

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

----- X		
IN RE MARSH & MCLENNAN	:	CIVIL ACTION
COMPANIES, INC. SECURITIES	:	No. 04-CV-08144 (CM)
LITIGATION	:	
----- X		
----- X		
THIS DOCUMENT RELATES TO	:	
ALL ACTIONS	:	
----- X		

**STIPULATION AND AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement (the "Stipulation"), dated as of November 10, 2009, is made and entered into pursuant to Rule 23 of the Federal Rules of Civil Procedure by and among (i) the Public Employees Retirement System of Ohio, the State Teachers Retirement System of Ohio, the Ohio Bureau of Workers' Compensation and the State of New Jersey, Department of Treasury, Division of Investment, on behalf of itself and the Common Pension Fund A, the DCP Equity Fund, and the Supplemental Annuity Collective Trust Fund (collectively, "Lead Plaintiffs"), on behalf of themselves and the Class (as hereinafter defined) and (ii) Defendants Marsh & McLennan Companies, Inc. ("MMC"), Marsh Inc. ("Marsh"), Jeffrey Greenberg ("Greenberg") and Roger Egan ("Egan") (collectively, "Defendants") by and through their respective attorneys. Lead Plaintiffs and Defendants shall each be referred to individually herein as a "Party" and collectively herein as the "Parties." The settlement and compromise of the captioned consolidated litigation (the "Action") as provided for herein (the "Settlement") is contingent upon, *inter alia*, approval of this Stipulation by the United States District Court for the Southern District of New York, and the occurrence of the Effective Date (as defined below).

**WHEREAS,**

I. The Action was commenced on or about October 15, 2004 by the filing of a complaint alleging violations of the federal securities laws in the United States District Court for the Southern District of New York captioned *The Kendall Trust, by and through Richard J. Slater, et al. v. Marsh & McLennan Companies, Inc., et al.*, Civil Action No. 04-CV-8144;

II. Additional complaints were filed thereafter in the United States District Court for the Southern District of New York: *Frederic Ian Fischbein, et al. v. Marsh & McLennan Companies, Inc., et al.*, Civil Action No. 04-CV-8179; *Michael Feder, et al. v. Marsh & McLennan Companies, Inc., et al.*, Civil Action No. 04-CV-8225; *Arnold Spitz, et al. v. Marsh & McLennan Companies, Inc., et al.*, Civil Action No. 04-CV-8923; and *Anne E. Flynn, et al. v. Marsh & McLennan Companies, Inc., et al.*, Civil Action No. 04-CV-9300 (the "Additional Actions");

III. By order dated January 26, 2005, the Honorable Shirley Wohl Kram ordered that the Additional Actions be consolidated with and into the Action (the "Consolidation Order");

IV. On November 10, 2005, another action was filed in the United States District Court for the Central District of California. By order dated January 18, 2006, the action was transferred to the United States District Court for the Southern District of New York pursuant to 28 U.S.C. § 1404(a). Upon transfer, this action was captioned *Merne Young v. Marsh & McLennan Companies, Inc., et al.*, Civil Action No. 06-CV-01016. By operation of the Consolidation Order, on April 19, 2006, *Young* was consolidated with and into the Action;

V. In the Consolidation Order, Judge Kram appointed Lead Plaintiffs as Lead Plaintiffs and Grant & Eisenhofer P.A. and Bernstein Liebhard LLP as co-lead counsel for the Class;

VI. The Lead Plaintiffs filed a Consolidated Class Action Complaint on April 20, 2005 (the "Consolidated Complaint"), which superseded all prior complaints filed in the Action and alleged claims on behalf of all investors who purchased or otherwise acquired MMC securities between October 14, 1999 and October 13, 2004 under sections 10(b), 18 and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), sections 11 and 15 of the Securities Act of 1933 (the "Securities Act") and state and common law;

VII. By Opinion and Order dated July 19, 2006, Judge Kram granted in part and denied in part Defendants' Motions to Dismiss the Consolidated Complaint;

