

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): August 2, 2006

Willis Group Holdings Limited

(Exact Name of Registrant as Specified in Its Charter)

Bermuda

(State or Other Jurisdiction of Incorporation)

001-16503

98-0352587

(Commission File Number)

(IRS Employer Identification No.)

c/o Willis Group Limited
Ten Trinity Square

London EC3P 3AX, England
(Address of Principal Executive Offices)

(44) (20) 7488-8111

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On August 2, 2006, Willis Group Holdings Limited ("WGHL") issued a press release (the "Press Release") reporting results for the quarter and six months ended June 30, 2006. A copy of the Press Release is attached as Exhibit 99.1 to this Report on Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

99.1 Press Release of WGHL dated August 2, 2006

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 hereunto duly authorized.

WILLIS GROUP HOLDINGS LIMITED

Date: August 4, 2006

By: /s/ Eric R. Dinallo

Name: Eric R. Dinallo
Title: General Counsel

EXHIBIT INDEX

Exhibit No.

Description

99.1

Press Release of WGHL dated August 2, 2006

Willis Group Reports Strong Second Quarter 2006 Results;
Eight Percent Reported Revenue Growth and Ten Percent
Organic Revenue Growth are Company's Highest in Two Years

NEW YORK--(BUSINESS WIRE)--Aug. 2, 2006--

Board Authorizes New \$1 Billion Stock Buy Back Plan and Declares
Regular Quarterly Dividend

Willis Group Holdings Limited (NYSE: WSH), the global insurance broker, today reported results for the quarter and six months ended June 30, 2006.

Commenting on today's results, Joe Plumeri, Chairman and Chief Executive Officer, said, "We have already begun successfully implementing the Shaping Our Future initiatives throughout Willis. Our 10 percent organic revenue growth in the second quarter is a clear demonstration of the effectiveness of our sales culture. In addition, we see traction and accretion from the new hires that we made over the last few years. Importantly, the expansion of our underlying margins and profitability are direct results of solid growth and contributions from each and every area of our business through the first half of 2006."

"We are confident that achieving leadership in our core businesses and delivering the best value to our clients through our distribution network will make a significant impact on our Company and drive our financial performance. We are focused on businesses where our unique expertise allows us to deliver superior advice, products and services. In addition, we believe that our extensive retail distribution network, client advocacy and efficient delivery platform makes Willis the broker most valued by our clients." Mr. Plumeri continued, "The Board's authorization of a new \$1 billion stock buy back plan is a clear indicator of their confidence in the future of Willis and a recognition that our best use of capital is to invest in ourselves."

Second Quarter 2006 Financial Results

Total reported revenues for the quarter ended June 30, 2006 were \$593 million, compared with \$549 million for the same period last year, an increase of 8 percent. The effect of foreign currency translation decreased reported revenues by 1 percent and net acquisitions of operations increased reported revenues by 1 percent.

Organic growth in commissions and fees excluding total market remuneration was 10 percent in the second quarter 2006. Each business unit had a strong contribution to overall organic growth in commissions and fees including Global with 13 percent organic growth in the quarter (including double digit organic growth in Reinsurance), North America with 8 percent and International with 6 percent.

The reduction of total market remuneration as well as changes to the quarterly phasing of incentive compensation in 2006 impacted the year-over-year comparison of adjusted operating margin by over 4 percentage points in the second quarter of 2006 compared to the second quarter of 2005. The reported (and adjusted) operating margin was 20.1 percent in the second quarter of 2006, and excluding these items, this represented an over 2 percentage point improvement in adjusted operating margin over the second quarter of 2005.

Other expenses for the second quarter of 2006 were \$108 million, or 18.2 percent of total revenues, compared to \$98 million, or 17.9 percent in the comparable period last year, relatively flat despite incremental spending for strategic initiatives.

Excluding the effects on taxation of amortization of intangibles, disposals of operations and share-based compensation, the underlying tax rate in the second quarter of 2006 was 31.5 percent, the same as the underlying rate for the full year 2005.

Reported and adjusted net income for the quarter ended June 30, 2006 was \$72 million, or \$0.45 per diluted share, compared with a reported net income of \$114 million, or \$0.70 per diluted share, a year ago and adjusted net income of \$73 million, or \$0.45 per diluted share, for the same period last year. Foreign currency translation had no impact on second quarter 2006 net income compared with second quarter 2005.

