Balance at January 1, 2016	**14,776,804**	**$ 34.14**		
Granted	**2,167,645**	**$ 57.55**		
Exercised	**(3,593,033)**	**$ 29.32**		
Forfeited	**(91,016)**	**$ 53.58**		
Expired	**(17,871)**	**$ 30.13**		
Balance at December 31, 2016	**13,242,529**	**$ 39.15**	**5.7 years**	**$ 377,580**
Options vested or expected to vest at December 31, 2016	**13,055,049**	**$ 38.95**	**5.7 years**	**$ 374,871**
Options exercisable at December 31, 2016	**8,598,826**	**$ 31.63**	**4.4 years**	**$ 309,778**

In the above table, forfeited options are unvested options whose requisite service period has not been met. Expired options are vested options that were not exercised. The weighted-average grant-date fair value of the Company's option awards granted during the years ended December 31, 2016, 2015 and 2014 was $11.57, $11.34 and $9.66, respectively. The total intrinsic value of options exercised during the same periods was $137.7 million, $124.6 million and $174.3 million, respectively.

As of December 31, 2016, there was $14.4 million of unrecognized compensation cost related to the Company's option awards. The weighted-average period over which that cost is expected to be recognized is approximately 1.42 years. Cash received from the exercise of stock options for the years ended December 31, 2016, 2015 and 2014 was $105.4 million, $134.7 million and $178.1 million, respectively.

The Company's policy is to issue treasury shares upon option exercises or share unit conversion. The Company intends to issue treasury shares as long as an adequate number of those shares is available.

Restricted Stock Units and Performance Stock Units: Restricted stock units may be awarded under the Company's 2011 Incentive and Stock Award Plan. The Compensation Committee determines the restrictions on such units, when the restrictions lapse, when the units vest and are paid, and under what terms the units are forfeited. The cost of these awards is amortized over the vesting period, which is generally three years. Awards to senior executives and other employees may include three-year performance-based restricted stock units and three-year service-based restricted stock units. The payout of performance stock units (payable in shares of the Company's common stock) ranges, generally, from 0-200% of the number of units granted, based on the achievement of objective, pre-determined Company performance measures, generally, over a three-year performance period. The Company accounts for these awards as performance condition restricted stock units. The performance condition is not considered in the determination of grant date fair value of such awards. Compensation cost is recognized over the performance period based on management's estimate of the number of units expected to vest and is adjusted to reflect the actual number of shares paid out at the end of the three-year performance period. Dividend equivalents are not paid out unless and until such time that the award vests.

A summary of the status of the Company's restricted stock units and performance stock units as of December 31, 2016 and changes during the period then ended is presented below:

	Restricted Stock Units		Performance Stock Units	
	Shares	**Weighted Average Grant Date Fair Value**	**Shares**	**Weighted Average Grant Date Fair Value**
Non-vested balance at January 1, 2016	**2,459,293**	**$ 52.51**	**678,165**	**$ 46.25**
Granted	**1,844,661**	**$ 57.54**	**323,990**	**$ 57.47**
Vested	**(1,100,706)**	**$ 49.62**	**(260,089)**	**$ 36.56**
Forfeited	**(159,219)**	**$ 56.41**	**(20,049)**	**$ 54.49**
Non-vested balance at December 31, 2016	**3,044,029**	**$ 56.40**	**722,017**	**$ 54.68**

The weighted-average grant-date fair value of the Company's restricted stock units granted during the years ended December 31, 2015 and 2014 was $56.81 and $48.16, respectively. The weighted average grant date fair value of the Company's performance stock units granted during the years ended December 31, 2015 and 2014 was $57.33 and $48.00, respectively. The total fair value of the shares distributed during the years ended December 31, 2016, 2015 and 2014 in connection with the Company's non-option equity awards was $91.4 million, $114.3 million and $165.3 million, respectively.

The payout of shares in 2016 with respect to the PSUs awarded in 2013 was 180% of target based on performance for the three-year performance period. The payout of shares with respect to the PSUs that vested in 2016 due to certain types of termination was based on performance for the abbreviated performance period. In aggregate, 468,858 shares became distributable in respect to PSUs vested in 2016.

As of December 31, 2016, there was $127.2 million of unrecognized compensation cost related to the Company's restricted stock units and performance stock unit awards. The weighted-average period over which that cost is expected to be recognized is approximately 1.045 years.

Marsh & McLennan Companies Stock Purchase Plans

In May 1999, the Company's stockholders approved an employee stock purchase plan (the "1999 Plan") to replace the 1994 Employee Stock Purchase Plan (the "1994 Plan"), which terminated on September 30, 1999 following its fifth annual offering. Under the current terms of the Plan, shares are purchased four times during the plan year at a price that is 95% of the average market price on each quarterly purchase date. Under the 1999 Plan, after including the available remaining unused shares in the 1994 Plan and reducing the shares available by 10,000,000 consistent with the Company's Board of Directors' action in March 2007, no more than 35,600,000 shares of the Company's common stock may be sold. Employees purchased 490,374 shares during the year ended December 31, 2016 and at December 31, 2016, 1,781,410 shares were available for issuance under the 1999 Plan. Under the 1995 Company Stock Purchase Plan for International Employees (the "International Plan"), after reflecting the additional 5,000,000 shares of common stock for issuance approved by the Company's Board of Directors in July 2002, and the addition of 4,000,000 shares due to a shareholder action in May 2007, no more than 12,000,000 shares of the Company's common stock may be sold. Employees purchased 135,362 shares during the year ended December 31, 2016 and there were 2,613,203 shares available for issuance at December 31, 2016 under the International Plan. The plans are considered non-compensatory.

10. Fair Value Measurements

Fair Value Hierarchy

The Company has categorized its assets and liabilities that are valued at fair value on a recurring basis into a three-level fair value hierarchy as defined by the FASB. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy, for disclosure purposes, is determined based on the lowest level input that is significant to the fair value measurement. Assets and liabilities recorded in the consolidated balance sheets at fair value are categorized based on the inputs in the valuation techniques as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities and exchange-traded money market mutual funds).

Assets and liabilities using Level 1 inputs include exchange-traded equity securities, exchange-traded mutual funds and money market funds.

Level 2. Assets and liabilities whose values are based on the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and

d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full asset or liability (for example, certain mortgage loans).

The Company does not have any assets or liabilities that use Level 2 inputs.

Level 3. Assets and liabilities whose values are based on prices, or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability (certain commercial mortgage whole loans, and long-dated or complex derivatives including certain foreign exchange options and long-dated options on gas and power).

Liabilities using Level 3 inputs include liabilities for contingent purchase consideration.

Valuation Techniques

Equity Securities, Money Market Funds and Mutual Funds - Level 1

Investments for which market quotations are readily available are valued at the sale price on their principal exchange or, for certain markets, official closing bid price. Money market funds are valued using a valuation technique that results in price per share at $1.00.

