SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2019

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to

Marsh & McLennan Companies, Inc.

MARSH & McLENNAN COMPANIES

1166 Avenue of the Americas
New York, New York 10036
(212) 345-5000

Commission file number 1-5998
State of Incorporation: Delaware
I.R.S. Employer Identification No. 36-2668272

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 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 25, 2019, there were outstanding 504,668,238 shares of common stock, par value $1.00 per share, of the registrant.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q 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," "forecast," "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 ability to successfully integrate or achieve the intended benefits of the acquisition of JLT;
- the impact of any investigations, reviews, or other activity by regulatory or law enforcement authorities, including the ongoing investigation by the European Commission competition authority;
- 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 large volume of our vendor network and the need to identify and patch software vulnerabilities, including those in the existing JLT information systems;
- our ability to maintain our credit ratings and repay our outstanding long-term debt in a timely manner and on favorable terms, including approximately $6.8 billion issued in connection with the acquisition of JLT;
- the impact from lawsuits, other contingent liabilities and loss contingencies arising from errors and omissions, breach of fiduciary duty or other claims against us;
- our ability to compete effectively and adapt to changes in the competitive environment, including to respond to disintermediation, digital disruption and other types of innovation;
- the financial and operational impact of complying with laws and regulations where we operate and the risks of noncompliance with such laws, including cybersecurity and data privacy regulations such as the E.U.'s General Data Protection Regulation, anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and trade sanctions regimes;
- the impact of macroeconomic, political, regulatory or market conditions on us, our clients and the industries in which we operate, including the impact and uncertainty around Brexit or the inability to collect on our receivables;
- the regulatory, contractual and reputational risks that arise based on insurance placement activities and various broker revenue streams;
- our ability to manage risks associated with our investment management and related services business, including potential conflicts of interest between investment consulting and fiduciary management services;
- our ability to successfully recover if we experience a business continuity problem due to cyberattack, natural disaster or otherwise; and
- the impact of changes in tax laws, guidance and interpretations, including certain provisions of the U.S. Tax Cuts and Jobs Act, or disagreements with tax authorities.

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 and in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our most recently filed Annual Report on Form 10-K.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	**2019**	2018	**2019**	2018
Revenue	**$ 3,968**	$ 3,504	**$ 12,388**	$ 11,238
Expense:				
Compensation and benefits	**2,437**	2,083	**7,256**	6,442
Other operating expenses	**1,064**	880	**3,047**	2,656
Operating expenses	**3,501**	2,963	**10,303**	9,098
Operating income	**467**	541	**2,085**	2,140
Other net benefit credits	**69**	63	**203**	194
Interest income	**4**	2	**34**	8
Interest expense	**(133)**	(69)	**(394)**	(198)
Cost of extinguishment of debt	**—**	—	**(32)**	—
Investment income (loss)	**7**	(52)	**20**	(24)
Acquisition related derivative contracts	**—**	(100)	**(8)**	(100)
Income before income taxes	**414**	385	**1,908**	2,020
Income tax expense	**108**	106	**531**	509
Net income before non-controlling interests	**306**	279	**1,377**	1,511
Less: Net income attributable to non-controlling interests	**3**	3	**26**	14
Net income attributable to the Company	**$ 303**	$ 276	**$ 1,351**	$ 1,497
Net income per share attributable to the Company:				
Basic	**$ 0.60**	$ 0.55	**$ 2.67**	$ 2.96
Diluted	**$ 0.59**	$ 0.54	**$ 2.64**	$ 2.93
Average number of shares outstanding:				
Basic	**506**	504	**506**	506
Diluted	**511**	510	**511**	512
Shares outstanding at September 30,	**505**	504	**505**	504

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2019**	2018	**2019**	2018
Net income before non-controlling interests	**$ 306**	$ 279	**$ 1,377**	$ 1,511
Other comprehensive (loss) income, before tax:				
Foreign currency translation adjustments	**(475)**	(237)	**(366)**	(538)
Gain related to pension/post-retirement plans	**82**	23	**102**	131
Other comprehensive (loss), before tax	**(393)**	(214)	**(264)**	(407)
Income tax on other comprehensive loss	**11**	9	**20**	24
Other comprehensive (loss), net of tax	**(404)**	(223)	**(284)**	(431)
Comprehensive (loss) income	**(98)**	56	**1,093**	1,080
Less: comprehensive income attributable to non-controlling interest	**3**	3	**26**	14
Comprehensive (loss) income attributable to the Company	**$ (101)**	$ 53	**$ 1,067**	$ 1,066

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

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

(In millions, except share amounts)	**(Unaudited) September 30, 2019**	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 1,213**	$ 1,066
Receivables		
Commissions and fees	**4,636**	3,984
Advanced premiums and claims	**126**	79
Other	**575**	366
	5,337	4,429
Less-allowance for doubtful accounts and cancellations	**(139)**	(112)
Net receivables	**5,198**	4,317
Other current assets	**645**	551
Total current assets	**7,056**	5,934
Goodwill	**14,286**	9,599
Other intangible assets	**2,869**	1,437
Fixed assets (net of accumulated depreciation and amortization of $1,944 at September 30, 2019 and $1,842 at December 31, 2018)	**816**	701
Pension related assets	**1,857**	1,688
Right of use assets	**1,957**	—
Deferred tax assets	**603**	680
Other assets	**1,653**	1,539
	$ 31,097	$ 21,578

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

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

(In millions, except share amounts)	**(Unaudited) September 30, 2019**	December 31, 2018
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	**$ 1,139**	$ 314
Accounts payable and accrued liabilities	**2,479**	2,234
Accrued compensation and employee benefits	**1,762**	1,778
Acquisition related derivatives	**—**	441
Current lease liabilities	**341**	—
Accrued income taxes	**251**	157
Dividends payable	**232**	—
Total current liabilities	**6,204**	4,924
Fiduciary liabilities	**7,547**	5,001
Less – cash and investments held in a fiduciary capacity	**(7,547)**	(5,001)
	—	—
Long-term debt	**11,429**	5,510
Pension, post-retirement and post-employment benefits	**1,998**	1,911
Long-term lease liabilities	**1,957**	—
Liabilities for errors and omissions	**324**	287
Other liabilities	**1,388**	1,362
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 September 30, 2019 and December 31, 2018	**561**	561
Additional paid-in capital	**796**	817
Retained earnings	**14,811**	14,347
Accumulated other comprehensive loss	**(4,931)**	(4,647)
Non-controlling interests	**177**	73
	11,414	11,151
Less – treasury shares, at cost, 55,643,998 shares at September 30, 2019 and 56,804,468 shares at December 31, 2018	**(3,617)**	(3,567)
Total equity	**7,797**	7,584
	$ 31,097	$ 21,578

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

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

For the Nine Months Ended September 30, *(In millions)*	**2019**	2018
Operating cash flows:		
Net income before non-controlling interests	**$ 1,377**	$ 1,511
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization of fixed assets and capitalized software	**245**	236
Amortization of intangible assets	**235**	135
Non cash lease expense	**236**	—
Adjustments and payments related to contingent consideration liability	**(9)**	(10)
Charge for early extinguishment of debt	**32**	—
Provision for deferred income taxes	**95**	66
Loss (gain) on investments	**(20)**	24
Loss (gain) on disposition of assets	**36**	(53)
Share-based compensation expense	**184**	146
Change in fair value of acquisition-related derivative contracts	**8**	100
Changes in assets and liabilities:		
Net receivables	**(84)**	(210)
Other current assets	**30**	19
Other assets	**(59)**	(51)
Accounts payable and accrued liabilities	**(126)**	(3)
Accrued compensation and employee benefits	**(281)**	(312)
Accrued income taxes	**120**	(13)
Contributions to pension and other benefit plans in excess of current year expense/credit	**(269)**	(250)
Other liabilities	**(149)**	11
Operating lease liabilities	**(240)**	—
Effect of exchange rate changes	**(70)**	(27)
Net cash provided by operations	**1,291**	1,319
Financing cash flows:		
Purchase of treasury shares	**(300)**	(675)
Net increase in commercial paper	**325**	75
Net increase in short term borrowings	**300**	—
Proceeds from issuance of debt	**6,459**	592
Repayments of debt	**(760)**	(10)
Payment of bridge loan fees	**—**	(24)
Payments for early extinguishment of debt	**(585)**	—
Purchase of non-controlling interests	**(75)**	—
Acquisition-related derivative payments	**(337)**	—
Shares withheld for taxes on vested units – treasury shares	**(89)**	(62)
Issuance of common stock from treasury shares	**132**	72
Payments of deferred and contingent consideration for acquisitions	**(60)**	(106)
Distributions of non-controlling interests	**(18)**	(15)
Dividends paid	**(655)**	(594)
Net cash provided by (used for) financing activities	**4,337**	(747)
Investing cash flows:		
Capital expenditures	**(284)**	(222)
Sales (purchases) of long-term investments	**193**	(1)
Purchase of equity investment	**(91)**	—
Proceeds from sales of fixed assets	**4**	3
Dispositions	**225**	5
Acquisitions	**(5,500)**	(536)
Other, net	**(51)**	(1)
Net cash used for investing activities	**(5,504)**	(752)
Effect of exchange rate changes on cash and cash equivalents	**23**	(74)
Increase (decrease) in cash and cash equivalents	**147**	(254)

Cash and cash equivalents at beginning of period		**1,066**		1,205
Cash and cash equivalents at end of period	**$**	**1,213**	$	951

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

(In millions, except per share amounts)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
COMMON STOCK				
Balance, beginning and end of period	**$ 561**	$ 561	**$ 561**	$ 561
ADDITIONAL PAID-IN CAPITAL				
Balance, beginning of period	**$ 736**	$ 732	**$ 817**	$ 784
Change in accrued stock compensation costs	**65**	46	**23**	20
Issuance of shares under stock compensation plans and employee stock purchase plans	**(5)**	(7)	**(44)**	(33)
Balance, end of period	**$ 796**	$ 771	**$ 796**	$ 771
RETAINED EARNINGS				
Balance, beginning of period	**$ 14,741**	$ 14,131	**$ 14,347**	$ 13,140
Cumulative effect of adoption of the revenue recognition standard (See Note 19)	**—**	—	**—**	364
Net income attributable to the Company	**303**	276	**1,351**	1,497
Dividend equivalents declared	**(2)**	(2)	**(6)**	(5)
Dividends declared	**(231)**	(209)	**(881)**	(800)
Balance, end of period	**$ 14,811**	$ 14,196	**$ 14,811**	$ 14,196
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Balance, beginning of period	**$ (4,527)**	$ (4,265)	**$ (4,647)**	$ (4,043)
Cumulative effect of adoption of the financial instruments standard (See Note 19)	**—**	—	**—**	(14)
Other comprehensive loss, net of tax	**(404)**	(223)	**(284)**	(431)
Balance, end of period	**$ (4,931)**	$ (4,488)	**$ (4,931)**	$ (4,488)
TREASURY SHARES				
Balance, beginning of period	**$ (3,446)**	$ (3,443)	**$ (3,567)**	$ (3,083)
Issuance of shares under stock compensation plans and employee stock purchase plans	**29**	31	**250**	171
Purchase of treasury shares	**(200)**	(175)	**(300)**	(675)
Balance, end of period	**$ (3,617)**	$ (3,587)	**$ (3,617)**	$ (3,587)
NON-CONTROLLING INTERESTS				
Balance, beginning of period	**$ 272**	$ 81	**$ 73**	$ 83
Net income attributable to non-controlling interests	**3**	3	**26**	14
Net non-controlling interests (disposed) acquired	**(100)**	—	**95**	—
Distributions and other changes	**2**	1	**(17)**	(12)
Balance, end of period	**$ 177**	$ 85	**$ 177**	$ 85
TOTAL EQUITY	**$ 7,797**	$ 7,538	**$ 7,797**	$ 7,538
Dividends declared per share	**$ 0.455**	$ 0.415	**$ 1.740**	$ 1.580

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

1. Nature of Operations

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

The Risk and Insurance Services ("RIS") segment provides risk management solutions, services, advice 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. Mercer provides consulting expertise, advice, services and solutions in the areas of health, wealth and career consulting services and products. Oliver Wyman provides specialized management and economic and brand consulting services.

On April 1, 2019, the Company completed its previously announced acquisition (the "Transaction") of all of the outstanding shares of Jardine Lloyd Thompson Group plc ("JLT"), a public company organized under the laws of England and Wales. JLT's results of operation for the three month period ended September 30, 2019 are included in the Company's results of operations for the three month period ended September 30, 2019. JLT's results of operation for the six months from April 1, 2019 to September 30, 2019 are included in the Company's results of operations for the nine month period ended September 30, 2019. Prior periods in 2018 do not reflect JLT's results of operations and therefore may affect comparability. Prior to being acquired by the Company, JLT operated in three segments: Specialty, Reinsurance and Employee Benefits. JLT operated in 41 countries, with significant revenue in the United Kingdom, Pacific, Asia and the United States. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty is included by geography within Marsh, JLT Reinsurance is included in Guy Carpenter and the majority of JLT's Employee Benefits business is included in Mercer Health and Wealth.

2. Principles of Consolidation and Other Matters

The consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. While certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations for interim filings, the Company believes that the information and disclosures presented are adequate to make such information and disclosures not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (the "2018 Form 10-K").

The financial information contained herein reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the Company's consolidated financial statements as of and for the three and nine month periods ended September 30, 2019 and 2018.

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 of the United States or as collateral under captive insurance arrangements. At September 30, 2019, the Company maintained $193 million compared to $186 million at December 31, 2018 related to these regulatory requirements.

Investments

The caption "Investment income" in the consolidated statements of income comprises realized and unrealized gains and losses from investments recognized in earnings. It includes, when applicable, other than temporary declines in the value of securities, mark-to-market increases or decreases in equity investments with readily determinable fair values and equity method gains or losses on the Company's investments in private equity funds.

The Company holds investments in certain private equity funds that 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 the Company's proportionate share of the change in fair value of the funds are recorded in earnings. Investments accounted for using the equity method of accounting are included in "other assets" in the consolidated balance sheets.

The Company recorded net investment income of $7 million and $20 million for the three and nine month periods ended September 30, 2019 compared to net investment losses of $52 million and $24 million for the three and nine month periods ended September 30, 2018. The three and nine month periods ending September 30, 2019 includes gains of $4 million and $10 million related to mark-to-market changes in equity securities and gains of $3 million and $10 million related to investments in private equity funds and other investments. The three and nine months periods ending September 30, 2018 include an $81 million impairment charge related to an other than temporary decline in the Company's equity method investment in Alexander Forbes (see Note 10). The three and nine month periods ending September 30, 2018 also include gains of $25 million and $43 million, respectively, related to mark-to-market changes in equity securities and $4 million and $14 million, respectively, related to investments in private equity funds and other investments.

Leases

Effective January 1, 2019, the Company adopted the new accounting standard related to leases. Under the new standard, a lessee is required to recognize assets and liabilities for its leases with lease terms of more than 12 months. The Company adopted this new standard using the modified retrospective method, which applies the new guidance beginning with the year of adoption, with the cumulative effect of initially applying the standard recognized as an adjustment to retained earnings at January 1, 2019. There was no cumulative-effect adjustment required to be recorded to retained earnings upon transition. Prior period results have not been restated to reflect the adoption of this new standard.

On January 1, 2019, the Company recognized a lease liability of $1.9 billion and a corresponding right-of-use asset ("ROU asset") of $1.7 billion, including the reclassification of approximately $200 million of unamortized lease incentives and restructuring liabilities, upon the adoption of this standard, with minimal impact on the consolidated statement of income.

See Note 12 for further information related to Leases.

Income Taxes

The Company's effective tax rate in the third quarter of 2019 was 26.0% compared with 27.5% in the third quarter of 2018. The effective tax rates for the first nine months of 2019 and 2018 were 27.8% and 25.2%, respectively. The rate in the first nine months of 2019 reflects discrete adjustments related to the JLT acquisition, including tax on the disposition of JLT’s aerospace business and nondeductible expenses incurred in connection with the Transaction. The rate in the third quarter of 2018 as well as the first nine months of 2018 reflect the impact of a charge related to the Company’s investment in Alexander Forbes as discussed in Note 10, largely offset by favorable adjustments to the estimated impact of tax reform. Both periods reflect the effect of other discrete tax matters such as excess tax benefits related to share-based compensation, tax legislation, changes in uncertain tax positions, deferred tax adjustments and nontaxable adjustments to contingent acquisition consideration.

The Company is routinely examined by tax authorities in the jurisdictions in which it has significant operations. The Company regularly considers the likelihood of assessments in each of the taxing jurisdictions resulting from examinations. When evaluating the potential imposition of penalties, the Company considers a number of relevant factors under penalty statutes, including appropriate disclosure of the tax return position, the existence of legal authority supporting the Company's position, and reliance on the opinion of professional tax advisors.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in tax returns. The Company's gross unrecognized tax benefits decreased from $78 million at December 31, 2018 to $76 million at September 30, 2019 due to settlements of audits and expirations of statutes of limitation partially offset by current accruals. 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 settlements of audits and expirations of statutes of limitation.

Integration and Restructuring Charges

Severance and related costs are recognized based on amounts due under established severance plans or estimates of one-time benefits that will be provided. Typically, severance benefits are recognized when the impacted colleagues are notified of their expected termination and such termination is expected to occur within the legally required notification period. These costs are included in compensation and benefits in the consolidated statements of income.

Costs for real estate consolidation are recognized based on the type of cost, and the expected future use of the facility. For locations where the Company does not expect to sub-lease the property, the amortization of any right-of-use asset is accelerated from the decision date to the cease use date. For locations where the Company expects to sub-lease the properties subsequent to its vacating the property, the right-of-use asset is reviewed for potential impairment at the earlier of the cease use date or the date a sub-lease is signed. To determine the amount of impairment, the fair value of the right-of-use asset is determined based on the present value of the estimated net cash flows related to the property. Contractual costs outside of the right-of-use asset are recognized based on their net present value of expected future cash outflows for which the Company will not receive any benefit. Such amounts are reliant on estimates of future sub-lease income to be received and future contractual costs to be incurred. These costs are included in other operating expenses in the consolidated statements of income.

