UNITED STATES 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 June 30, 2014

or

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

Commission file number: 001-16503

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland	**98-0352587**
(Jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

c/o Willis Group Limited
51 Lime Street, London, EC3M 7DQ, England
(Address of principal executive offices)

(011) 44-20-3124-6000
(Registrant's telephone number, including area code)

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of 'large accelerated filer', 'accelerated filer' and 'smaller reporting company' in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

As of August 1, 2014 there were outstanding 178,385,042 ordinary shares, nominal value $0.000115 per share, of the Registrant.

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Certain Definitions

The following definitions apply throughout this quarterly report unless the context requires otherwise:

‘We’, ‘Us’, ‘Company’, ‘Group’, ‘Willis’, or ‘Our’	Willis Group Holdings and its subsidiaries.
‘Willis Group Holdings’ or ‘Willis Group Holdings plc’	Willis Group Holdings Public Limited Company, a company organized under the laws of Ireland.
‘shares’	The ordinary shares of Willis Group Holdings Public Limited Company, nominal value $0.000115 per share.

FORWARD-LOOKING STATEMENTS

We have included in this document 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, which are intended to be covered by the safe harbors created by those laws. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our, outlook future capital expenditures, growth in commissions and fees, business strategies, competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, plans and references to future successes, are forward-looking statements. Also, when we use the words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'plan', 'probably', or similar expressions, we are making forward-looking statements.

There are important uncertainties, events and factors that could cause our actual results or performance to differ materially from those in the forward-looking statements contained in this document, including the following:

- the impact of any regional, national or global political, economic, business, competitive, market, environmental or regulatory conditions on our global business operations;
- the impact of current global economic conditions on our results of operations and financial condition, including as a result of those associated with the Eurozone, any insolvencies of or other difficulties experienced by our clients, insurance companies or financial institutions;
- our ability to implement and fully realize anticipated benefits of our new growth strategy and revenue generating initiatives;
- our ability to implement and realize anticipated benefits of any expense reduction initiative, including our ability to achieve expected savings from the multi-year operational improvement program as a result of unexpected costs or delays and demand on managerial, operational and administrative resources and/or macroeconomic factors affecting the program;
- changes in the tax or accounting treatment of our operations and fluctuations in our tax rate;
- volatility or declines in insurance markets and premiums on which our commissions are based, but which we do not control;
- our ability to develop and implement technology solutions and invest in innovative product offerings in an efficient and effective manner;
- our ability to continue to manage our significant indebtedness;
- our ability to compete in our industry;
- our ability to develop new products and services;
- material changes in commercial property and casualty markets generally or the availability of insurance products or changes in premiums resulting from a catastrophic event, such as a hurricane;
- our ability to retain key employees and clients and attract new business;
- the timing or ability to carry out share repurchases and redemptions;
- the timing or ability to carry out refinancing or take other steps to manage our capital and the limitations in our long-term debt agreements that may restrict our ability to take these actions;
- fluctuations in our earnings as a result of potential changes to our valuation allowance(s) on our deferred tax assets;
- any fluctuations in exchange and interest rates that could affect expenses and revenue;
- the potential costs and difficulties in complying with a wide variety of foreign laws and regulations and any related changes, given the global scope of our operations;
- rating agency actions, including a downgrade to our credit rating, that could inhibit our ability to borrow funds or the pricing thereof and in certain circumstances cause us to offer to buy back some of our debt;
- a significant decline in the value of investments that fund our pension plans or changes in our pension plan liabilities or funding obligations;
- our ability to achieve anticipated benefits of any acquisition or other transactions in which we may engage, including any revenue growth or operational efficiencies;
- our ability to effectively integrate any acquisition into our business;
- our inability to exercise full management control over our associates, such as Gras Savoye;
- our ability to receive dividends or other distributions in needed amounts from our subsidiaries;
- any potential impact from the US healthcare reform legislation;
- our involvement in and the results of any regulatory investigations, legal proceedings and other contingencies;
- underwriting, advisory or reputational risks associated with non-core operations as well as the potential significant impact our non-core operations (including the Willis Capital Markets & Advisory operations) can have on our

financial results;

- our exposure to potential liabilities arising from errors and omissions and other potential claims against us;
- the interruption or loss of our information processing systems, data security breaches or failure to maintain secure information systems; and
- impairment of the goodwill in one of our reporting units in which case we may be required to record significant charges to earnings.

The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information see the section entitled ‘Risk Factors’ included in Willis’ Form 10-K for the year ended December 31, 2013 and our subsequent filings with the Securities and Exchange Commission. Copies are available online at http://www.sec.gov or www.willis.com or on request from the Company as set forth in Part I, Item I ‘Business — Available Information’ in Willis’ Form 10-K.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of these assumptions, and therefore also the forward-looking statements based on these assumptions, could themselves prove to be inaccurate. In light of the significant uncertainties inherent in the forward-looking statements included in this document, our inclusion of this information is not a representation or guarantee by us that our objectives and plans will be achieved.

Our forward-looking statements speak only as of the date made and we will not update these forward-looking statements unless the securities laws require us to do so. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document may not occur, and we caution you against unduly relying on these forward-looking statements.

PART I — FINANCIAL INFORMATION

Item 1 — Financial Statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
		(millions, except per share data)			
REVENUES					
Commissions and fees		$ 930	$ 885	$ 2,020	$ 1,931
Investment income		4	3	8	7
Other income		1	2	4	3
Total revenues		935	890	2,032	1,941
EXPENSES					
Salaries and benefits		(575)	(529)	(1,145)	(1,097)
Other operating expenses		(173)	(159)	(338)	(321)
Depreciation expense		(24)	(21)	(47)	(47)
Amortization of intangible assets	12	(12)	(14)	(25)	(28)
Restructuring costs	3	(3)	—	(3)	—
Total expenses		(787)	(723)	(1,558)	(1,493)
OPERATING INCOME		148	167	474	448
Other (expense) income, net	4	(3)	4	(3)	10
Interest expense		(35)	(32)	(67)	(63)
INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES		110	139	404	395
Income taxes	5	(59)	(29)	(122)	(77)
INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES		51	110	282	318
Interest in (losses) / earnings of associates, net of tax		(3)	(3)	16	12
NET INCOME		48	107	298	330
Less: net income attributable to noncontrolling interests		(1)	(2)	(5)	(6)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS		$ 47	$ 105	$ 293	$ 324
EARNINGS PER SHARE — BASIC AND DILUTED					
— Basic earnings per share - continuing operations	6	$ 0.26	$ 0.60	$ 1.64	$ 1.86
— Diluted earnings per share - continuing operations	6	$ 0.26	$ 0.59	$ 1.61	$ 1.83
CASH DIVIDENDS DECLARED PER SHARE		$ 0.30	$ 0.28	$ 0.60	$ 0.56

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
		(millions)			
Net income (loss)		$ 48	$ 107	$ 298	$ 330
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments		27	(15)	30	(89)
Pension funding adjustment		(5)	10	1	59
Derivative instruments		3	11	2	(1)
Other comprehensive income (loss), net of tax	17	25	6	33	(31)
Comprehensive income (loss)		73	113	331	299
Less: Comprehensive income attributable to noncontrolling interests		(1)	(2)	(5)	(5)
Comprehensive income (loss) attributable to Willis Group Holdings		$ 72	$ 111	$ 326	$ 294

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	June 30, 2014	December 31, 2013
		(millions, except share data)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 708	$ 796
Accounts receivable, net		1,175	1,041
Fiduciary assets		9,983	8,412
Deferred tax assets		11	15
Other current assets	13	195	197
Total current assets		12,072	10,461
NON-CURRENT ASSETS			
Fixed assets, net		496	481
Goodwill	11	2,870	2,838
Other intangible assets, net	12	360	353
Investments in associates		190	176
Deferred tax assets		10	7
Pension benefits asset		359	278
Other non-current assets	13	194	206
Total non-current assets		4,479	4,339
TOTAL ASSETS		$ 16,551	$ 14,800
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Fiduciary liabilities		$ 9,983	$ 8,412
Deferred revenue and accrued expenses		418	586
Income taxes payable		73	21
Short-term debt and current portion of long-term debt	15	15	15
Deferred tax liabilities		28	25
Other current liabilities	14	467	415
Total current liabilities		10,984	9,474
NON-CURRENT LIABILITIES			
Long-term debt	15	2,302	2,311
Liability for pension benefits		126	136
Deferred tax liabilities		103	56
Provisions for liabilities		212	206
Other non-current liabilities	14	362	374
Total non-current liabilities		3,105	3,083
Total liabilities		14,089	12,557

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

	Note	June 30, 2014	December 31, 2013
		(millions, except share data)	
COMMITMENTS AND CONTINGENCIES	8		
EQUITY			
Ordinary shares, $0.000115 nominal value; Authorized: 4,000,000,000; Issued 178,893,118 shares in 2014 and 178,861,250 shares in 2013		—	—
Ordinary shares, €1 nominal value; Authorized: 40,000; Issued 40,000 shares in 2014 and 2013		—	—
Preference shares, $0.000115 nominal value; Authorized: 1,000,000,000; Issued nil shares in 2014 and 2013		—	—
Additional paid-in capital		1,443	1,316
Retained earnings		1,664	1,595
Accumulated other comprehensive loss, net of tax	17	(660)	(693)
Treasury shares, at cost, 46,408 shares, $0.000115 nominal value, in 2014 and 2013 and 40,000 shares, €1 nominal value, in 2014 and 2013		(3)	(3)
Total Willis Group Holdings stockholders' equity	18	2,444	2,215
Noncontrolling interests	18	18	28
Total equity		2,462	2,243
TOTAL LIABILITIES AND EQUITY		$ 16,551	$ 14,800

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Six months ended June 30, 2014	Six months ended June 30, 2013
		(millions)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		$ 298	$ 330
Adjustments to reconcile net income to total net cash provided by operating activities:			
Net gain on disposal of operations and fixed and intangible assets		—	(3)
Depreciation expense		47	47
Amortization of intangible assets	12	25	28
Amortization of cash retention awards		5	3
Net periodic income of defined benefit pension plans	7	(8)	(2)
Provision for doubtful debts		2	2
Provision for deferred income taxes		45	11
Excess tax benefits from share-based payment arrangements		(2)	(1)
Share-based compensation		28	21
Gain on derivative instruments		(5)	(5)
Undistributed earnings of associates		(14)	(4)
Effect of exchange rate changes on net income		15	(9)
Change in operating assets and liabilities, net of effects from purchase of subsidiaries:			
Accounts receivable		(137)	(124)
Fiduciary assets		(1,534)	(803)
Fiduciary liabilities		1,534	803
Cash incentives paid		(358)	(300)
Funding of defined benefit pension plans		(54)	(77)
Other assets		37	(21)
Other liabilities		225	214
Movement on provisions		3	27
Net cash provided by continuing operating activities		152	137
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of fixed and intangible assets		2	8
Additions to fixed assets		(54)	(51)
Additions to intangible assets		(1)	(1)
Acquisitions of subsidiaries, net of cash acquired		(41)	(29)
Payments to acquire other investments		(6)	(2)
Proceeds on sale of operations, net of cash disposed		18	—
Net cash used in continuing investing activities		(82)	(75)

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOWS (Continued)

	Note	Six months ended June 30, 2014	2013
		(millions)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from draw down of revolving credit facilities	15	—	2
Debt issuance costs		(3)	—
Repayments of debt	15	(8)	(8)
Repurchase of shares	18	(117)	—
Proceeds from issue of shares		93	62
Excess tax benefits from share-based payment arrangements		2	1
Dividends paid		(103)	(95)
Acquisition of noncontrolling interests		(4)	(4)
Dividends paid to noncontrolling interests		(15)	(8)
Net cash used in continuing financing activities		(155)	(50)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(85)	12
Effect of exchange rate changes on cash and cash equivalents		(3)	(9)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		796	500
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 708	$ 503

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

1. NATURE OF OPERATIONS

Willis provides a broad range of insurance and reinsurance broking and risk management consulting services to its clients worldwide, both directly and indirectly through its associates. The Company provides both specialized risk management advisory and consulting services on a global basis to clients engaged in specific industrial and commercial activities, and services to small, medium and large corporations through its retail operations.