Contingent Purchase Consideration Liability - Level 3

Purchase consideration for some acquisitions made by the Company includes contingent consideration arrangements. These arrangements typically provide for the payment of additional consideration if earnings and revenue targets are met over periods from two to four years. The fair value of contingent consideration is estimated as the present value of future cash flows resulting from the projected revenue and earnings of the acquired entities.

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015:

(In millions of dollars)	Identical Assets (Level 1)		Observable Inputs (Level 2)		Unobservable Inputs (Level 3)		Total	
	12/31/16	12/31/15	**12/31/16**	12/31/15	**12/31/16**	12/31/15	**12/31/16**	12/31/15
Assets:								
Financial instruments owned:								
Exchange traded equity securities [a]	**$ 89**	$ —	**$ —**	$ —	**$ —**	$ —	**$ 89**	$ —
Mutual funds[a]	**141**	142	**—**	—	**—**	—	**141**	142
Money market funds[b]	**22**	140	**—**	—	**—**	—	**22**	140
Total assets measured at fair value	**$ 252**	$ 282	**$ —**	$ —	**$ —**	$ —	**$ 252**	$ 282
Fiduciary Assets:								
Money market funds	**$ 90**	$ 48	**$ —**	$ —	**$ —**	$ —	**$ 90**	$ 48
Total fiduciary assets measured at fair value	**$ 90**	$ 48	**$ —**	$ —	**$ —**	$ —	**$ 90**	$ 48
Liabilities:								
Contingent purchase consideration liability[c]	**$ —**	$ —	**$ —**	$ —	**$ 241**	$ 309	**$ 241**	$ 309
Total liabilities measured at fair value	**$ —**	$ —	**$ —**	$ —	**$ 241**	$ 309	**$ 241**	$ 309

(a) Included in other assets in the consolidated balance sheets.
(b) Included in cash and cash equivalents in the consolidated balance sheets.
(c) Included in accounts payable and accrued liabilities and other liabilities in the consolidated balance sheets.

During the year ended December 31, 2016, there were no assets or liabilities that were transferred between any of the levels.

The table below sets forth a summary of the changes in fair value of the Company's Level 3 liabilities for the years ended December 31, 2016 and December 31, 2015 that represent contingent purchase consideration related to acquisitions:

(In millions)	**2016**	2015
Balance at January 1,	**$ 309**	$ 207
Additions	**17**	104
Payments	**(86)**	(47)
Revaluation Impact	**9**	45
Other [a]	**(8)**	—
Balance at December 31,	**$ 241**	$ 309

[a] Primarily reflects the impact of foreign exchange.

The fair value of the contingent purchase consideration liability is based on projections of revenue and earnings for the acquired entities that are reassessed on a quarterly basis. As set forth in the table above, based on the Company's ongoing assessment of the fair value of contingent consideration, the Company recorded a net increase in the estimated fair value of such liabilities for prior period acquisitions of $9 million for the year ended December 31, 2016. A 5% increase in the above mentioned projections would increase the liability by approximately $21 million. A 5% decrease in the above mentioned projections would decrease the liability by approximately $22 million.

Long-Term Investments

The Company holds investments in certain private equity investments, public companies and private companies that are accounted for using the equity method of accounting. The carrying value of these investments was $389 million and $347 million at December 31, 2016 and 2015, respectively.

Private Equity Investments

The Company's investments in private equity funds were $79 million and $76 million at December 31, 2016 and December 31, 2015, respectively. The carrying values of these private equity investments approximates fair value. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. The Company records in earnings, investment gains/losses for its proportionate share of the change in fair value of the funds. These investments are included in other assets in the consolidated balance sheets.

Investments in Public and Private Companies

Alexander Forbes: The Company owns approximately 33% of the common stock of Alexander Forbes, a South African company listed on the Johannesburg Stock Exchange, which it purchased in 2014 for 7.50 South African Rand per share. As of December 31, 2016, the carrying value of the Company’s investment in Alexander Forbes was approximately $247 million. As of December 31, 2016, the market value of the approximately 443 million shares owned by the Company, based on the December 31, 2016 closing share price of 7.95 South African Rand per share, was approximately $251 million.

The Company’s investment in Alexander Forbes and its other equity investments in private insurance and consulting companies are accounted for using the equity method of accounting, the results of which are included in revenue in the consolidated income statements and the carrying value of which is included in other assets in the consolidated balance sheets. The Company records its share of income or loss on its equity method investments on a one quarter lag basis.

Benefitfocus: On February 24, 2015, Mercer purchased shares of common stock of Benefitfocus (NASDAQ:BNFT) constituting approximately 9.9% of BNFT's outstanding capital stock as of the acquisition date. The purchase price for the BNFT shares and certain other rights and other consideration was approximately $75 million. In 2015, the Company elected to account for this investment under the cost method of accounting as the shares purchased were categorized as restricted. Effective December 31, 2016, these shares are no longer considered restricted for the purpose of determining if they are marketable securities under GAAP, and are accounted for as available for sale securities and included in other assets in the consolidated balance sheets. The value of the BNFT shares based on the closing price on the NASDAQ at December 31, 2016 was approximately $84 million. Related unrealized gains of approximately $21 million have been recorded in other comprehensive income.

Deconsolidation of a Subsidiary

Marsh operates in India through Marsh India Insurance Brokers Limited (Marsh India), which is owned 26% by Marsh and 74% by local shareholders. Prior to the second quarter of 2016, under the terms of its shareholders’ agreement with the local shareholders, Marsh had a controlling financial interest in Marsh India and its results were consolidated as required under U.S. GAAP. Under the recently adopted Insurance Laws (Amendment) Act 2015 of India and related regulations issued by the Indian Insurance Regulatory and Development Authority, Indian insurance companies (including insurance intermediaries and brokers like Marsh India) must now be controlled by Indian promoters or Indian investors.

In the second quarter of 2016, the shareholders’ agreement among the shareholders of Marsh India was amended to comply with these new regulations, which resulted in Marsh no longer having a controlling financial interest under U.S. GAAP. In accordance with U.S. GAAP, the Company was required to deconsolidate Marsh India and recognize its interest in Marsh India at fair value, with the difference between the carrying value and fair value recognized in earnings. The Company estimated the fair value of its interest in Marsh India, primarily using a discounted cash flow approach, which considered various cash flow scenarios and a discount rate appropriate for the investment. Certain provisions relating to restrictions on sales and repurchase of shares of Marsh India owned by its employees were also required to be removed by the new regulations. As a result, the deferred compensation expense related to those shares was accelerated in the second quarter of 2016. The net gain on the Company’s pre-tax income as a result of these changes was approximately $11 million, which is included in revenue for the year ended 2016. Beginning on May 1, 2016, the Company accounted for its investment in Marsh India using the equity method of accounting.