Other costs related to integration and restructuring, such as moving, legal or consulting costs are recognized as incurred. These costs are included in other operating expenses in the consolidated statements of income.

3. Revenue

The core principle of the revenue recognition 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 applies 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.

Other revenue included in the consolidated statements of income that is not from contracts with customers is less than 1% of total revenue, and therefore is not presented as a separate line item.

Risk and Insurance Services

Risk and Insurance Services revenue reflects compensation 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. For the majority of the insurance and reinsurance brokerage arrangements, advice and services provided which culminate in the placement of an effective policy are considered a single performance obligation. Arrangements with clients may include the placement of a single policy, multiple policies or a combination of policy placements and other services. Consideration related to such "bundled arrangements" is allocated to the individual performance obligations based on their relative fair value. Revenue for policy placement is generally recognized on the policy effective date, at which point control over the services provided by the Company has transferred to the client and the client has accepted the services. The contractual terms for certain fee based brokerage arrangements meet the criteria for revenue recognition over time. For such arrangements, revenue is recognized using output measures, which correspond to the progress toward completing the performance obligation. Fees for non-risk transfer services provided to clients are recognized over time in the period the services are provided, using a proportional performance model, primarily based on input measures. These measures of progress provide a faithful depiction of the progress towards completion of the performance obligation.

Revenue related to reinsurance brokerage for excess of loss ("XOL") treaties is estimated based on contractually specified minimum or deposit premiums, and adjusted as additional evidence of the ultimate amount of brokerage is received. Revenue for quota share treaties is estimated based on indications of estimated premium income provided by the ceding insurer. The estimated brokerage revenue recognized for quota share treaties is constrained to an amount that is probable to not have a significant negative adjustment. The estimated revenue and the constraint are evaluated as additional evidence of the ultimate amount of underlying risks to be covered is received over the 12 to 18 months following the effective date of the placement.

In addition to commissions and fees from its clients, the Company also receives other compensation from insurance companies. This other insurer 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). The Company is also eligible for certain contingent commissions from insurers based on the attainment of specified metrics (i.e., volume and loss ratio measures) relating to Marsh's placements, particularly in Marsh & McLennan Agency ("MMA") and in parts of Marsh's international operations. Revenue for contingent commissions from insurers is estimated based on historical evidence of the achievement of the respective contingent metrics and recorded as the underlying policies that contribute to the achievement of the metric are placed. Due to the uncertainty of the amount of contingent consideration that will be received, the estimated revenue is constrained to an amount that is probable to not have a significant negative adjustment. Contingent consideration is generally received in the first quarter of the subsequent year.

A significant majority of the Company's Risk and Insurance Services revenue is for performance obligations recognized at a point in time. Marsh and Guy Carpenter also receive interest income on certain funds (such as premiums and claims proceeds) held in a fiduciary capacity for others.

Insurance brokerage commissions are generally invoiced on the policy effective date. Fee based arrangements generally include a percentage of the total fee due upon signing the arrangement, with additional fixed installments payable over the remainder of the year. Payment terms range from receipt of invoice up to 30 days from invoice date.

Reinsurance brokerage revenue is recognized on the effective date of the treaty. Payment terms depend on the type of reinsurance. For XOL treaties, brokerage revenue is typically collected in four installments during an annual treaty period based on a contractually specified minimum or deposit premium. For proportional or quota share treaties, brokerage is billed as underlying insured risks attach to the reinsurance treaty, generally over 12 to 18 months.

Consulting

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 receives revenue in the form of commissions received from insurance companies for the placement of group (and occasionally individual) insurance contracts, primarily health, life and accident coverages. Revenue for Mercer’s investment management business and certain of Mercer’s defined benefit administration services consists principally of fees based on assets under delegated management or administration.

Consulting projects in Mercer’s wealth and career businesses, as well as consulting projects in Oliver Wyman typically consist of a single performance obligation, which is recognized over time as control is transferred continuously to customers. Typically, revenue is recognized over time using an input measure of time expended to date relative to total estimated time incurred at project completion. Incurred hours represent services rendered and thereby faithfully depicts the transfer of control to the customer.

On a limited number of engagements, performance fees may also be earned for achieving certain prescribed performance criteria. Revenue for achievement is estimated and constrained to an amount that is probable to not have a significant negative adjustment.

A significant majority of fee revenues in the Consulting segment is recognized over time.

For consulting projects, Mercer generally invoices monthly in arrears with payment due within 30 days of the invoice date. Fees for delegated management services are either deducted from the net asset value of the fund or invoiced to the client on a monthly or quarterly basis in arrears. Oliver Wyman typically bills its clients 30-60 days in arrears with payment due upon receipt of the invoice.

Health brokerage and consulting services are components of both Marsh, which includes MMA, and Mercer, with approximately 63% of such revenues reported in Mercer. Health contracts typically involve a series of distinct services that are treated as a single performance obligation. Revenue for these services is recognized over time based on the amount of remuneration the Company expects to be entitled in exchange for these services. Payments for health brokerage and consulting services are typically paid monthly in arrears from carriers based on insured lives under the contract.

The following schedule disaggregates components of the Company's revenue:

(In millions)	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Marsh:		
EMEA	$ 536	$ 1,821
Asia Pacific	242	698
Latin America	110	304
Total International	888	2,823
U.S./Canada	1,014	2,972
Total Marsh	1,902	5,795
Guy Carpenter	273	1,328
Subtotal	2,175	7,123
Fiduciary interest income	31	80
Total Risk and Insurance Services	$ 2,206	$ 7,203
Mercer:		
Wealth	$ 592	$ 1,748
Health	441	1,341
Career	247	606
Total Mercer	1,280	3,695
Oliver Wyman	505	1,563
Total Consulting	$ 1,785	$ 5,258

The following schedule provides contract assets and contract liabilities information from contracts with customers.

(In millions)	September 30, 2019	January 1, 2019
Contract Assets	$ 240	$ 112
Contract Liabilities	$ 611	$ 545

The Company records accounts receivable when the right to consideration is unconditional, subject only to the passage of time. Contract assets primarily relate to quota share reinsurance brokerage and contingent insurer revenue. The Company does not have the right to bill and collect revenue for quota share brokerage until the underlying policies written by the ceding insurer attach to the treaty. Estimated revenue related to achievement of volume or loss ratio metrics cannot be billed or collected until all related policy placements are completed and the contingency is resolved. The change in contract assets from January 1, 2019 to September 30, 2019 is primarily due to the addition of $58 million from JLT and $353 million of additions during the period, partly offset by $262 million transferred to accounts receivables, as the rights to bill and collect became unconditional. Contract assets are included in other current assets in the Company's consolidated balance sheet. Contract liabilities primarily relate to the advance consideration received from customers. Contract liabilities are included in current liabilities in the Company's consolidated balance sheet. The change in contract liabilities includes cash received for performance obligations not yet fulfilled of $400 million and $45 million related to JLT's opening balance offset by revenue recognized in the first nine months of 2019 that was included in the contract liability balance, at the beginning of the year of $378 million. The amount of revenue recognized in the first nine months of 2019 from performance obligations satisfied in previous periods, mainly due to variable consideration from contracts with insurers, quota share business and consulting contracts previously considered constrained was $67 million, which includes a $17 million adjustment of previous estimates related to a multi-year Guy Carpenter contract in the third quarter of 2019.

The Company applies the practical expedient and therefore does not disclose the value of unsatisfied performance obligations for (1) contracts with original contract terms of one year or less and (2) contracts where the Company has the right to invoice for services performed. The revenue expected to be recognized in future periods during the non-cancellable term of existing contracts greater than one year that is related to performance obligations that are unsatisfied or partially satisfied at the end of the reporting period is approximately $33 million for Marsh, $127 million for Mercer and $2 million for Oliver Wyman. The Company expects revenue in 2020, 2021, 2022, 2023 and

2024 and beyond of $107 million, $41 million, $10 million, $1 million and $3 million, respectively, related to these performance obligations.

4. Fiduciary Assets and Liabilities

In its capacity as an insurance broker or agent, the Company 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 ("fiduciary interest income") of $31 million and $80 million for the three and nine month periods ended September 30, 2019, respectively, and $18 million and $46 million for the three and nine month periods ending September 30, 2018, respectively. The Consulting segment recorded fiduciary interest income of less than $1 million and $2 million for the three and nine month periods ended September 30, 2019, respectively, as compared to $1 million and $3 million for the same periods in 2018. 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 amounted to $9.6 billion at September 30, 2019 and $7.3 billion at December 31, 2018. 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.

5. Per Share Data

Basic net income per share attributable to the Company is calculated by dividing the after-tax income attributable to the Company by the weighted average number of outstanding shares of the Company's common stock.

Diluted net income per share attributable to the Company is calculated by dividing the after-tax income attributable to the Company 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.

Basic and Diluted EPS Calculation	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	**2019**	2018	**2019**	2018
Net income before non-controlling interests	**$ 306**	$ 279	**$ 1,377**	$ 1,511
Less: Net income attributable to non-controlling interests	**3**	3	**26**	14
Net income attributable to the Company	**$ 303**	$ 276	**$ 1,351**	$ 1,497
Basic weighted average common shares outstanding	**506**	504	**506**	506
Dilutive effect of potentially issuable common shares	**5**	6	**5**	6
Diluted weighted average common shares outstanding	**511**	510	**511**	512
Average stock price used to calculate common stock equivalents	**$ 99.97**	$ 84.68	**$ 94.75**	$ 83.05

6. Supplemental Disclosures to the Consolidated Statements of Cash Flows

The following schedule provides additional information concerning acquisitions, interest and income taxes paid for the nine-month periods ended September 30, 2019 and 2018.

(In millions)		**2019**		2018
Assets acquired, excluding cash	**$**	**8,619**	$	679
Liabilities assumed		**(2,758)**		(35)
Non-controlling interests assumed		**(295)**		—
Contingent/deferred purchase consideration		**(66)**		(108)
Net cash outflow for current year acquisitions	**$**	**5,500**	$	536

(In millions)		**2019**		2018
Interest paid	**$**	**387**	$	225
Income taxes paid, net of refunds	**$**	**442**	$	455

The classification of contingent consideration in the statement of cash flows is determined by 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 $60 million for the nine months ended September 30, 2019. This consisted of deferred purchase consideration related to prior years' acquisitions of $37 million and contingent consideration of $23 million. For the nine months ended September 30, 2018, the Company paid deferred and contingent consideration of $106 million, consisting of deferred purchase consideration related to prior years' acquisitions of $59 million and contingent consideration of $47 million.

The following amounts are included in the operating section of the consolidated statements of cash flows. For the nine months ended September 30, 2019, the Company recorded an expense for adjustments to contingent consideration liabilities of $26 million and made contingent consideration payments of $35 million. For the nine months ended September 30, 2018, the Company recorded an expense for adjustments to contingent consideration liabilities of $19 million and made contingent consideration payments of $29 million.

The Company had non-cash issuances of common stock under its share-based payment plan of $164 million and $129 million for the nine months ended September 30, 2019 and 2018, respectively. The Company recorded stock-based compensation expense for equity awards related to restricted stock units, performance stock units and stock options of $184 million and $146 million for the nine-month periods ended September 30, 2019 and 2018, respectively.

Effective January 1, 2019, the Company adopted the new accounting guidance related to leases, which requires a lessee to recognize assets and liabilities for its leases. Upon adoption of this accounting standard, the Company recorded a non cash Right-of-Use Asset ("ROU asset") of $1.7 billion and lease liability of $1.9 billion in the first quarter of 2019.

7. Other Comprehensive Income (Loss)

The changes, net of tax, in the balances of each component of Accumulated Other Comprehensive Income ("AOCI") for the three and nine-month periods ended September 30, 2019 and 2018, including amounts reclassified out of AOCI, are as follows:

(In millions)	Unrealized Investment Gains (Losses)	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of July 1, 2019	**$ —**	**$ (2,942)**	**$ (1,585)**	**$ (4,527)**
Other comprehensive income before reclassifications	**—**	**56**	**(475)**	**(419)**
Amounts reclassified from accumulated other comprehensive income	**—**	**15**	**—**	**15**
Net current period other comprehensive income (loss)	**—**	**71**	**(475)**	**(404)**
Balance as of September 30, 2019	**$ —**	**$ (2,871)**	**$ (2,060)**	**$ (4,931)**

(In millions)	Unrealized Investment Gains (Losses)	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of July 1, 2018	$ —	$ (2,807)	$ (1,458)	$ (4,265)
Other comprehensive income (loss) before reclassifications	—	(13)	(242)	(255)
Amounts reclassified from accumulated other comprehensive income	—	32	—	32
Net current period other comprehensive income (loss)	—	19	(242)	(223)
Balance as of September 30, 2018	$ —	$ (2,788)	$ (1,700)	$ (4,488)

(In millions)	Unrealized Investment Gains (Losses)	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of December 31, 2018	**$ —**	**$ (2,953)**	**$ (1,694)**	**$ (4,647)**
Other comprehensive (loss) income before reclassifications	**—**	**26**	**(366)**	**(340)**
Amounts reclassified from accumulated other comprehensive income	**—**	**56**	**—**	**56**
Net current period other comprehensive income (loss)	**—**	**82**	**(366)**	**(284)**
Balance as of September 30, 2019	**$ —**	**$ (2,871)**	**$ (2,060)**	**$ (4,931)**

(In millions)	Unrealized Investment Gains (Losses)	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Gains (Losses)	Total Gains (Losses)
Balance as of December 31, 2017	$ 14	$ (2,892)	$ (1,165)	$ (4,043)
Cumulative effect of amended accounting standard	(14)	—	—	(14)
Other comprehensive income (loss) before reclassifications	—	16	(535)	(519)
Amounts reclassified from accumulated other comprehensive income	—	88	—	88
Net current period other comprehensive income (loss)	—	104	(535)	(431)
Balance as of September 30, 2018	$ —	$ (2,788)	$ (1,700)	$ (4,488)

The components of other comprehensive income (loss) for the three and nine-month periods ended September 30, 2019 and 2018 are as follows:

Three Months Ended September 30,	2019			2018		
(In millions)	**Pre-Tax**	**Tax (Credit)**	**Net of Tax**	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	**$ (475)**	**$ —**	**$ (475)**	$ (237)	$ 5	$ (242)
Pension/post-retirement plans:						
Amortization of (gains) losses included in net periodic pension cost:						
Prior service credits (a)	**(1)**	**(1)**	**—**	(1)	(1)	—
Net actuarial losses (a)	**25**	**6**	**19**	36	7	29
Effect of remeasurement (a)	**(8)**	**(2)**	**(6)**	3	—	3
Effect of settlement (a)	**2**	**—**	**2**	—	—	—
Subtotal	**18**	**3**	**15**	38	6	32
Foreign currency translation adjustments	**64**	**8**	**56**	(15)	(2)	(13)
Pension/post-retirement plans gains	**82**	**11**	**71**	23	4	19
Other comprehensive (loss) income	**$ (393)**	**$ 11**	**$ (404)**	$ (214)	$ 9	$ (223)

(a) Components of net periodic pension cost are included in other net benefit credits in the consolidated statements of income. Income tax expense on net actuarial losses are included in income tax expense.

Nine Months Ended September 30,	2019			2018		
(In millions)	**Pre-Tax**	**Tax (Credit)**	**Net of Tax**	Pre-Tax	Tax (Credit)	Net of Tax
Foreign currency translation adjustments	**$ (366)**	**$ —**	**$ (366)**	$ (538)	$ (3)	$ (535)
Pension/post-retirement plans:						
Amortization of (gains) losses included in net periodic pension cost:						
Prior service credits (a)	**(2)**	**(1)**	**(1)**	(3)	(1)	(2)
Net actuarial losses (a)	**77**	**18**	**59**	110	23	87
Effect of remeasurement (a)	**(9)**	**(2)**	**(7)**	3	—	3
Effect of settlement (a)	**6**	**1**	**5**	—	—	—
Subtotal	**72**	**16**	**56**	110	22	88
Foreign currency translation adjustments	**30**	**4**	**26**	21	5	16
Pension/post-retirement plans gains	**102**	**20**	**82**	131	27	104
Other comprehensive (loss) income	**$ (264)**	**$ 20**	**$ (284)**	$ (407)	$ 24	$ (431)

(a) Components of net periodic pension cost are included in other net benefit credits in the consolidated statements of income. Income tax expense on net actuarial losses are included in income tax expense.

8. Acquisitions and 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 values of the net tangible assets and the identifiable intangible assets purchased, which typically consist of customer relationships, developed technology, trademarks and non-compete agreements. The valuation of purchased intangible assets involves significant estimates and assumptions. Refinement and completion of final valuation of net assets acquired could affect the carrying value of tangible assets, goodwill and identifiable intangible assets.

On April 1, 2019, the Company completed the JLT Transaction to purchase all of the outstanding shares of JLT. Under the terms of the Transaction, JLT shareholders received £19.15 in cash for each JLT share, which valued JLT's existing issued and to be issued share capital at approximately £4.3 billion (or approximately $5.6 billion based on an exchange rate of U.S. $1.31:£1), and the Company assumed existing JLT long-term indebtedness of approximately $1 billion. The Company implemented the Transaction by way of a scheme of arrangement under Part 26 of the United Kingdom Companies Act 2006, as amended.

The Company believes the Transaction strengthens MMC's leadership position in insurance and reinsurance broking, health and retirement. The addition of over 10,000 colleagues provides deeper industry expertise in almost every part of the Company. The Transaction also builds on MMC's efforts to expand in faster-growing geographies and market segments, and facilitates investment in data and analytics.

The Risk and Insurance Services segment completed four acquisitions during the first nine months of 2019.