In its capacity as an advisor, insurance and reinsurance broker, the Company acts as an intermediary between clients and insurance carriers by advising clients on risk management requirements, helping clients determine the best means of managing risk, and negotiating and placing insurance risk with insurance carriers through the Company's global distribution network.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements ('Interim Financial Statements') have been prepared in accordance with accounting principles generally accepted in the United States of America ('US GAAP').

The Interim Financial Statements are unaudited but include all adjustments (consisting of normal recurring adjustments) which the Company's management considers necessary for a fair presentation of the financial position as of such dates and the operating results and cash flows for those periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. However, the Company believes that the disclosures are adequate to make the information presented not misleading. The results of operations for the six months ended June 30, 2014 may not necessarily be indicative of the operating results for the entire fiscal year.

These Interim Financial Statements should be read in conjunction with the Company's consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2013 included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 27, 2014 ('2013 10-K').

Effective from January 1, 2014, the Company has made changes to the presentation of certain items within the Consolidated Statements of Operations. Foreign exchange gains and losses, primarily from balance sheet revaluation, and gains and losses from the disposal of operations, previously reported within 'Total operating expenses', are reported in a new income statement line item, 'Other income (expense), net', which is reported below Operating income. Prior period amounts have been reclassified to conform to this presentation.

In July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists - a consensus of the FASB Emerging Issues Task Force which provides guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward (NOL), or similar tax loss, or a tax credit carryforward exists. Such unrecognized tax benefits are required to be presented as a reduction of a deferred tax asset for a NOL or other tax credit carryforward whenever the NOL or tax credit carryforward would be available to reduce the additional taxable income or tax due if the tax position is disallowed.

This standard is effective prospectively for annual and interim reporting periods beginning after December 15, 2013. The Company has adopted this guidance prospectively from January 1, 2014 and has not applied the amendments to the prior years. Upon adoption in the first quarter of 2014, other non-current liabilities and deferred tax assets were reduced by $21 million.

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This guidance changes the criteria for reporting discontinued operations and enhances the related disclosures around discontinued operations. The new guidance requires a disposal of a component of an entity or a group of components of an entity to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results. This guidance is effective for interim and annual periods beginning after December 15, 2014.

In May 2014, the FASB issued ASU No. 2014-09, Revenue From Contracts With Customers. The new standard supersedes most current revenue recognition guidance and eliminates industry-specific guidance. The ASU is based on the principle that an entity should recognize revenue to depict the transfer of 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 ASU also requires

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. The ASU becomes effective for the Company at the beginning of its 2017 fiscal year; early adoption is not permitted. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

3. RESTRUCTURING COSTS

The Operational Improvement Program is a multi-year program and is expected to be completed by the end of 2017. The main elements of the program include the following:

- movement of more than 3,500 support roles from higher cost locations to Willis facilities in lower cost locations, bringing the ratio of employees in higher cost versus lower cost locations from approximately 80:20 to approximately 60:40;
- net workforce reductions in support positions;
- lease consolidation in real estate and reductions in ratios of seats per employee and square footage of floor space per employee; and
- information technology systems simplification and rationalization.

The Company recognized restructuring costs of $3 million in the three and six months ended June 30, 2014 related to its Operational improvement program. The costs primarily related to the elimination of 35 support positions from its operations in the US and the cost of a professional services engagement to support the program.

An analysis of the cost for restructuring recognised in the income statement in the three and six months ended June 30, 2014 is as follows:

	North America	Corporate	Total
		(millions)	
Termination benefits	$ 1	$ —	$ 1
Professional services	—	2	2
Total	$ 1	$ 2	$ 3

At June 30, 2014 the Company's liability under the Operation improvement program is as follows:

	Termination benefits	Professional services	Total
		(millions)	
Balance at January 1, 2014	$ —	$ —	$ —
Charges incurred	1	2	3
Balance at June 30, 2014	$ 1	$ 2	$ 3

Expense reduction initiative

During the six months ended June 30, 2013, the Company incurred additional salaries and benefits costs of $29 million, of which $28 million related to severance costs, in relation to an Expense Reduction Initiative in the first quarter. These costs related to 207 positions that have been eliminated.

4. OTHER (EXPENSE) INCOME, NET

Other (expense) income consists of the following:

	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
	(millions)			
Gain / (loss) on disposal of operations	$ 2	$ —	$ (1)	$ —
Impact of Venezuelan currency devaluation	(14)	—	(14)	—
Foreign exchange gain / (loss)	9	4	12	10
Other (expense) income, net	$ (3)	$ 4	$ (3)	$ 10

5. INCOME TAXES

The tables below reflect the components of the three and six months ended June 30, 2014 and 2013 tax charge:

	Income before tax	Tax	Effective tax rate
	(millions, except percentages)		
Three months ended June 30, 2014			
Ordinary income taxed at estimated annual effective tax rate	$ 108	$ (27)	25%
Items where tax effect is treated discretely:			
Gain on disposal of operations	2	(2)	100%
Incremental increase to US valuation allowance	—	(21)	—%
Net adjustment in respect of prior periods	—	4	—%
Additional tax charge as a result of current quarter refinements to the phasing of the US tax charge	—	(13)	—%
As reported	$ 110	$ (59)	54%
Three months ended June 30, 2013			
Non-US ordinary income taxed at estimated annual effective tax rate	$ 123	$ (26)	21%
US ordinary income and tax charge	16	(3)	19%
As reported	$ 139	$ (29)	21%

5. INCOME TAXES (CONTINUED)

	Income before tax	Tax	Effective tax rate
	(millions, except percentages)		
Six months ended June 30, 2014			
Ordinary income taxed at estimated annual effective tax rate	$ 405	$ (102)	25 %
Items where tax effect is treated discretely:			
Loss on disposal of operations	(1)	(1)	(100)%
Incremental increase to US valuation allowance	—	(21)	— %
Net adjustment in respect of prior periods	—	2	— %
As reported	$ 404	$ (122)	30 %
Six months ended June 30, 2013			
Non-US ordinary income taxed at estimated annual effective tax rate	$ 341	$ (71)	21 %
US ordinary income and tax charge	54	(6)	11 %
As reported	$ 395	$ (77)	19 %

For interim income tax reporting purposes, the Company determines its best estimate of an annual effective tax rate and applies that rate to its year-to-date ordinary income. The Company's estimated annual effective tax rate excludes significant, unusual or infrequently occurring items and certain other items excluded pursuant to the US GAAP authoritative guidance where applicable. The income tax expense (or benefit) related to all other items is individually computed and recognized when the items occur.

The tax rate for the three months ended June 30, 2014 was 54 percent compared with 21 percent for the same period of 2013. The tax rate for the six months ended June 30, 2014 was 30 percent, compared with 19 percent for the same period of 2013.

The higher tax rate in the three and six months ended June 30, 2014 compared to the same periods of 2013 was partly due to the expectation of paying current taxes in the US in 2014, which resulted in a higher tax charge on US income in the current period compared with the prior period. In addition, there was a $21 million increase to the US valuation allowance against deferred tax assets. This was an incremental increase to the valuation allowance caused by the release of provisions for uncertain tax positions. There was also a charge of $13 million in the quarter reflecting the impact of including US earnings in the estimated annual effective tax rate applied to the ordinary income of the prior quarter.

The Company's tax rate differs from the US statutory income tax rate of 35 percent primarily due to income being subject to tax in numerous non-US jurisdictions with varying tax rates, as well as the valuation allowance maintained in the US due to losses incurred in recent years.

6. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income attributable to Willis Group Holdings by the average number of shares outstanding during each period. The computation of diluted earnings per share reflects the potential dilution that could occur if dilutive securities and other contracts to issue shares were exercised or converted into shares or resulted in the issuance of shares that then shared in the net income of the Company.

At June 30, 2014, time-based and performance-based options to purchase 5.9 million and 4.7 million shares (June 30, 2013: 8.8 million and 6.0 million), respectively, and 2.9 million restricted stock units (June 30, 2013: 2.4 million) were outstanding.

Basic and diluted earnings per share are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	(millions, except per share data)			
Net income attributable to Willis Group Holdings	$ 47	$ 105	$ 293	$ 324
Basic average number of shares outstanding	179	175 173	179	174
Dilutive effect of potentially issuable shares	3	3 3	3	3
Diluted average number of shares outstanding	182	178 176	182	177
Basic earnings per share:				
Net income attributable to Willis Group Holdings shareholders	$ 0.26	$ 0.60	$ 1.64	$ 1.86
Dilutive effect of potentially issuable shares	—	(0.01)	(0.03)	(0.03)
Diluted earnings per share:				
Net income attributable to Willis Group Holdings shareholders	$ 0.26	$ 0.59	$ 1.61	$ 1.83

Options to purchase 2.1 million and 2.0 million shares were not included in the computation of the dilutive effect of stock options for the three and six months ended June 30, 2014 respectively because the effect was antidilutive (three and six months ended June 30, 2013: 2.4 million and 5.1 million shares).