The summarized financial information presented below reflects the aggregated financial information of all significant equity method investees as of and for the twelve months ended September 30 of each year (or portion of those twelve months the Company owned its investment), consistent with the Company's recognition of the results of its equity method investments on a one quarter lag. The investment income information presented below reflects the net realized and unrealized gains/losses, net of expenses, related to the Company's investments in several private equity funds. Certain of the Company's equity method investments, including Alexander Forbes, have unclassified balance sheets. Therefore, the asset and liability information presented below are not split between current and non-current.

Below is a summary of the financial information for the Company's significant equity method investees:

For the Twelve Months Ended September 30,						
(In millions of dollars)		**2016**		2015		2014
Revenue	**$**	**843**	$	1,018	$	239
Net investment income (a)	**$**	**1,824**	$	1,620	$	161
Net income	**$**	**91**	$	196	$	216

As of September 30,				
(In millions of dollars)		**2016**		2015
Total assets	**$**	**22,997**	$	21,101
Total liabilities	**$**	**21,087**	$	19,348
Non-controlling interests	**$**	**12**	$	12

The information above includes twelve months of income statement activity for Alexander Forbes in 2016, 2015 and two months of activity in 2014, reflecting the timing of the Company's investment.

(a) Net investment income in 2016 and 2015 includes approximately $1.9 billion and $1.5 billion, respectively, related to Alexander Forbes, substantially all of which is credited to policy holders.

11. Long-term Commitments

The Company leases office facilities, equipment and automobiles under non-cancelable operating leases. These leases expire on varying dates, in some instances contain renewal and expansion options, do not restrict the payment of dividends or the incurrence of debt or additional lease obligations, and contain no significant purchase options. In addition to the base rental costs, occupancy lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. Approximately 98% of the Company's lease obligations are for the use of office space.

The consolidated statements of income include net rental costs of $367 million, $381 million and $393 million for 2016, 2015 and 2014, respectively, after deducting rentals from subleases ($9 million in 2016, $14 million in 2015 and $12 million in 2014). These net rental costs exclude rental costs and sublease income for previously accrued restructuring charges related to vacated space.

At December 31, 2016, the aggregate future minimum rental commitments under all non-cancelable operating lease agreements are as follows:

For the Years Ended December 31, *(In millions of dollars)*	Gross Rental Commitments	Rentals from Subleases	Net Rental Commitments
2017	$ 372	$ 46	$ 326
2018	$ 345	$ 42	$ 303
2019	$ 297	$ 36	$ 261
2020	$ 262	$ 32	$ 230
2021	$ 198	$ 4	$ 194
Subsequent years	$ 862	$ 3	$ 859

The Company has entered into agreements, primarily with various service companies, to outsource certain information systems activities and responsibilities and processing activities. Under these agreements, the Company is required to pay minimum annual service charges. Additional fees may be payable depending upon the volume of transactions processed, with all future payments subject to increases for inflation. At December 31, 2016, the aggregate fixed future minimum commitments under these agreements are as follows:

For the Years Ended December 31, *(In millions of dollars)*	Future Minimum Commitments
2017	$ 225
2018	79
2019	36
Subsequent years	11
	$ 351

12. Debt

The Company's outstanding debt is as follows:

December 31, *(In millions)*	**2016**	2015
Short-term:		
Commercial paper	**$ 50**	$ —
Current portion of long-term debt	**262**	12
	312	12
Long-term:		
Senior notes – 2.30% due 2017	**250**	249
Senior notes – 2.55% due 2018	**249**	249
Senior notes – 2.35% due 2019	**299**	298
Senior notes – 2.35% due 2020	**497**	496
Senior notes – 4.80% due 2021	**498**	497
Senior notes – 3.30% due 2023	**347**	—
Senior notes – 4.05% due 2023	**248**	248
Senior notes – 3.50% due 2024	**596**	595
Senior notes – 3.50% due 2025	**495**	495
Senior notes – 3.75% due 2026	**596**	595
Senior notes – 5.875% due 2033	**297**	297
Mortgage – 5.70% due 2035	**382**	393
Other	**3**	2
	4,757	4,414
Less current portion	**262**	12
	$ 4,495	$ 4,402

The senior notes in the table above are registered by the Company with the Securities and Exchange Commission, and are not guaranteed.

The Company has established a short-term debt financing program of up to $1.5 billion through the issuance of commercial paper. The proceeds from the issuance of commercial paper are used for general corporate purposes. The Company had $50 million of commercial paper outstanding at December 31, 2016 at an effective interest rate of 1%.

In March 2016, the Company issued $350 million of 3.30% seven-year senior notes. In September 2015, the Company issued $600 million of 3.75% 10.5-year senior notes and in March 2015, the Company issued $500 million of 2.35% five-year senior notes. The Company used the net proceeds from these issuances for general corporate purposes.

The Company and certain of its foreign subsidiaries maintain a $1.5 billion multi-currency five-year unsecured revolving credit facility. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility expires in November 2020 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at December 31, 2016.

Additional credit facilities, guarantees and letters of credit are maintained with various banks, primarily related to operations located outside the United States, aggregating $376 million at December 31, 2016 and $379 million at December 31, 2015. There was $1.6 million of outstanding borrowings under these facilities at December 31, 2016 and $0.4 million of outstanding borrowings under these facilities at December 31, 2015.

In January 2017, the Company issued $500 million of 2.75% senior notes due 2022 and $500 million of 4.35% senior notes due 2047. The Company intends to use the net proceeds for general corporate purposes, including the repayment of a $250 million debt maturity in April 2017.

Scheduled repayments of long-term debt in 2017 and in the four succeeding years are $262 million, $262 million, $313 million, $514 million and $515 million, respectively.

Fair value of Short-term and Long-term Debt

The estimated fair value of the Company's short-term and long-term debt is provided below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that the Company would realize upon disposition, nor do they indicate the Company's intent or need to dispose of the financial instrument.

	December 31, 2016		December 31, 2015	
(In millions of dollars)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Short-term debt	**$ 312**	**$ 313**	$ 12	$ 12
Long-term debt	**$ 4,495**	**$ 4,625**	$ 4,402	$ 4,513

The fair value of the Company's short-term debt consists primarily of commercial paper and term debt maturing within the next year and its fair value approximates its carrying value. The estimated fair value of a primary portion of the Company's long-term debt is based on discounted future cash flows using current interest rates available for debt with similar terms and remaining maturities. Short- and long-term debt would be classified as Level 2 in the fair value hierarchy.

13. Integration and Restructuring Costs

In 2016, the Company implemented restructuring actions which resulted in costs totaling $44 million. Restructuring costs consist primarily of severance and benefits, costs for future rent and other real estate costs. These costs were incurred as follows: Risk and Insurance Services—$3 million; Consulting—$34 million; and Corporate—$7 million.