- February – MMA acquired Bouchard Insurance, Inc., a Florida-based full service agency and Employee Benefits Group, Inc., a Maryland-based independent insurance agency.
- April – MMA acquired Lovitt & Touche, Inc., an Arizona-based insurance agency and The Centurion Group, LLC, a Pennsylvania-based retirement consulting, asset management and benefit plan advisory firm.

Total purchase consideration for acquisitions made during the nine months ended September 30, 2019 was $5,925 million, which consisted of cash paid of $5,859 million and deferred purchase consideration and estimated contingent consideration of $66 million. Contingent consideration arrangements are based primarily on earnings before interest, tax, depreciation and amortization ("EBITDA") or revenue targets over a period of two to four years. The Company also paid $37 million of deferred purchase consideration and $58 million of contingent consideration related to acquisitions made in prior years. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment until purchase accounting is finalized.

The following table presents the preliminary allocation of purchase consideration to the assets acquired and liabilities assumed during 2019 based on the estimated fair values for JLT and other acquisitions as of their respective acquisition dates:

Acquisitions through September 30, 2019			
(In millions)	JLT	Other	Total Acquisitions
Cash	**$ 5,568**	**$ 291**	**$ 5,859**
Estimated fair value of deferred/contingent consideration	**—**	**66**	**66**
Total consideration	**$ 5,568**	**$ 357**	**$ 5,925**
Allocation of purchase price:			
Cash and cash equivalents	**$ 353**	**$ 6**	**$ 359**
Accounts receivable, net	**714**	**5**	**719**
Other current assets	**143**	**—**	**143**
Fixed assets, net	**89**	**2**	**91**
Other intangible assets	**1,613**	**143**	**1,756**
Goodwill	**4,761**	**201**	**4,962**
Right of use assets	**382**	**—**	**382**
Deferred tax assets	**65**	**—**	**65**
Other assets	**493**	**8**	**501**
Total assets acquired	**8,613**	**365**	**8,978**
Current liabilities	**689**	**5**	**694**
Fiduciary liabilities	**1,275**	**—**	**1,275**
Less - fiduciary assets	**(1,275)**	**—**	**(1,275)**
Long-term debt	**1,044**	**—**	**1,044**
Long-term lease liability	**389**	**—**	**389**
Pension, post-retirement and post-employment liabilities	**248**	**—**	**248**
Liabilities for errors and omissions	**31**	**—**	**31**
Other liabilities	**349**	**3**	**352**
Total liabilities assumed	**2,750**	**8**	**2,758**
Non controlling interests	**295**	**—**	**295**
Net assets acquired	**$ 5,568**	**$ 357**	**$ 5,925**

The purchase price allocation above is based on estimates that are preliminary in nature and subject to adjustments, which could be material. Any necessary adjustments must be finalized during the measurement period, which for a particular asset, liability, or non-controlling instrument ends once the acquirer determines that either (1) the necessary information has been obtained or (2) the information is not available. However, the measurement period for all items is limited to one year from the acquisition date. During the third quarter of 2019, the Company made certain adjustments to the above JLT purchase price allocation, which included a reduction of identified intangible assets of approximately $50 million, adjustment of related deferred taxes, and an increase in goodwill of approximately $65 million. The third quarter of 2019 included a credit of $4 million to adjust previously expensed amortization based on the current purchase price allocation.

Items subject to change include the following:

- Amounts of intangible assets, fixed assets, capitalized software assets and right-of-use assets, subject to finalization of valuation efforts;
- Amounts for contingencies, pending the finalization of the Company's assessment of the portfolio of contingencies;
- Amounts for income tax assets, receivables and liabilities, pending the filing of the acquired companies' pre-acquisition income tax returns and receipt of information from taxing authorities which may change certain estimates and assumptions used; and
- Amounts for deferred tax assets and liabilities pending the finalization of valuations of the assets acquired, liabilities assumed and associated goodwill.

The estimation of fair value requires numerous judgments, assumptions and estimates about future events and uncertainties, which could materially impact these values, and the related amortization, where applicable, in the Company's results of operations.

The following chart provides information about intangible assets acquired during 2019:

Intangible assets through September 30, 2019 *(In millions)*	JLT	Other	Total	JLT Weighted Average Amortization Period	Other Weighted Average Amortization Period
Client relationships	$ 1,511	$ 136	$ 1,647	13 years	12 years
Other	102	7	109	4 years	3 years
	$ 1,613	$ 143	$ 1,756		

During the second and third quarters of 2019, the Company purchased the outstanding non-controlling interests of several JLT subsidiaries for cash payments of approximately $75 million.

In January 2019, Marsh increased its equity ownership in Marsh India from 26% to 49%. Marsh India is accounted for under the equity method.

Dispositions

During the third quarter of 2019, the Company completed the sale of a U.S. Specialty business at Marsh and a U.S. large market health and defined benefit business at Mercer for cash proceeds of approximately $60 million. Also, on June 1, 2019, the Company completed its disposition of JLT's global aerospace business for cash proceeds of $165 million and contingent consideration receivable of approximately $65 million, based on the aerospace business achieving certain revenue milestones in 2020. The aerospace business was divested as part of the European Commission's approval of the JLT Transaction.

Prior-Year Acquisitions

The Risk and Insurance Services segment completed twelve acquisitions during 2018.

- February – MMA acquired Highsmith Insurance Agency, a North Carolina-based independent insurance brokerage firm.
- March – Marsh acquired Hoken Soken, Inc., a Japan-based insurance agency.
- May – Marsh acquired Mountlodge Limited, a Scotland-based independent insurance broker and Lorant Martínez Salas y Compañía Agente de Seguros y de Fianzas, S.A. de C.V., a Mexico-based multi-line insurance broker.
- June – MMA acquired Bleakley Insurance Services, a California-based provider of employee benefits solutions; Klein Agency, Inc., a Minnesota-based surety and property/casualty agency; and Insurance Associates, Inc., a Maryland-based independent insurance agency.

- August – Marsh acquired John L. Wortham & Son, L.P., a Houston-based independent insurance broker.
- October – MMA acquired Eustis Insurance, Inc., a Louisiana-based insurance agency.
- November – MMA acquired James P. Murphy & Associates, Inc., a Connecticut-based insurance agency.
- December – MMA acquired Otis-Magie Insurance Agency, Inc., a Minnesota-based insurance agency, and Marsh acquired Hector Insurance PCC Ltd, a U.K.-based captive management company.

The Consulting segment completed eight acquisitions during 2018.

- January – Oliver Wyman acquired Draw Ltd., a U.K.-based digital transformation agency.
- March – Oliver Wyman acquired 8Works Limited, a U.K.-based design thinking consultancy.
- May – Mercer acquired EverBe SAS, a France-based Workday implementer and advisory firm; and Evolve Intelligence Pty Ltd., an Australia-based talent strategy firm.
- June – Mercer acquired India Life Capital Private Ltd., an India-based investment advisor.
- November – Mercer acquired Induslynk Training Services Private Ltd., an India-based talent assessment company, Pavilion Financial Corp., a Canada-based investment services firm and Summit Strategies Inc., a Missouri-based investment consulting firm.

Total purchase consideration for acquisitions made during the first nine months of 2018 was $661 million, which consisted of cash paid of $553 million and deferred purchase consideration and estimated contingent consideration of $108 million. Contingent consideration arrangements are primarily based on EBITDA or revenue targets over a period of two to four years. The fair value of the contingent consideration was based on projected revenue or EBITDA of the acquired entities. Estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. For the first nine months of 2018, the Company also paid $59 million of deferred purchase consideration and $76 million of contingent consideration related to acquisitions made in prior years.

Pro-Forma Information

The following unaudited pro-forma financial data gives effect to the acquisitions made by the Company during 2019 and 2018. 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, 2018 and reflects acquisitions made in 2018 as if they occurred on January 1, 2017. The unaudited pro-forma information adjusts for the effects of amortization of acquired intangibles and additional interest expense related to the issuance of debt related to the JLT Transaction. 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.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share figures)	**2019**	2018	**2019**	2018
Revenue	**$ 3,967**	$ 3,940	**$ 12,830**	$ 12,842
Net income attributable to the Company	**$ 306**	$ 181	**$ 1,445**	$ 804
Basic net income per share attributable to the Company	**$ 0.61**	$ 0.36	**$ 2.85**	$ 1.59
Diluted net income per share attributable to the Company	**$ 0.60**	$ 0.36	**$ 2.83**	$ 1.57

The unaudited pro-forma information presented in the table above includes adjustments for acquisition related costs, the change in fair value of JLT acquisition related derivatives, bridge financing costs and the early extinguishment of debt:

- A reduction of costs of $4 million for the three months ended September 30, 2019.
- An increase in costs of $662 million for the nine month period ended September 30, 2018. Of this amount, $173 million represented a reduction of costs for the nine months ended September 30, 2019, and the remainder was incurred in the third and fourth quarter of 2018.

The consolidated statements of income include the results of operations of acquired companies since their respective acquisition dates. The consolidated statements of income for the three and nine month periods ended September 30, 2019 include approximately $352 million and $848 million of revenue, respectively, and operating losses of $69 million and $51 million, respectively, for acquisitions made in 2019. The consolidated statements of income for the three and nine month periods ended September 30, 2018 included $36 million and $50 million, respectively, of revenue and operating losses of $5 million and $7 million, respectively, related to acquisitions made in 2018.

The Company incurred acquisition related costs, primarily related to legal, investment banking and U.K. stamp duty tax of $4 million and $99 million for the three and nine month periods ended September 30, 2019, primarily related to the acquisition of JLT. These costs are included in other operating expenses in the Company's consolidated statement of income.

9. 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, a Company can assess qualitative factors to determine whether it is necessary to perform a goodwill impairment test. Alternatively, the Company may elect to proceed directly to the quantitative goodwill impairment test. In 2019, the Company elected to perform a quantitative impairment assessment. Fair values of the reporting units were estimated using a market approach. 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. The Company completed its 2019 annual review in the third quarter and concluded goodwill was not impaired, as the fair value of each reporting unit exceeded its carrying value by a substantial margin.

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. The Company does not have any indefinite lived intangible assets.

Changes in the carrying amount of goodwill are as follows:

September 30, *(In millions)*		**2019**		2018
Balance as of January 1,	**$**	**9,599**	$	9,089
Goodwill acquired [(a)]		**4,962**		410
Other adjustments[(b)]		**(275)**		(64)
Balance at September 30,	**$**	**14,286**	$	9,435

[(a)] Primarily reflects $4.8 billion from the acquisition of JLT in 2019.

[(b)] Primarily reflects the impact of foreign exchange.

Of total goodwill acquired of $5.0 billion in 2019, $201 million related to the Risk and Insurance Services segment is deductible for tax purposes. The goodwill arising from the acquisitions consist largely of the synergies and economies of scale expected from combining the operations of the Company and the acquired entities and the trained and assembled workforce acquired. The goodwill acquired was primarily assigned to the Risk and Insurance Services segment.

Goodwill allocable to the Company's reportable segments at September 30, 2019 is as follows: Risk and Insurance Services, $11.3 billion and Consulting, $3.0 billion.

The gross cost and accumulated amortization of identified intangible assets at September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019						December 31, 2018					
(In millions)		**Gross Cost**		**Accumulated Amortization**		**Net Carrying Amount**		Gross Cost		Accumulated Amortization		Net Carrying Amount
Client Relationships	**$**	**3,526**	**$**	**824**	**$**	**2,702**	$	1,970	$	639	$	1,331
Other [(a)]		**364**		**197**		**167**		259		153		106
Amortized intangibles	**$**	**3,890**	**$**	**1,021**	**$**	**2,869**	$	2,229	$	792	$	1,437

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

Aggregate amortization expense for the nine months ended September 30, 2019 and 2018 was $235 million and $135 million, respectively. The estimated future aggregate amortization expense is as follows:

For the Years Ending December 31, *(In millions)*		Estimated Expense
2019 (excludes amortization through September 30, 2019)	$	95
2020		354
2021		343
2022		327
2023		320
Subsequent years		1,430
	$	2,869

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 measured 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).

Assets and liabilities using Level 2 inputs include treasury locks and an equity security.

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.

Assets and liabilities measured using Level 3 inputs include assets and liabilities for contingent purchase consideration and the deal contingent foreign exchange contract (the "FX Contract").

Valuation Techniques

<u>Equity Securities, Money Market Funds and Mutual Funds – Level 1</u>
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.

Treasury Locks - Level 2

In connection with the JLT Transaction, to hedge the risk of increases in future interest rates prior to its issuance of fixed rate debt, in the fourth quarter of 2018 the Company entered into treasury locks related to $2 billion of expected issuances of senior notes in January 2019. The fair value at December 31, 2018 was based on the published treasury rate plus forward premium as of December 31, 2018, compared to the all in rate at the inception of the contract. These treasury locks were settled during the first quarter of 2019.

Contingent Purchase Consideration Assets and Liability – Level 3

Purchase consideration for some acquisitions and dispositions made by the Company include contingent consideration arrangements. These arrangements typically provide for the payment of additional consideration if earnings or revenue targets are met over periods from two to four years. The fair value of the contingent purchase consideration asset and liability is estimated as the present value of future cash flows to be paid, based on projections of revenue and earnings and related targets of the acquired and disposed entities.

Foreign Exchange Forward Contract Liabilities - Level 3

In connection with the JLT Transaction, the Company entered into the FX Contract, to hedge the risk of appreciation of the GBP-denominated purchase price. The Company settled the FX Contract on April 1, 2019, upon completion of the JLT Transaction.

The fair value at December 31, 2018 was determined using the probability distribution approach, comparing the all in forward rate to the foreign exchange rate for possible dates the JLT Transaction could close, discounted to the valuation date and adjusted for the fair value of the deal contingency feature. Determining the fair value of the FX Contract required significant management judgments or estimates about the potential closing dates of the transaction and remaining value of the deal contingency feature.

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 September 30, 2019 and December 31, 2018.

	Identical Assets (Level 1)		Observable Inputs (Level 2)		Unobservable Inputs (Level 3)		Total	
(In millions)	**09/30/19**	12/31/18	**09/30/19**	12/31/18	**09/30/19**	12/31/18	**09/30/19**	12/31/18
Assets:								
Financial instruments owned:								
Exchange traded equity securities[(a)]	**$ 5**	$ 133	**$ —**	$ —	**$ —**	$ —	**$ 5**	$ 133
Mutual funds[(a)]	**157**	151	**—**	—	**—**	—	**157**	151
Money market funds[(b)]	**37**	118	**—**	—	**—**	—	**37**	118
Other equity investment[(a)]	**—**	—	**8**	8	**—**	—	**8**	8
Contingent purchase consideration asset[(a)]	**—**	—	**—**	—	**65**	—	**65**	—
Total assets measured at fair value	**$ 199**	$ 402	**$ 8**	$ 8	**$ 65**	$ —	**$ 272**	$ 410
Fiduciary Assets:								
U.S. Treasury Bills	$ —	$ 20	**$ —**	$ —	**$ —**	$ —	**$ —**	$ 20
Money market funds	**433**	80	**—**	—	**—**	—	**433**	80
Total fiduciary assets measured at fair value	**$ 433**	$ 100	**$ —**	$ —	**$ —**	$ —	**$ 433**	$ 100
Liabilities:								
Contingent purchase consideration liability[(c)]	**$ —**	$ —	**$ —**	$ —	**$ 185**	$ 183	**$ 185**	$ 183
Acquisition related derivative contracts	**—**	—	**—**	116	**—**	325	**—**	441
Total liabilities measured at fair value	**$ —**	$ —	**$ —**	$ 116	**$ 185**	$ 508	**$ 185**	$ 624

[(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.

The contingent purchase consideration of $65 million related to the sale of JLT's global aerospace business is classified as a Level 3 asset.

During the nine-month period ended September 30, 2019, 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 three and nine month periods ended September 30, 2019 and 2018:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2019**	2018	**2019**	2018
Balance at beginning of period	**$ 196**	$ 185	**$ 508**	$ 189
(Reductions) Additions	**(7)**	8	**33**	34
Payments	**(13)**	(35)	**(58)**	(76)
Revaluation Impact	**6**	8	**26**	19
Change in fair value of the FX contract	**—**	100	**(325)**	100
Other [(a)]	**3**	2	**1**	2
Balance at September 30,	**$ 185**	$ 268	**$ 185**	$ 268

[(a)] Primarily reflects the impact of foreign exchange.

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 $26 million in the nine-month period ended September 30, 2019. A 5% increase in the projections used to estimate the contingent consideration would increase the liability by approximately $46 million. A 5% decrease would decrease the liability by approximately $39 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 $452 million and $287 million at September 30, 2019 and December 31, 2018, respectively.

Investments Accounted For Using the Equity Method of Accounting

Investments in Public and Private Companies

Alexander Forbes**:** The Company owns approximately 33% of the common stock of Alexander Forbes ("AF"), a South African company listed on the Johannesburg Stock Exchange, which it purchased in 2014 for 7.50 South African Rand ("Rand") per share. In the third quarter of 2018, the Company concluded the decline in value of the investment was other than temporary and recorded an impairment charge of $81 million reflecting the closing price of 4.95 Rand at September 30, 2018. As of September 30, 2019, the carrying value of the Company's investment in AF was approximately $138 million. As of September 30, 2019, the market value of the approximately 443 million shares of AF owned by the Company, based on the September 30, 2019 closing share price of 5.6 South African Rand per share, was $166 million.

The Company has other investments in private insurance and consulting companies with a carrying value of $219 million and $61 million at September 30, 2019 and December 31, 2018, respectively.

The Company's investment in Alexander Forbes and its other equity investments in insurance and consulting companies are accounted for using the equity method of accounting, the results of which are included in revenue in the consolidated statements of income 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, some of which are on a one quarter lag basis.

