MARSH & McLENNAN NYSE-MMC

RECENT PRICE	43.78	P/E RATIO	14.3 (Trailing: 14.5) (Median: 19.0)	RELATIVE P/E RATIO	0.82	DIV'D YLD	3.1%	VALUE LINE

TIMELINESS 3 Lowered 8/13/04
SAFETY 2 Lowered 9/1/00
TECHNICAL 3 Raised 5/7/04
BETA 1.20 (1.00 = Market)

High:	16.3	14.8	15.0	19.1	26.7	32.2	48.4	67.8	59.0	57.3	55.0	49.7
Low:	12.8	11.9	12.7	14.0	17.1	21.7	28.6	35.3	39.5	34.6	38.3	42.1

Target Price Range
2007 | 2008 | 2009

2007-09 PROJECTIONS

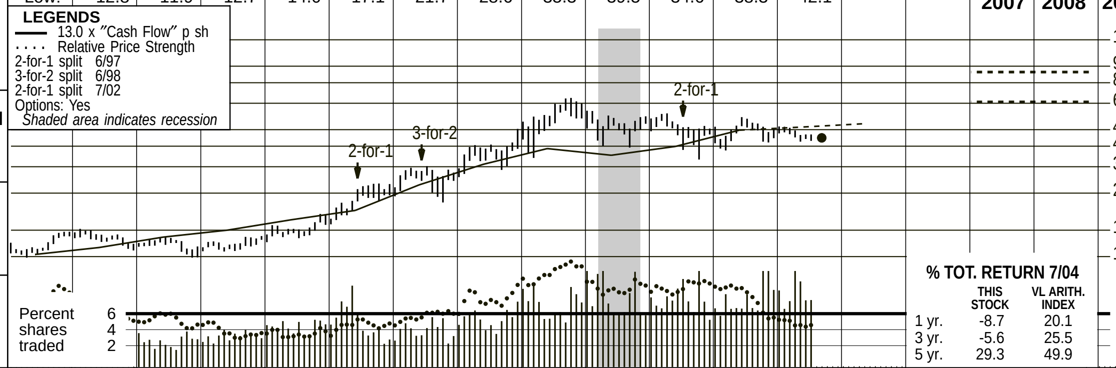
	Price	Gain	Ann'l Total Return
High	90	(+105%)	22%
Low	65	(+50%)	13%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	1	0	0	0	0	0	0
Options	0	0	0	8	1	0	0	1	0
to Sell	0	0	0	1	1	0	0	1	0

Institutional Decisions

	3Q2003	4Q2003	1Q2004
to Buy	341	316	306
to Sell	280	380	297
Hld's(000)	350078	391484	384466



% TOT. RETURN 7/04

	THIS STOCK	VL ARITH. INDEX
1 yr.	-8.7	20.1
3 yr.	-5.6	25.5
5 yr.	29.3	49.9

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	© VALUE LINE PUB., INC.	07-09
5.30	5.59	6.17	6.45	6.68	7.13	7.82	8.63	9.56	11.62	13.89	17.04	18.24	17.74	18.62	22.00	***23.70***	***24.55***	Revenues per sh [A]	***29.25***
.88	.88	.93	.97	.95	1.02	1.14	1.23	1.38	1.53	2.02	2.53	3.00	2.79	3.08	3.67	***3.80***	***3.95***	"Cash Flow" per sh	***5.00***
.68	.68	.69	.70	.70	.75	.87	.92	1.06	1.18	1.49	1.74	2.05	1.93	2.46	2.82	***3.07***	***3.15***	Earnings per sh [B]	***4.00***
.41	.42	.43	.43	.45	.45	.48	.51	.57	.65	.77	.88	.90	1.03	1.11	1.18	***1.30***	***1.40***	Div'ds Decl'd per sh [C] ■	***1.75***
.87	.37	.35	.19	.19	.22	.34	.31	.36	.39	.57	.67	.92	.77	.75	.83	***.75***	***.80***	Cap'l Spending per sh	***1.25***
1.76	2.01	2.46	2.40	2.51	3.08	3.33	3.81	4.35	6.19	7.07	7.76	9.39	9.23	8.95	10.35	***10.95***	***11.45***	Book Value per sh [D]	***13.75***
429.09	434.56	441.13	431.04	439.65	443.59	439.20	436.64	433.91	517.17	517.73	537.39	556.76	560.64	560.64	526.74	***525.00***	***525.00***	Common Shs Outst'g [E]	***530.00***
13.1	16.5	17.6	18.5	19.3	19.5	15.8	14.8	15.2	19.1	19.0	21.2	26.4	26.2	20.0	16.7	*Bold figures are*		Avg Ann'l P/E Ratio	***19.5***
1.09	1.25	1.31	1.18	1.17	1.15	1.04	.99	.95	1.10	.99	1.21	1.72	1.34	1.09	.97	*Value Line*		Relative P/E Ratio	***1.30***
4.6%	3.7%	3.5%	3.4%	3.3%	3.1%	3.5%	3.7%	3.5%	2.9%	2.7%	2.4%	1.7%	2.0%	2.3%	2.5%	*estimates*		Avg Ann'l Div'd Yield	***2.4%***