Details of the restructuring liability activity from January 1, 2015 through December 31, 2016, including actions taken prior to 2016, are as follows:

(In millions)	Balance at 1/1/15	Expense Incurred	Cash Paid	Other	Balance at 12/31/15	Expense Incurred	Cash Paid	Other	**Balance at 12/31/16**
Severance	$ 7	$ 17	$ (7)	$ (2)	$ 15	$ 40	$ (22)	$ (1)	**$ 32**
Future rent under non-cancelable leases and other costs	85	11	(21)	3	78	4	(17)	(4)	**61**
Total	$ 92	$ 28	$ (28)	$ 1	$ 93	$ 44	$ (39)	$ (5)	**$ 93**

As of January 1, 2014, the liability balance related to restructuring activity was $124 million. In 2014, the Company accrued $12 million and had cash payments and other adjustments of $44 million related to restructuring activities that resulted in the liability balance at January 1, 2015 reported above.

The expenses associated with the above initiatives are included in compensation and benefits and other operating expenses in the consolidated statements of income. The liabilities associated with these initiatives are classified on the consolidated balance sheets as accounts payable and accrued liabilities, other liabilities, or accrued compensation and employee benefits, depending on the nature of the items.

14. Common Stock

During 2016, the Company repurchased 12.7 million shares of its common stock for total consideration of $800 million. In November 2016, the Board of Directors renewed the Company's share repurchase program, allowing management to buy back up to $2.5 billion of the Company's common stock. The Company remains authorized to purchase additional shares of its common stock up to a value of approximately $2.4 billion. There is no time limit on the authorization. During 2015, the Company purchased 24.8 million shares of its common stock for total consideration of $1.4 billion.

15. Claims, Lawsuits and Other Contingencies

Litigation Matters

The Company and its subsidiaries are subject to a significant number of claims, lawsuits and proceedings in the ordinary course of business. Such claims and lawsuits consist principally of alleged errors and omissions in connection with the performance of professional services, including the placement of insurance, the provision of actuarial services for corporate and public sector clients, the provision of investment advice and investment management services to pension plans, the provision of advice relating to pension buy-out transactions and the provision of consulting services relating to the drafting and interpretation of trust deeds and other documentation governing pension plans. These claims typically seek damages, including punitive and treble damages, in amounts that could be significant. In establishing liabilities for errors and omissions claims in accordance with FASB ASC Subtopic No. 450-20 (Contingencies-Loss Contingencies), the Company uses case level reviews by inside and outside counsel, and internal actuarial analysis by Oliver Wyman Group, a subsidiary of the Company, and other methods to estimate potential losses. A liability is established when a loss is both probable and reasonably estimable. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable.

To the extent that expected losses exceed our deductible in any policy year, the Company also records an asset for the amount that we expect to recover under any available third-party insurance programs. The Company has varying levels of third-party insurance coverage, with policy limits and coverage terms varying significantly by policy year.

Governmental Inquiries and Enforcement Matters

Our activities are regulated under the laws of the United States and its various states, the European Union and its member states, and the other jurisdictions in which the Company operates. In the ordinary course of business, the Company is also subject to subpoenas, investigations, lawsuits and other regulatory actions undertaken by governmental authorities. For example, the Financial Conduct Authority ("FCA") is conducting a market study of the U.K. asset management industry, which includes asset managers and investment consultants such as Mercer. In November 2016, the FCA published an interim report which contains preliminary findings relating to the investment consulting industry and a provisional reference to the U.K. Competition & Markets Authority for a market investigation.

Other Contingencies-Guarantees

In connection with its acquisition of U.K.-based Sedgwick Group in 1998, the Company acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited ("River Thames"), which the Company sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters (the "ILU") by River Thames. The policies covered by this guarantee were reinsured up to £40 million by a related party of River Thames. Payment of claims under the reinsurance agreement is collateralized by segregated assets held in a trust. As of December 31, 2016, the reinsurance coverage exceeded the best estimate of the projected liability of the policies covered by the guarantee. To the extent River Thames or the reinsurer is unable to meet its obligations under those policies, a claimant may seek to recover from the Company under the guarantee.

From 1980 to 1983, the Company owned indirectly the English & American Insurance Company ("E&A"), which was a member of the ILU. The ILU required the Company to guarantee a portion of E&A's obligations. After E&A became insolvent in 1993, the ILU agreed to discharge the guarantee in exchange for the Company's agreement to post an evergreen letter of credit that is available to pay claims by policyholders on certain E&A policies issued through the ILU and incepting between July 3, 1980 and October 6, 1983. Certain claims have been paid under the letter of credit and the Company anticipates that additional claimants may seek to recover against the letter of credit.

* * * *

The pending proceedings described above and other matters not explicitly described in this Note 15 on Claims, Lawsuits and Other Contingencies may expose the Company or its subsidiaries to liability for significant monetary damages and other forms of relief. Where a loss is both probable and reasonably estimable, the Company establishes liabilities in accordance with FASB ASC Subtopic No. 450-20 (Contingencies - Loss Contingencies). Except as described above, the Company is not able at this time to provide a reasonable estimate of the range of possible loss attributable to these matters or the impact they may have on the Company's consolidated results of operations, financial position or cash flows. This is primarily because these matters are still developing and involve complex issues subject to inherent uncertainty. Adverse determinations in one or more of these matters could have a material impact on the Company's consolidated results of operations, financial condition or cash flows in a future period.

16. Segment Information

The Company is organized based on the types of services provided. Under this structure, the Company's segments are:

- **Risk and Insurance Services**, comprising insurance services (Marsh) and reinsurance services (Guy Carpenter); and
- **Consulting**, comprising Mercer and Oliver Wyman Group

The accounting policies of the segments are the same as those used for the consolidated financial statements described in Note 1. Segment performance is evaluated based on segment operating income, which includes directly related expenses, and charges or credits related to integration and restructuring but not the Company's corporate-level expenses. Revenues are attributed to geographic areas on the basis of where the services are performed.