Private Equity Investments

The Company's investments in private equity funds were $95 million and $82 million at September 30, 2019 and December 31, 2018, respectively. The carrying values of these private equity investments approximate 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 its proportionate share of the change in fair value of the funds on the investment income line in the consolidated statements of income. These investments are included in other assets in the consolidated balance sheets. The Company recorded net investment income of $3 million and $10 million from these investments for the three and nine month periods ended September 30, 2019, respectively, compared to net investment gains of $4 million and $14 million for the same periods in 2018.

Other Investments

At September 30, 2019 and December 31, 2018, the Company held certain equity investments with readily determinable market values of $19 million and $146 million, respectively. The Company recorded investment gains on these investments of $4 million and $10 million in the three and nine month periods ended September 30, 2019, respectively, and investment gains of $25 million and $43 million for the same periods in 2018. The Company also held investments without readily determinable market values of $47 million and $75 million at September 30, 2019 and December 31, 2018, respectively. In March 2019, the Company disposed of its investment in BenefitFocus for total proceeds of approximately $132 million. The Company received $115 million in the first quarter of 2019 and $17 million in April 2019 as final settlement on the sale. During the second quarter of 2019, the Company disposed of its investment in Payscale and received proceeds of approximately $47 million.

11. Derivatives

On September 20, 2018, the Company entered into the FX Contract to purchase £5.2 billion at a contracted exchange rate, to hedge the risk of appreciation of the GBP-denominated purchase price of JLT, which was settled on April 1, 2019, upon the closing of the JLT Transaction. The FX Contract did not qualify for hedge accounting treatment under applicable accounting guidance, which required the Company to record the change in the fair value of the FX Contract on each reporting date to the statement of income. The Company recorded a gain of $31 million in the consolidated statement of income for the nine month period ended September 30, 2019, related to the FX Contract

In connection with the JLT Transaction, to hedge the economic risk of changes in future interest rates prior to its issuance of fixed rate debt, in the fourth quarter of 2018 the Company entered into treasury lock contracts related to $2 billion of senior notes issued in January 2019. The fair value at December 31, 2018 was based on the published treasury rate plus forward premium as of December 31, 2018 compared to the all in rate at the inception of the contract. The contracts were not designated as an accounting hedge. The Company recorded an unrealized loss of $116 million related to the change in the fair value of this derivative in the consolidated statement of income for the full year ended December 31, 2018. In January 2019, upon issuance of the $5 billion of senior notes, the Company settled the treasury lock derivatives and made a payment to its counter party for $122 million. An additional charge of $6 million was recorded in the consolidated statement of income for the nine month period ended September 30, 2019, related to the settlement of the Treasury lock contracts.

In March 2019, the Company issued €1.1 billion of senior notes related to the JLT Transaction. See Note 14 for additional information related to the Euro senior note issuances. In connection with the senior note issuances, the Company entered into a forward exchange contract to hedge the economic risk of changes in foreign exchange rates from the issuance date to settlement date of the Euro senior notes. The Company recorded a charge of $7.3 million in the consolidated statement of income, for the nine month period ended September 30, 2019, related to the settlement of this contract.

JLT Derivatives and Hedging Activity

A significant portion of JLT's outstanding senior notes at the time of completion of the Transaction were denominated in U.S. dollars. In order to hedge its exposure against the risk of fluctuations between the GBP and the U.S. dollar, JLT entered into foreign exchange contracts and interest rate swaps, which were designated as fair value hedges. In June, 2019, the Company redeemed these U.S. dollar denominated senior notes and settled the related derivative contracts. The offsetting changes in fair value of the debt and the change in fair value of the derivative contracts were recorded in the consolidated statement of income for the nine month period ended September 30, 2019.

JLT also had a number of foreign exchange contracts to hedge the risk of foreign exchange movements between the U.S. dollar and the British pound, related to JLT’s U.S. dollar denominated revenue in the U.K. Prior to the acquisition, these derivative contracts were designated as cash flow hedges. Upon completion of the JLT Transaction, these derivative contracts were not re-designated as cash flow hedges by the Company. The contracts were settled in June 2019. The change in fair value between the acquisition date and the settlement date resulted in a charge of $26 million for the nine month period ended September 30, 2019. The charge is recorded as a change in fair value of acquisition related derivative contracts in the consolidated statement of income.

Net Investment Hedge

The Company has investments in various subsidiaries with Euro functional currencies. As a result, the Company is exposed to the risk of fluctuations between the Euro and U.S. dollar exchange rates. The Company designated its €1.1 billion senior note debt instruments ("euro notes") as a net investment hedge (the "Hedge") of its Euro denominated subsidiaries. The Hedge effectiveness is re-assessed each quarter to confirm that the designated equity balance at the beginning of each period continues to equal or exceed 80% of the outstanding balance of the Euro debt instrument and that all the critical terms of the hedging instrument and the hedged net investment continue to match. If the Company concludes that the hedge is highly effective, the change in the debt balance related to foreign exchange fluctuations will be recorded in foreign currency translation gains (losses) in the consolidated balance sheet. The Company concluded that the hedge continues to be highly effective as of September 30, 2019. During 2019, the U.S. dollar value of the euro notes decreased $39 million through September 30, 2019 due to the impact of foreign exchange rates, with a corresponding increase to foreign currency translation gains (losses).

12. Leases

A lease is defined as a party obtaining the right to use an asset legally owned by another party. The Company determines if an arrangement is a lease at inception. For operating leases entered into prior to January 1, 2019, the ROU assets and operating lease liabilities are recognized in the balance sheet based on the present value of the remaining future minimum payments over the lease term from the implementation date of the standard, January 1, 2019. The ROU asset was adjusted for unamortized lease incentives and restructuring liabilities that were reported, prior to January 1, 2019, as other liabilities in the consolidated balance sheet. For leases entered into subsequent to January 1, 2019, the operating lease ROU asset and operating lease liabilities are based on the present value of minimum payments over the lease term at commencement date of the lease.

The Company uses discount rates to determine the present value of future lease payments. The Company primarily uses its incremental borrowing rate adjusted to reflect a secured rate, based on the information available for leases, including the lease term and interest rate environment in the country in which the lease exists. The lease terms used to calculate the ROU asset and lease liability may include options to extend or terminate when it is reasonably certain that the Company will exercise that option.

The Company leases office facilities under non-cancelable operating leases with terms generally ranging between 10 and 25 years. The Company utilizes these leased office facilities for use by its employees in countries in which the Company conducts its business. Leases are negotiated with third-parties and, in some instances contain renewal, expansion and termination options. The Company also subleases certain office facilities to third-parties when the Company no longer utilizes the space. None of the Company’s leases restrict the payment of dividends or the incurrence of debt or additional lease obligations, or contain significant purchase options. In addition to the base rental costs, our lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. A portion of our real estate lease portfolio contains base rents subject to annual changes in the Consumer Price Index ("CPI") as well as charges for operating expenses which are reimbursable to the landlord based on actual usage. Changes to the CPI and payments for such reimbursable operating expenses are considered variable and are recognized as variable lease costs in the period in which the obligation for those payments was incurred.

As a practical expedient, the Company has elected an accounting policy not to separate non-lease components from lease components and instead, accounts for these components as a single lease component. The Company has made an accounting policy election not to recognize ROU assets and lease liabilities for leases that, at the commencement date, are for 12 months or less. Approximately 98% of the Company’s lease obligations are for the use of office space. All of the Company’s material leases are operating leases.

The Company assumed approximately $400 million, as of March 31, 2019, of ROU assets and lease liabilities from the JLT Transaction. As part of the Company's real estate rationalization plan related to the JLT Transaction, the Company has determined that approximately $7 million of its ROU assets have been impaired, and therefore, recorded a charge to the consolidated statement of income for the three and nine month periods ended September 30, 2019, with an offsetting reduction to ROU assets. The Company expects additional impairments as it continues to assess its future real estate requirements.

The following chart provides additional information about the Company's property leases:

For the Three and Nine Months Ended September 30, 2019 *(In millions)*	Three Months Ended September 30,	Nine Months Ended September 30,
Lease Cost:		
Operating lease cost	$ 94	$ 276
Short-term lease cost	4	7
Variable lease cost	37	113
Sublease income	(4)	(12)
Net lease cost	$ 131	$ 384
Other information:		
Operating cash outflows from operating leases		$ 288
Right of use assets obtained in exchange for new operating lease liabilities		$ 112
Weighted-average remaining lease term – real estate		8.86 years
Weighted-average discount rate – real estate leases		3.09%

Future minimum lease payments for the Company's operating leases as of September 30, 2019 are as follows:

Payment Dates *(In millions)*	Real Estate Leases
Remainder of 2019	$ 104
2020	406
2021	348
2022	324
2023	279
2024	233
Subsequent years	940
Total future lease payments	2,634
Less: Imputed interest	(336)
Total	$ 2,298
Current lease liabilities	$ 341
Long-term lease liabilities	1,957
Total lease liabilities	$ 2,298

Note: Table excludes obligations for leases with original terms of 12 months or less which have not been recognized as a right to use asset or liability in the consolidated balance sheets.

As of September 30, 2019, the Company had additional operating real estate leases that had not yet commenced of $71 million. These operating leases will commence over the next 12 months.

At December 31, 2018, the aggregate future minimum rental commitments under all non-cancelable operating lease agreements are as follows:

For the Year Ended December 31, *(In millions of dollars)*	Gross Rental Commitments	Rentals from Subleases	Net Rental Commitments
2019	$ 361	$ 32	$ 329
2020	$ 340	$ 31	$ 309
2021	$ 277	$ 12	$ 265
2022	$ 252	$ 10	$ 242
2023	$ 214	$ 9	$ 205
Subsequent years	$ 753	$ 32	$ 721

13. Retirement Benefits

The Company maintains qualified and non-qualified defined benefit pension plans for some of its U.S. and non-U.S. eligible employees. The Company's policy for funding its tax-qualified defined benefit pension plans is to contribute amounts at least sufficient to meet the funding requirements set forth in accordance with applicable law.

The target asset allocation for the Company's U.S. Plan was 64% equities and equity alternatives and 36% fixed income. At September 30, 2019 the actual allocation for the Company's U.S. Plan was 62% equities and equity alternatives and 38% fixed income. The target allocation for the U.K. Plans at September 30, 2019 was 36% equities and equity alternatives and 64% fixed income. At September 30, 2019, the actual allocation for the U.K. Plans was 33% equities and equity alternatives and 67% fixed income. The Company's U.K. Plans comprised approximately 81% of non-U.S. plan assets at December 31, 2018. 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 generally uses threshold-based portfolio re-balancing to ensure the actual portfolio remains consistent with target asset allocation ranges.

JLT Defined Pension Plans

As part of the JLT Transaction, the Company has assumed responsibility for a number of pension plans throughout the world, with $248 million of net pension liabilities as of March 31, 2019 (approximately $700 million of plan assets as of March 31, 2019), the most significant of which is the Jardine Lloyd Thompson U.K. Pension Scheme ("JLT U.K. plan"). The JLT U.K. plan has a defined benefit section which was frozen to future accrual in 2006 and a defined contribution section. The assets of the scheme are held in a trustee administered fund separate from the Company.

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

Combined U.S. and significant non-U.S. Plans For the Three Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Service cost	**$ 10**	$ 8	**$ —**	$ 1
Interest cost	**120**	114	**1**	—
Expected return on plan assets	**(214)**	(213)	**—**	—
Amortization of prior service (credit) cost	**—**	—	**—**	(1)
Recognized actuarial loss	**25**	36	**(1)**	1
Net periodic benefit (credit) cost	**$ (59)**	$ (55)	**$ —**	$ 1

Combined U.S. and significant non-U.S. Plans For the Nine Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Service cost	**$ 28**	$ 25	**$ —**	$ 1
Interest cost	**360**	349	**2**	2
Expected return on plan assets	**(644)**	(652)	**—**	—
Amortization of prior service credit	**—**	(1)	**(1)**	(3)
Recognized actuarial loss	**77**	110	**(1)**	1
Net periodic benefit (credit) cost	**$ (179)**	$ (169)	**$ —**	$ 1
Settlement loss	**4**	—	**—**	—
Total (credit) cost	**$ (175)**	$ (169)	**$ —**	$ 1

Amounts Recorded in the Consolidated Statement of Income **Combined U.S. and significant non-U.S. Plans** For the Three Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Compensation and benefits expense (Operating income)	**$ 10**	$ 8	**$ —**	$ 1
Other net benefit credits	**(69)**	(63)	**—**	—
Total (credit) cost	**$ (59)**	$ (55)	**$ —**	$ 1

Amounts Recorded in the Consolidated Statement of Income **Combined U.S. and significant non-U.S. Plans** For the Nine Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Compensation and benefits expense (Operating income)	**$ 28**	$ 25	**$ —**	$ 1
Other net benefit credits	**(203)**	(194)	**—**	—
Total (credit) cost	**$ (175)**	$ (169)	**$ —**	$ 1

U.S. Plans only For the Three Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Interest cost	**$ 61**	$ 58	**$ 1**	$ —
Expected return on plan assets	**(86)**	(89)	**—**	—
Recognized actuarial loss	**11**	14	**(1)**	—
Net periodic benefit credit	**$ (14)**	$ (17)	**$ —**	$ —

U.S. Plans only For the Nine Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Interest cost	**$ 181**	$ 176	**$ 1**	$ 1
Expected return on plan assets	**(257)**	(268)	**—**	—
Amortization of prior service credit	**—**	—	**—**	(1)
Recognized actuarial loss (credit)	**33**	41	**(1)**	—
Net periodic benefit credit	**$ (43)**	$ (51)	**$ —**	$ —

Significant non-U.S. Plans only For the Three Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Service cost	**$ 10**	$ 8	**$ —**	$ 1
Interest cost	**59**	56	**—**	—
Expected return on plan assets	**(128)**	(124)	**—**	—
Amortization of prior service credit	**—**	—	**—**	(1)
Recognized actuarial loss	**14**	22	**—**	1
Net periodic benefit (credit) cost	**$ (45)**	$ (38)	**$ —**	$ 1

Significant non-U.S. Plans only For the Nine Months Ended September 30,	Pension Benefits		Post-retirement Benefits	
(In millions)	**2019**	2018	**2019**	2018
Service cost	**$ 28**	$ 25	**$ —**	$ 1
Interest cost	**179**	173	**1**	1
Expected return on plan assets	**(387)**	(384)	**—**	—
Amortization of prior service credit	**—**	(1)	**(1)**	(2)
Recognized actuarial loss	**44**	69	**—**	1
Net periodic benefit (credit) cost	**$ (136)**	$ (118)	**$ —**	$ 1
Settlement loss	**4**	—	**—**	—
Total (credit) cost	**$ (132)**	$ (118)	**$ —**	$ 1

The weighted average actuarial assumptions utilized to calculate the net periodic benefit costs for the U.S. and significant non-U.S. defined benefit plans are as follows:

Combined U.S. and significant non-U.S. Plans	Pension Benefits		Post-retirement Benefits	
September 30,	**2019**	2018	**2019**	2018
Weighted average assumptions:				
Expected return on plan assets	**5.74%**	5.83%	**—**	—
Discount Rate	**3.48%**	3.07%	**3.65%**	3.21%
Rate of compensation increase	**1.74%**	1.73%	**—**	—

The Company made approximately $85 million of contributions to its U.S. and non-U.S. defined benefit pension plans for the nine months ended September 30, 2019. The Company expects to contribute approximately $32 million to its U.S. and non-U.S. defined benefit pension plans during the remainder of 2019.

Defined Contribution Plans

The Company maintains certain defined contribution plans ("DC Plans") for its employees, the most significant being in the U.S. and the U.K. The cost of the U.S. DC Plans was $106 million and $100 million for the nine months ended September 30, 2019 and 2018, respectively. The cost of the U.K. DC Plans was $74 million and $61 million for the nine months ended September 30, 2019 and 2018, respectively.

14. Debt

The Company's outstanding debt is as follows:

(In millions)	**September 30, 2019**	December 31, 2018
Short-term:		
Commercial paper	**$ 325**	$ —
Term loan facility	**300**	—
Current portion of long-term debt	**514**	314
	1,139	314
Long-term:		
Senior notes – 2.35% due 2019	**—**	300
Senior notes – 2.35% due 2020	**500**	499
Senior notes – 3.50% due 2020	**698**	—
Senior notes – 4.80% due 2021	**499**	499
Senior notes - Floating rate due 2021	**298**	—
Senior notes – 2.75% due 2022	**498**	497
Senior notes – 3.30% due 2023	**348**	348
Senior notes – 4.05% due 2023	**249**	249
Senior notes – 3.50% due 2024	**597**	597
Senior notes – 3.875% due 2024	**993**	—
Senior notes – 3.50% due 2025	**497**	496
Senior notes – 1.349% due 2026	**603**	—
Senior notes – 3.75% due 2026	**597**	596
Senior notes – 4.375% due 2029	**1,499**	—
Senior notes – 1.979% due 2030	**602**	—
Senior notes – 5.875% due 2033	**298**	297
Senior notes – 4.75% due 2039	**494**	—
Senior notes – 4.35% due 2047	**492**	492
Senior notes – 4.20% due 2048	**592**	592
Senior notes – 4.90% due 2049	**1,237**	—
Mortgage – 5.70% due 2035	**347**	358
Other	**5**	4
	11,943	5,824
Less current portion	**514**	314
	$ 11,429	$ 5,510

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 $325 million of commercial paper outstanding at September 30, 2019 at an effective interest rate of 2.29%.

On September 18, 2018, the Company entered into a bridge loan agreement to finance the JLT Transaction. The bridge loan agreement provided for commitments in the aggregate principal amount of £5.2 billion. In 2018, the Company paid approximately $35 million of customary upfront fees related to the bridge loan at the inception of the loan commitment, of which $30 million was amortized in 2018 and $5 million in the first quarter of 2019 as interest expense based on the period of time the facility was expected to be in effect (including any loans outstanding). The Company terminated its bridge loan agreement on April 1, 2019.