Six Months 2006 Financial Results

Total reported revenues increased by 4 percent to \$1,264 million in the first six months of 2006, up from \$1,218 million for the corresponding period in 2005. The effect of foreign currency translation decreased reported revenues by 2 percent and net disposals of operations decreased reported revenues by 1 percent.

The reduction of total market remuneration as well as changes to

the quarterly phasing of incentive compensation in 2006 impacted the year-over-year comparison of adjusted operating margin by over 1 percentage point in the first half of 2006 compared to the first half of 2005. The reported (and adjusted) operating margin was 25.6 percent in the first half of 2006, and excluding these items, this represented an over 1 percentage point improvement in adjusted operating margin over the first half of 2005.

Other expenses for the first half of 2006 were \$213 million, or 16.9 percent of total revenues, compared to \$194 million, or 15.9 percent in the comparable period last year (excluding the first quarter 2005 non-operating items), principally as a result of incremental spending for strategic initiatives.

Reported and adjusted net income for the six months ended June 30, 2006 was \$212 million or \$1.33 per diluted share, compared to a reported net income of \$181 million, or \$1.10 per diluted share and adjusted net income of \$209 million, or \$1.27 per diluted share, for the same period last year. Foreign currency translation had a negative \$0.03 impact on results for the first six months of 2006, compared with same period last year.

Outlook

For the full year 2006, the Company anticipates continued growth in organic commissions and fees. The Company still expects salaries and benefits expense as a percentage of total revenues to be less than 59 percent and continues to expect modest adjusted operating margin expansion.

In the third quarter 2006, Willis expects to incur certain one-time expenses related to the Company's strategic initiatives. Willis also expects to close on the sale of Ten Trinity Square, its current London headquarters during the third quarter of 2006. The Company is on schedule to move into a new London headquarters in late 2007/early 2008.

The Company expects to deliver breakout financial performance in the next five years. Specifically, by 2010, the Company has set financial targets of salaries and benefits expense as a percentage of total revenues to be below 54 percent, adjusted operating margin of 28 percent or better and industry leading organic revenue growth.

In conclusion, Mr. Plumeri added, "We remain focused and committed to the Shaping Our Future initiatives which are designed to drive revenue and profitable growth in our Company. We have seen early signs that the execution of our strategy is working well and expect an even more significantly positive impact on our results in 2007 and beyond."

Capital Management

The Board of Directors approved a new \$1 billion stock buy back plan. This authorization replaces the Company's previously announced \$500 million buy back plan and its remaining \$140 million authorization. The buy back is an open-ended plan to purchase, from time to time in the open market or through negotiated trades with persons who are not affiliates of the Company, shares of the Company's common stock.

Separately, the Board of Directors declared a regular quarterly cash dividend on the Company's common stock of \$0.235 per share, an annual rate of \$0.94 per share. The dividend is payable on October 13, 2006 to shareholders of record on September 30, 2006.

During the six months ended June 30, 2006 the Company completed 4 acquisitions with annual revenues of approximately \$13 million. Cash and cash equivalents totaled \$210 million, including approximately \$104 million of immediately available cash at June 30, 2006. No shares were repurchased during the first half of 2006.

At June 30, 2006, total long-term debt was \$600 million and total stockholders' equity was approximately \$1.4 billion. The capitalization ratio (total long-term debt to total long-term debt and stockholders' equity) was 29 percent at June 30, 2006.

Conference Call and Webcast

A conference call to discuss second quarter 2006 results will be held August 3, 2006 at 8:00 a.m. Eastern Time. To participate in the live teleconference, please dial (888) 316-9406 (Domestic) or +1 (210) 234-0000 (International) with a passcode of "Willis." The live audio web cast (which will be listen-only) may be accessed at www.willis.com. This call will be available by replay starting at approximately 10:00 a.m., Eastern Time, and ending August 17, 2006. To access the audio replay, please dial (866) 445-8187 (Domestic) or +1 (203) 369-1139 (International), or by accessing the web site.