Selected information about the Company's segments and geographic areas of operation are as follows:

For the Year Ended December 31, *(In millions of dollars)*	Revenue	Operating Income (Loss)	Total Assets	Depreciation and Amortization	Capital Expenditures
2016 –					
Risk and Insurance Services	**$ 7,143 (a)**	**$ 1,753**	**$ 14,728**	**$ 248**	**$ 128**
Consulting	**6,112 (b)**	**1,103**	**6,770**	**121**	**68**
Total Segments	**13,255**	**2,856**	**21,498**	**369**	**196**
Corporate/Eliminations	**(44)**	**(192)**	**(3,308) (c)**	**69**	**57**
Total Consolidated	**$ 13,211**	**$ 2,664**	**$ 18,190**	**$ 438**	**$ 253**
2015 –					
Risk and Insurance Services	$ 6,869 (a)	$ 1,539	$ 13,290	$ 240	$ 136
Consulting	6,064 (b)	1,075	6,485	120	108
Total Segments	12,933	2,614	19,775	360	244
Corporate/Eliminations	(40)	(195)	(1,559) (c)	63	81
Total Consolidated	$ 12,893	$ 2,419	$ 18,216	$ 423	$ 325
2014 –					
Risk and Insurance Services	$ 6,931 (a)	$ 1,509	$ 12,211	$ 213	$ 173
Consulting	6,059 (b)	996	5,916	119	92
Total Segments	12,990	2,505	18,127	332	265
Corporate/Eliminations	(39)	(204)	(334) (c)	56	103
Total Consolidated	$ 12,951	$ 2,301	$ 17,793	$ 388	$ 368

(a) Includes inter-segment revenue of $6 million in both 2016 and 2015 and $4 million in 2014, interest income on fiduciary funds of $26 million, $21 million and $24 million in 2016, 2015 and 2014, respectively, and equity method income of $12 million, $6 million and $9 million in 2016, 2015 and 2014, respectively.

(b) Includes inter-segment revenue of $38 million, $34 million and $35 million in 2016, 2015 and 2014, respectively, interest income on fiduciary funds of $3 million in 2016, $4 million in 2015 and $6 million in 2014 and equity method income of $19 million in 2016, $21 million in 2015 and $2 million in 2014.

(c) Corporate assets primarily include insurance recoverables, pension related assets, the owned portion of the Company headquarters building and intercompany eliminations.

Details of operating segment revenue are as follows:

For the Years Ended December 31, *(In millions of dollars)*	**2016**	2015	2014
Risk and Insurance Services			
Marsh	**$ 5,997**	$ 5,745	$ 5,774
Guy Carpenter	**1,146**	1,124	1,157
Total Risk and Insurance Services	**7,143**	6,869	6,931
Consulting			
Mercer	**4,323**	4,313	4,350
Oliver Wyman Group	**1,789**	1,751	1,709
Total Consulting	**6,112**	6,064	6,059
Total Segments	**13,255**	12,933	12,990
Corporate/Eliminations	**(44)**	(40)	(39)
Total	**$ 13,211**	$ 12,893	$ 12,951

Information by geographic area is as follows:

For the Years Ended December 31, *(In millions of dollars)*	**2016**	2015	2014
Revenue			
United States	**$ 6,573**	$ 6,316	$ 5,865
United Kingdom	**2,019**	2,036	2,111
Continental Europe	**2,022**	1,902	2,077
Asia Pacific	**1,363**	1,333	1,420
Other	**1,278**	1,346	1,517
	13,255	12,933	12,990
Corporate/Eliminations	**(44)**	(40)	(39)
Total	**$ 13,211**	$ 12,893	$ 12,951

For the Years Ended December 31, *(In millions of dollars)*	**2016**	2015	2014
Fixed Assets, Net			
United States	**$ 412**	$ 460	$ 483
United Kingdom	**94**	115	120
Continental Europe	**53**	57	60
Asia Pacific	**76**	49	62
Other	**90**	92	84
Total	**$ 725**	$ 773	$ 809

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Marsh & McLennan Companies, Inc.
New York, New York

We have audited the accompanying consolidated balance sheets of Marsh & McLennan Companies, Inc. and subsidiaries (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Marsh & McLennan Companies, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2017 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

New York, New York
February 24, 2017

Marsh & McLennan Companies, Inc. and Subsidiaries
SELECTED QUARTERLY FINANCIAL DATA AND SUPPLEMENTAL INFORMATION (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
(In millions, except per share figures)				
2016:				
Revenue	**$ 3,336**	**$ 3,376**	**$ 3,135**	**$ 3,364**
Operating income	**$ 733**	**$ 726**	**$ 572**	**$ 633**
Income from continuing operations	**$ 490**	**$ 480**	**$ 384**	**$ 441**
Discontinued operations, net of tax	**$ —**	**$ —**	**$ —**	**$ —**
Net income attributable to the Company	**$ 481**	**$ 472**	**$ 379**	**$ 436**
Basic Per Share Data:				
Continuing operations	**$ 0.92**	**$ 0.91**	**$ 0.73**	**$ 0.85**
Discontinued operations, net of tax	**$ —**	**$ —**	**$ —**	**$ —**
Net income attributable to the Company	**$ 0.92**	**$ 0.91**	**$ 0.73**	**$ 0.85**
Diluted Per Share Data:				
Continuing operations	**$ 0.91**	**$ 0.90**	**$ 0.73**	**$ 0.84**
Discontinued operations, net of tax	**$ —**	**$ —**	**$ —**	**$ —**
Net income attributable to the Company	**$ 0.91**	**$ 0.90**	**$ 0.73**	**$ 0.84**
Dividends Paid Per Share	**$ 0.31**	**$ 0.31**	**$ 0.34**	**$ 0.34**
2015:				
Revenue	$ 3,215	$ 3,225	$ 3,115	$ 3,338
Operating income	$ 735	$ 629	$ 461	$ 594
Income from continuing operations	$ 498	$ 429	$ 329	$ 380
Discontinued operations, net of tax	$ (3)	$ —	$ 2	$ 1
Net income attributable to the Company	$ 482	$ 419	$ 323	$ 375
Basic Per Share Data:				
Continuing operations	$ 0.90	$ 0.78	$ 0.61	$ 0.72
Discontinued operations, net of tax	$ (0.01)	$ —	$ —	$ —
Net income attributable to the Company	$ 0.89	$ 0.78	$ 0.61	$ 0.72
Diluted Per Share Data:				
Continuing operations	$ 0.89	$ 0.77	$ 0.60	$ 0.71
Discontinued operations, net of tax	$ (0.01)	$ —	$ 0.01	$ —
Net income attributable to the Company	$ 0.88	$ 0.77	$ 0.61	$ 0.71
Dividends Paid Per Share	$ 0.28	$ 0.28	$ 0.31	$ 0.31

As of February 16th, 2017, there were 5,718 stockholders of record.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures. Based on their evaluation, as of the end of the period covered by this annual report on Form 10-K, the Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) are effective.

Internal Control over Financial Reporting.

(a) *Management's Annual Report on Internal Control Over Financial Reporting*

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Marsh & McLennan Companies, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures relating to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; the recording of all necessary transactions to permit the preparation of the Company's consolidated financial statements in accordance with generally accepted accounting principles; the proper authorization of receipts and expenditures in accordance with authorizations of the Company's management and directors; and the prevention or timely detection of the unauthorized acquisition, use or disposition of assets that could have a material effect on the Company's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2016 under the supervision and with the participation of the Company's principal executive and principal financial officers. In making this evaluation, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework issued in 2013. Based on its evaluation, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2016.

Deloitte & Touche LLP, the Independent Registered Public Accounting Firm that audited and reported on the Company's consolidated financial statements included in this annual report on Form 10-K, also issued an audit report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2016.