7. PENSION PLANS

The components of the net periodic benefit (income) cost of the UK, US and other defined benefit plans are as follows:

	Three months ended June 30,					
	UK Pension Benefits		US Pension Benefits		Other Pension Benefits	
	2014	2013	2014	2013	2014	2013
	(millions)					
Components of net periodic benefit (income) cost:						
Service cost	$ 10	$ 9	$ —	$ —	$ 1	$ 1
Interest cost	31	27	10	9	2	2
Expected return on plan assets	(54)	(47)	(14)	(12)	(2)	(2)
Amortization of unrecognized prior service gain	—	(2)	—	—	—	—
Amortization of unrecognized actuarial loss	10	11	2	2	—	1
Net periodic benefit (income) cost	$ (3)	$ (2)	$ (2)	$ (1)	$ 1	$ 2

	Six months ended June 30,					
	UK Pension Benefits		US Pension Benefits		Other Pension Benefits	
	2014	2013	2014	2013	2014	2013
	(millions)					
Components of net periodic benefit (income) cost:						
Service cost	$ 21	$ 18	$ —	$ —	$ 1	$ 2
Interest cost	61	54	20	19	4	3
Expected return on plan assets	(108)	(94)	(27)	(25)	(3)	(3)
Amortization of unrecognized prior service gain	(1)	(3)	—	—	—	—
Amortization of unrecognized actuarial loss	21	22	3	4	—	1
Net periodic benefit (income) cost	$ (6)	$ (3)	$ (4)	$ (2)	$ 2	$ 3

During the six months ended June 30, 2014, the Company made cash contributions of $41 million (2013: $49 million) into the UK defined benefit pension plan. In addition to this, a further payment of $6 million (2013: $6 million) was made in respect of employees' salary sacrifice contributions. Cash contributions of $2 million and $5 million (2013: $18 million and $4 million) were made to the US plan and other defined benefit pension plans, respectively.

Contributions to the UK defined benefit pension plan in 2014 are expected to total $84 million, of which approximately $23 million relates to on-going contributions calculated as 15.9 percent of active plan members' pensionable salaries and approximately $61 million relates to contributions towards funding the deficit.

In addition, for full year 2014, the Company expects to contribute approximately $12 million to the UK defined benefit pension plan related to employees' salary sacrifice contributions. The Company also expects to contribute approximately $30 million to the US plan and $9 million to the other defined benefit pension plans for the full year 2014 (inclusive of amounts contributed in the year to date).

Further contributions will be payable into the UK pension plan based on a profit share calculation (equal to 20 percent of EBITDA in excess of $900 million per annum as defined by the revised schedule of contributions) and an exceptional return calculation (equal to 10 percent of any exceptional returns made to shareholders, for example, share buybacks and special dividends). In respect of 2014, any such contributions will be paid in 2015 on finalization of the calculations. Aggregate

7. PENSION PLANS (Continued)

contributions under the deficit funding contribution and the profit share calculation are capped at £312 million ($533 million) over the six-year period ended December 31, 2017.

The schedule of contributions is automatically renegotiated after three years and at any earlier time jointly agreed by the Company and the Trustee. During 2014 we will be required to negotiate a new funding arrangement which may further change the contributions we are required to make in the future.

8. COMMITMENTS AND CONTINGENCIES

Contractual Obligations

Pensions

The Company's pension funding obligations are set out in Note 7 — 'Pension Plans'.

Other Contractual Obligations

In July 2010, the Company made a capital commitment of $25 million to Trident V Parallel Fund, LP. As of June 30, 2014, there had been approximately $20 million of capital contributions towards this commitment.

In May 2011, the Company made a capital commitment of $10 million to Dowling Capital Partners I, LP. As of June 30, 2014, there had been approximately $5 million of capital contributions towards this commitment.

Claims, Lawsuits and Other Proceedings

In the ordinary course of business, the Company is subject to various actual and potential claims, lawsuits, and other proceedings relating principally to alleged errors and omissions in connection with the placement of insurance and reinsurance. Similar to other corporations, the Company is also subject to a variety of other claims, including those relating to the Company's employment practices. Some of the claims, lawsuits, and other proceedings seek damages in amounts which could, if assessed, be significant.

Errors and omissions claims, lawsuits, and other proceedings arising in the ordinary course of business are covered in part by professional indemnity or other appropriate insurance. The terms of this insurance vary by policy year and self-insured risks have increased significantly in recent years. Regarding self-insured risks, the Company has established provisions which are believed to be adequate in light of current information and legal advice, and the Company adjusts such provisions from time to time according to developments.

On the basis of current information, the Company does not expect that the actual claims, lawsuits, and other proceedings to which the Company is subject, or potential claims, lawsuits, and other proceedings relating to matters of which it is aware, will ultimately have a material adverse effect on the Company's financial condition, results of operations or liquidity. Nonetheless, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation and disputes with insurance companies, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's results of operations or cash flows in particular quarterly or annual periods.

The material actual or potential claims, lawsuits, and other proceedings, of which the Company is currently aware, are set forth below.

Stanford Financial Group Litigation

The Company has been named as a defendant in 13 similar lawsuits relating to the collapse of The Stanford Financial Group ('Stanford'), for which Willis of Colorado, Inc. acted as broker of record on certain lines of insurance. The complaints in these actions generally allege that the defendants actively and materially aided Stanford's alleged fraud by providing Stanford with certain letters regarding coverage that they knew would be used to help retain or attract actual or prospective Stanford client investors. The complaints further allege that these letters, which contain statements about Stanford and the insurance policies

8. COMMITMENTS AND CONTINGENCIES (Continued)

that the defendants placed for Stanford, contained untruths and omitted material facts and were drafted in this manner to help Stanford promote and sell its allegedly fraudulent certificates of deposit.

The 13 actions are as follows:

- *Troice, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:09-CV-1274-N, was filed on July 2, 2009 in the U.S. District Court for the Northern District of Texas against Willis Group Holdings plc, Willis of Colorado, Inc. and a Willis associate, among others. On April 1, 2011, plaintiffs filed the operative Third Amended Class Action Complaint individually and on behalf of a putative, worldwide class of Stanford investors, adding Willis Limited as a defendant and alleging claims under Texas statutory and common law and seeking damages in excess of $1 billion, punitive damages and costs. On May 2, 2011, the defendants filed motions to dismiss the Third Amended Class Action Complaint, arguing, *inter alia*, that the plaintiffs' claims are precluded by the Securities Litigation Uniform Standards Act of 1998 ('SLUSA').

  On May 10, 2011, the court presiding over the Stanford-related actions in the Northern District of Texas entered an order providing that it would consider the applicability of SLUSA to the Stanford-related actions based on the decision in a separate Stanford action not involving a Willis entity, *Roland v. Green*, Civil Action No. 3:10-CV-0224-N. On August 31, 2011, the court issued its decision in *Roland*, dismissing that action with prejudice under SLUSA.

  On October 27, 2011, the court in *Troice* entered an order (i) dismissing with prejudice those claims asserted in the Third Amended Class Action Complaint on a class basis on the grounds set forth in the *Roland* decision discussed above and (ii) dismissing without prejudice those claims asserted in the Third Amended Class Action Complaint on an individual basis. Also on October 27, 2011, the court entered a final judgment in the action.

  On October 28, 2011, the plaintiffs in *Troice* filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit. Subsequently, *Troice*, *Roland* and a third action captioned *Troice, et al. v. Proskauer Rose LLP*, Civil Action No. 3:09-CV-01600-N, which also was dismissed on the grounds set forth in the *Roland* decision discussed above and on appeal to the U.S. Court of Appeals for the Fifth Circuit, were consolidated for purposes of briefing and oral argument. Following the completion of briefing and oral argument, on March 19, 2012, the Fifth Circuit reversed and remanded the actions. On April 2, 2012, the defendants-appellees filed petitions for rehearing en banc. On April 19, 2012, the petitions for rehearing en banc were denied. On July 18, 2012, defendants-appellees filed a petition for writ of certiorari with the United States Supreme Court regarding the Fifth Circuit's reversal in *Troice*. On January 18, 2013, the Supreme Court granted our petition. Opening briefs were filed on May 3, 2013 and the Supreme Court heard oral argument on October 7, 2013. On February 26, 2014, the Supreme Court affirmed the Fifth Circuit's decision.

  On March 19, 2014, the plaintiffs in *Troice* filed a Motion to Defer Resolution of Motions to Dismiss, to Compel Rule 26(f) Conference and For Entry of Scheduling Order. That motion has now been fully briefed by the parties and awaits disposition by the court.

  On March 25, 2014, the parties in *Troice* and the *Janvey, et al. v. Willis of Colorado, Inc., et al.* action discussed below stipulated to the consolidation of the two actions for pre-trial purposes under Rule 42(a) of the Federal Rules of Civil Procedure. On March 28, 2014, the Court "so ordered" that stipulation and, thus, consolidated *Troice* and *Janvey* for pre-trial purposes under Rule 42(a).

  On August 21, 2014, the court presiding over all of the Stanford-related actions in the Northern District of Texas will hold a status conference with all parties affected by the Supreme Court's ruling on the SLUSA issue to discuss how these cases should proceed.
- *Ranni v. Willis of Colorado, Inc., et al.*, C.A. No. 09-22085, was filed on July 17, 2009 against Willis Group Holdings plc and Willis of Colorado, Inc. in the U.S. District Court for the Southern District of Florida. The complaint was filed on behalf of a putative class of Venezuelan and other South American Stanford investors and alleges claims under Section 10(b) of the Securities Exchange Act of 1934 (and Rule 10b-5 thereunder) and Florida statutory and common law and seeks damages in an amount to be determined at trial. On October 6, 2009, *Ranni* was transferred, for consolidation or coordination with other Stanford-related actions (including *Troice*), to the Northern District of Texas by the U.S. Judicial Panel on Multidistrict Litigation (the 'JPML'). The defendants have not yet responded to the complaint in *Ranni*.
- *Canabal, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:09-CV-1474-D, was filed on August 6, 2009 against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate named as a defendant in *Troice*, among others, also in the Northern District of Texas. The complaint was filed individually and on behalf of a putative class of Venezuelan Stanford investors, alleged claims under Texas statutory and common law and sought damages in excess of $1 billion, punitive damages, attorneys' fees and costs. On December 18, 2009, the parties in *Troice* and *Canabal* stipulated to the

8. COMMITMENTS AND CONTINGENCIES (Continued)

consolidation of those actions (under the *Troice* civil action number), and, on December 31, 2009, the plaintiffs in *Canabal* filed a notice of dismissal, dismissing the action without prejudice.