CAPITAL STRUCTURE as of 6/30/04

Total Debt $3210 mill. **Due in 5 Yrs** $1929 mill.
Long Term Debt $2299 mill. **LT Int.** $165 mill.
(35% of Cap'l)

Leases, Uncapitalized Annual rentals $447.0 mill.
Pension Assets-12/03 $3934 mill. **Oblg.** $4666 mill.

Pfd Stock None

Common Stock 520,624,251 shs.
as of 7/21/04

Market Cap: $22.9 billion (Large Cap)

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005		07-09
3435.0	3770.3	4149.7	6008.6	7190.0	9157.0	10157	9943.0	10422	11588	***12450***	***12900***	Revenues ($mill) [A]	***15500***
23.0%	22.0%	20.6%	20.6%	23.2%	24.0%	26.3%	22.4%	25.2%	24.9%	***23.5%***	***23.5%***	Operating Margin	***25.0%***
120.6	135.1	140.0	199.1	251.0	400.0	488.0	325.0	359.0	391.0	***400***	***420***	Depreciation ($mill)	***475***
382.0	402.9	459.3	592.3	796.0	959.0	1181.0	1238.4	1365.0	1540.0	***1610***	***1655***	Net Profit ($mill)	***2175***
39.5%	38.0%	31.2%	38.3%	39.0%	39.5%	38.5%	27.2%	35.0%	33.0%	***33.0%***	***33.0%***	Income Tax Rate	***34.0%***
11.1%	10.7%	11.1%	9.9%	11.1%	10.5%	11.6%	12.5%	13.1%	13.3%	***12.9%***	***12.8%***	Net Profit Margin	***14.0%***
53.7	109.6	192.3	189.5	d1757	d1035	d480.0	d146.0	d199.0	d188.0	***d450***	***d350***	Working Cap'l ($mill)	***200***
409.4	410.6	458.2	1239.8	1590.0	2357.0	2347.0	2334.0	2891.0	2910.0	***4000***	***4000***	Long-Term Debt ($mill)	***3000***
1460.6	1665.5	1888.6	3198.8	3659.0	4170.0	5228.0	5173.0	5018.0	5451.0	***5750***	***6000***	Shr. Equity ($mill) [D]	***7300***
21.6%	20.7%	20.8%	14.5%	15.4%	15.9%	16.6%	17.4%	18.1%	19.3%	***16.5%***	***16.5%***	Return on Total Cap'l	***21.1%***
26.2%	24.2%	24.3%	18.5%	21.8%	23.0%	22.6%	23.9%	27.2%	28.3%	***28.0%***	***27.5%***	Return on Shr. Equity	***30.0%***
12.0%	11.2%	11.7%	9.0%	11.5%	12.3%	12.8%	13.0%	15.4%	16.7%	***16.0%***	***15.0%***	Retained to Com Eq	***16.5%***
54%	54%	52%	52%	47%	47%	44%	46%	43%	41%	***42%***	***44%***	All Div'ds to Net Prof	***44%***

CURRENT POSITION ($MILL.)	2002	2003	6/30/04
Cash Assets	546	665	399
Receivables	2602	2819	2867
Other	516	417	459
Current Assets	3664	3901	3725
Accts Payable	1406	1511	1500
Debt Due	543	447	911
Other	1914	2131	1761
Current Liab.	3863	4089	4172