Willis Group Holdings Limited is a leading global insurance broker, developing and delivering professional insurance, reinsurance,

risk management, financial and human resource consulting and actuarial services to corporations, public entities and institutions around the world. With over 300 offices in some 80 countries, its global team of approximately 15,400 associates serves clients in some 190 countries. Additional information on Willis may be found on its Web site www.willis.com.

This press release may contain certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated, depending on a variety of factors such as general economic conditions in different countries around the world, fluctuations in global equity and fixed income markets, changes in premium rates, the competitive environment and the actual cost of resolution of contingent liabilities. Further information concerning the Company and its business, including factors that potentially could materially affect the Company's financial results are contained in the Company's filings with the Securities and Exchange Commission.

This press release includes supplemental financial information which may contain references to non-GAAP financial measures as defined in Regulation G of SEC rules. Consistent with Regulation G, a reconciliation of this supplemental financial information to our generally accepted accounting principles (GAAP) information follows. We present such non-GAAP supplemental financial information as we believe such information is of interest to the investment community because it provides additional meaningful methods of evaluating certain aspects of the Company's operating performance from period to period on a basis that may not be otherwise apparent on a GAAP basis. This supplemental financial information should be viewed in addition to, not in lieu of, the Company's condensed consolidated statements of operations for the three and six months ended June 30, 2006.

WILLIS GROUP HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2006	2005 As adjusted (Note 2)	2006	2005 As adjusted (Note 2)
Revenues				
Commissions and fees	\$ 572	\$ 530	\$ 1,224	\$ 1,181
Investment income	21	19	40	37
Total Revenues	593	549	1,264	1,218
Expenses				
Salaries and benefits (after charging share-based compensation \$5, \$5, \$8 and \$9)	351	316	699	709
Other operating expenses	108	98	213	223
Regulatory settlements	-	-	-	51
Depreciation expense and amortization of intangible assets	15	14	29	27
Net gain on disposal of operations	-	(78)	-	(78)
Total Expenses	474	350	941	932
Operating Income	119	199	323	286
Interest expense, net	9	6	18	12
Income before Income Taxes, Equity in Net Income of Associates and Minority Interest	110	193	305	274
Income taxes	36	75	98	99
Income before Equity in Net Income of Associates and				

Minority Interest	74	118	207	175
Equity in net income of associates, net of tax	-	(2)	14	12
Minority interest, net of tax	(2)	(2)	(9)	(6)
	-----	-----	-----	-----
Net Income	\$ 72	\$ 114	\$ 212	\$ 181
	=====	=====	=====	=====
Earnings per Share				
- Basic	\$ 0.46	\$ 0.70	\$ 1.35	\$ 1.11
- Diluted	\$ 0.45	\$ 0.70	\$ 1.33	\$ 1.10
	=====	=====	=====	=====
Average Number of Shares Outstanding				
- Basic	157	163	157	163
- Diluted	159	164	159	164
	=====	=====	=====	=====

WILLIS GROUP HOLDINGS LIMITED
SUPPLEMENTAL FINANCIAL INFORMATION
(in millions) (unaudited)

1. Definitions of Non-GAAP Financial Measures

We believe that investors' understanding of the Company's performance is enhanced by our disclosure of the following non-GAAP financial measures. Our method of calculating these measures may differ from those used by other companies and therefore comparability may be limited.

Organic revenue growth

Organic revenue growth excludes the impact of foreign currency translation, acquisitions and disposals and total market remuneration from reported revenues. We use organic revenue growth as a measure of business growth generated by operations that were part of the Company at the end of the period.

Adjusted operating income and adjusted net income

Our results for the six months June 30, 2005 were significantly impacted by gains on disposal of operations, charges for regulatory settlements and related expenses, our first quarter 2005 headcount reduction program and other provisions. We believe that excluding these items from operating income and net income as applicable, along with the GAAP measures, provides a more complete and consistent comparative analysis of our results of operations. These items did not have a material effect on the results for the six months ended June 30, 2006.

2. Accounting and reporting changes

We made a number of changes to our accounting and reporting in first quarter 2006. In particular:

Revenue analysis

Following a change to our internal reporting structure, North America Global Markets and International Global Markets revenues, which were previously reported within our Global division, are now reported in the North America and International divisions, respectively. In addition, we refined our method of allocating revenues between the Global and North America divisions. We have adjusted our 2005 revenue analysis to be consistent with the new internal reporting structure.