(b) *Audit Report of the Registered Public Accounting Firm.*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Marsh & McLennan Companies, Inc.
New York, New York

We have audited the internal control over financial reporting of Marsh & McLennan Companies, Inc. and subsidiaries (the "Company") as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control* - *Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Company and our report dated February 24, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

New York, New York
February 24, 2017

(c) *Changes in Internal Control Over Financial Reporting*

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Securities Exchange Act of 1934 that occurred during the quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information as to the directors and nominees for the board of directors of the Company is incorporated herein by reference to the material set forth under the heading "Item 1: Election of Directors" in the 2017 Proxy Statement.

The executive officers of the Company are Peter J. Beshar, John Q. Doyle, E. Scott Gilbert, Daniel S. Glaser, Laurie Ledford, Scott McDonald, Mark C. McGivney, Julio A. Portalatin and Peter Zaffino. Information with respect to these individuals is provided in Part I, Item 1 above under the heading "Executive Officers of the Company".

The information set forth in the 2017 Proxy Statement in the sections "Corporate Governance—Codes of Conduct", "Board of Directors and Committees—Committees—Audit Committee", "Additional Information—Transactions with Management and Others" and "Additional Information—Section 16(a) Beneficial Ownership Reporting Compliance" is incorporated herein by reference.

Item 11. Executive Compensation.

The information set forth in the sections "Board of Directors and Committees—Director Compensation" and "Executive Compensation—Compensation of Executive Officers" in the 2017 Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information set forth in the sections "Additional Information—Stock Ownership of Directors, Management and Certain Beneficial Owners" and "Additional Information—Equity Compensation Plan Information" in the 2017 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information set forth in the sections "Corporate Governance—Director Independence", "Corporate Governance—Review of Related-Person Transactions" and "Additional Information—Transactions with Management and Others" in the 2017 Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information set forth under the heading "Item 3: Ratification of Selection of Independent Registered Public Accounting Firm—Fees of Independent Registered Public Accounting Firm" in the 2017 Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules. [†]

The following documents are filed as a part of this report:

(1) Consolidated Financial Statements:

Consolidated Statements of Income for each of the three years in the period ended December 31, 2016

Consolidated Statements of Comprehensive Income for each of the three years in the period ended December 31, 2016

Consolidated Balance Sheets as of December 31, 2016 and 2015

Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2016

Consolidated Statements of Stockholders' Equity for each of the three years in the period ended December 31, 2016

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Other:

Selected Quarterly Financial Data and Supplemental Information (Unaudited) for fiscal years 2016 and 2015

Five-Year Statistical Summary of Operations

(2) All required Financial Statement Schedules are included in the Consolidated Financial Statements or the Notes to Consolidated Financial Statements.

(3) The following exhibits are filed as a part of this report:

(2.1) Stock Purchase Agreement, dated as of June 6, 2010, by and between Marsh & McLennan Companies, Inc. and Altegrity, Inc. (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010)

[†] As permitted by Item 601(b)(4)(iii)(A) of Regulation S-K, the Company has not filed with this Form 10-K certain instruments defining the rights of holders of long-term debt of the Company and its subsidiaries because the total amount of securities authorized under any of such instruments does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such agreement to the Commission upon request.

(3.1) Restated Certificate of Incorporation of Marsh & McLennan Companies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K dated July 17, 2008)

(3.2) Amended and Restated By-Laws of Marsh & McLennan Companies, Inc. (incorporated by reference to the Company's Current Report on Form 8-K dated January 12, 2017)

(4.1) Indenture dated as of June 14, 1999 between Marsh & McLennan Companies, Inc. and State Street Bank and Trust Company, as trustee (incorporated by reference to the Company's Registration Statement on Form S-3, Registration No. 333-108566)

(4.2) Third Supplemental Indenture dated as of July 30, 2003 between Marsh & McLennan Companies, Inc. and U.S. Bank National Association (as successor to State Street Bank and Trust Company), as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)

(4.3) Indenture dated as of March 19, 2002 between Marsh & McLennan Companies, Inc. and State Street Bank and Trust Company, as trustee (incorporated by reference to the Company's Registration Statement on Form S-4, Registration No. 333-87510)

(4.4) Indenture, dated as of July 15, 2011, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)

(4.5) First Supplemental Indenture, dated as of July 15, 2011, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)

(4.6) Form of Second Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated March 7, 2012)

(4.7) Form of Third Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated September 24, 2013)

(4.8) Form of Fourth Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated May 27, 2014)

(4.9) Form of Fifth Supplemental Indenture between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K dated September 10, 2014)

(4.10) Sixth Supplemental Indenture, dated as of March 6, 2015, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)

(4.11) Seventh Supplemental Indenture, dated as of September 14, 2015, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K filed on September 14, 2015)

(4.12) Eighth Supplemental Indenture, dated as of March 14, 2016, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on May 2, 2016)

(4.13) Ninth Supplemental Indenture, dated as of January 12, 2017, between Marsh & McLennan Companies, Inc. and The Bank of New York Mellon, as trustee

(10.1) *Marsh & McLennan Companies, Inc. U.S. Employee 1996 Cash Bonus Award Voluntary Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996)

(10.2) *Marsh & McLennan Companies, Inc. U.S. Employee 1997 Cash Bonus Award Voluntary Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1997)

(10.3) *Marsh & McLennan Companies, Inc. U.S. Employee 1998 Cash Bonus Award Voluntary Deferral Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1998)

(10.4) *Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company’s Annual Report on Form 10-K for the year ended December 31, 1999)

(10.5) *Amendments to Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005)

(10.6) *Form of Awards under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)

(10.7) *Additional Forms of Awards under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan (incorporated by reference to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2005)

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.8)	*Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2001)
(10.9)	*Form of Awards under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)
(10.10)	*Additional Forms of Awards under the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005)
(10.11)	*Form of Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006)
(10.12)	*Form of 2007 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007)
(10.13)	*Form of 2008 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008)
(10.14)	*Form of 2009 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009)

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.15) *Form of 2010 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010)

(10.16) *Form of 2011 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011)

(10.17) *Form of 2011 Long-term Incentive Award dated as of June 1, 2011 under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2011)

(10.18) *Form of 2012 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)

(10.19) *Form of 2013 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013)

(10.20) *Form of 2014 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)

(10.21) *Form of 2015 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)

(10.22) *Form of 2016 Long-term Incentive Award under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016)

(10.23) *Form of Deferred Stock Unit Award, dated as of February 24, 2012, under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.24) *Form of Deferred Stock Unit Award, dated as of March 1, 2013, under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013)

(10.25) *Form of Deferred Stock Unit Award, dated as of March 1, 2014, under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)

(10.26) *Form of Deferred Stock Unit Award, dated as of March 1, 2015, under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)

(10.27) *Form of Deferred Stock Unit Award, dated as of March 1, 2016 under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016)