- *Rupert, et al. v. Winter, et al.*, Case No. 2009C115137, was filed on September 14, 2009 on behalf of 97 Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under the Securities Act of 1933, Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $300 million, attorneys' fees and costs. On October 20, 2009, certain defendants, including Willis of Colorado, Inc., (i) removed *Rupert* to the U.S. District Court for the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On April 1, 2010, the JPML issued a final transfer order for the transfer of *Rupert* to the Northern District of Texas. On January 24, 2012, the court remanded *Rupert* to Texas state court (Bexar County), but stayed the action until further order of the court. The defendants have not yet responded to the complaint in *Rupert*.
- *Casanova, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:10-CV-1862-O, was filed on September 16, 2010 on behalf of seven Stanford investors against Willis Group Holdings plc, Willis Limited, Willis of Colorado, Inc. and the same Willis associate, among others, also in the Northern District of Texas. The complaint alleges claims under Texas statutory and common law and seeks actual damages in excess of $5 million, punitive damages, attorneys' fees and costs. The defendants have not yet responded to the complaint in *Casanova*.
- *Rishmague, et ano. v. Winter, et al.*, Case No. 2011CI2585, was filed on March 11, 2011 on behalf of two Stanford investors, individually and as representatives of certain trusts, against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $37 million and attorneys' fees and costs. On April 11, 2011, certain defendants, including Willis of Colorado, Inc., (i) removed *Rishmague* to the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On August 8, 2011, the JPML issued a final transfer order for the transfer of *Rishmague* to the Northern District of Texas, where it is currently pending. The defendants have not yet responded to the complaint in *Rishmague*.
- *MacArthur v. Winter, et al.*, Case No. 2013-07840, was filed on February 8, 2013 on behalf of two Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Harris County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks actual, special, consequential and treble damages of approximately $4 million and attorneys' fees and costs. On March 29, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. (i) removed *MacArthur* to the U.S. District Court for the Southern District of Texas and (ii) notified the JPML of the pendency of this related action. On April 2, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. filed a motion in the Southern District of Texas to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. Also on April 2, 2013, the court presiding over *MacArthur* in the Southern District of Texas transferred the action to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. The defendants have not yet responded to the complaint in *MacArthur*.
- *Florida suits:* On February 14, 2013, five law suits were filed against Willis Group Holdings plc, Willis Limited and Willis of Colorado, Inc. in Florida state court (Miami-Dade County) alleging violations of Florida common law. The five suits are: (1) *Barbar, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05666CA27, filed on behalf of 35 Stanford investors seeking compensatory damages in excess of $30 million; (2) *de Gadala-Maria, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05669CA30, filed on behalf of 64 Stanford investors seeking compensatory damages in excess of $83.5 million; (3) *Ranni, et ano. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05673CA06, filed on behalf of two Stanford investors seeking compensatory damages in excess of $3 million*; (4) Tisminesky, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05676CA09, filed on behalf of 11 Stanford investors seeking compensatory damages in excess of $6.5 million; and (5) *Zacarias, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05678CA11, filed on behalf of 10 Stanford investors seeking compensatory damages in excess of $12.5 million. On June 3, 2013, Willis of Colorado, Inc. removed all five cases to the Southern District of Florida and, on June 4, 2013, notified the JPML of the pendency of these related actions. On June 10, 2013, the court in *Tisminesky* issued an order *sua sponte* staying and administratively closing that action pending a

8. COMMITMENTS AND CONTINGENCIES (Continued)

determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation and coordination with the other Stanford-related actions. On June 11, 2013, Willis of Colorado, Inc. moved to stay the other four actions pending the JPML's transfer decision. On June 20, 2013, the JPML issued a conditional transfer order for the transfer of the five actions to the Northern District of Texas, the transmittal of which was stayed for seven days to allow for any opposition to be filed. On June 28, 2013, with no opposition having been filed, the JPML lifted the stay, enabling the transfer to go forward. The defendants have not yet responded to the complaints in these actions.

- *Janvey, et al. v. Willis of Colorado, Inc., et al.*, Case No. 3:13-CV-03980-D, was filed on October 1, 2013 also in for the Northern District of Texas against Willis Group Holdings plc, Willis Limited, Willis North America Inc., Willis of Colorado, Inc. and the same Willis associate. The complaint was filed (i) by Ralph S. Janvey, in his capacity as Court-Appointed Receiver for the Stanford Receivership Estate, and the Official Stanford Investors Committee (the 'OSIC') against all defendants and (ii) on behalf of a putative, worldwide class of Stanford investors against Willis North America Inc. Plaintiffs Janvey and the OSIC allege claims under Texas common law and the court's Amended Order Appointing Receiver, and the putative class plaintiffs allege claims under Texas statutory and common law. Plaintiffs seek actual damages in excess of $1 billion, punitive damages and costs. On November 15, 2013, plaintiffs filed the operative First Amended Complaint, which added certain defendants unaffiliated with Willis. On February 28, 2014, the defendants filed motions to dismiss the First Amended Complaint, which motions have now been fully briefed by the parties and await disposition by the court.

As discussed above, on March 25, 2014, the parties in *Troice* and *Janvey* stipulated to the consolidation of the two actions for pre-trial purposes under Rule 42(a) of the Federal Rules of Civil Procedure. On March 28, 2014, the Court "so ordered" that stipulation and, thus, consolidated *Troice* and *Janvey* for pre-trial purposes under Rule 42(a).

Additional actions could be brought in the future by other investors in certificates of deposit issued by Stanford and its affiliates. The Company disputes these allegations and intends to defend itself vigorously against these actions. The outcomes of these actions, however, including any losses or other payments that may occur as a result, cannot be predicted at this time.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Fair Value of Derivative Financial Instruments

In addition to the note below, see Note 10 — 'Fair Value Measurement' for information about the fair value hierarchy of derivatives.

Primary Risks Managed by Derivative Financial Instruments

The main risks managed by derivative financial instruments are interest rate risk and foreign currency risk. The Company's Board of Directors reviews and approves policies for managing each of these risks as summarized below.

The Company enters into derivative transactions (principally interest rate swaps and forward foreign currency contracts) in order to manage interest rate and foreign currency risks arising from the Company's operations and its sources of finance. The Company does not hold financial or derivative instruments for trading purposes.

Interest Rate Risk — Investment Income

As a result of the Company's operating activities, the Company receives cash for premiums and claims which it deposits in short-term investments denominated in US dollars and other currencies. The Company earns interest on these funds, which is included in the Company's financial statements as investment income. These funds are regulated in terms of access and the instruments in which they may be invested, most of which are short-term in maturity.

In order to manage interest rate risk arising from these financial assets, the Company may enter into interest rate swaps to receive a fixed rate of interest and pay a variable rate of interest denominated in the various currencies related to the short-term investments. The use of interest rate contracts essentially converted groups of short-term variable rate investments to fixed rate investments. The fair value of these contracts was recorded in other assets and other liabilities. For contracts that qualified as cash flow hedges for accounting purposes, the effective portions of changes in fair value were recorded as a component of other comprehensive income, to the extent that the hedge relationships were highly effective.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

During the three and six months ended June 30, 2014, the Company had no derivative financial instruments that were designated as cash flow hedges of interest rate risk on investments.

Interest Rate Risk — Interest Expense

The Company's operations are financed principally by $2,054 million fixed rate senior notes maturing through 2043 and $266 million under a 7-year term loan facility. The Company has access to $800 million under a revolving credit facility expiring July 23, 2018, $400 million under a revolving credit facility expiring April 28, 2015, which will be available for regulatory capital purposes related to securities underwriting only, and $22 million under two further revolving credit facilities, of which $20 million is also only available for specific regulatory purposes.

The 7-year term loan facility bears interest at LIBOR plus 1.50%. As of June 30, 2014, $nil was drawn on the $800 million revolving credit facility. These margins apply while the Company’s debt rating remains BBB-/Baa3. Should the Company’s debt rating change, then the margin will change in accordance with the credit facilities agreements.

As of June 30, 2014, $nil was drawn on the $400 million revolving credit facility. Advances under that credit facility shall bear interest at a rate equal to (a) for Eurocurrency Loans, LIBOR plus 1.50% to 2.25%, and (b) for base rates Loans, the highest of (i) the Federal Funds rates plus 0.5%, (ii) the 'prime rate' as announced by SunTrust Bank, and (iii) LIBOR plus 1.00%, plus 0.5% to 1.25%, in each case, based upon the Company’s guaranteed senior-unsecured long term debt rating.

The fixed rate senior notes bear interest at various rates as detailed in Note 15 — ‘Debt’.

During the three months ended March 31, 2010, the Company entered into a series of interest rate swaps for a total notional amount of $350 million to receive a fixed rate and pay a variable rate on a semi-annual basis, with a maturity date of July 15, 2015. The Company had previously designated these instruments as fair value hedges against its $350 million 5.625% senior notes due 2015 and accounted for them accordingly until the first quarter of 2013 at which point these swaps, although remaining as economic hedges, no longer qualified for hedge accounting. The Company closed out these interest rate swaps in 2013 and received a cash settlement of $13 million on termination.

Following the partial extinguishment of the 5.625% senior notes due 2015 on August 15, 2013, the Company recorded a credit of $7 million removing a corresponding partial amount of the fair value adjustment to the carrying values of the notes originally recognized in connection with the interest rate swaps. The remaining $5 million fair value adjustment at that date, will be amortized through interest expense over the period to maturity.

During the three months ended June 30, 2013, the Company entered into two short-term treasury locks to hedge against the potential variability in benchmark interest rates in advance of the anticipated issuance of new senior notes. . These were closed out during the three months ended September 30, 2013 following the issue of the new senior notes described in Note 15 - 'Debt'. The fair value of these treasury locks at the close out date was $21 million, received as a cash settlement on termination.

The Company had designated the Treasury locks as effective hedges of the anticipated transaction and had recognized a gain of $19 million in other comprehensive income in relation to the effective element that qualified for hedge accounting. This amount will be reclassified into earnings consistent with the recognition of interest expense on the 4.625% senior notes due 2023 and the 6.125% senior notes due 2043. In addition, in 2013 the Company recognized a $2 million gain in interest expense for the portion of the treasury locks determined as ineffective.

Foreign Currency Risk

The Company’s primary foreign exchange risks arise:

- from changes in the exchange rate between US dollars and Pounds sterling as its London market operations earn the majority of their revenues in US dollars and incur expenses predominantly in Pounds sterling, and may also hold a significant net sterling asset or liability position on the balance sheet. In addition, the London market operations earn significant revenues in Euros and Japanese yen; and
- from the translation into US dollars of the net income and net assets of its foreign subsidiaries, excluding the London market operations which are US dollar denominated.

The foreign exchange risks in its London market operations are hedged as follows:

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

- to the extent that forecast Pounds sterling expenses exceed Pounds sterling revenues, the Company limits its exposure to this exchange rate risk by the use of forward contracts matched to specific, clearly identified cash outflows arising in the ordinary course of business; and
- to the extent the UK operations earn significant revenues in Euros and Japanese yen, the Company limits its exposure to changes in the exchange rate between the US dollar and these currencies by the use of forward contracts matched to a percentage of forecast cash inflows in specific currencies and periods. In addition, we are also exposed to foreign exchange risk on any net sterling asset or liability position in our London market operations.

The fair value of foreign currency contracts is recorded in other assets and other liabilities. For contracts that qualify as accounting hedges, changes in fair value resulting from movements in the spot exchange rate are recorded as a component of other comprehensive income while changes resulting from a movement in the time value are recorded in interest expense. For contracts that do not qualify for hedge accounting, the total change in fair value is recorded in interest expense. Amounts held in comprehensive income are reclassified into earnings when the hedged exposure affects earnings.

At June 30, 2014 and December 31, 2013, the Company's foreign currency contracts were all designated as hedging instruments except those relating to short-term cash flows and hedges of certain intercompany loans.

The table below summarizes by major currency the contractual amounts of the Company's forward contracts to exchange foreign currencies for Pounds sterling in the case of US dollars and US dollars for Euro and Japanese yen. Foreign currency notional amounts are reported in US dollars translated at contracted exchange rates.