VIII. The Lead Plaintiffs filed a Second Amended Consolidated Class Action Complaint (the "Amended Complaint") on October 13, 2006 asserting claims under sections 10 and 20(a) of the Exchange Act against all Defendants and under section 11 of the Securities Act against MMC;

IX. On December 12, 2006, Defendants answered the Amended Complaint, denying all allegations of liability therein, asserting affirmative defenses thereto, and demanding judgment on the merits dismissing the Amended Complaint;

X. On September 29, 2008, Lead Plaintiffs moved to certify the Action as a class action and to certify the Lead Plaintiffs as class representatives. Following document and deposition discovery regarding class certification, including the depositions of Lead Plaintiffs, Defendants filed their memoranda of law in opposition to class certification on November 13, 2008. Lead Plaintiffs filed their reply memorandum of law on January 9, 2009, and Defendants filed sur-reply memoranda of law on February 13, 2009. The class certification motion has been and remains *sub judice*;

XI. At the time the Parties agreed to settle the Action, they had just completed merits discovery and were beginning expert depositions. Prior to that time, Lead Plaintiffs conducted thorough pre-and post filing investigations as well as extensive discovery relating to their claims and the underlying events and transactions alleged in the Amended Complaint. Lead Counsel has, among other things: (i) inspected, reviewed and analyzed over 34 million pages of documents produced by Defendants; (ii) subpoenaed 100 non-parties and inspected, reviewed and analyzed over 2 million pages produced by non-parties; (iii) taken over 90 depositions, including Federal Rule of Civil Procedure 30(b)(6) depositions of the corporate Defendants and numerous third-parties; (iv) defended the depositions of Lead Plaintiffs; and (v) researched the applicable law with respect to the claims of Lead Plaintiffs and the Class against Defendants and the potential defenses thereto;

XII. With the Honorable Daniel Weinstein (retired) acting as a mediator, Lead Plaintiffs engaged in intensive arm's-length negotiations with Defendants with a view to settling the issues in dispute and achieving the best relief possible consistent with the interests of the Class. Formal mediation sessions were held on April 7, 2008, February 4, 2009 and October 14-15, 2009;

XIII. While continuing to believe the claims alleged in the Amended Complaint are meritorious, and without any admission or concession on the part of Lead Plaintiffs of any lack of merit of the Action whatsoever, Lead Plaintiffs recognize the risks, expense and uncertain outcome of any litigation and trial, and subsequent appeals. This is especially true in a complex action such as this one with its inherent difficulties – including the potential risk of recovering nothing at all for the Class – and the delays that would inevitably result from the trial and appeal(s). Based on these factors, Lead Plaintiffs' investigation described above, the mediation

sessions before Judge Weinstein and the substantial benefits that Lead Plaintiffs and the Members of the Class will receive from the Settlement, Lead Counsel and Lead Plaintiffs have concluded that the terms and conditions of this Stipulation are fair, reasonable and adequate and in the best interests of the Class Members. Accordingly, Lead Plaintiffs, on behalf of themselves and all Members of the Class, desire to settle the claims against Defendants in this Action on the terms and provisions hereafter set forth;

XIV. The Defendants in this Action have denied, and continue to deny, all allegations of wrongdoing, fault, liability or damage to Lead Plaintiffs and the Class; deny that they engaged in any wrongdoing; deny that they committed any violation of federal securities or any other law; deny that they have committed any act or omission giving rise to any liability and/or violation of law; and deny that they have acted improperly in any way. Defendants believe that the Amended Complaint lacks merit. Had this Stipulation not been reached, Defendants would have continued to resist vigorously Lead Plaintiffs' claims and contentions and would have continued to assert their defenses thereto. The Defendants have entered into this Stipulation to put the Settled Claims (as defined below) to rest finally and forever solely for the purpose of avoiding prolonged and expensive litigation, without acknowledging in any way that they caused any damage to Lead Plaintiffs or the Class or any fault, wrongdoing or liability whatsoever. It is understood and agreed that nothing contained herein shall be interpreted as an admission of any wrongdoing by the Defendants. Neither the Settlement nor any of its terms, nor any of the settlement negotiations, disclosures, or proceedings relating thereto, shall constitute an admission or finding of wrongful conduct, acts or omissions, or shall be used for any purpose in any subsequent proceedings in any forum.