FAS 123R, Share-Based Payment

Effective January 1, 2006, we adopted FAS 123R using the modified-retrospective transition method. Our 2005 comparative data has therefore been adjusted to recognize the compensation cost previously reported in the footnote disclosure to our financial statements.

The retrospective application of FAS 123R has also impacted the diluted share count in prior periods as proceeds under the treasury stock method have been adjusted with a consequent impact on diluted share count. Proceeds were adjusted to include the future potential tax consequences that will arise when the options are exercised and the average unrecognized compensation cost outstanding during the period.

Pensions: market-related value

FAS 87, Employers' Accounting for Pensions, requires the expected return on plan assets to be determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets. The market-related value of plan assets may either be a fair value or a calculated value that recognizes changes in a systematic and rational manner over not more than five years.

Up to December 31, 2005, the market-related value of our UK pension plan assets was determined using a calculated value that recognized asset gains or losses over five years. With effect from January 1, 2006, the market-related value of UK pension plan assets has been determined on a fair value basis. We believe that fair value is a preferable measure of determining the market-related value of plan assets as it more fairly reflects the actual value of pension plan assets as of the balance sheet date. In addition, it brings the methodology used for calculating the market-related value of our UK plan assets into line with the fair value methodology already used to value our US plan assets.

We have adjusted our 2005 comparative data to reflect the change in method of determining the market-related value of plan assets.

Pensions: return on assets

After reviewing the long-term rate of return on our UK plan assets, effective January 1, 2006, we have increased the expected long-term rate to 7.75% from 7.25%.

3. Revenue analysis

Organic revenue growth

Organic revenue growth is defined as revenue growth excluding the impact of foreign currency translation, acquisitions and disposals and total market remuneration. The percentage change in reported revenues is the most directly comparable GAAP measure, and the following table reconciles this change to organic revenue growth by business unit for the three months ended June 30, 2006:

	Three months ended June 30,		
	2006	2005(1)	% Change
Global	\$ 255	\$ 238	7%
North America	195	180	8%
International	122	112	9%
Commissions and fees	\$ 572	\$ 530	8%
Investment Income	21	19	11%
Total revenues	\$ 593	\$ 549	8%

	Change attributable to			
	Foreign currency translation	Acquisitions and disposals	Total market remuneration	Organic revenue growth
Global	(1)%	(1)%	(4)%	13%
North America	0%	0%	0%	8%
International	0%	3%	0%	6%
Commissions and fees	0%	0%	(2)%	10%
Investment Income	(10)%	1%	0%	20%
Total revenues	(1)%	1%	(2)%	10%

(1) As described in Note 2, our prior period revenue analysis has been adjusted to reflect our new internal reporting structure.

The following table reconciles the percentage change in reported

revenues to organic revenue growth by business unit for the six months ended June 30, 2006:

	Six months ended June 30,		
	2006	2005(1)	% Change
Global	\$563	\$564	0%
North America	376	342	10%
International	285	275	4%
Commissions and fees	\$1,224	\$1,181	4%
Investment Income	40	37	8%
Total revenues	\$1,264	\$1,218	4%

	Change attributable to			
	Foreign currency translation	Acquisitions and disposals	Total market remuneration	Organic revenue growth
Global	(2)%	(3)%	(2)%	7%
North America	0%	1%	0%	9%
International	(5)%	3%	(1)%	7%
Commissions and fees	(2)%	0%	(2)%	8%
Investment Income	(7)%	(1)%	0%	16%
Total revenues	(2)%	(1)%	(1)%	8%

(1) As described in Note 2, our prior period revenue analysis has been adjusted to reflect our new internal reporting structure.