	Sell	Fair value
	(millions)	
US dollar	$ 464	$ 25
Euro	175	(1)
Japanese yen	49	2

In addition to forward exchange contracts we undertake short-term foreign exchange swaps for liquidity purposes. These are not designated as hedges and do not qualify for hedge accounting. The fair values at June 30, 2014 and December 31, 2013 were immaterial.

During the six months ended June 30, 2014, the Company entered into a number of foreign currency transactions in order to hedge certain intercompany loans. These derivatives were not designated as hedging instruments and were for a total notional amount of $159 million (December 31, 2013: $228 million). In respect of these transactions, an immaterial amount has been recognized as an asset within other current assets and a nominal gain has been recognized in other operating expenses for the period.

Derivative Financial Instruments

The table below presents the fair value of the Company's derivative financial instruments and their balance sheet classification at June 30, 2014 and December 31, 2013:

Derivative financial instruments designated as hedging instruments:	Balance sheet classification	Fair value June 30, 2014	Fair value December 31, 2013
		(millions)	
Assets:			
Forward exchange contracts	Other assets	$ 28	$ 23
Total derivatives designated as hedging instruments		$ 28	$ 23
Liabilities:			
Forward exchange contracts	Other liabilities	$ 2	$ 2
Total derivatives designated as hedging instruments		$ 2	$ 2

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Cash Flow Hedges

The table below presents the effects of derivative financial instruments in cash flow hedging relationships on the consolidated statements of operations and the consolidated statements of equity for the three and six months ended June 30, 2014 and 2013:

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in OCI[i] on derivative (effective element)	Location of gain (loss) reclassified from accumulated OCI[i] into income (effective element)	Amount of gain (loss) reclassified from accumulated OCI[i] into income (effective element)	Location of gain (loss) recognized in income on derivative (ineffective hedges and ineffective element of effective hedges)	Amount of gain (loss) recognized in income on derivative (ineffective hedges and ineffective element of effective hedges)
	(millions)		(millions)		(millions)
Three months ended June 30, 2014					
Interest rate swaps	$ —	Investment income	$ (1)	Other operating expenses	$ —
Treasury locks	—	Interest expense	(1)	Interest expense	—
Forward exchange contracts	(1)	Other operating expenses	6	Interest expense	(1)
Total	$ (1)		$ 4		$ (1)
Three months ended June 30, 2013					
Interest rate swaps	$ —	Investment income	$ (2)	Other operating expenses	$ —
Treasury locks	16	Interest expense	—	Interest expense	1
Forward exchange contracts	(1)	Other operating expenses	1	Interest expense	—
Total	$ 15		$ (1)		$ 1
Six months ended June 30, 2014					
Interest rate swaps	$ —	Investment income	$ (3)	Other operating expenses	$ —
Treasury locks	—	Interest expense	(1)	Interest expense	—
Forward exchange contracts	(1)	Other operating expenses	7	Interest expense	(1)
Total	$ (1)		$ 3		$ (1)
Six months ended June 30, 2013					
Interest rate swaps	$ —	Investment income	$ (3)	Other operating expenses	$ —
Treasury locks	16	Interest expense	—	Interest expense	1
Forward exchange contracts	(14)	Other operating expenses	(1)	Interest expense	—
Total	$ 2		$ (4)		$ 1

Amounts above shown gross of tax.

[i] Other Comprehensive Income

For interest rate swaps, all components of each derivative’s gain or loss were included in the assessment of hedge effectiveness. For foreign exchange contracts, only the changes in fair value resulting from movements in the spot exchange rates are included in this assessment. In instances where the timing of expected cash flows can be matched exactly to the maturity of the foreign exchange contract, then changes in fair value attributable to movement in the forward points are also included.

At June 30, 2014, the Company estimates there will be $24 million of net derivative gains reclassified from accumulated comprehensive income into earnings within the next twelve months as the forecasted transactions affect earnings.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Fair Value Hedges

The Company had previously designated interest rate swaps as fair value hedges against its $350 million 5.625% senior notes due 2015 and accounted for them accordingly until the first quarter of 2013 at which point these swaps, although remaining as economic hedges, no longer qualified for hedge accounting.

All components of each derivative's gain or loss were included in the assessment of hedge effectiveness.

The table below presents the effects of derivative financial instruments no longer in fair value hedging relationships on the consolidated statements of operations for the three and six months ended June 30, 2014 and 2013.

Derivative no longer in fair value hedging relationships	Hedged item no longer in fair value hedging relationship	(Loss) gain recognized for derivative	Amortization of prior loss recognized on hedged item	Net gain recognized in interest expense
			(millions)	
Three months ended June 30, 2014				
Interest rate swaps	5.625% senior notes due 2015	$ —	$ 1	$ 1
Three months ended June 30, 2013				
Interest rate swaps	5.625% senior notes due 2015	$ (3)	$ (2)	$ (1)
Six months ended June 30, 2014				
Interest rate swaps	5.625% senior notes due 2015	$ —	$ 1	$ 1
Six months ended June 30, 2013				
Interest rate swaps	5.625% senior notes due 2015	$ (3)	$ (4)	$ 1

Credit Risk and Concentrations of Credit Risk

Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform as contracted and from movements in interest rates and foreign exchange rates. The Company currently does not anticipate non-performance by its counterparties. The Company generally does not require collateral or other security to support financial instruments with credit risk.

Concentrations of credit risk that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Financial instruments on the balance sheet that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable and derivatives which are recorded at fair value.

The Company maintains a policy providing for the diversification of cash and cash equivalent investments and places such investments in an extensive number of financial institutions to limit the amount of credit risk exposure. These financial institutions are monitored on an ongoing basis for credit quality predominantly using information provided by credit agencies.

Concentrations of credit risk with respect to receivables are limited due to the large number of clients and markets in which the Company does business, as well as the dispersion across many geographic areas. Management does not believe significant risk exists in connection with the Company's concentrations of credit as of June 30, 2014.

10. FAIR VALUE MEASUREMENT

The Company has categorized its assets and liabilities that are measured at fair value on a recurring basis into a three-level fair value hierarchy, based on the reliability of the inputs used to determine fair value as follows:

- Level 1: refers to fair values determined based on quoted market prices in active markets for identical assets;
- Level 2: refers to fair values estimated using observable market based inputs or unobservable inputs that are corroborated by market data; and
- Level 3: includes fair values estimated using unobservable inputs that are not corroborated by market data.

The following methods and assumptions were used by the Company in estimating its fair value disclosure for financial instruments:

- Long-term debt excluding the fair value hedge - Fair values are based on quoted market values and are therefore classified as Level 1 measurements.
- Derivative financial instruments - Market values have been used to determine the fair value of interest rate swaps and forward foreign exchange contracts based on estimated amounts the Company would receive or have to pay to terminate the agreements, taking into account the current interest rate environment or current foreign currency forward rates.

Recurring basis

The following table presents, for each of the fair value hierarchy levels, the Company's assets and liabilities that are measured at fair value on a recurring basis.

	June 30, 2014			
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs	
	Level 1	Level 2	Level 3	Total
	(millions)			
Assets at fair value:				
Cash and cash equivalents	$ 708	$ —	$ —	$ 708
Fiduciary funds (included within Fiduciary assets)	2,219	—	—	2,219
Derivative financial instruments	—	28	—	28
Total assets	$ 2,927	$ 28	$ —	$ 2,955
Liabilities at fair value:				
Derivative financial instruments	—	2	—	2
Total liabilities	$ —	$ 2	$ —	$ 2

10. FAIR VALUE MEASUREMENT (Continued)

	December 31, 2013			
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant other unobservable inputs	
	Level 1	Level 2	Level 3	Total
	(millions)			
Assets at fair value:				
Cash and cash equivalents	$ 796	$ —	$ —	$ 796
Fiduciary funds (included within Fiduciary assets)	1,662	—	—	1,662
Derivative financial instruments	—	23	—	23
Total assets	$ 2,458	$ 23	$ —	$ 2,481
Liabilities at fair value:				
Derivative financial instruments	—	2	—	2
Total liabilities	$ —	$ 2	$ —	$ 2

The estimated fair value of the Company's financial instruments held or issued to finance the Company's operations is summarized 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 ability to dispose of the financial instrument.

	June 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	(millions)			
Assets:				
Derivative financial instruments	$ 28	$ 28	$ 23	$ 23
Liabilities:				
Short-term debt	$ 15	$ 15	$ 15	$ 15
Long-term debt	2,302	2,498	2,311	2,444
Derivative financial instruments	2	2	2	2

11. GOODWILL

Goodwill represents the excess of the cost of businesses acquired over the fair market value of identifiable net assets at the dates of acquisition. Goodwill is not amortized but is subject to impairment testing annually and whenever facts or circumstances indicate that the carrying amounts may not be recoverable.

The Company has determined that its reporting units are consistent with its operating segments: North America; International and Global. Goodwill is allocated to these reporting units based on the original purchase price allocation for acquisitions within the reporting units. When a business entity is sold, goodwill is allocated to the disposed entity based on the relative fair value of that entity compared with the fair value of the reporting unit in which it is included.

The changes in the carrying amount of goodwill by segment for the six months ended June 30, 2014 and the year ended December 31, 2013 are as follows:

	Global	North America	International	Total
	(millions)			
Balance at January 1, 2013				
Goodwill, gross	$ 1,127	$ 1,792	$ 400	$ 3,319
Accumulated impairment losses	—	(492)	—	(492)
Goodwill, net	$ 1,127	$ 1,300	$ 400	$ 2,827
Purchase price allocation adjustments	—	(1)	—	(1)
Goodwill acquired during the year	15	—	1	16
Goodwill disposed of during the year	—	(14)	—	(14)
Other movements (i)	—	(1)	—	(1)
Foreign exchange	3	—	8	11
Balance at December 31, 2013				
Goodwill, gross	$ 1,145	$ 1,776	$ 409	$ 3,330
Accumulated impairment losses	—	(492)	—	(492)
Goodwill, net	$ 1,145	$ 1,284	$ 409	$ 2,838
Purchase price allocation adjustments	3	3	6	12
Goodwill acquired during the period	—	—	31	31
Goodwill disposed of during the period	—	(14)	—	(14)
Other movements (i) (ii)	88	(45)	(43)	—
Foreign exchange	3	—	—	3
Balance at June 30, 2014				
Goodwill, gross	$ 1,239	$ 1,720	$ 403	$ 3,362
Accumulated impairment losses	—	(492)	—	(492)
Goodwill, net	$ 1,239	$ 1,228	$ 403	$ 2,870

(i) North America — $nil (2013: $1 million) tax benefit arising on the exercise of fully vested HRH stock options which were issued as part of the acquisition of HRH in 2008.

(ii) Effective January 1, 2014, the Company changed its internal reporting structure: UK retail, previously reported within the International segment, is now reported within the Global segment; Mexico Retail, which was previously reported within the North America segment, is now reported in the International segment; and the US captive consulting business and facultative reinsurance businesses, both previously reported within the North America segment, are now reported within the Global segment. Goodwill has been reallocated between segments using the relative fair value allocation approach.