In January 2019, the Company issued $700 million of 3.50% Senior Notes due 2020, $1 billion of 3.875% Senior Notes due 2024, $1.25 billion of 4.375% Senior Notes due 2029, $500 million of 4.75% Senior Notes due 2039, $1.25 billion of 4.90% Senior Notes due 2049 and $300 million of Floating Rate Senior Notes due 2021. The floating rate notes are based on LIBOR plus a fixed margin. These notes are due prior to the date that LIBOR is expected to be replaced by a successor rate, which is expected to occur in 2021.

In March 2019, the Company issued €550 million of 1.349% Senior Notes due 2026 and €550 million of 1.979% Senior Notes due 2030. In addition, the Company issued an additional $250 million of 4.375% Senior Notes due 2029, in March 2019. These notes constitute a further issuance of the 4.375% Senior Notes due 2029, of which $1.25 billion aggregate principal amount was issued in January 2019 (see above). After giving effect to the issuance of the notes, the Company has $1.5 billion aggregate principal amount of 4.375% Senior Notes due 2029. The Company used part of the net proceeds from these offerings, along with the $5 billion of Senior Notes issued in January 2019 (discussed above) primarily to fund the acquisition of JLT, including the payment of related fees and expenses, and to repay certain JLT indebtedness, as well as for general corporate purposes.

In March 2019, the Company closed on $300 million one-year and $300 million three-year term loan facilities. The interest rate on these facilities is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. The facilities require the Company to maintain coverage ratios and leverage ratios consistent with the revolving credit facility discussed below. The Company had $300 million of borrowings outstanding under the one -year term facility at September 30, 2019 at an average borrowing rate of 3.05%. In August 2019, the Company terminated the $300 million three-year term facility. The outstanding term loan expires on March 2020 and will not be impacted by the replacement of LIBOR.

In connection with the closing of the JLT Transaction, the Company assumed approximately $1 billion of historical JLT indebtedness. In April and June of 2019, the Company repaid approximately $450 million and $553 million, respectively, representing all of JLT's debt it acquired upon the closing of the JLT Transaction. The Company incurred debt extinguishment costs of $32 million due to the debt repayments.

In September 2019, the Company repaid $300 million of maturing senior notes.

In March 2018, the Company issued $600 million of 4.20% senior notes due 2048. The Company used the net proceeds for general corporate purposes.

In October 2018, the Company and certain of its foreign subsidiaries increased its multi-currency five-year unsecured revolving credit facility from $1.5 billion to $1.8 billion. 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 October 2023 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at September 30, 2019. The facility includes a provision for determining a LIBOR successor rate in the event LIBOR reference rates are no longer available. In such case, the rate would be determined using an alternate reference rate that has been broadly accepted by the syndicated loan market in the United States in lieu of LIBOR (the “LIBOR successor rate”). If no LIBOR successor rate has been determined, the rate will be based on the higher of the rate announced publicly by Citibank, New York, NY, as its base rate or the fed funds rate plus a fixed margin.

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.

	September 30, 2019		December 31, 2018	
(In millions)	**Carrying Amount**	**Fair Value**	Carrying Amount	Fair Value
Short-term debt	**$ 1,139**	**$ 1,140**	$ 314	$ 313
Long-term debt	**$ 11,429**	**$ 12,666**	$ 5,510	$ 5,437

The fair value of the Company’s short-term debt consists primarily of commercial paper, borrowings from the term loan facility 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.

15. Restructuring Costs

JLT Related Integration and Restructuring

The Company has begun its integration and restructuring activities related to JLT. The process will involve combining the business practices and co-locating colleagues in most geographies, rationalization of real estate leases around the world, realization of synergies and migration of legacy JLT systems onto MMC's information technology environment and security protocols, consulting fees related to integration management processes and legal fees related to the rationalization of legal entity structures that will reduce costs, mitigate risks and improve operational transparency.

Costs will be recognized based on applicable accounting guidance which includes accounting for disposal or exit activities, guidance related to impairment of long lived assets (for right of use assets related to real estate leases), as well as other costs resulting from accelerated depreciation or amortization of leasehold improvements and other property and equipment. Based on its current estimates, the Company expects to incur costs of at least $375 million in connection with the integration and restructuring of the combined businesses, primarily related to severance, real estate rationalization, technology, consulting fees related to the management of the integration processes and legal fees related to the rationalization of legal entity structures. The Company expects to incur these costs over a three- year period, and has incurred $192 million to date. These integration and restructuring plans are still developing, and these estimates may change as the Company completes its detailed plans for each business and location.

In connection with the JLT integration and restructuring, in the third quarter of 2019, the Company incurred costs of $77 million: $58 million in RIS, $5 million in Consulting, and $14 million in Corporate. For the nine month period ended September 30, 2019, costs incurred were $134 million in RIS, $10 million in Consulting, and $48 million in Corporate. The severance and related costs were included in compensation and benefits and the other costs were included in other operating expenses in the consolidated statement of income.

Details of the JLT integration and restructuring activity from January 1, 2019 through September 30, 2019, is as follows:

(In millions)	Severance	Real Estate Related Costs (a)	Information Technology (a)	Consulting and Other Outside Services (b)	Total
Liability at 1/1/19	$ —	$ —	$ —	$ —	$ —
2019 Charges	92	21	9	70	192
Cash payments	(59)	(5)	(9)	(70)	(143)
Non-cash charges	—	(7)	—	—	(7)
Liability at 9/30/19	$ 33	$ 9	$ —	$ —	$ 42

(a) Includes data center contract termination costs and temporary infrastructure leasing costs.
(b) Includes consulting fees related to the management of the integration processes and legal fees related to the rationalization of legal entity structures.

Other Restructuring

During the second quarter of 2018, Marsh initiated a program to simplify the organization through reduced management layers and more common structures across regions and businesses to more closely align with its more formalized segmentation strategy across large risk management, middle market corporate, and small commercial & personal segments. These efforts are expected to create increased efficiencies and additional capacity for reinvestment in people and technology. The Company incurred severance and consulting costs of $6 million for the nine month period ended September 30, 2019, related to this initiative.

During the fourth quarter of 2018, Mercer initiated a program to restructure its business to further optimize the way Mercer operates, setting up the Company for a more fluid and nimble structure and operating model for the future. The Company incurred restructuring severance and consulting costs of $10 million and $43 million for the three and nine month periods, ended September 30, 2019, respectively, related to this initiative.

In addition to the changes discussed above, the Company incurred $7 million of restructuring costs related to severance and future rent under non-cancelable leases, primarily in Corporate.

Details of the other restructuring activity from January 1, 2018 through September 30, 2019, which includes liabilities from actions prior to 2019, are as follows:

(In millions)	Liability at 1/1/18	Amounts Accrued	Cash Paid	Other	Liability at 12/31/18	**Amounts Accrued**	**Cash Paid**	**Other**	**Liability at 9/30/19**
Severance	$ 15	$ 137	$ (77)	$ (2)	$ 73	**$ 44**	**$ (95)**	**$ (4)**	**$ 18**
Future rent under non-cancelable leases and other costs	50	24	(37)	2	39	**12**	**(13)**	**(6)**	**$ 32**
Total	$ 65	$ 161	$ (114)	$ —	$ 112	**$ 56**	**$ (108)**	**$ (10)**	**$ 50**

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. These programs are substantially completed as of September 30, 2019.

16. Common Stock

During the first nine months of 2019, the Company repurchased approximately 3.1 million shares of its common stock for consideration of $300 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 September 30, 2019, the Company remained authorized to repurchase up to approximately $566 million in shares of its common stock. There is no time limit on the authorization. During the first nine months of 2018, the Company repurchased approximately 8.2 million shares of its common stock for consideration of $675 million.

The Company issued approximately 4.2 million and 3.0 million shares related to stock compensation and employee stock purchase plans during the first nine months of 2019 and 2018, respectively.

17. Claims, Lawsuits and Other Contingencies

Acquisition of Jardine Lloyd Thompson Group plc

On April 1, 2019, the Company completed its previously announced acquisition of all of the outstanding shares of JLT. See Note 8 to the consolidated financial statements for additional information. By virtue of the acquisition of JLT, the Company assumed the legal liabilities and became responsible for JLT’s litigation and regulatory exposures as of April 1, 2019.

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 may 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 guidance on 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.

Risk and Insurance Services Segment

In April 2017, the Financial Conduct Authority in the United Kingdom (the "FCA") commenced a civil competition investigation into the aviation insurance and reinsurance sector. In connection with that investigation, the FCA carried out an on-site inspection at the London offices of Marsh Limited, our Marsh and Guy Carpenter operating subsidiary in the United Kingdom, and JLT Specialty Ltd., JLT's U.K. operating subsidiary. The FCA indicated that it had reasonable grounds for suspecting that Marsh Limited, JLT Specialty Ltd. and other participants in the market have been sharing competitively sensitive information within the aviation insurance and reinsurance broking sector.

In October 2017, the Company received a notice that the Directorate-General for Competition of the European Commission had commenced a civil investigation of a number of insurance brokers, including both Marsh and JLT, regarding "the exchange of commercially sensitive information between competitors in relation to aviation and aerospace insurance and reinsurance broking products and services in the European Economic Area ("EEA"), as well as possible coordination between competitors." In light of the action taken by the European Commission, the FCA informed Marsh Limited and JLT Specialty Ltd. that it had discontinued its investigation under U.K. competition law. In May 2018, the FCA advised that it would not be taking any further action with Marsh Limited or JLT Specialty Ltd. in connection with this matter.

In January 2019, the Company received a notice that the Administrative Council for Economic Defense anti-trust agency in Brazil had commenced an administrative proceeding against a number of insurance brokers, including both Marsh and JLT, and insurers “to investigate an alleged sharing of sensitive commercial and competitive confidential information" in the aviation insurance and reinsurance sector.

We are cooperating with these investigations and are conducting our own reviews. At this time, we are unable to predict their likely timing, outcome or ultimate impact. There can be no assurance that the ultimate resolution of these or any related matters will not have a material adverse effect on our consolidated results of operations, financial condition or cash flows.

Consulting Segment

In 2014, the FCA conducted a thematic review of the suitability of financial advice provided to individuals by a number of firms, including JLT’s employee benefits business, relating to enhanced transfer value ("ETV") pension transfers. In January 2015, the FCA notified JLT it was commissioning a Skilled Person review of JLT’s ETV advice. In February 2019, prior to the completion of the acquisition, JLT disclosed that it had recorded a net charge of £38.4 million (or approximately $49.2 million) arising from the Skilled Person report and ETV review, reflecting estimated net costs offset by potential insurance and indemnification recoveries. Pending the outcome of the FCA’s review, and based on our review as of September 30, 2019, the Company has a gross liability of approximately $83 million recorded on its consolidated balance sheet for the estimated liabilities and costs arising from this matter. We expect this gross liability to be partially offset by insurance and indemnification claims under existing arrangements.

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 September 30, 2019, 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 17 on Claims, Lawsuits and Other Contingencies may expose the Company or its subsidiaries to liability for significant monetary damages, fines, penalties or other forms of relief. Where a loss is both probable and reasonably estimable, the Company establishes liabilities in accordance with FASB guidance on 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.

18. 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 to the Company's 2018 Form 10-K. 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.

Prior to being acquired by the Company, JLT operated in three segments: Specialty, Reinsurance and Employee Benefits. JLT operated in 41 countries, with significant revenue in the United Kingdom, Pacific, Asia and the United States. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty is included by geography within Marsh, JLT Reinsurance is included in Guy Carpenter and the majority of JLT's Employee Benefits business was included in Mercer Health and Wealth.

Selected information about the Company's operating segments for the three-and nine-month periods ended September 30, 2019 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	Revenue	Operating Income (Loss)	Revenue	Operating Income (Loss)
2019–				
Risk and Insurance Services	**$ 2,206** [(a)]	**$ 218**	**$ 7,203** [(c)]	**$ 1,468**
Consulting	**1,785** [(b)]	**317**	**5,258** [(d)]	**874**
Total Operating Segments	**3,991**	**535**	**12,461**	**2,342**
Corporate/Eliminations	**(23)**	**(68)**	**(73)**	**(257)**
Total Consolidated	**$ 3,968**	**$ 467**	**$ 12,388**	**$ 2,085**
2018–				
Risk and Insurance Services	$ 1,863 [(a)]	$ 293	$ 6,303 [(c)]	$ 1,481
Consulting	1,656 [(b)]	291	4,974 [(d)]	805
Total Operating Segments	3,519	584	11,277	2,286
Corporate/Eliminations	(15)	(43)	(39)	(146)
Total Consolidated	$ 3,504	$ 541	$ 11,238	$ 2,140

[(a)] Includes inter-segment revenue of $3 million and $4 million in 2019 and 2018, respectively, interest income on fiduciary funds of $31 million and $18 million in 2019 and 2018, respectively, and equity method income of $10 million and $4 million in 2019 and 2018, respectively and $51 million related to the sale of business in 2018.

[(b)] Includes inter-segment revenue of $20 million and $11 million in 2019 and 2018, respectively, interest income on fiduciary funds of $1 million in 2018, and equity method income of $4 million in 2018.

[(c)] Includes inter-segment revenue of $7 million and $5 million in 2019 and 2018, respectively, interest income on fiduciary funds of $80 million and $46 million in 2019 and 2018, respectively, and equity method income of $16 million and $10 million in 2019 and 2018, respectively and $51 million related to the sale of business in 2018.

[(d)] Includes inter-segment revenue of $66 million and $34 million in 2019 and 2018, respectively, interest income on fiduciary funds of $2 million and $3 million in 2019 and 2018, respectively and equity method income of $10 million and $12 million in 2019 and in 2018, respectively.

Details of operating segment revenue for the three and nine-month periods ended September 30, 2019 and 2018 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2019**	2018	**2019**	2018
Risk and Insurance Services				
Marsh	**$ 1,923**	$ 1,643	**$ 5,850**	$ 5,106
Guy Carpenter	**283**	220	**1,353**	1,197
Total Risk and Insurance Services	**2,206**	1,863	**7,203**	6,303
Consulting				
Mercer	**1,280**	1,175	**3,695**	3,504
Oliver Wyman Group	**505**	481	**1,563**	1,470
Total Consulting	**1,785**	1,656	**5,258**	4,974
Total Operating Segments	**3,991**	3,519	**12,461**	11,277
Corporate/Eliminations	**(23)**	(15)	**(73)**	(39)
Total	**$ 3,968**	$ 3,504	**$ 12,388**	$ 11,238

19. New Accounting Guidance

New Accounting Pronouncements Effective January 1, 2019:

The following new accounting standard was adopted using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of January 1, 2019:

Leases

In February 2016, the FASB issued new guidance intended to improve financial reporting for leases. Under the new guidance, a lessee is required to recognize assets and liabilities for leases. Consistent with legacy GAAP, the recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will depend on the classification of the lease as financing or operating. However, unlike legacy GAAP, which requires that only capital leases are recognized on the balance sheet, the new guidance requires that both operating and financing leases be recognized on the balance sheet. The Company adopted this new standard effective January 1, 2019, using a modified retrospective method, applying the new guidance as of the beginning of the year of adoption, with a cumulative effect of initially applying the guidance recognized as an adjustment to retained earnings at January 1, 2019. Therefore, prior period information has not been restated. The Company has elected the package of practical expedients, which among other things, allows historical lease classifications to be carried forward. The Company did not elect the hindsight practical expedient in determining lease term and impairment of an entity's ROU assets. On January 1, 2019, the Company recognized a lease liability of $1.9 billion and ROU asset of $1.7 billion, related to real estate operating leases. The ROU asset also reflected reclassification adjustments primarily from other liabilities related to existing deferred rent, unamortized lease incentives and restructuring liabilities of $0.2 billion upon adoption. There was no cumulative-effect adjustment required to be booked to retained earnings upon transition. The adoption of this standard did not have a material impact on our income statement as compared to prior periods.

The following new accounting standards were adopted prospectively as of January 1, 2019:

Derivatives and Hedging

In August 2017, the FASB issued new guidance intended to refine and expand hedge accounting for both financial and commodity risks. The guidance creates more transparency around how economic results are presented in both the financial statements and the footnotes, as well as making targeted improvements to simplify the application of hedge accounting guidance. The Company adopted this guidance effective January 1, 2019. The adoption of this standard did not have an impact on the Company's financial position or results of operations.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued new guidance that allowed an entity to reclassify the stranded tax effects resulting from the Tax Cuts and Job Act (the "TCJA") from accumulated other comprehensive income ("AOCI") to retained earnings. The guidance is effective for the period beginning January 1, 2019. The Company elected not to reclassify the stranded income tax effects of the TCJA from AOCI to retained earnings. The adoption of this standard had no impact on the Company's financial position or results of operations. The Company’s accounting policy related to releasing income tax effects from AOCI follows the portfolio approach.

New Accounting Pronouncements Effective January 1, 2018:

The following new accounting standards were adopted using a modified retrospective approach through a cumulative-effect adjustment to retained earnings as of January 1, 2018:

Revenue Recognition

In May 2014, the FASB issued new accounting guidance related to revenue from contracts with customers. 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. The Company adopted the new guidance effective January 1, 2018, using the modified retrospective method, which applies the new guidance beginning with the year of adoption, with the cumulative effect of initially applying the guidance recognized as an adjustment to retained earnings at January 1, 2018. The cumulative effect of adopting the standard, net of tax, on January 1, 2018 resulted in an increase to the opening balance of retained earnings of $364 million, with offsetting increases/decreases to other balance sheet accounts, e.g. accounts receivable, other assets and deferred income taxes.

Recognition and Measurement of Financial Instruments

In January 2016, the FASB issued new guidance intended to improve the recognition and measurement of financial instruments. The new guidance requires investments in equity securities (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 Company adopted the new accounting guidance effective January 1, 2018, recording a cumulative-effect adjustment increase to retained earnings as of the beginning of the period of adoption of $14 million, reflecting the reclassification of cumulative unrealized gains, net of tax as of December 31, 2017 from accumulated other comprehensive income to retained earnings.