**NOW, THEREFORE**, without any admission or concession on the part of Lead Plaintiffs of any lack of merit in the Action whatsoever, and without any admission or concession of any liability or wrongdoing or lack of merit of the defenses by Defendants it is hereby **STIPULATED, CONSENTED TO AND AGREED**, between Lead Plaintiffs and Defendants, by and through their respective attorneys, that this Action shall be settled, compromised, and dismissed with prejudice, subject to the approval of the Court, in the manner and upon the terms and conditions set forth herein.

**A. DEFINITIONS**

As used in this Stipulation, the following terms have the meanings specified below; other terms are defined elsewhere in this Stipulation.

1. "Authorized Claimant" means any Class Member whose claim for recovery has been allowed pursuant to the terms of the Stipulation.

2. "Company" means MMC and Marsh and each of their current, former or future parents, subsidiaries, affiliates, partners, joint venturers, officers, directors, employees, attorneys, insurers and associates, and all of their respective predecessors, successors, assigns, agents, representatives, heirs, executors and administrators.

3. "Claimant" means any Class Member who submits a Proof of Claim in such form and manner, and within such time, as the Court shall prescribe.

4. "Claims Administrator" means Rust Consulting, Inc., the firm retained to supervise and administer the giving of notice as well as the processing of claims in connection with the Settlement and distribution to Authorized Claimants.

5. "Class" is defined as the class to be certified for settlement purposes pursuant to Fed. R. Civ. P. 23 by the Preliminary Approval Order substantially in the form of Exhibit A

hereto. The Class shall consist of all Persons that purchased or otherwise acquired MMC securities between October 14, 1999 and October 13, 2004, inclusive, and that claim to have suffered losses as a result of such purchase or acquisition, except not included in the Class are: (1) MMC and Marsh and the officers, directors, employees, affiliates, parents, subsidiaries, representatives, predecessors and assigns of each of them; (2) the Individual Defendants and the immediate families, employees, affiliates, representatives, heirs, predecessors, successors and assigns of each of them and any entity in which either of them has a controlling interest; and (3) those Persons that would otherwise be Members of the Class but that submit valid and timely requests for exclusion in accordance with the Court's Preliminary Approval Order.

6. "Class Member" or "Member of the Class" means a Person that falls within the definition of "Class."

7. "Class Period" means the period from October 14, 1999 through October 13, 2004, inclusive.

8. "Court" means the United States District Court for the Southern District of New York.

9. "Defendants' Counsel" means the law firms of Gibson, Dunn & Crutcher LLP (counsel for MMC and Marsh), Allen & Overy (counsel for Greenberg) and Morvillo, Abramowitz, Grand, Iason, Anello & Bohrer, P.C. (counsel for Egan).

10. "Effective Date" means the date on which the Court's final approval order and judgment (the "Judgment"), substantially in the form of Exhibit B hereto, becomes final, which shall be deemed to occur when either of the following has occurred: (a) if an appeal or review is not sought by any person from the Judgment, the thirty-first (31st) day after entry of the Judgment (or, if the date for taking an appeal is extended, the day after the date of expiration of

the extension); or (b) if an appeal or review is sought from the Judgment and the Judgment is affirmed or the appeal or review is dismissed or denied, the day after such Judgment is no longer subject to further judicial review. For purposes of this definition, an "appeal" shall not include any appeal that concerns only the issue of attorneys' fees and reimbursement of expenses.