12. OTHER INTANGIBLE ASSETS, NET

Other intangible assets are classified into the following categories:

- 'Customer and Marketing Related', including:
  - client relationships;
  - client lists;
  - non-compete agreements;
  - trade names; and
- 'Contract based, Technology and Other' includes all other purchased intangible assets.

The major classes of amortizable intangible assets are as follows:

	June 30, 2014			December 31, 2013		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(millions)					
Customer and Marketing Related:						
Client Relationships	$ 699	$ (346)	$ 353	$ 671	$ (326)	$ 345
Client Lists	3	(1)	2	3	(1)	2
Non-compete Agreements	4	(1)	3	4	(1)	3
Trade Names	2	—	2	2	(1)	1
Total Customer and Marketing Related	708	(348)	360	680	(329)	351
Contract based, Technology and Other	—	—	—	5	(3)	2
Total amortizable intangible assets	$ 708	$ (348)	$ 360	$ 685	$ (332)	$ 353

The aggregate amortization of intangible assets for the six months ended June 30, 2014 was $25 million (six months ended June 30, 2013: $28 million), of which $12 million was recognized in the three months ended June 30, 2014 (three months ended June 30, 2013: $14 million). The estimated aggregate amortization of intangible assets for each of the next five years ended December 31 is as follows:

	Remainder of 2014	2015	2016	2017	2018	Thereafter	Total
	(millions)						
Amortization of intangible assets	$ 26	$ 45	$ 41	$ 36	$ 32	$ 180	$ 360

13. OTHER ASSETS

An analysis of other assets is as follows:

	June 30, 2014	December 31, 2013
	(millions)	
Other current assets		
Prepayments and accrued income	$ 78	$ 73
Retention incentives	17	12
Income tax receivable	31	32
Deferred compensation plan assets	12	26
Derivatives	21	15
Other receivables	36	39
Total other current assets	$ 195	$ 197
Other non-current assets		
Deferred compensation plan assets	$ 92	$ 88
Income taxes receivable	—	21
Accounts receivable, net	27	28
Other investments	25	19
Other receivables	50	50
Total other non-current assets	$ 194	$ 206
Total other assets	$ 389	$ 403

14. OTHER LIABILITIES

An analysis of other liabilities is as follows:

	June 30, 2014	December 31, 2013
	(millions)	
Other current liabilities		
Accounts payable	$ 152	$ 123
Accrued dividends payable	55	51
Other taxes payable	54	51
Deferred compensation plan liability	12	26
Contingent or deferred consideration on acquisition	13	7
Other payables	181	157
Total other current liabilities	$ 467	$ 415
Other non-current liabilities		
Incentives from lessors	$ 186	$ 183
Deferred compensation plan liability	92	89
Contingent or deferred consideration on acquisition	21	13
Other payables	63	89
Total other non-current liabilities	$ 362	$ 374
Total other liabilities	$ 829	$ 789

15. DEBT

Current portion of the long-term debt consists of the following:

	June 30, 2014	December 31, 2013
	(millions)	
Current portion of 7-year term loan facility expires 2018	$ 15	$ 15

Long-term debt consists of the following:

	June 30, 2014	December 31, 2013
	(millions)	
7-year term loan facility expires 2018	$ 251	$ 259
5.625% senior notes due 2015	148	148
Fair value adjustment on 5.625% senior notes due 2015	3	4
4.125% senior notes due 2016	299	299
6.200% senior notes due 2017	394	394
7.000% senior notes due 2019	187	187
5.750% senior notes due 2021	496	496
4.625% senior notes due 2023	249	249
6.125% senior notes due 2043	274	274
3-year term loan facility expires 2015	1	1
	$ 2,302	$ 2,311

On July 23, 2013 we entered into an amendment to our existing credit facilities, being the term loan and revolving credit facility, to extend both the amount of financing and the maturity date of the facilities. As a result of this amendment, our

15. DEBT (Continued)

revolving credit facility was increased from $500 million to $800 million and the maturity date on the $300 million term loan and revolving credit facility was extended to July 23, 2018, from December 16, 2016. There was no increase to the amount outstanding on the term loan as a result of this amendment.

The 7-year term loan facility expiring 2018 bears interest at LIBOR plus 1.50% and is repayable in quarterly installments and a final repayment of $186 million is due in the third quarter of 2018.

Drawings under the $800 million revolving credit facility bear interest at LIBOR plus 1.50% and the facility expires on July 23, 2018. These margins apply while the Company’s debt rating remains BBB-/Baa3. As of June 30, 2014 $nil was outstanding under this revolving credit facility.

On August 15, 2013 the Company issued $250 million of 4.625% senior notes due 2023 and $275 million of 6.125% senior notes due 2043. The effective interest rates of these senior notes are 4.696% and 6.154%, respectively, which include the impact of the discount upon issuance.

On July 25, 2013 the Company commenced an offer to purchase for cash any and all of its 5.625% senior notes due 2015 and a portion of its 6.200% senior notes due 2017 and its 7.000% senior notes due 2019 for an aggregate purchase price of up to $525 million. On August 22, 2013 the proceeds from the issue of the senior notes due 2023 and 2043 were used to fund the purchase of $202 million of 5.625% senior notes due 2015, $206 million of 6.200% senior notes due 2017 and $113 million of 7.000% senior notes due 2019.

On March 3, 2014 Willis Securities, Inc. a wholly-owned indirect subsidiary of Willis Group Holding Plc, entered into a $300 million revolving note and cash subordination agreement available for drawing from March 3, 2014 through April 28, 2015; the aggregate unpaid principal amount of all advances was repayable on or before March 4, 2016.

On April 28, 2014 the Company entered in to an amendment to the $300 million revolving note and cash subordination agreement to increase the amount of financing and to extend both the end date of the original credit period and the original repayment date. As a result of this amendment, the revolving credit facility was increased from $300 million to $400 million. The end date of the credit period was extended to April 28, 2015 from March 3, 2015 and the repayment date was extended to April 28, 2016 from March 3, 2016. As of June 30, 2014 $nil was outstanding under this revolving credit facility.

Proceeds under the credit facility will be used for regulatory capital purposes related to securities underwriting only, which will allow Willis Securities to meet or exceed capital requirements of regulatory agencies, self-regulatory agencies and their clearing houses, including the Financial Industry Regulatory Authority. Advances under the credit facility shall bear interest at a rate equal to (a) for Eurocurrency Loans, LIBOR plus 1.50% to 2.25%, and (b) for base rates Loans, the highest of (i) the Federal Funds rates plus 0.5%,(ii) the 'prime rate' as announced by SunTrust Bank, and (iii) LIBOR plus 1.00%, plus 0.5% to 1.25%, in each case, based upon the Company’s guaranteed senior-unsecured long term debt rating.

16. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Supplemental disclosures regarding cash flow information and non-cash investing and financing activities are as follows:

	Six months ended June 30, 2014	Six months ended June 30, 2013
	(millions)	
Supplemental disclosures of cash flow information:		
Cash payments for income taxes, net	$ 32	$ 26
Cash payments for interest	62	59
Acquisitions:		
Fair value of assets acquired, net of cash acquired	$ 39	$ 46
Less: Fair value of liabilities assumed	(18)	(30)
Net assets acquired, net of cash acquired	$ 21	$ 16

17. COMPREHENSIVE INCOME (LOSS)

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

	Three months ended June 30,					
	2014			2013		
	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount
	(millions)					
Other comprehensive income:						
Foreign currency translation adjustments	$ 27	$ —	$ 27	$ (15)	$ —	$ (15)
Pension funding adjustments:						
Foreign currency translation on pension funding adjustments	(20)	5	(15)	1	(2)	(1)
Amortization of unrecognized actuarial loss	12	(2)	10	14	(2)	12
Amortization of unrecognized prior service gain	—	—	—	(2)	1	(1)
	(8)	3	(5)	13	(3)	10
Derivative instruments:						
Interest rate swap reclassification adjustment	(1)	1	—	(2)	1	(1)
Gain on forward exchange contracts (effective element)	(1)	—	(1)	(1)	—	(1)
Forward exchange contracts reclassification adjustment	6	(1)	5	1	(1)	—
Gain on treasury lock (effective element)	—	—	—	16	(3)	13
Treasury lock reclassification adjustment	(1)	—	(1)	—	—	—
	3	—	3	14	(3)	11
Other comprehensive income (loss)	22	3	25	12	(6)	6
Less: Other comprehensive income attributable to noncontrolling interests	—	—	—	—	—	—
Other comprehensive income (loss) attributable to Willis Group Holdings	$ 22	$ 3	$ 25	$ 12	$ (6)	$ 6

	Six months ended June 30,					
	2014			2013		
	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount
	(millions)					
Other comprehensive income:						
Foreign currency translation adjustments	$ 30	$ —	$ 30	$ (89)	$ —	$ (89)
Pension funding adjustments:						
Foreign currency translation on pension funding adjustments	(25)	7	(18)	54	(15)	39
Amortization of unrecognized actuarial loss	24	(4)	20	27	(5)	22
Amortization of unrecognized prior service gain	(1)	—	(1)	(3)	1	(2)
	(2)	3	1	78	(19)	59
Derivative instruments:						
Interest rate swap reclassification adjustment	(3)	1	(2)	(3)	1	(2)
Gain on forward exchange contracts (effective element)	(1)	—	(1)	(14)	3	(11)
Forward exchange contracts reclassification adjustment	7	(1)	6	(1)	—	(1)
Gain on treasury lock (effective element)	—	—	—	16	(3)	13
Treasury lock reclassification adjustment	(1)	—	(1)	—	—	—
	2	—	2	(2)	1	(1)
Other comprehensive income (loss)	30	3	33	(13)	(18)	(31)
Less: Other comprehensive income attributable to noncontrolling interests	—	—	—	1	—	1
Other comprehensive income (loss) attributable to Willis Group Holdings	$ 30	$ 3	$ 33	$ (12)	$ (18)	$ (30)

17. COMPREHENSIVE INCOME (LOSS) (Continued)

The components of accumulated other comprehensive loss, net of tax, are as follows:

	Net foreign currency translation adjustment	Pension funding adjustment	Net unrealized gain on derivative instruments	Total
	(millions)			
Balance at December 31, 2013	$ (14)	$ (714)	$ 35	$ (693)
Other comprehensive income before reclassifications	30	(18)	(1)	11
Amounts reclassified from accumulated other comprehensive income	—	19	3	22
Net current-period other comprehensive income, net of tax and noncontrolling interests	30	1	2	33
Balance at June 30, 2014	$ 16	$ (713)	$ 37	$ (660)

17. COMPREHENSIVE INCOME (LOSS) (Continued)

Amounts reclassified out of accumulated other comprehensive income into the statement of operations are as follows:

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income		Affected line item in the statement of operations
	Three months ended June 30,		
	2014	2013	
	(millions)		
Gains and losses on cash flow hedges (Note 9)			
Interest rate swaps	$ (1)	$ (2)	Investment income
Foreign exchange contracts	6	1	Other operating expenses
Treasury lock	(1)	—	Interest expense
	4	(1)	Total before tax
Tax	—	—	
	$ 4	$ (1)	Net of tax
Amortization of defined benefit pension items (Note 7)			
Prior service gain	$ —	$ (2)	Salaries and benefits
Net actuarial loss	12	14	Salaries and benefits
	12	12	Total before tax
Tax	(2)	(1)	
	$ 10	$ 11	Net of tax
Total reclassifications for the period	$ 14	$ 10	