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '01-'03 to '07-'09
Revenues	11.0%	10.5%	*7.0%*
"Cash Flow"	12.5%	14.0%	*8.0%*
Earnings	13.0%	14.0%	*9.0%*
Dividends	9.5%	11.0%	*8.0%*
Book Value	13.5%	10.0%	*6.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	2594	2505	2371	2473	9943
2002	2635	2612	2553	2622	10422
2003	2852	2865	2837	3034	11588
2004	3210	3036	***2954***	***3250***	***12450***
2005	***3300***	***3125***	***3150***	***3325***	***12900***

Cal-endar	EARNINGS PER SHARE [B] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.64	.51	.29	.49	1.93
2002	.74	.60	.55	.57	2.46
2003	.81	.66	.67	.70	2.82
2004	.94	.73	***.70***	***.70***	***3.07***
2005	***.95***	***.74***	***.72***	***.74***	***3.15***

Cal-endar	QUARTERLY DIVIDENDS PAID [C] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2000	.225	.225	.25	.25	.95
2001	.25	.25	.265	.265	1.03
2002	.265	.265	.28	.28	1.09
2003	.28	.28	.31	.31	1.18
2004	.31	.31	.34		

BUSINESS: Marsh & McLennan Companies, Inc. is a holding company. Marsh & McLennan Inc., the major subsidiary, is the world's largest insurance broker. Other subsidiaries include The Putnam Group (investment services) and Mercer Group (Human Resources and Management Consulting). 2003 revenue sources: insurance services, 59%; consulting, 22%; investment management, 19%. Acquired France's Faugere & Jutheau, '92. Sedgwick Corp, '98. Has approximately 60,500 employees; 10,000 shareholders. Officers & Directors own about 2.2% of stock; Marsh & McLennan Empl., 5.2% (3/04 Proxy). Chairman and CEO: Jeffrey Greenberg. Address: 1166 Ave. of the Americas, New York, NY 10036. Telephone: 212-345-5000. Internet: www.marshmac.com.

Marsh & McLennan has completed its purchase of Kroll. The $1.9 billion price tag was funded with $1.1 billion in long-term debt and the remainder with commercial paper. Based on strong growth at the acquired company, management at Marsh is figuring that the company can deliver $800 million to $850 million in revenue next year. The risk services area is hot right now, and Marsh is paying up to augment its already fairly strong position in this fast-growing field.

The flagship insurance unit is poised for slower growth. In general, prices for insurance products are starting to soften, suggesting further possible declines in the months ahead. Terms and conditions for reinsurance contracts are becoming more lenient, too. This signals that organic growth will be hard to come by. Since Marsh is such a strong player in this field, pricing is likely to have an outsized effect on margins. For now, we are not assuming a worse-case scenario, expecting the company to be able to book slightly better revenue figures in 2005.

Debt is accumulating on the back of acquisitions and other uses for cash flow. Share repurchases cost the company $500 million so far this year and the dividend, so far, about $325 million, which is about half of our anticipated $1.6 billion in free cash flow. By the end of the year, we figure long-term debt will be about $4 billion but short-term debt will be minimal. Even so, about half of the company's debt is floating-rate, which could cause interest expense to go up if rates rise. Current debt levels are higher than they have been and will likely limit the company's flexibility for at least a year or two.

While the outlook to 2007-2009 is promising, the excessive price tag for Kroll raises some caution flags. We would have preferred that the company focus its prodigious cash flow on raising the dividend and buying back stock. For the $2 billion spent on Kroll, the company expects to have an aftertax contribution of just under $11 million in 2005 and an estimated $22 million in 2006. Further expenditures along these lines may well result in a lower valuation as investors price in lower-return expectations. The stock is an average choice for the coming months.

John Koller *August 27, 2004*

(A) Gross commissions, fees, & other income. (B) Avg. shares outstanding thru 1996, then diluted. Excludes nonrecurring gain (losses): '92, (28¢); '94, (7¢); '97, (77¢), '99 (86¢); '01, 48¢. Next egs. report due late Oct. 2003 earnings do not sum due to change in shares outstanding. (C) Dividends historically paid mid Feb., May, Aug., Nov. ■Dividend reinvestment plan available. (D) Includes intangibles. At 12/31/03: $5.8 billion or $11.00/sh. (E) In millions, adjusted for stock splits.

Company's Financial Strength	A+
Stock's Price Stability	75
Price Growth Persistence	80
Earnings Predictability	95