Income Tax Consequences of Intra-Entity Transfers

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. 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 adopted the new guidance effective January 1, 2018, recording a cumulative-effect adjustment decrease to retained earnings of approximately $14 million as of the beginning of the period of adoption.

New Accounting Pronouncements Not Yet Adopted

In August 2018, the FASB issued new guidance that amends required fair value measurement disclosures. The guidance adds new requirements, eliminates some current disclosures and modifies other required disclosures. The new disclosure requirements, along with modifications made to disclosures as a result of the change in requirements for narrative descriptions of measurement uncertainty, must be applied on a prospective basis. The effects of all other amendments included in the guidance must be applied retrospectively for all periods presented. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods therein. Early adoption is permitted. Adoption of this guidance will impact disclosures only and will not have an impact on the Company's financial position or results of operations.

In August 2018, the FASB issued new guidance that amends disclosures related to Defined Benefit Plans. The guidance removes disclosures that no longer are considered cost-beneficial, clarifies the specific requirements of certain disclosures, and adds disclosure requirements identified as relevant. The guidance must be applied on a retrospective basis. The guidance is effective for fiscal years ending after December 15, 2020. Early adoption is permitted. Adoption of this guidance will impact disclosures only and will not have an impact on the Company's financial position or results of operations.

In January 2017, the FASB issued new guidance to simplify the test for goodwill impairment. The new guidance eliminates the second step in the current two-step goodwill impairment process, under which a goodwill impairment loss is measured by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill for that reporting unit. The new guidance requires a one-step impairment test, in which the goodwill impairment charge is based on the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The guidance should be applied on a prospective basis with the nature of and reason for the change in accounting principle disclosed upon transition. The guidance is effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its financial position or results of operations.

In June 2016, the FASB issued new guidance on the impairment of financial instruments. The new guidance adds an impairment model (known as the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of lifetime expected credit losses, which the FASB believes will result in more timely recognition of such losses. The new standard is also intended to reduce the complexity of U.S. GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments. Further, the new standard makes targeted changes to the impairment model for available-for-sale debt securities. The new standard is effective for public companies for annual reporting periods beginning after December 15, 2019, and interim periods therein. The Company is currently evaluating the impact of this standard, but does not expect the adoption of this standard will have a material impact on its financial position or results of operations.

Item 2. 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. Its businesses include: 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, the management, economic and brand consultancy.

The Company operates 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 wealth, health and career consulting services and products, and specialized management, economic and brand consulting services. The Company conducts business in this segment through Mercer and Oliver Wyman.

A reconciliation of segment operating income to total operating income is included in Note 18 to the consolidated financial statements included in Part I Item 1 in this report. The accounting policies used for each segment are the same as those used for the consolidated financial statements.

Acquisition of JLT

On April 1, 2019, the Company completed its previously announced acquisition (the "Transaction") of all of the outstanding shares of Jardine Lloyd Thompson Group plc ("JLT"), a public company organized under the laws of England and Wales. Under the terms of the Transaction, JLT shareholders received £19.15 in cash for each JLT share, which values JLT’s existing issued and to be issued share capital at approximately £4.3 billion (or approximately $5.6 billion based on an exchange rate of U.S. $1.31:£1).

JLT's results of operations for the period April 1, 2019 through September 30, 2019 are included in the Company’s results of operation for 2019. Prior periods in 2018 do not reflect JLT’s results of operations and therefore may affect comparability. Prior to being acquired by the Company, JLT operated in three segments: Specialty, Reinsurance and Employee Benefits. JLT operated in 41 countries, with significant revenue in the United Kingdom, Pacific, Asia and the United States. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty is included by geography within Marsh, JLT Reinsurance is included in Guy Carpenter and the majority of JLT's Employee Benefits business was included in Mercer Health and Wealth.

By virtue of the acquisition of JLT, the Company assumed the legal liabilities and became responsible for JLT’s litigation and regulatory exposures as of April 1, 2019. Please see the "Risk Factors" section of our most recently filed Annual Report on Form 10-K for risks associated with the acquisition.

The Company’s results for the three and nine month periods ended September 30, 2019 were impacted by JLT related acquisition, restructuring and integration costs as well as legacy MMC restructuring programs as discussed in Note 15 to the consolidated financial statements.

Acquisitions and dispositions impacting the Risk and Insurance Services and Consulting segments are discussed in Note 8 to 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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share figures)	**2019**	2018	**2019**	2018
Revenue	**$ 3,968**	$ 3,504	**$ 12,388**	$ 11,238
Expense:				
Compensation and Benefits	**2,437**	2,083	**7,256**	6,442
Other Operating Expenses	**1,064**	880	**3,047**	2,656
Operating Expenses	**3,501**	2,963	**10,303**	9,098
Operating Income	**467**	541	**2,085**	2,140
Income Before Income Taxes	**414**	385	**1,908**	2,020
Net Income Before Non-Controlling Interests	**306**	279	**1,377**	1,511
Net Income Attributable to the Company	**$ 303**	$ 276	**$ 1,351**	$ 1,497
Net Income Per Share Attributable to the Company:				
Basic	**$ 0.60**	$ 0.55	**$ 2.67**	$ 2.96
Diluted	**$ 0.59**	$ 0.54	**$ 2.64**	$ 2.93
Average Number of Shares Outstanding:				
Basic	**506**	504	**506**	506
Diluted	**511**	510	**511**	512
Shares outstanding at September 30,	**505**	504	**505**	504

The Company's results of operations and earnings per share for the three- and nine- month periods ended September 30, 2019 and 2018 include costs related to JLT integration and restructuring activities, and other MMC restructuring activities as discussed in more detail in Note 15 of the consolidated financial statements. JLT acquisition related costs were also incurred in the three-and nine-month periods ended September 30, 2019, and are discussed in more detail below. These costs are reflected as part of net operating income. In addition, the Company incurred other costs related to the financing of the JLT Transaction and hedging certain economic exposures. These costs are summarized below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	**2019**	2018	**2019**	2018
Restructuring costs, excluding JLT	**$ 12**	$ 31	**$ 56**	$ 95
JLT integration and restructuring costs	**77**	—	**192**	—
JLT acquisition related costs	**21**	—	**133**	—
Impact on operating income	**110**	31	**381**	95
Change in fair value of acquisition related derivative contracts	**—**	100	**8**	100
Early extinguishment of JLT debt	**—**	—	**32**	—
JLT related interest income - pre-acquisition	**—**	—	**(25)**	—
JLT related interest expense - pre-acquisition	**—**	4	**53**	4
Investment loss (impairment loss)	**—**	81	**—**	81
Impact on income before taxes	**$ 110**	$ 216	**$ 449**	$ 280

Operating income in the third quarter of 2019 decreased 14% to $467 million. Improvement in the Company's ongoing operating results, both legacy and from the inclusion of JLT's results in the second quarter, was more than offset by the year-over-year increase in JLT integration and restructuring costs.

Income before income taxes increased to $414 million in the third quarter of 2019, compared with $385 million in the third quarter of 2018. This increase reflects the year-over-year impact of an impairment charge related to the Company's investment in Alexander Forbes and a charge related to the change in fair value of acquisition related derivative contracts from the JLT Transaction recorded in the third quarter of 2018. This was offset by the decline in operating income discussed above and the increase in year-over-year interest expense of $64 million, primarily related to new debt issued to finance the JLT Transaction.

Diluted earnings per share increased from $0.54 in the third quarter of 2018 to $0.59 in 2019, due to higher income before taxes, discussed above, as well as a lower effective tax rate in 2019.

Operating income for the nine months ended September 30, 2019 decreased 3%, to $2.1 billion. Increases in underlying operating income of the Company's businesses were mostly offset by the integration, restructuring and acquisition related costs discussed above. Income before income taxes for the nine months ended September 30, 2019 decreased to $1.9 billion compared with $2.0 billion in the prior year. In addition to the decrease in operating income noted above, interest expense increased by $196 million primarily due to the new debt issued to finance the JLT Transaction. The increase in interest expense was partly offset by a $25 million increase in interest income from the investment of the proceeds of the debt issuances prior to closing the JLT Transaction in April 2019, as well as the impact of items recorded in 2018, as discussed above.

Diluted earnings per share decreased to $2.64 for the nine month period ended September 30, 2019, from $2.93 in the prior year, as a result of the factors discussed above, and a higher effective tax rate in 2019 due to the non-deductible costs related to the JLT Transaction.

JLT Integration and Restructuring Costs

The Company has begun its integration and restructuring activities related to JLT. The process will involve combining the business practices and collocating colleagues in most geographies, rationalization of real estate leases around the world, realization of synergies and migration of legacy JLT systems onto MMC's information technology environment and implementing security protocols. Costs will be recognized based on applicable accounting guidance which includes accounting for disposal or exit activities, guidance related to impairment of long lived assets (for right of use assets related to real estate leases), as well as other costs resulting from accelerated depreciation or amortization of leasehold improvements and other property and equipment.

Based on its current estimates, the Company expects to incur costs of at least $375 million in connection with the integration and restructuring of the combined businesses, primarily related to severance, real estate rationalization, technology, consulting fees related to the management of the integration processes and legal fees related to the rationalization of legal entity structures. The Company expects to incur these costs over a three year period and since inception of the actions has incurred $192 million to date. The Company expects to achieve at least $250 million of cost savings over three years associated with these actions. We are currently tracking ahead of our prior guidance to realize expected cost savings of $75 million in 2019, $175 million in 2020 and the full $250 million in 2021. These integration and restructuring plans are still developing, and these estimates of costs and related savings may change as the Company completes its detailed plans for each business and location. Costs of approximately $77 million and $192 million were incurred in the three-and nine-month periods ended September 30, 2019, related to the JLT integration and restructuring.

JLT Acquisition Related Costs

JLT acquisition related costs include costs directly related to completing the Transaction, such as retention costs, investment banking fees, legal fees and stamp duty tax. It also includes the loss on disposal of JLT's aerospace business.

Consolidated Revenue and Expense

Revenue - Components of Change

The Company conducts business in more than 130 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 the next by isolating these impacts.

The calculation of underlying revenue growth for the three-and nine-month periods ended September 30, 2019, is calculated as if MMC and JLT were a combined company a year ago, but excludes the impact of currency and other acquisitions, dispositions, and transfers among businesses. Combined prior year revenue information for MMC and JLT for the three-and nine-month periods ended September 30, 2018 are presented below. The unaudited 2018 JLT revenue amounts in "2018 including JLT" reflect historical JLT revenue information following IFRS, adjusted to conform with U.S. GAAP and MMC's specific accounting policies, primarily related to development of constraints and subsequent release of those constraints related to the reinsurance business. The decrease in revenue due to the disposal of JLT's Aerospace business is reflected in the acquisitions/dispositions column beginning in June 2019. See the reconciliation of non-GAAP measures on page 55. All other acquisitions/dispositions activity is included in the acquisitions/dispositions column. Underlying expense growth is calculated in a similar manner. The impact of foreign currency exchange fluctuations, acquisitions and dispositions, including transfers among businesses, on the Company's operating revenues by segment are as follows:

	Three Months Ended September 30,		% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*		
(In millions)	**2019**	2018				Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Risk and Insurance Services								
Marsh	**$ 1,902**	$ 1,630	17%	$ 1,889	1%	(1)%	(2)%	5%
Guy Carpenter	**273**	215	27%	248	10%	—	(1)%	11%
Subtotal	**2,175**	1,845	18%	2,137	2%	(1)%	(2)%	5%
Fiduciary Interest Income	**31**	18		23				
Total Risk and Insurance Services	**2,206**	1,863	18%	2,160	2%	(1)%	(2)%	6%
Consulting								
Mercer	**1,280**	1,175	9%	1,261	2%	(2)%	—	3%
Oliver Wyman	**505**	481	5%	481	5%	(1)%	—	7%
Total Consulting	**1,785**	1,656	8%	1,742	3%	(2)%	—	4%
Corporate/Eliminations	**(23)**	(15)		(15)				
Total Revenue	**$ 3,968**	$ 3,504	13%	$ 3,887	2%	(1)%	(1)%	5%

	Three Months Ended September 30,		% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*		
(In millions)	**2019**	2018				Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Marsh:								
EMEA	**$ 536**	$ 441	22%	$ 550	(2)%	(2)%	(2)%	2 %
Asia Pacific	**242**	167	45%	240	1 %	(2)%	(4)%	7 %
Latin America	**110**	96	14%	132	(17)%	(5)%	(11)%	(1)%
Total International	**888**	704	26%	922	(4)%	(3)%	(4)%	3 %
U.S./Canada	**1,014**	926	10%	967	5 %	—	(1)%	6 %
Total Marsh	**$ 1,902**	$ 1,630	17%	$ 1,889	1 %	(1)%	(2)%	5 %
Mercer:								
Wealth	**592**	525	13%	592	—	(3)%	2 %	—
Health	**441**	415	7%	432	2 %	(1)%	(3)%	7 %
Career	**247**	235	5%	237	5 %	(2)%	1 %	5 %
Total Mercer	**$ 1,280**	$ 1,175	9%	$ 1,261	2 %	(2)%	—	3 %

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

(In millions)	Nine Months Ended September 30, 2019	2018	% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*: Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Risk and Insurance Services								
Marsh	**$ 5,795**	$ 5,073	14%	$ 5,684	2%	(2)%	—	4%
Guy Carpenter	**1,328**	1,184	12%	1,292	3%	(1)%	—	4%
Subtotal	**7,123**	6,257	14%	6,976	2%	(2)%	—	4%
Fiduciary Interest Income	**80**	46		54				
Total Risk and Insurance Services	**7,203**	6,303	14%	7,030	2%	(2)%	—	4%
Consulting								
Mercer	**3,695**	3,504	5%	3,677	—	(3)%	1%	2%
Oliver Wyman	**1,563**	1,470	6%	1,470	6%	(2)%	—	9%
Total Consulting	**5,258**	4,974	6%	5,147	2%	(3)%	1%	4%
Corporate/Eliminations	**(73)**	(39)		(39)				
Total Revenue	**$ 12,388**	$ 11,238	10%	$ 12,138	2%	(2)%	1%	4%

(In millions)	Nine Months Ended September 30, 2019	2018	% Change GAAP Revenue	2018 Including JLT	% Change Including JLT in 2018	Components of Revenue Change Including JLT*: Currency Impact	Acquisitions/ Dispositions/ Other Impact	Underlying Revenue
Marsh:								
EMEA	**$ 1,821**	$ 1,610	13%	$ 1,871	(3)%	(4)%	—	2 %
Asia Pacific	**698**	514	36%	697	—	(4)%	(3)%	7 %
Latin America	**304**	279	9%	350	(13)%	(8)%	(8)%	3 %
Total International	**2,823**	2,403	17%	2,918	(3)%	(5)%	(2)%	3 %
U.S./Canada	**2,972**	2,670	11%	2,766	7 %	—	3 %	5 %
Total Marsh	**$ 5,795**	$ 5,073	14%	$ 5,684	2 %	(2)%	—	4 %
Mercer:								
Wealth	**1,748**	1,642	6%	1,776	(2)%	(4)%	3 %	(1)%
Health	**1,341**	1,286	4%	1,322	1 %	(2)%	(1)%	4 %
Career	**606**	576	5%	579	5 %	(3)%	3 %	5 %
Total Mercer	**$ 3,695**	$ 3,504	5%	$ 3,677	—	(3)%	1 %	2 %

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

Revenue

Consolidated revenue for the third quarter of 2019 was $4.0 billion, an increase of 13% on a reported basis. This reflects an increase of 5% on an underlying basis and decreases of 1% from acquisitions and 1% from the impact of foreign currency translation.

Revenue in the Risk and Insurance Services segment for the third quarter of 2019 was $2.2 billion, an increase of 18% from the same quarter of the prior year. This reflects an increase of 6% on an underlying basis, a 2% decrease from dispositions and a decrease of 1% from the impact of foreign currency translation. Consulting revenue of $1.8 billion in the third quarter of 2019 increased 8%. Revenue increased 4% on an underlying basis, partly offset by a decrease of 2% from the impact of foreign currency translation.

For the first nine months of 2019, consolidated revenue increased 10%. This reflects increases of 4% on an underlying basis and 1% from acquisitions, partly offset by a decrease of 2% from the impact of foreign currency translation when compared with 2018. Risk and Insurance Services revenue increased 14% from the same period in 2018. This reflects an increase of 4% on an underlying basis, partly offset by a decrease of 2% from the impact of foreign currency translation when compared with 2018.

Consulting revenue increased 6% compared with the nine-month period last year. Revenue increased 4% on an underlying basis and 1% from acquisitions, offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018.

Operating Expense

The Company has incurred approximately $98 million and $325 million of operating expenses for the three and nine month periods ended September 30, 2019, respectively, related to the JLT acquisition, integration and restructuring as discussed in more detail in Notes 8 and 15 of the consolidated financial statements.

Consolidated operating expense in the third quarter increased 18% compared with the same period last year. Expenses increased 5% on an underlying basis and 1% from the impact of acquisitions partly offset by a decrease of 2% from the impact of foreign currency translation. The increase in underlying expense is primarily due to higher acquisition, integration and restructuring charges related to the JLT Transaction and higher incentive compensation.

Expenses for the first nine months of 2019 increased 13% compared to the same period in 2018, reflecting increases of 4% on an underlying basis and 2% from acquisitions partly offset by a decrease of 3% from the impact of foreign currency translation when compared with 2018. The increase in underlying expenses is due primarily to the items discussed in the previous paragraph.

Risk and Insurance Services

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

For the Three and Nine Months Ended September 30,	Three Months		Nine Months	
(In millions)	**2019**	2018	**2019**	2018
Revenue	**$ 2,206**	$ 1,863	**$ 7,203**	$ 6,303
Compensation and Benefits	**1,373**	1,103	**4,012**	3,416
Other Operating Expenses	**615**	467	**1,723**	1,406
Expense	**1,988**	1,570	**5,735**	4,822
Operating Income	**$ 218**	$ 293	**$ 1,468**	$ 1,481
Operating Income Margin	**9.9%**	15.7%	**20.4%**	23.5%

Revenue

Revenue in the Risk and Insurance Services segment in the third quarter of 2019 was $2.2 billion, an increase of 18% as compared to the same period last year. This reflects a 6% increase in underlying revenue partly offset by a 2% decrease from acquisitions and a 1% decrease related to the impact of foreign currency translation when compared with 2018.