Details about accumulated other comprehensive income components	Amount reclassified from accumulated other comprehensive income		Affected line item in the statement of operations
	Six months ended June 30,		
	2014	2013	
	(millions)		
Gains and losses on cash flow hedges (Note 9)			
Interest rate swaps	$ (3)	$ (3)	Investment income
Foreign exchange contracts	7	(1)	Other operating expenses
Treasury lock	(1)	—	Interest expense
	3	(4)	Total before tax
Tax	—	1	
	$ 3	$ (3)	Net of tax
Amortization of defined benefit pension items (Note 7)			
Prior service gain	$ (1)	$ (3)	Salaries and benefits
Net actuarial loss	24	27	Salaries and benefits
	23	24	Total before tax
Tax	(4)	(4)	
	$ 19	$ 20	Net of tax
Total reclassifications for the period	$ 22	$ 17	

18. EQUITY AND NONCONTROLLING INTERESTS

The components of stockholders' equity and noncontrolling interests are as follows:

	June 30, 2014			June 30, 2013		
	Willis Group Holdings stockholders	Noncontrolling interests	Total equity	Willis Group Holdings stockholders	Noncontrolling interests	Total equity
	(millions)					
Balance at beginning of period	$ 2,215	$ 28	$ 2,243	$ 1,699	$ 26	$ 1,725
Comprehensive income:						
Net income	293	5	298	324	6	330
Other comprehensive income, net of tax	33	—	33	(30)	(1)	(31)
Comprehensive income	326	5	331	294	5	299
Dividends	(107)	(15)	(122)	(98)	(8)	(106)
Additional paid-in capital	127	—	127	86	—	86
Repurchase of shares (i)	(117)	—	(117)	—	—	—
Additional noncontrolling interests	—	—	—	—	—	—
Purchase of subsidiary shares from noncontrolling interests	—	—	—	(4)	—	(4)
Balance at end of period	$ 2,444	$ 18	$ 2,462	$ 1,977	$ 23	$ 2,000

(i) Based on settlement date we repurchased 2,755,000 shares at an average price of $42.5 in the six months ended June 30, 2014.

The effects on equity of changes in Willis Group Holdings ownership interest in its subsidiaries are as follows:

	June 30, 2014	June 30, 2013
	(millions)	
Net income attributable to Willis Group Holdings	$ 293	$ 324
Transfers from noncontrolling interest:		
Decrease in Willis Group Holdings paid-in capital for purchase of noncontrolling interests	—	(4)
Change from net income attributable to Willis Group Holdings and transfers from noncontrolling interests	$ 293	$ 320

19. SEGMENT INFORMATION

During the periods presented, the Company operated through three segments: Global, North America and International. Global provides specialist brokerage and consulting services to clients worldwide for specific industrial and commercial activities and is organized by specialism. North America and International predominantly comprise our retail operations which provide services to small, medium and large corporations, accessing Global's specialist expertise when required.

Effective January 1, 2014, the Company has changed its internal reporting structure and the financial information used to evaluate performance and support decision making. As a result of these changes:

- the UK retail business, previously reported within the International reporting segment, has been combined with our Specialty businesses and is now reported within the Global reporting segment;
- the Mexican retail business, previously reported within the North America reporting segment, is now reported within the International reporting segment; and
- the US captive consulting business and facultative reinsurance businesses, both previously reported within the North America reporting segment, are now reported within the Global reporting segment.

In addition to these structural changes, operating income used to evaluate performance and support decision making has changed to reflect the following: amortization of intangibles, which was previously excluded from segmental expenses, is now reported in operating expenses for each of the reporting segments; certain leadership, project and other costs relating to Group functions which were previously allocated in full to the reporting segments are now retained in Corporate and other; and the non-servicing elements of the defined benefit pension schemes cost (income), which were previously included within operating expenses of the reporting segments are now retained within Corporate and other.

The Company evaluates the performance of its segments based on organic commissions and fees growth and operating income. For internal reporting and segmental reporting, the following items for which segmental management are not held accountable are excluded from segmental expenses:

(i) costs of the holding company;

(ii) costs of Group functions, leadership and projects;

(iii) significant legal and regulatory settlements which are managed centrally;

(iv) non-servicing elements of the defined benefit pension schemes cost (income);

(v) fees related to the extinguishment of debt;

(vi) some of the costs associated with the operational improvement program; and

(vii) costs associated with the 2013 Expense Reduction Initiative.

The accounting policies of the segments are consistent with those described in Note 2 — 'Basis of Presentation and Significant Accounting Policies' to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

There are no inter-segment revenues, with segments operating on a revenue-sharing basis equivalent to that used when sharing business with other third-party brokers.

Selected information regarding the Company's segments is as follows:

19. SEGMENT INFORMATION (Continued)

	Three months ended June 30, 2014					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Operating income
	(millions)					
Global	$ 368	$ 2	$ 1	$ 371	$ 9	$ 108
North America	340	1	—	341	17	64
International	222	1	—	223	6	23
Total Segments	930	4	1	935	32	195
Corporate and Other [(i)]	—	—	—	—	4	(47)
Total Consolidated	$ 930	$ 4	$ 1	$ 935	$ 36	$ 148

	Three months ended June 30, 2013					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Operating income
	(millions)					
Global	$ 350	$ 2	$ —	$ 352	$ 8	$ 108
North America	327	—	2	329	19	55
International	208	1	—	209	5	26
Total Segments	885	3	2	890	32	189
Corporate and Other [(i)]	—	—	—	—	3	(22)
Total Consolidated	$ 885	$ 3	$ 2	$ 890	$ 35	$ 167

(i) See the following table for an analysis of the 'Corporate and Other' line.

	Three months ended June 30,	
	2014	2013
	(millions)	
Costs of the holding company	$ (5)	$ (3)
Costs related to Group functions, leadership and projects	(51)	(28)
Significant legal and regulatory settlements managed centrally	(1)	(2)
Non-servicing element of defined benefit pensions	14	11
Operational improvement program [(a)]	(2)	—
Other	(2)	—
Total Corporate and Other	$ (47)	$ (22)

(a) Restructuring charge relating to the Operational improvement program. See 'Operational improvement program' in the 'Management's Discussion and Analysis of Financial Condition and Results of Operation' section below.

19. SEGMENT INFORMATION (Continued)

	Six months ended June 30, 2014					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Operating income
	(millions)					
Global	$ 810	$ 4	$ 3	$ 817	$ 18	$ 289
North America	709	1	1	711	35	160
International	501	3	—	504	11	107
Total Segments	2,020	8	4	2,032	64	556
Corporate and Other [i]	—	—	—	—	8	(82)
Total Consolidated	$ 2,020	$ 8	$ 4	$ 2,032	$ 72	$ 474

	Six months ended June 30, 2013					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Operating income
	(millions)					
Global	$ 777	$ 3	$ —	$ 780	$ 15	$ 295
North America	682	1	3	686	38	137
International	472	3	—	475	11	104
Total Segments	1,931	7	3	1,941	64	536
Corporate and Other [i]	—	—	—	—	11	(88)
Total Consolidated	$ 1,931	$ 7	$ 3	$ 1,941	$ 75	$ 448

(i) See the following table for an analysis of the 'Corporate and Other' line.

	Six months ended June 30,	
	2014	2013
	(millions)	
Costs of the holding company	$ (7)	$ (4)
Costs related to Group functions, leadership and projects	(95)	(54)
Significant legal and regulatory settlements managed centrally	(3)	(5)
Non-servicing element of defined benefit pensions	27	21
Operational improvement program [a]	(2)	—
Expense reduction initiative [b]	—	(46)
Other	(2)	—
Total Corporate and Other	$ (82)	$ (88)

(a) Restructuring charge relating to the Operational improvement program. See 'Operational improvement program' in the 'Management's Discussion and Analysis of Financial Condition and Results of Operation' section below.

(b) Charge related to the assessment of the Company's organizational design.

19. SEGMENT INFORMATION (Continued)

The following table reconciles total consolidated operating income, as disclosed in the segment tables above, to consolidated income before income taxes and interest in earnings of associates:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	(millions)			
Total consolidated operating income	$ 148	$ 167	$ 474	$ 448
Other income (expense), net	(3)	4	(3)	10
Interest expense	(35)	(32)	(67)	(63)
Income before income taxes and interest in earnings of associates	$ 110	$ 139	$ 404	$ 395

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES

Willis North America Inc. (‘Willis North America’) has $148 million senior notes outstanding that were issued on July 1, 2005, $394 million of senior notes issued on March 28, 2007 and $187 million of senior notes issued on September 29, 2009.

All direct obligations under the senior notes were jointly and severally, irrevocably and fully and unconditionally guaranteed by Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition plc and Willis Group Limited, collectively the ‘Other Guarantors’, and with Willis Group Holdings, the ‘Guarantor Companies’.

The debt securities that were issued by Willis North America and guaranteed by the entities described above, and for which the disclosures set forth below relate and are required under applicable SEC rules, were issued under an effective registration statement.

The guarantee of the guarantors will be deemed to be automatically discharged and released in accordance with the terms of the indenture upon release or discharge of the indebtedness or upon sale of the subsidiary or its assets.

Presented below is condensed consolidating financial information for:

(i) Willis Group Holdings, which is a guarantor, on a parent company only basis;

(ii) the Other Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent and are all direct or indirect parents of the issuer;

(iii) the Issuer, Willis North America;

(iv) Other, which are the non-guarantor subsidiaries, on a combined basis;

(v) Consolidating adjustments; and

(vi) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the unaudited condensed consolidating balance sheets as of June 30, 2014 of Willis Group Holdings, the Other Guarantors and the Issuer.

The entities included in the Other Guarantors column as of June 30, 2014 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition plc and Willis Group Limited.

Restatement to 2013 financial information

Regulation S-X, Article 3, Rule 3-10, allows for the presentation of condensed consolidating financial information. In accordance with these rules, the condensed consolidating financial information should be presented in accordance with US GAAP, except that (i) the guarantor and non-guarantor information is presented on a combined rather than consolidated basis, which requires the elimination of intra-entity activity and (ii) investments in subsidiaries are required to be presented under the equity method of

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

accounting. Subsequent to the issuance of our financial statements for the second quarter 2013, management determined that certain balances were not presented in accordance with the above principles and have therefore restated our condensed consolidating financial information to reflect (i) gross, rather than net, presentation of intercompany balance sheet positions, (ii) dividends received from subsidiaries as reductions to the equity method investment balances as opposed to component of investment income from group undertakings, and (iii) appropriate push down accounting for goodwill.

The impacts of these changes on the previously reported 2013 financial statements are shown in the tables below.