(10.28) *Form of Restricted Stock Unit Awards, dated as of April 1, 2016 under the Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016)

(10.29) *Marsh & McLennan Companies, Inc. 2011 Incentive and Stock Award Plan (incorporated by reference to the Company's Registration Statement on Form S-8 dated August 5, 2011, Registration No. 333-176084)

(10.30) *Amendments to Certain Marsh & McLennan Companies Equity-Based Awards Due to U.S. Tax Law Changes Affecting Equity-Based Awards granted under the Marsh & McLennan Companies, Inc. 2000 Senior Executive Incentive and Stock Award Plan and the Marsh & McLennan Companies, Inc. 2000 Employee Incentive and Stock Award Plan, effective January 1, 2009 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2008)

(10.31) *Section 409A Amendment Document, effective as of January 1, 2009 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2008)

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.32)	*Section 409A Amendment Regarding Payments Conditioned Upon Employment-Related Action to Any and All Plans or Arrangements Entered into by the Marsh & McLennan Companies, Inc., or any of its Direct or Indirect Subsidiaries, that Provide for the Payment of Section 409A Nonqualified Deferred Compensation, effective December 21, 2012 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
(10.33)	*Marsh & McLennan Companies Supplemental Savings & Investment Plan (formerly the Marsh & McLennan Companies Stock Investment Supplemental Plan) Restatement, effective January 1, 2012 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
(10.34)	*First Amendment to the Marsh & McLennan Companies Supplemental Savings & Investment Plan Restatement effective January 1, 2012
(10.35)	*Marsh & McLennan Companies, Inc. Special Severance Pay Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1996)
(10.36)	*Marsh & McLennan Companies Benefit Equalization Plan and Marsh & McLennan Companies Supplemental Retirement Plan as Restated, effective January 1, 2012 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2012)
(10.37)	*First Amendment to the Marsh & McLennan Companies Benefit Equalization Plan and Marsh & McLennan Companies Supplemental Retirement Plan as Restated effective January 1, 2012
(10.38)	*Second Amendment to the Marsh & McLennan Companies Benefit Equalization Plan and Marsh & McLennan Companies Supplemental Retirement Plan as Restated effective January 1, 2012
(10.39)	*Marsh & McLennan Companies, Inc. Senior Executive Severance Pay Plan (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the Quarter ended March 31, 2008)
(10.40)	*Amendment to the Marsh & McLennan Companies, Inc. Senior Executive Severance Pay Plan, effective December 31, 2009 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2009)

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.41) *Marsh & McLennan Companies, Inc. Senior Management Incentive Compensation Plan (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994)

(10.42) *Marsh & McLennan Companies, Inc. Directors' Stock Compensation Plan - May 31, 2009 Restatement (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009)

(10.43) *Marsh & McLennan Companies International Retirement Plan As Amended and Restated Effective January 1, 2009 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014)

(10.44) *Description of compensation arrangements for independent directors of Marsh & McLennan Companies, Inc. effective June 1, 2016 (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016)

(10.45) *Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013)

(10.46) *Non-Competition and Non-Solicitation Agreement, effective as of September 18, 2013, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013)

(10.47) *Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)

(10.48) *Letter Agreement, effective as of February 22, 2016, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016)

(10.49) *Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)

(10.50) *Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.51) *Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)

(10.52) *Waiver and Release Agreement, dated April 5, 2016, between Marsh & McLennan Companies, Inc. and J. Michael Bischoff (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016)

(10.53) *Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)

(10.54) *Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)

(10.55) *Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)

(10.56) *Letter Agreement, effective as of May 18, 2016, between Marsh & McLennan Companies, Inc. and Peter Zaffino (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016)

(10.57) *Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Julio A. Portalatin (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)

(10.58) *Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and Julio A. Portalatin (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2013)

(10.59) *Letter Agreement, effective as of May 14, 2014, between Marsh & McLennan Companies, Inc. and Julio A. Portalatin (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014)

(10.60) *Letter Agreement, effective as of May 18, 2016, between Marsh & McLennan Companies, Inc. and Julio A. Portalatin (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016)

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

(10.61)	*Letter Agreement, effective as of March 20, 2013, between Marsh & McLennan Companies, Inc. and Peter J. Beshar (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)
(10.62)	*Non-Competition and Non-Solicitation Agreement, effective as of November 21, 2013, between Marsh & McLennan Companies, Inc. and Peter J. Beshar (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015)
(10.63)	*Letter Agreement, effective as of January 1, 2016, between Marsh & McLennan Companies, Inc. and Mark C. McGivney (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015)
(10.64)	*Non-Competition and Non-Solicitation Agreement, effective as of January 1, 2016, between Marsh & McLennan Companies, Inc. and Mark C. McGivney (incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015)
(12.1)	Statement Re: Computation of Ratio of Earnings to Fixed Charges
(14.1)	Code of Ethics for Chief Executive and Senior Financial Officers (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 2002)
(21.1)	List of Subsidiaries of Marsh & McLennan Companies, Inc. (as of February 17, 2017)
(23.1)	Consent of Independent Registered Public Accounting Firm
(24.1)	Power of Attorney (included on signature page)
(31.1)	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
(31.2)	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
(32.1)	Section 1350 Certifications
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 15(b) of Form 10-K.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MARSH & McLENNAN COMPANIES, INC.

Dated: February 24, 2017

By /S/ DANIEL S. GLASER

Daniel S. Glaser
President and Chief Executive Officer

Each person whose signature appears below hereby constitutes and appoints Carey S. Roberts and Tiffany D. Wooley, and each of them singly, such person's lawful attorneys-in-fact and agents, with full power to them and each of them to sign for such person, in the capacity indicated below, any and all amendments to this Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated this 24th day of February, 2017.

Name	Title	Date
/S/ DANIEL S. GLASER Daniel S. Glaser	Director, President & Chief Executive Officer	February 24, 2017
/S/ MARK C. MCGIVNEY Mark C. McGivney	Chief Financial Officer	February 24, 2017
/S/ ROBERT J. RAPPORT Robert J. Rapport	Senior Vice President & Controller (Chief Accounting Officer)	February 24, 2017
/S/ ANTHONY K. ANDERSON Anthony K. Anderson	Director	February 24, 2017
/S/ OSCAR FANJUL Oscar Fanjul	Director	February 24, 2017
/S/ H. EDWARD HANWAY H. Edward Hanway	Director	February 24, 2017
/S/ DEBORAH C. HOPKINS Deborah C. Hopkins	Director	February 24, 2017
/S/ ELAINE LA ROCHE Elaine La Roche	Director	February 24, 2017
/S/ STEVEN A. MILLS Steven A. Mills	Director	February 24, 2017