In Marsh, revenue in the third quarter of 2019 was $1.9 billion, an increase of 17% as compared to the same period last year. This reflects an increase in underlying revenue of 5%, partly offset by a 2% decrease from acquisitions and a 1% decrease related to the impact of foreign currency translation. In U.S./Canada, underlying revenue increased 6%. Revenue in International operations grew 3% on an underlying basis, with a decrease of 1% in Latin America and growth of 7% in Asia Pacific and a 2% increase in EMEA. Guy Carpenter's third quarter revenue increased 27% as compared to the same period last year, reflecting an 11% increase on an underlying basis. Guy Carpenter’s revenue in the third quarter of 2019 includes a true up of the estimated revenue on a multi-year contract, which represented approximately 6.5% of Guy Carpenter's underlying growth.

Revenue in the Risk and Insurance Services segment increased 14% for the first nine months of 2019 compared with 2018. This reflects an increase of 4% on an underlying basis, partly offset by a 2% decrease from the impact of foreign currency. In Marsh, underlying revenue increased 5% in U.S./Canada. The international division increased 3% on an underlying basis, reflecting increases of 7% in Asia Pacific, 3% in Latin America and 2% in EMEA. Guy Carpenter's revenue for the first nine months of 2019 increased 12%, reflecting a 4% increase on an underlying basis, partly offset by a 1% decrease related to the impact of foreign currency translation.

Expense

Expenses in the Risk and Insurance Services segment increased 27% in the third quarter of 2019 compared with the same period last year. This reflects increases of 5% in underlying expense and 3% from acquisitions, partly offset by a decrease of 2% from the impact of foreign currency translation.

During the third quarter of 2019, the increase in underlying expense reflects the impact of acquisition, restructuring and integration related costs of $74 million, primarily due to severance, lease related exit costs and consulting fees related to the JLT Transaction and higher incentive compensation.

Expenses for the first nine month period of 2019 increased 19% compared to the prior year. This reflects increases of 4% in both underlying expenses and acquisitions, partly offset by a decrease of 3% from the impact of foreign currency translation. The underlying expense increase is primarily due to JLT related acquisition, restructuring and integration related costs of $215 million and higher incentive compensation.

Consulting

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

For the Three and Nine Months Ended September 30,	Three Months		Nine Months	
(In millions)	**2019**	2018	**2019**	2018
Revenue	**$ 1,785**	$ 1,656	**$ 5,258**	$ 4,974
Compensation and Benefits	**967**	895	**2,932**	2,753
Other Operating Expenses	**501**	470	**1,452**	1,416
Expense	**1,468**	1,365	**4,384**	4,169
Operating Income	**$ 317**	$ 291	**$ 874**	$ 805
Operating Income Margin	**17.7%**	17.6%	**16.6%**	16.2%

Revenue

Revenue in the Consulting segment in the third quarter of 2019 was $1.8 billion, an increase of 8% compared to the same period last year. This reflects a 4% increase in underlying revenue, partly offset by a 2% decrease from the impact of foreign currency translation.

Mercer's revenue of approximately $1.3 billion increased 9% compared to the same period last year. This reflects an increase of 3% on an underlying basis, partly offset by a 2% decrease from the impact of foreign currency translation. On an underlying basis, revenue in Health increased 7%, Career increased 5%, and Wealth was flat. Oliver Wyman's revenue increased 5% to $505 million, reflecting an increase of 7% on an underlying basis partly offset by a 1% decrease from the impact of foreign currency translation.

Consulting revenue in the first nine months of 2019 increased 6%. Underlying revenue increased 4% with underlying growth of 2% at Mercer and 9% at Oliver Wyman when compared with 2018.

Expense

Consulting expenses in the third quarter of 2019 increased 8% as compared to the third quarter of 2018. This reflects an underlying expense increase of 5% partly offset by a 1% decrease from other acquisitions and a 2% decrease from the impact of foreign currency translation. The increase in underlying expenses is primarily due to higher incentive compensation and higher restructuring related costs.

Consulting expenses in the first nine months of 2019 increased 5% as compared to the same period of 2018. Underlying expenses for the first nine months of 2019 increased 3% as compared to 2018, primarily due to the items discussed in the previous paragraph when compared with 2018.

Corporate and Other

Corporate expenses were $68 million in the third quarter of 2019, compared with $43 million in the same period of 2018, reflecting an underlying increase of 27%. Corporate expenses for the nine-month period ended September 30, 2019 were $257 million compared with $146 million in the same period of 2018. Expenses increased 56% for the period on an underlying basis. The underlying expense increases primarily result from acquisition, integration and restructuring costs related to the JLT Transaction of $18 million and $99 million for the three and nine month periods ended September 30, 2019, respectively.

Interest

Interest income earned on corporate funds was $4 million in the third quarter of 2019 as compared to $2 million in the same period last year. Interest income for the nine months ended September 30, 2019 was $34 million compared to interest income of $8 million in the same period of 2018. During the first quarter of 2019, the Company issued approximately $6.5 billion of senior notes related to the JLT acquisition. The funds were held in escrow and released for payment in April when the acquisition was completed. The increase in interest income from the prior year is due to interest earned on these funds.

Interest expense increased $64 million in the third quarter of 2019 compared with the third quarter of 2018, and increased $196 million for the nine months of 2019 compared with the same period last year, primarily due to new debt issuances related to the JLT acquisition.

Investment Income

The caption "Investment income" in the consolidated statements of income comprises realized and unrealized gains and losses from investments. It includes, when applicable, other-than-temporary declines in the value of securities, mark-to-market increases/decreases in equity investments with readily determinable fair values and equity method gains or losses on its investments in private equity funds. The Company's investments may include direct investments in insurance, consulting or other strategically linked companies and investments in private equity funds.

The Company recorded net investment income of $7 million and $20 million for the three and nine month periods ended September 30, 2019, respectively, compared to net investment losses of $52 million and $24 million for three and nine month periods in September 30, 2018, respectively. The three and nine month periods ending September 30, 2019 includes gains of $4 million and $10 million related to mark-to-market changes in equity securities and gains of $3 million and $10 million related to investments in private equity funds and other investments. The three and nine month periods ending September 30, 2018 include an $81 million impairment charge related to an other than temporary decline in the Company's equity method investment in Alexander Forbes (see Note 10). The three and nine month periods ending September 30, 2018 also include gains of $25 million and $43 million, respectively, related to mark-to-market changes in equity securities and $4 million and $14 million, respectively, related to investments in private equity funds and other investments.

Income Taxes

The Company's effective tax rate in the third quarter of 2019 was 26% compared with 27.5% in the third quarter of 2018. The effective tax rates for the first nine months of 2019 and 2018 were 27.8% and 25.2%. The rate in the first nine months of 2019 reflects discrete adjustments related to the JLT acquisition, including tax on the disposition of JLT's aerospace business and nondeductible expenses incurred in connection with the Transaction. The third quarter of 2018 as well as the first nine months of 2018 relfect the impact of a charge related to the Company's investment in Alexander Forbes (as discussed in Note 10) largely offset by favorable adjustments to the estimated impact of tax reform. Both periods reflect the impact of other discrete tax matters such as excess tax benefits related to share-based compensation, tax legislation, changes in uncertain tax positions, deferred tax adjustments and nontaxable adjustments to contingent acquisition consideration.

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.

Losses in one jurisdiction, generally, cannot offset earnings in another, and within certain jurisdictions profits and losses may not offset between entities. Consequently, losses in certain jurisdictions may require valuation allowances affecting the effective tax rate, depending on estimates of the realizability of associated deferred tax assets. The tax rate is also sensitive to changes in unrecognized tax benefits, including the impact of settled tax audits and expired statutes of limitation.

Changes in tax laws or tax rulings may have a significant impact on our effective tax rate. The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in tax returns. The Company's gross unrecognized tax benefits decreased from $78 million at December 31, 2018 to $76 million at September 30, 2019 due to settlements of audits and expirations of statutes of limitation partially offset by current accruals. 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 settlements of audits and expirations of statutes of limitation.

The Company's accounting policy related to releasing income tax effects from Accumulated Other Comprehensive Income ("AOCI") follows the portfolio approach.

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 can also provide 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 September 30, 2019, the Company had approximately $1.1 billion of cash and cash equivalents in its foreign operations, which includes $173 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 available funds from its non-U.S. operating subsidiaries out of current annual earnings. Where appropriate, a portion of the current year earnings will continue to be permanently reinvested. With respect to repatriating 2018 and prior earnings, the Company has evaluated such factors as its short- and long-term capital needs, acquisition and borrowing strategies, and the availability of cash for repatriation for each of its subsidiaries. The Company has determined that, in general, its permanent reinvestment assertions, in light of the enactment of the Tax Cuts and Jobs Act, should allow the Company to repatriate previously taxed earnings from the deemed repatriations as cash becomes available.

During the first nine months of 2019, the Company recorded foreign currency translation adjustments which decreased net equity by $366 million. Strengthening of the U.S. dollar against foreign currencies would 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 $1.3 billion of cash from operations for both nine month periods ended September 30, 2019 and 2018. 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 and pension plan contributions or receipts of assets. The Company paid $143 million related to the JLT integration and restructuring activity for the nine months ended September 30, 2019.

Pension Related Items

Contributions

The Company's policy for funding its tax-qualified defined benefit plans is to contribute amounts at least sufficient to meet the funding requirements set forth in accordance with applicable law. During the first nine months of 2019, the Company contributed $58 million to its non-U.S. defined benefit pension plans and $27 million to its U.S. defined benefit pension plans. In the first nine months of 2018, the Company contributed $65 million to its non-U.S. defined benefit pension plans and $22 million to its U.S. defined benefit pension 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.

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, 2018. 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 occur 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. The funding level was re-assessed on November 1, 2018 and no deficit funding contributions are required in 2019. The funding level will be re-assessed on November 1, 2019. 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.

The Company expects to fund an additional $24 million to its non-U.S. defined benefit plans over the remainder of 2019, comprising approximately $13 million to plans outside of the U.K. and $11 million to the U.K. plans. The Company also expects to fund an additional $8 million to its U.S. defined benefit plans during the remainder of 2019.

Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the funded status of the plan.

Changes in Pension Plans

As part of the JLT Transaction, the Company has assumed responsibility for a number of pension plans throughout the world, with $248 million of net pension liabilities as of March 31, 2019 (approximately $700 million of plan assets as of March 31, 2019), the most significant of which is the Jardine Lloyd Thompson U.K. Pension Scheme ("JLT U.K. plan"). The JLT U.K. plan has a defined benefit section which was frozen to future accrual in 2006 and a defined contribution section. The assets of the scheme are held in a trustee administered fund separate from the Company.

In March 2017, the Company modified its defined benefit pension plans in Canada to discontinue further benefit accruals for participants after December 31, 2017 and replaced them with a defined contribution arrangement. The Company also amended its post-retirement benefits plan in Canada so that individuals who retire after April 1, 2019 will generally not be eligible to participate. The Company re-measured the assets and liabilities of the plans, based on assumptions and market conditions on the amendment date.

Financing Cash Flows

Net cash provided by financing activities was $4.3 billion for the nine-month period ended September 30, 2019, compared with $747 million of net cash used by such activities for the same period in 2018.

Debt

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 $325 million of commercial paper outstanding at September 30, 2019 at an effective interest rate of 2.29%.

In January 2019, the Company issued $5 billion aggregate amount of Senior Notes consisting of $700 million of 3.50% Senior Notes due 2020, $1 billion of 3.875% Senior Notes due 2024, $1.25 billion of 4.375% Senior Notes due 2029, $500 million of 4.75% Senior Notes due 2039, $1.25 billion of 4.90% Senior Notes due 2049 and $300 million of Floating Rate Senior Notes due 2021.

In March 2019, the Company issued €550 million of 1.349% Senior Notes due 2026 and €550 million of 1.979% Senior Notes due 2030. In addition, the Company issued an additional $250 million of 4.375% Senior Notes due 2029, in March 2019. These notes constitute a further issuance of the 4.375% Senior Notes due 2029, of which $1.25 billion aggregate principal amount was issued in January 2019 (see above). After giving effect to the issuance of the notes, the Company has $1.5 billion aggregate principal amount of 4.375% Senior Notes due 2029. The Company used part of the net proceeds from these offerings, along with the $5 billion of Senior Notes issued in January 2019 (discussed above) to primarily fund the acquisition of JLT, including the payment of related fees and expenses, and to repay certain JLT indebtedness, as well as for general corporate purposes.

In connection with the closing of the JLT Transaction, the Company assumed approximately $1 billion of historical JLT indebtedness. In April and June of 2019, the Company repaid approximately $450 million and $553 million, respectively, representing all of JLT's debt it acquired upon the acquisition of JLT. The Company incurred debt extinguishment costs of $32 million in regard to the repayment of this debt.

In September 2019, the Company repaid $300 million of maturing senior notes.

Following completion of the financing activities described above, the Company had $11.9 billion of senior notes and other long term debt, as well as $325 million of commercial paper outstanding at September 30, 2019, compared with $5.8 billion of senior notes and other long term debt, and no commercial paper outstanding at December 31, 2018.

In October 2018, the Company repaid $250 million of senior notes.

In March 2018, the Company issued $600 million of 4.20% senior notes due 2048. The Company used the net proceeds for general corporate purposes.

Credit Facilities

In March 2019, the Company closed on $300 million one-year and $300 million three-year term loan facilities. The interest rate on these facilities is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. The facilities require the Company to maintain coverage ratios and leverage ratios consistent with the revolving credit facility discussed below. The Company had $300 million of borrowings outstanding under the one -year term facility at September 30, 2019 at an average borrowing rate of 3.05%. In August 2019, the Company terminated the $300 million three-year term loan facility.

On September 18, 2018, the Company entered into a bridge loan agreement to finance the proposed JLT transaction. The Company paid approximately $35 million of customary upfront fees related to the bridge loan at the inception of the loan commitment. The bridge loan agreement was terminated on April 1, 2019.

In October 2018, the Company and certain of its foreign subsidiaries increased its multi-currency five-year unsecured revolving credit facility from $1.5 billion to $1.8 billion. 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 October 2023 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at September 30, 2019.

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 P-2 by Moody's and A-2 by Standard & Poor's. The Company carries a negative outlook from Moody's and Standard & Poor's.

Share Repurchases

The Company repurchased 3.1 million shares of its common stock during the first nine months of 2019 for consideration of approximately $300 million. 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 September 30, 2019, the Company remained authorized to purchase shares of its common stock up to a value of approximately $566 million. There is no time limit on this authorization.

During the first nine months of 2018, the Company repurchased approximately 8.2 million shares of its common stock for consideration of $675 million.

Contingent Payments Related to Acquisitions

During the first nine months of 2019, the Company paid $58 million of contingent payments related to acquisitions made in prior periods. These payments are split between financing and operating cash flows in the consolidated statements of cash flows. Payments of $23 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 $35 million are reflected as operating cash flows. Remaining estimated future contingent consideration payments of $185 million for acquisitions completed in the first nine months of 2019 and in prior years are recorded in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at September 30, 2019.

The Company paid deferred purchase consideration related to prior years' acquisitions of $37 million in the first nine months of 2019. Remaining deferred cash payments of approximately $195 million for acquisitions completed in the first nine months of 2019 and in prior years are recorded in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at September 30, 2019.

In the first nine months of 2018, the Company paid $76 million of contingent payments related to acquisitions made in prior periods. Of this amount, $47 million was reported as financing cash flows and $29 million as operating cash flows.

Dividends

The Company paid dividends on its common shares of $655 million ($1.285 per share) during the first nine months of 2019, as compared with $594 million ($1.165 per share) during the first nine months of 2018.

Derivatives

A significant portion of JLT's senior notes were denominated in U.S. dollars. In order to hedge its exposure against the risk of fluctuations between the pound and the U.S. dollar, JLT entered into foreign exchange and interest rate swaps, which were designated as fair value hedges. In June 2019, the Company redeemed these U.S. dollar denominated senior notes and settled the related derivative contracts. Both the change in fair value of the debt and the change in fair value of the derivative contracts were recorded in the consolidated statement of income in the second quarter of 2019. The Company received approximately $112 million upon settlement of these derivative contracts.

JLT also had a number of foreign exchange contracts to hedge the risk of foreign exchange movements between the U.S. dollar and GBP, related to JLT's U.S. dollar denominated revenue in the U.K. Prior to the acquisition, these derivative contracts were designated as cash flow hedges. Upon acquisition, the derivative contracts were not re-designated as cash flow hedges by the Company. The contracts were settled in June 2019. The change in fair value between the acquisition date and the settlement date resulted in a charge of $26 million in the second quarter. The charge is recorded as a change in fair value of acquisition related derivative contracts in the consolidated statement of income.

In connection with the JLT Transaction, to hedge the risk of appreciation of the GBP-denominated purchase price relative to the U.S. dollar, on September 20, 2018, the Company entered into the FX Contract to, solely upon consummation of the Transaction, purchase £5.2 billion and sell a corresponding amount of U.S dollars at a contracted exchange rate. The FX Contract is discussed in Note 11 to the consolidated financial statements. An unrealized gain of $42 million related to the change in fair value of this derivative was recognized in the consolidated statement of income for three months ended March 31, 2019, primarily related to the appreciation of the GBP offset by the reduction in value of the deal contingent feature, since all conditions to close had been satisfied at March 31, 2019. The FX Contract did not qualify for hedge accounting treatment under applicable accounting guidance. The Company settled the FX Contract on April 1, 2019 and recorded a charge to the consolidated statement of income of approximately $11 million in the second quarter of 2019. The cash outflow related to the settlement of the FX Contract was approximately $294 million.