WILLIS GROUP HOLDINGS LIMITED
SUPPLEMENTAL FINANCIAL INFORMATION
(in millions, except per share data)
(unaudited)

4. Non-GAAP Supplemental Financial Information

Adjusted operating income

Adjusted operating income is defined as operating income excluding net gain on disposal of operations and, for 2005, charges for regulatory settlements and related expenses, severance costs relating to our first quarter 2005 headcount reduction program and other provisions. Operating income is the most directly comparable GAAP measure, and the following tables reconcile adjusted operating income to operating income for the three months and six months ended June 30, 2006 and 2005:

	Three months ended June 30,		
	2006	2005 As adjusted (Note 2)	% Change
Operating Income, GAAP basis	\$ 119	\$ 199	(40)%
Excluding:			
Net gain on disposal of operations (a)	-	(78)	
Adjusted Operating Income	\$ 119	\$ 121	(2)%
Operating Margin, GAAP basis, or Operating Income as a percentage of Total Revenues	20.1%	36.2%	
Adjusted Operating Margin, GAAP			

basis, or Adjusted Operating
Income as a percentage of Total
Revenues

20.1% 22.0%
=====

Six months ended June 30,

	2006	2005 As adjusted (Note 2)	% Change
Operating Income, GAAP basis	\$ 323	\$ 286	13%
Excluding:			
Regulatory settlements (b)	-	51	
Costs related to regulatory settlements (b)	-	9	
Severance costs (c)	-	28	
Other provision (d)	-	20	
Net gain on disposal of operations (a)	-	(78)	
Adjusted Operating Income	\$ 323	\$ 316	2%
Operating Margin, GAAP basis, or Operating Income as a percentage of Total Revenues	25.6%	23.5%	
Adjusted Operating Margin, GAAP basis, or Adjusted Operating Income as a percentage of Total Revenues	25.6%	25.9%	

- a) Primarily attributable to the \$79 million gain arising on the sale of the Company's US wholesale unit Stewart Smith on April 14, 2005.
- b) Comprises \$51 million to establish the reimbursement funds agreed with the New York and Minnesota Attorneys General and New York Department of Insurance in April 2005 and \$9 million of related legal and administrative expenses.
- c) Severance costs relate to the headcount reduction program announced in the first quarter 2005 which eliminated approximately 500 positions at a cost of \$28 million.
- d) Based on the quarterly review of legal proceedings at March 31, 2005, the Company increased its provision for claims by an additional \$20 million.

Adjusted net income

Adjusted net income is defined as net income excluding net gain on disposal of operations and, for 2005, charges for regulatory settlements and related expenses, severance costs relating to our first quarter 2005 headcount reduction program and other provisions. Net income is the most directly comparable GAAP measure, and the following tables reconcile adjusted net income to net income for the three months and six months ended June 30, 2006 and 2005:

	Three months ended June 30,			Per diluted share Three months ended June 30,		
	2006	2005 As Adjusted (Note 2)	% Change	2006	2005 As adjusted (Note 2)	% Change
Net income, GAAP basis	\$72	\$114	(37)%	\$0.45	\$0.70	(36)%
Excluding:						
Net gain on disposal of operations, net of tax (\$nil, \$(37))	-	(41)		-	(0.25)	
Adjusted net income	\$72	\$73	(1)%	\$0.45	\$0.45	0%
Diluted shares outstanding, GAAP basis	159	164				

	Six months ended June 30,			Per diluted share Six months ended June 30,		
	2005 As adjusted			2005 As adjusted		
	2006	(Note 2)	% Change	2006	(Note 2)	% Change
Net income, GAAP basis	\$ 212	\$ 181	17%	\$1.33	\$ 1.10	21%
Excluding:						
Regulatory settlements, net of tax (\$20)	-	31		-	0.19	
Costs related to regulatory settlements, net of tax (\$4)	-	5		-	0.03	
Severance costs, net of tax (\$9)	-	19		-	0.12	
Other provision, net of tax (\$6)	-	14		-	0.08	
Net gain on disposal of operations, net of tax (\$nil, \$(37))	-	(41)		-	(0.25)	
Adjusted net income	\$ 212	\$ 209	1%	\$1.33	\$ 1.27	5%
Diluted shares outstanding, GAAP basis	159	164				

WILLIS GROUP HOLDINGS LIMITED, NON-GAAP FINANCIAL SUPPLEMENT
(in millions, except per share data)
(unaudited)