Name	Title	Date
/S/ BRUCE P. NOLOP Bruce P. Nolop	Director	February 24, 2017
/S/ MARC D. OKEN Marc D. Oken	Director	February 24, 2017
/S/ MORTON O. SCHAPIRO Morton O. Schapiro	Director	February 24, 2017
/S/ LLOYD M. YATES Lloyd M. Yates	Director	February 24, 2017
/S/ R. DAVID YOST R. David Yost	Director	February 24, 2017

Exhibit 31.1

CERTIFICATIONS

I, Daniel S. Glaser, certify that:

1. I have reviewed this Annual Report on Form 10-K of Marsh & McLennan Companies, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2017

/s/ Daniel S. Glaser

Daniel S. Glaser
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Mark C. McGivney, certify that:

1. I have reviewed this Annual Report on Form 10-K of Marsh & McLennan Companies, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2017	/s/ Mark C. McGivney
	Mark C. McGivney
	Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer and Chief Financial Officer

The certification set forth below is being submitted in connection with the Annual Report on Form 10-K for the year ended December 31, 2016 of Marsh & McLennan Companies, Inc. (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Daniel S. Glaser, the President and Chief Executive Officer, and Mark C. McGivney, the Chief Financial Officer, of Marsh & McLennan Companies, Inc. each certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Marsh & McLennan Companies, Inc.

Date: February 24, 2017	/s/ Daniel S. Glaser
	Daniel S. Glaser
	President and Chief Executive Officer

Date: February 24, 2017	/s/ Mark C. McGivney
	Mark C. McGivney
	Chief Financial Officer

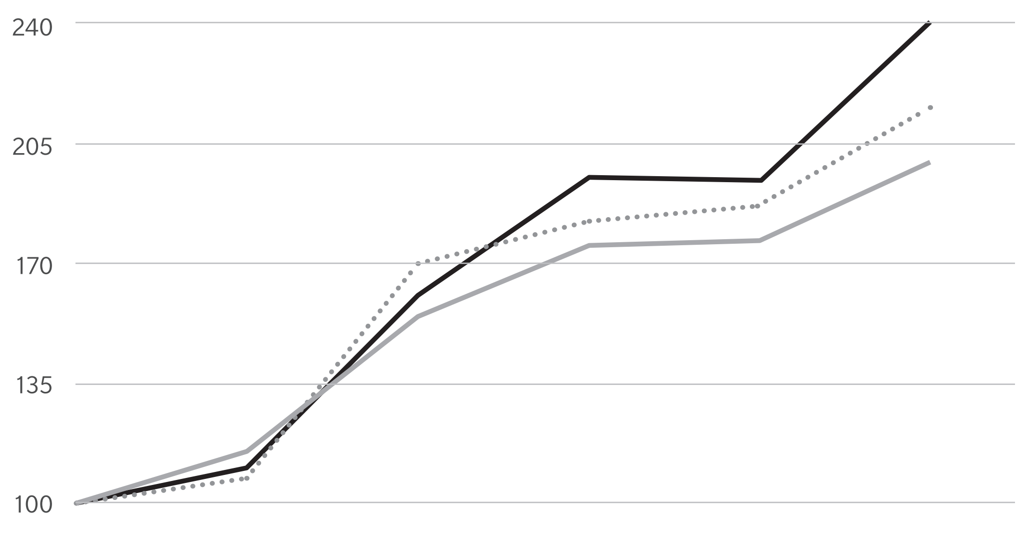
Stock performance graph

The following graph compares the annual cumulative stockholder return for the five-year period ended December 31, 2016 on: Marsh & McLennan Companies common stock; a management-constructed composite industry index; and the Standard & Poor's 500 Stock Index. The graph assumes an investment of $100 on December 31, 2011 in Marsh & McLennan Companies common stock and each of the two indices, with dividends reinvested.

Returns on the composite industry index reflect allocation of the total amount invested among the constituent stocks on a pro rata basis according to each issuer's start-of-the-year market capitalization. The composite industry index consists of Aon plc, Willis Towers Watson Public Limited Company and Arthur J. Gallagher & Co.

Comparison of Cumulative Total Stockholder Return

($100 INVESTED 12/31/11 WITH DIVIDENDS REINVESTED)



	2011	2012	2013	2014	2015	2016
Marsh & McLennan Companies	100	112	161	195	193	240
Composite Industry Index	100	108	170	181	186	214
S&P 500	100	116	154	175	177	198

Stockholder information

ANNUAL MEETING
The 2017 Annual Meeting of Stockholders will be held at 10:00 a.m., Thursday, May 18, 2017, at the following location:

Directors Guild of America
110 West 57th Street
New York, NY 10019

INVESTOR INFORMATION
Stockholders of record inquiring about reinvestment and payment of dividends, consolidation of accounts, stock certificate holdings, stock certificate transfers and address changes should contact:

Wells Fargo Shareowner Services
P.O. Box 64854
St. Paul, MN 55164-0854
Telephone: 800 457 8968 or
651 450 4064 (Outside US/Canada)

Mailing Address:
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
Wells Fargo's website:
www.shareowneronline.com

Stockholders who hold shares of Marsh & McLennan Companies beneficially through a broker, bank or other intermediary organization should contact that organization for these services.

DIRECT PURCHASE PLAN
Stockholders of record and other interested investors can purchase Marsh & McLennan Companies common stock directly through the Company's transfer agent and the Administrator for the Plan, Wells Fargo. A brochure on the Plan is available on the Wells Fargo website or by contacting Wells Fargo directly:

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P.O. Box 64854
St. Paul, MN 55164-0854
Telephone: 800 457 8968 or
651 450 4064 (Outside US/Canada)
Wells Fargo's website:
www.shareowneronline.com

FINANCIAL INFORMATION
Copies of Marsh & McLennan Companies annual reports and Forms 10-K and 10-Q are available on the Company's website. These documents also may be requested by contacting:

Marsh & McLennan Companies, Inc.
Investor Relations
1166 Avenue of the Americas
New York, NY 10036
Telephone: 212 345 6902
Website: www.mmc.com

STOCK LISTINGS
Marsh & McLennan Companies common stock (ticker symbol: MMC) is listed on the New York, Chicago and London Stock Exchanges.

PROCEDURES FOR RAISING COMPLAINTS AND CONCERNS REGARDING ACCOUNTING MATTERS
Marsh & McLennan Companies is committed to complying with all applicable accounting standards, internal accounting controls, audit practices and securities laws and regulations (collectively, "Accounting Matters"). To raise a complaint or concern regarding Accounting Matters, you may contact the Company by mail, telephone or online. You may review the Company's procedures for handling complaints and concerns regarding Accounting Matters at www.mmc.com.

By mail:
Marsh & McLennan Companies, Inc.
Audit Committee
c/o Carey Roberts, Corporate Secretary
1166 Avenue of the Americas
New York, NY 10036

By telephone or online:
Visit www.ethicscomplianceline.com for dialing instructions or to raise a concern online.

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Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, NY 10036
www.mmc.com