In March 2019, the Company issued €1.1 billion of senior notes related to the JLT Transaction. See Note 14 for additional information related to the Euro senior note issuances. In connection with the senior note issuances of €1.1 billion, the Company entered into a forward exchange contract to hedge the economic risk of changes in foreign exchange rates from the issuance date to settlement date of the Euro senior notes. This forward exchange contract was settled in March 2019 and the Company recorded a charge of $7.3 million related to the settlement of this contract.

In connection with the JLT Transaction, to hedge the risk of increases in future interest rates prior to its issuance of senior notes, in the fourth quarter of 2018, the Company entered into treasury locks related to $2 billion of the expected debt. The fair value at December 31, 2018 was based on the published treasury rate plus forward premium as of December 31, 2018 compared to the all in rate at the inception of the contract. The contracts were not designated as an accounting hedge. In January 2019, upon issuance of the $5 billion of senior notes, the Company settled the treasury lock derivatives and made a payment to its counter party for $122 million. An additional charge of $6 million was recorded in the first quarter of 2019 related to the settlement of the Treasury lock derivatives.

The Company has investments in various subsidiaries with Euro functional currencies. As a result, the Company is exposed to the risk of fluctuations between the Euro and U.S. dollar exchange rates. As part of its risk management program to fund the JLT acquisition, the Company issued €1.1 billion senior notes, as discussed above, and designated the debt instruments as a net investment hedge of its Euro denominated subsidiaries. The hedge will be re-assessed each quarter to confirm that the designated equity balance at the beginning of each period continues to equal or exceed 80% of the outstanding balance of the Euro debt instrument and that all the critical terms of the hedging instrument and the hedged net investment continue to match. If the Company concludes that the hedge is highly effective, the change in the debt balance related to foreign exchange fluctuations will be recorded in foreign currency translation gains (losses) in the consolidated balance sheet. The U.S. dollar value of the euro notes decreased $39 million for 2019 related to the impact of foreign exchange rates. Since the Company concluded that the hedge was highly effective for the quarter ended June 30, 2019, the Company recorded an increase to foreign currency translation gains (losses) for the nine months ended September 30, 2019.

Investing Cash Flows

Net cash used for investing activities amounted to $5.5 billion in the first nine months of 2019, compared with $752 million used during the same period in 2018.

As previously noted, the JLT Transaction closed on April 1, 2019. Funds for the purchase of outstanding shares were distributed on April 11, 2019.

The Company paid $5.5 billion and $536 million, net of cash acquired, for acquisitions it made during the first nine months of 2019 and 2018, respectively.

During the first quarter of 2019, the Company disposed of its investment in Benefitfocus for total proceeds of approximately $132 million. The Company received $115 million in the first quarter of 2019 and $17 million in the second quarter of 2019 as final settlement on the sale.

During the second quarter of 2019, the Company disposed of its investment in Payscale and received proceeds of approximately $47 million.

In January 2019, Marsh increased its equity ownership in Marsh India from 26% to 49% for approximately $88 million. Marsh India is carried under the equity method.

The Company used cash of $284 million to purchase fixed assets and capitalized software in the first nine months of 2019, compared with $222 million in the first nine months of 2018, primarily related to computer equipment and software purchases, software development costs and the refurbishing and modernizing of office facilities.

The Company has commitments for potential future investments of approximately $20 million in three private equity funds that invest primarily in financial services companies.

Commitments and Obligations

The Company's contractual obligations of the types identified in the table below were of the following amounts as of September 30, 2019:

(*In millions*)	Payment due by Period				
Contractual Obligations	Total	Within 1 Year	1-3 Years	4-5 Years	After 5 Years
Commercial paper	$ 325	$ 325	$ —	$ —	$ —
Term loan facility	300	300	—	—	—
Short-term debt	514	514	—	—	—
Long-term debt	11,500	—	2,034	2,233	7,233
Interest on long-term debt	5,590	456	822	705	3,607
Net operating leases	2,634	411	693	535	995
Service agreements	118	75	30	13	—
Other long-term obligations	418	184	224	5	5
Total	$ 21,399	$ 2,265	$ 3,803	$ 3,491	$ 11,840

The above does not include unrecognized tax benefits of $76 million, accounted for under ASC Topic No. 740, as the Company is unable to reasonably predict the timing of settlement of these liabilities, other than approximately $2 million that may become payable within one year.

The above does not include the provisional estimate of remaining transitional tax payments related to the Tax Cuts and Job Act ("the TCJA") of $71 million.

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 Company expects to contribute approximately $8 million and $24 million to its U.S. and non-U.S. pension plans, respectively, for the remainder of 2019.

Management's Discussion of Critical Accounting Policies

The Company's discussion of critical accounting policies that place the most significant demands on management's judgment and requires management to make significant estimates about matters that are inherently uncertain are discussed in the MD&A in the 2018 Form 10-K.

Purchase Price Allocation

Assets acquired and liabilities assumed as part of a business acquisition are generally recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. The JLT Transaction has increased the significance of judgments and estimates management must make to complete the purchase price allocation. Determining fair value of identifiable assets, particularly intangibles, and liabilities acquired also requires management to make estimates, which are based on all available information and in some cases assumptions with respect to the timing and amount of future revenues and expenses associated with an asset. These estimates directly impact the amount of identified intangible assets recognized and the related amortization expense in future periods.

New Accounting Guidance

Note 19 to the consolidated financial statements in this report contains a discussion of recently issued accounting guidance and their impact or potential future impact on the Company's financial results, if determinable.

Reconciliation of Non-GAAP Measures

On April 1, 2019, the Company completed its previously announced acquisition of JLT. JLT results of operations for the three months ended September 30, 2019 are included in the Company's results of operations for the third quarter of 2019. Prior periods in 2018 do not include JLT's results. Prior to being acquired by the Company, JLT operated in three segments, Specialty, Reinsurance and Employee Benefits. As of April 1, 2019, the historical JLT businesses were combined into MMC operations as follows: JLT Specialty is included by geography within Marsh, JLT Reinsurance is included within Guy Carpenter and the majority of the JLT Employee Benefits business is included in Mercer Health and Wealth.

The JLT Transaction had a significant impact on the Company's results of operations in 2019. The Company believes that in addition to the change in reported GAAP revenue, a comparison of 2019 GAAP reported revenue to the combined 2018 revenue of MMC and JLT, as if the companies were combined on April 1, 2018, provides investors with meaningful information as to the Company's year-over-year underlying operating results. Investors should not consider the comparison of these non-GAAP measures in isolation from, or as a substitute for, the financial information that the Company reports in accordance with GAAP.

The 2018 Including JLT revenue information set forth in the table below presents revenue information as if the companies were combined on April 1, 2018 and is not necessarily indicative of what the results would have been had we operated the business since April 1, 2018.

The MMC revenue amounts are as previously reported by the Company in its quarterly filings on Form 10-Q for the applicable periods. The unaudited 2018 JLT revenue amounts reflect historical JLT revenue information following IFRS, adjusted to conform with U.S. GAAP and MMC's specific accounting policies, primarily related to the development of constraints and subsequent release of those constraints related to the reinsurance business. The revenue includes JLT's aerospace business. Additional information can be found in the supplemental information furnished to the SEC on June 6, 2019 on Form 8-K, which is not incorporated by reference in this Form 10-Q.

(In millions)	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
MMC As Previously Reported		
Risk & Insurance Services		
Marsh	$ 1,630	$ 5,073
Guy Carpenter	215	1,184
Subtotal	1,845	6,257
Fiduciary Interest Income	18	46
Total Risk & Insurance Services	1,863	6,303
Consulting		
Mercer	1,175	3,504
Oliver Wyman Group	481	1,470
Total Consulting	1,656	4,974
Corporate Eliminations	(15)	(39)
Total Revenue	$ 3,504	$ 11,238
JLT 2018		
Specialty (Marsh)	$ 259	$ 611
Reinsurance (Guy Carpenter)	33	108
Employee Benefits (Mercer)	86	173
Subtotal	378	892
Fiduciary Interest Income	5	8
Total Revenue	$ 383	$ 900
2018 Including JLT		
Marsh	$ 1,889	$ 5,684
Guy Carpenter	248	1,292
Subtotal	2,137	6,976
Fiduciary Interest Income	23	54
Total Risk & Insurance Services	2,160	7,030
Consulting		
Mercer	1,261	3,677
Oliver Wyman Group	481	1,470
Total Consulting	1,742	5,147
Corporate Eliminations	(15)	(39)
Total Revenue Including JLT	$ 3,887	$ 12,138

Item 3. 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.

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

(In millions)		September 30, 2019
Cash and cash equivalents invested in money market funds, certificates of deposit and time deposits	$	1,213
Fiduciary cash and investments	$	7,547

Based on the above balances, if short-term interest rates increased or decreased by 10%, or 16 basis points, for the remainder of the year, annual interest income, including interest earned on fiduciary funds, would increase or decrease by approximately $4 million.

Changes in interest rates can also affect the discount rate and assumed rate of return on plan assets, two of the assumptions among several others used to measure net periodic pension expense. The assumptions used to measure plan assets and liabilities are typically assessed at the end of each year, and determine the expense for the subsequent year. Assumptions used to determine net periodic expense for 2019 are discussed in Note 8 to the consolidated financial statements included in our most recently filed Annual Report on Form 10-K. For a discussion on pension expense sensitivity to changes in these rates, see the "Management’s Discussion and Analysis of Financial Condition and Results of Operations-Management’s Discussion of Critical Accounting Policies-Retirement Benefits" section of our most recently filed Annual Report on Form 10-K.

In addition to interest rate risk, our cash and cash equivalents 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 in response to market conditions. The majority of cash and fiduciary fund investments are invested in short-term bank deposits.

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 54% 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 events, such as the decision in the United Kingdom to exit the European Union. Similar macroeconomic events may result in greater foreign exchange rate fluctuations in the future. The Company estimates that a 10% movement of major foreign currencies (Euro, Sterling, Australian dollar and Canadian dollar) in the same direction against the U.S. dollar that held constant over the course of the year would increase or decrease full year net operating income by approximately $54 million. The Company has exposure to approximately 80 foreign currencies overall. If exchange rates at September 30, 2019 hold constant for the rest of 2019, the Company estimates the year-over-year impact from conversion of foreign currency earnings will decrease full year net operating income by approximately $32 million.

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, including investments of approximately $19 million that are valued using readily determinable fair values and approximately $47 million of investments without readily determinable fair values. The Company also has investments of approximately $452 million that are accounted for using the equity method, including the Company's investment in Alexander Forbes. The investments are subject to risk of decline in market value, which, if determined to be other than temporary for assets without readily determinable fair values, 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.

The Company owns approximately 33% of the common stock of Alexander Forbes ("AF"), a South African company listed on the Johannesburg Stock Exchange, which it purchased in 2014 for 7.50 South African Rand per share. In the third quarter of 2018, the Company concluded the decline in value of the investment was other than temporary and recorded an impairment charge of $81 million. As of September 30, 2019, the carrying value of the Company's investment in AF was approximately $138 million. As of September, 2019, the market value of the approximately 443 million shares of AF owned by the Company, based on the September 30, 2019 closing share price of 5.6 South African Rand per share, was $166 million.

Other

A number of lawsuits and regulatory proceedings are pending. See Note 17 ("Claims, Lawsuits and Other Contingencies") to the consolidated financial statements in this report.

Item 4. Controls & Procedures.

a. Evaluation of Disclosure Controls and Procedures

Based on their evaluation, as of the end of the period covered by this report, 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.

b. Changes in Internal Control

There were no other 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 Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

In April 2017, the Financial Conduct Authority in the United Kingdom (the "FCA") commenced a civil competition investigation into the aviation insurance and reinsurance sector. In connection with that investigation, the FCA carried out an on-site inspection at the London offices of Marsh Limited, our Marsh and Guy Carpenter operating subsidiary in the United Kingdom, and JLT Specialty Ltd., JLT's U.K. operating subsidiary. The FCA indicated that it had reasonable grounds for suspecting that Marsh Limited, JLT Specialty Ltd. and other participants in the market have been sharing competitively sensitive information within the aviation insurance and reinsurance broking sector.

In October 2017, the Company received a notice that the Directorate-General for Competition of the European Commission had commenced a civil investigation of a number of insurance brokers, including both Marsh and JLT, regarding "the exchange of commercially sensitive information between competitors in relation to aviation and aerospace insurance and reinsurance broking products and services in the European Economic Area ("EEA"), as well as possible coordination between competitors." In light of the action taken by the European Commission, the FCA informed Marsh Limited and JLT Specialty Ltd. that it had discontinued its investigation under U.K. competition law. In May 2018, the FCA advised that it would not be taking any further action with Marsh Limited or JLT Specialty Ltd. in connection with this matter.

In January 2019, the Company received a notice that the Administrative Council for Economic Defense anti-trust agency in Brazil had commenced an administrative proceeding against a number of insurance brokers, including both Marsh and JLT, and insurers “to investigate an alleged sharing of sensitive commercial and competitive confidential information" in the aviation insurance and reinsurance sector.

We are cooperating with these investigations and are conducting our own reviews. At this time, we are unable to predict their likely timing, outcome or ultimate impact. There can be no assurance that the ultimate resolution of these or any related matters will not have a material adverse effect on our consolidated results of operations, financial condition or cash flows.

We and our subsidiaries are also party to a variety of other 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 17 to the consolidated financial statements provided in Part I of this report is incorporated herein by reference.

Item 1A. Risk Factors.

The Company and its subsidiaries face a number of risks and uncertainties. In addition to the other information in this report and our other filings with the SEC, readers should consider carefully the risk factors discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018. If any of the risks described in our Annual Report on Form 10-K or such other risks actually occur, our business, results of operations or financial condition could be materially adversely affected.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Issuer Repurchases of Equity Securities

The Company repurchased approximately 2.1 million shares of its common stock for $200 million during the second quarter of 2019. 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 September 30, 2019, the Company remained authorized to repurchase up to approximately $566 million in shares of its common stock. There is no time limit on the authorization.

Period	(a) Total Number of Shares (or Units) Purchased		(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs		(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1-31, 2019	406,805	$	101.7974	406,805	$	724,341,285
August 1-31, 2019	1,128,593	$	97.6694	1,128,593	$	614,112,215
September 1-30, 2019	484,475	$	99.8175	484,475	$	565,753,093
Total	2,019,873	$	99.0160	2,019,873	$	565,753,093

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

See the Exhibit Index immediately following the signature page of this report, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements 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.

Date:	October 30, 2019	/s/ Mark C. McGivney
		Mark C. McGivney
		Chief Financial Officer
Date:	October 30, 2019	/s/ Stacy M. Mills
		Stacy M. Mills
		Vice President & Controller
		(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Exhibit Name
10.1	Letter Agreement, dated as of September 18, 2019, between Marsh & McLennan Companies, Inc. and Daniel S. Glaser
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 - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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

Steven A. Mills
Chairman of the Compensation Committee of the Board of Directors
Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, New York 10036
www.mmc.com

Exhibit 10.1

PRIVILEGED & CONFIDENTIAL

September 18, 2019

Daniel S. Glaser
By Hand

Subject: Terms of Employment

Dear Dan:

The terms of your employment as President and Chief Executive Officer of Marsh & McLennan Companies, Inc., continue to be governed by the letter agreement, dated September 18, 2013, between you and Marsh & McLennan Companies, Inc., as amended by the first amendment dated June 11, 2014, second amendment dated May 18, 2016 and third amendment dated September 19, 2017 (collectively, the "*Letter Agreement*").

The attached Exhibit A to the Letter Agreement has been updated to reflect your current annual base salary, target annual bonus, target long-term incentive award and Board and committee memberships. The other benefits described in Exhibit A are unchanged.

Please acknowledge your agreement by signing and dating this and the enclosed copy and returning one to me.

Sincerely,

/s/ Steven A. Mills
Steven A. Mills
Chairman of the Compensation Committee of the Board of Directors
Marsh & McLennan Companies, Inc.

Accepted and Agreed:

/s/ Daniel S. Glaser
(Signature)

9/19/19
(Date)

Exhibit A

Board or Committee Memberships	• International Advisory Board of BritishAmerican Business • Board of Trustees of The Institutes • Board of Trustees of Ohio Wesleyan University • Federal Advisory Committee on Insurance • Partnership for New York City • St. Georges Society of New York
Annual Base Salary	$1,500,000
Annual Target Bonus Opportunity	Bonus awards are discretionary. Target bonus of $3,750,000. Actual bonus may range from 0% - 200% of target, based on achievement of individual performance objectives, and/or Marsh & McLennan Companies' performance as Marsh & McLennan Companies may establish from time to time.
Annual Target Long-Term Incentive Opportunity	Long-term incentive awards are discretionary. Target award of $11,000,000 (based on grant date fair value).
Other Benefits	• You will have access to a car and driver for business purposes and for work/home travel purposes. • You will have access to corporate aircraft for personal travel, up to $130,000 in aggregate incremental cost each calendar year, commencing with the 2017 calendar year, as calculated by the Company for disclosure purposes for the Summary Compensation Table of the Company's Proxy Statement; provided that this amount and calculation methodology will be reviewed from time to time and subject to adjustment to reflect market trends. The Company currently calculates incremental cost by adding the incremental variable costs associated with personal flights on the aircraft (including hourly charges, taxes, passenger fees, international fees and catering). If the imputed income attributable to these benefits is taxable to you, then the taxes associated with this taxable income will not be reimbursed or paid by the Company.

Exhibit 31.1

CERTIFICATIONS

I, Daniel S. Glaser, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: October 30, 2019

/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 quarterly report on Form 10-Q 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: October 30, 2019

/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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2019 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, 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:	October 30, 2019	/s/ Daniel S. Glaser
		Daniel S. Glaser
		President and Chief Executive Officer
Date:	October 30, 2019	/s/ Mark C. McGivney
		Mark C. McGivney
		Chief Financial Officer