	2005				
	Q1	Q2	Q3	Q4	FY
Revenues (1)					
Global	\$326	\$ 238	\$ 200	\$ 197	\$ 961
North America	162	180	173	207	722
International	163	112	96	140	511
Commissions and fees	651	530	469	544	2,194
Investment income	18	19	18	18	73
Total Revenues	669	549	487	562	2,267
Expenses					
Salaries and benefits as previously reported/computed	386	309	313	348	1,356
Adoption of FAS 123R (2)	4	5	4	5	18
Pensions: market-related value methodology (2)	3	2	2	3	10
Salaries and benefits as adjusted/reported	393	316	319	356	1,384
Other operating expenses	125	98	89	93	405
Regulatory settlements	51	-	-	-	51
Depreciation expense and amortization of intangible assets	13	14	13	14	54
Net gain on disposal of operations	-	(78)	-	-	(78)
Total Expenses	582	350	421	463	1,816
Operating Income	87	199	66	99	451
Operating Income margin	13.0%	36.2%	13.6%	17.6%	19.9%
Interest expense, net	6	6	9	9	30

Income before Income Taxes, Equity in Net Income of Associates and Minority Interest	81	193	57	90	421
Income taxes as previously reported/computed	26	77	18	31	152
Adoption of FAS 123R	(1)	(2)	(1)	(2)	(6)
Pensions: market-related value methodology	(1)	-	(1)	(1)	(3)
Income taxes as adjusted/reported	24	75	16	28	143
Income before Equity in Net Income of Associates and Minority Interest	57	118	41	62	278
Equity in net income of associates, net of tax	14	(2)	5	(3)	14
Minority interest, net of tax	(4)	(2)	(1)	(4)	(11)
Net Income	\$ 67	\$ 114	\$ 45	\$ 55	\$ 281
Earnings per Share - - Diluted (3)	\$0.41	\$0.70	\$0.28	\$0.35	\$ 1.72
Average Number of Shares Outstanding					
- Basic	163	163	160	157	161
Diluted as previously reported	168	166	163	160	164
Adoption of FAS 123R (3)	(3)	(2)	(1)	(1)	(1)
- - Diluted as adjusted/ reported	165	164	162	159	163

	2006		
	Q1	Q2	Q2 YTD
Revenues (1)			
Global	\$ 308	255	563
North America	181	195	376
International	163	122	285
Commissions and fees	652	572	1,224
Investment income	19	21	40
Total Revenues	671	593	1,264
Expenses			
Salaries and benefits as previously reported/computed	351	352	703
Adoption of FAS 123R (2)	3	5	8
Pensions: market-related value methodology (2)	(6)	(6)	(12)
Salaries and benefits as adjusted/reported	348	351	699
Other operating expenses	105	108	213
Regulatory settlements	-	-	-
Depreciation expense and amortization of intangible assets	14	15	29
Net gain on disposal of operations	-	-	-
Total Expenses	467	474	941
Operating Income	204	119	323
Operating Income margin	30.4%	20.1%	25.6%
Interest expense, net	9	9	18
Income before Income Taxes, Equity in Net Income of Associates and Minority Interest	195	110	305
Income taxes as previously reported/computed	61	36	97
Adoption of FAS 123R	(1)	(2)	(3)
Pensions: market-related value methodology	2	2	4
Income taxes as adjusted/reported	62	36	98
Income before Equity in Net Income of Associates and Minority Interest	133	74	207
Equity in net income of associates, net of tax	14	-	14
Minority interest, net of tax	(7)	(2)	(9)

Net Income	\$ 140	\$ 72	\$ 212
	=====	=====	=====
Earnings per Share			
- - Diluted (3)	\$0.88	\$0.45	\$ 1.33
	=====	=====	=====
Average Number of Shares Outstanding			
- Basic	157	157	157
Diluted as previously reported	159	159	159
Adoption of FAS 123R (3)	-	-	-
	-----	-----	-----
- - Diluted as adjusted/ reported	159	159	159
	=====	=====	=====

- (1) As described in Note 2, our prior period revenue analysis has been adjusted to reflect our new internal reporting structure.
- (2) Details of the accounting and reporting changes are described in Note 2.
- (3) The impact on diluted share count from the retrospective application of FAS 123R is described in Note 2.

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