11. "Escrow Account" means the independent escrow account at a bank to be mutually agreed upon by the Lead Plaintiffs. The Escrow Account shall be governed by the terms of the Escrow Agreement. On the second business day (as defined by Fed. R. Civ. P. 6) after entry of the Preliminary Approval Order by the Court, MMC shall cause \$500,000.00 of the Settlement Fund to be paid in cash into the Escrow Account. No later than December 21, 2009, MMC shall cause the balance of the Settlement Fund to be paid in cash into the Escrow Account. The Settlement Fund shall be distributed from the Escrow Account in the manner and subject to the terms and conditions specified in this Stipulation or the Escrow Agreement or by order of the Court. No money shall be disbursed from the Escrow Account to any Class Member until the Effective Date has occurred, the period for Class Members to exclude themselves from the Class has become final, and Defendants have been notified as to the number of Class Members requesting exclusion from the Class.

12. "Escrow Agents" mean Bernstein Liebhard LLP, Grant & Eisenhofer P.A. and Gibson, Dunn & Crutcher LLP. The Escrow Agents shall perform the duties as set forth in the Escrow Agreement and this Stipulation.

13. "Individual Defendants" means Greenberg and Egan.

14. "Lead Counsel" means the law firm of Grant & Eisenhofer, P.A. and the law firm of Bernstein Liebhard LLP, who were appointed co-lead counsel for the Class.

15. "Person" means a natural person, individual, corporation, partnership, limited partnership, association, joint venture, joint stock company, estate, custodian, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any other business or legal entity and the heirs, executors, administrators, predecessors, successors, parents, subsidiaries, affiliates, representatives or assigns of any of them.

16. "Plan of Allocation" means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the Settlement, Taxes (as defined in paragraph K.5 below) and Tax Expenses (as defined in paragraph K.5 below) and such attorneys' fees and out-of-pocket expenses and such reimbursement of costs and expenses for Lead Plaintiffs' representation of the Class as may be awarded by the Court. The Released Parties shall have no responsibility for the Plan of Allocation or liability with respect thereto.

17. "Released Parties" means Defendants, and each of them, and each of their respective predecessors, successors, parents, subsidiaries and affiliates, and any past, present or future officers, directors, employees, agents, insurers, attorneys, partners, accountants, consultants or advisors of any of them, and the heirs, executors, administrators, representatives or assigns of any of them.

18. "Releasing Parties" means the Members of the Class, and each of them, including Lead Plaintiffs.

19. "Settled Claims" shall mean all claims, debts, demands, rights or causes of action or liabilities whatsoever by the Releasing Parties against the Released Parties (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any

other costs, expenses or liability whatsoever, or injunctive, equitable or other relief), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether fixed or contingent, accrued or un-accrued, liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in nature, including both known claims and Unknown Claims (as defined in paragraph A.22 below) that relate to transactions in MMC securities during the Class Period and: (i) that have been asserted in this Action by Lead Plaintiffs or the Class Members against any of the Released Parties; (ii) that have been or could have been asserted in any forum by any of the Releasing Parties against any of the Released Parties which arise out of, relate in any way to or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Amended Complaint; or (iii) that have been or could have been asserted in this Action or any forum by any of the Releasing Parties against any of the Released Parties, which arise out of or relate in any way to the defense or settlement of this Action.

20. "Settlement Fund" means the fund created and maintained as provided in, and subject to, the provisions of this Stipulation.

21. "Settlement Fairness Hearing" means the final hearing to be held by the Court to determine whether the proposed Settlement should be approved as fair, reasonable and adequate and whether an order approving the Settlement should be entered thereon, to determine whether the Plan of Allocation regarding the Settlement Fund should be approved, to consider an award of fees and reimbursement of expenses to Lead Counsel, and to consider reimbursement of costs and expenses for Lead Plaintiffs' representation of the Class pursuant to the Private Securities Litigation Reform Act ("PSLRA"), 15 U.S.C. § 78u-4(a)(4).