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of operations for the three months ended 30 June 2013			
Willis Group Holdings			
Operating loss	$ (2)	$ —	$ (2)
Net income attributable to Willis Group Holdings	105	—	105
The Other Guarantors			
Operating loss	$ (24)	$ (3)	$ (27)
Net income (loss) attributable to Willis Group Holdings	112	1	113
The Issuer			
Operating loss	$ (71)	$ 4	$ (67)
Net income attributable to Willis Group Holdings	14	—	14
Other			
Operating income	$ 216	$ 47	$ 263
Net income attributable to Willis Group Holdings	86	42	128
Consolidating adjustments			
Operating income (loss)	$ 52	$ (52)	$ —
Net loss attributable to Willis Group Holdings	(212)	(43)	(255)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of operations for the six months ended 30 June 2013			
Willis Group Holdings			
Operating loss	$ (6)	$ 3	$ (3)
Net income attributable to Willis Group Holdings	324	—	324
The Other Guarantors			
Operating loss	$ (26)	$ (7)	$ (33)
Net income (loss) attributable to Willis Group Holdings	348	—	348
The Issuer			
Operating loss	$ (141)	$ 3	$ (138)
Net income attributable to Willis Group Holdings	50	—	50
Other			
Operating income	$ 394	$ 228	$ 622
Net income attributable to Willis Group Holdings	184	182	366
Consolidating adjustments			
Operating income (loss)	$ 237	$ (237)	$ —
Net loss attributable to Willis Group Holdings	(582)	(182)	(764)

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of comprehensive income for the three months ended 30 June 2013			
Willis Group Holdings			
Comprehensive income attributable to Willis Group Holdings	$ 111	$ —	$ 111
The Other Guarantors			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 118	$ 1	$ 119
The Issuer			
Comprehensive income attributable to Willis Group Holdings	$ 16	$ —	$ 16
Other			
Comprehensive income attributable to Willis Group Holdings	$ 78	$ 42	$ 120
Consolidating adjustments			
Comprehensive loss attributable to Willis Group Holdings	$ (212)	$ (43)	$ (255)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of comprehensive income for the six months ended 30 June 2013			
Willis Group Holdings			
Comprehensive income attributable to Willis Group Holdings	$ 294	$ —	$ 294
The Other Guarantors			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 318	$ —	$ 318
The Issuer			
Comprehensive income attributable to Willis Group Holdings	$ 54	$ —	$ 54
Other			
Comprehensive income attributable to Willis Group Holdings	$ 138	$ 182	$ 320
Consolidating adjustments			
Comprehensive loss attributable to Willis Group Holdings	$ (510)	$ (182)	$ (692)

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of cash flows for the six months ended 30 June 2013			
Willis Group Holdings			
Net cash (used in) provided by operating activities	$ (26)	$ 15	$ (11)
Net cash provided by investing activities	—	44	44
Net cash provided by (used in) financing activities	26	(59)	(33)
The Other Guarantors			
Net cash provided by (used in) operating activities	$ 41	$ (163)	$ (122)
Net cash (used in) provided by investing activities	(1)	177	176
Net cash (used in) provided by financing activities	(35)	(14)	(49)
The Issuer			
Net cash provided by (used in) operating activities	$ (25)	$ 9	$ (16)
Net cash provided by investing activities	(6)	25	19
Net cash (used in) provided by financing activities	31	(34)	(3)
Other			
Net cash provided by operating activities	$ 147	$ 139	$ 286
Net cash used in investing activities	(68)	(208)	(276)
Net cash provided by (used in) financing activities	(72)	69	(3)
Consolidating adjustments			
Net cash provided by operating activities	$ —	$ —	$ —
Net cash provided by investing activities	—	(38)	(38)
Net cash used in financing activities	—	38	38

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Three months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 2	$ 928	$ —	$ 930
Investment income	—	—	—	4	—	4
Other income	—	—	—	1	—	1
Total revenues	—	—	2	933	—	935
EXPENSES						
Salaries and benefits	(1)	—	(17)	(557)	—	(575)
Other operating expenses	(5)	(20)	(19)	(129)	—	(173)
Depreciation expense	—	(1)	(5)	(18)	—	(24)
Amortization of intangible assets	—	—	—	(12)	—	(12)
Restructuring costs	—	(2)	—	(1)	—	(3)
Total expenses	(6)	(23)	(41)	(717)	—	(787)
OPERATING (LOSS) INCOME	(6)	(23)	(39)	216	—	148
Other (expense) income	(1)	(229)	—	(3)	230	(3)
Income from group undertakings	—	57	85	27	(169)	—
Expenses due to group undertakings	—	(8)	(46)	(115)	169	—
Interest expense	(10)	(9)	(12)	(4)	—	(35)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(17)	(212)	(12)	121	230	110
Income taxes	—	6	(1)	(64)	—	(59)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(17)	(206)	(13)	57	230	51
Interest in earnings / (losses) of associates, net of tax	—	2	—	(5)	—	(3)
Equity account for subsidiaries	64	267	35	—	(366)	—
NET INCOME	47	63	22	52	(136)	48
Less: Net income attributable to noncontrolling interests	—	—	—	(1)	—	(1)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 47	$ 63	$ 22	$ 51	$ (136)	$ 47

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 72	$ 88	$ 24	$ 76	$ (187)	$ 73
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(1)	—	(1)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 72	$ 88	$ 24	$ 75	$ (187)	$ 72

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Three months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 3	$ 882	$ —	$ 885
Investment income	—	—	—	3	—	3
Other income	—	—	—	2	—	2
Total revenues	—	—	3	887	—	890
EXPENSES						
Salaries and benefits	(1)	—	(22)	(506)	—	(529)
Other operating expenses	(1)	(26)	(41)	(91)	—	(159)
Depreciation expense	—	(1)	(7)	(13)	—	(21)
Amortization of intangible assets	—	—	—	(14)	—	(14)
Total expenses	(2)	(27)	(70)	(624)	—	(723)
OPERATING (LOSS) INCOME	(2)	(27)	(67)	263	—	167
Other income (expense)	1	—	—	3	—	4
Income from group undertakings	—	48	89	23	(160)	—
Expenses due to group undertakings	(1)	(8)	(34)	(117)	160	—
Interest expense	(10)	(1)	(19)	(2)	—	(32)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(12)	12	(31)	170	—	139
Income taxes	—	6	—	(35)	—	(29)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(12)	18	(31)	135	—	110
Interest in earnings / (losses) of associates, net of tax	—	2	—	(5)	—	(3)
Equity account for subsidiaries	117	93	45	—	(255)	—
NET INCOME	105	113	14	130	(255)	107
Less: Net income attributable to noncontrolling interests	—	—	—	(2)	—	(2)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 105	$ 113	$ 14	$ 128	$ (255)	$ 105

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 111	$ 119	$ 16	$ 122	$ (255)	$ 113
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(2)	—	(2)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 111	$ 119	$ 16	$ 120	$ (255)	$ 111

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Six months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 4	$ 2,016	$ —	$ 2,020
Investment income	—	—	—	8	—	8
Other income	—	—	—	4	—	4
Total revenues	—	—	4	2,028	—	2,032
EXPENSES						
Salaries and benefits	(1)	—	(36)	(1,108)	—	(1,145)
Other operating expenses	(9)	(44)	(36)	(249)	—	(338)
Depreciation expense	—	(2)	(9)	(36)	—	(47)
Amortization of intangible assets	—	—	—	(25)	—	(25)
Restructuring costs	—	(2)	—	(1)	—	(3)
Total expenses	(10)	(48)	(81)	(1,419)	—	(1,558)
OPERATING (LOSS) INCOME	(10)	(48)	(77)	609	—	474
Other (expense) income	(1)	(228)	—	(4)	230	(3)
Income from group undertakings	—	116	128	54	(298)	—
Expenses due to group undertakings	—	(16)	(92)	(190)	298	—
Interest expense	(21)	(18)	(23)	(5)	—	(67)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(32)	(194)	(64)	464	230	404
Income taxes	—	11	18	(151)	—	(122)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(32)	(183)	(46)	313	230	282
Interest in earnings of associates, net of tax	—	5	—	11	—	16
Equity account for subsidiaries	325	497	118	—	(940)	—
NET INCOME	293	319	72	324	(710)	298
Less: Net income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 293	$ 319	$ 72	$ 319	$ (710)	$ 293

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 326	$ 352	$ 75	$ 357	$ (779)	$ 331
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 326	$ 352	$ 75	$ 352	$ (779)	$ 326

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Six months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 3	$ 1,928	$ —	$ 1,931
Investment income	—	—	—	7	—	7
Other income	—	—	—	3	—	3
Total revenues	—	—	3	1,938	—	1,941
EXPENSES						
Salaries and benefits	(1)	—	(45)	(1,051)	—	(1,097)
Other operating expenses	(2)	(32)	(85)	(202)	—	(321)
Depreciation expense	—	(1)	(11)	(35)	—	(47)
Amortization of intangible assets	—	—	—	(28)	—	(28)
Total expenses	(3)	(33)	(141)	(1,316)	—	(1,493)
OPERATING (LOSS) INCOME	(3)	(33)	(138)	622	—	448
Other (expense) income	(2)	1	—	11	—	10
Income from group undertakings	—	92	171	44	(307)	—
Expenses due to group undertakings	(1)	(16)	(65)	(225)	307	—
Interest expense	(21)	(3)	(36)	(3)	—	(63)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(27)	41	(68)	449	—	395
Income taxes	—	8	—	(85)	—	(77)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(27)	49	(68)	364	—	318
Interest in earnings of associates, net of tax	—	4	—	8	—	12
Equity account for subsidiaries	351	295	118	—	(764)	—
NET INCOME	324	348	50	372	(764)	330
Less: Net income attributable to noncontrolling interests	—	—	—	(6)	—	(6)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 324	$ 348	$ 50	$ 366	$ (764)	$ 324

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 294	$ 318	$ 54	$ 325	$ (692)	$ 299
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 294	$ 318	$ 54	$ 320	$ (692)	$ 294

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As of June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 3	$ 4	$ —	$ 701	$ —	$ 708
Accounts receivable, net	—	—	3	1,172	—	1,175
Fiduciary assets	—	—	—	9,983	—	9,983
Deferred tax assets	—	—	—	11	—	11
Other current assets	1	33	6	186	(31)	195
Amounts due from group undertakings	3,906	1,025	1,092	1,234	(7,257)	—
Total current assets	3,910	1,062	1,101	13,287	(7,288)	12,072
NON-CURRENT ASSETS						
Investments in subsidiaries	—	2,925	929	—	(3,854)	—
Fixed assets, net	—	17	48	431	—	496
Goodwill	—	—	—	2,870	—	2,870
Other intangible assets, net	—	—	—	360	—	360
Investments in associates	—	159	—	31	—	190
Deferred tax assets	—	—	—	10	—	10
Pension benefits asset	—	—	—	359	—	359
Other non-current assets	3	9	4	178	—	194
Non-current amounts due from group undertakings	—	518	716	—	(1,234)	—
Total non-current assets	3	3,628	1,697	4,239	(5,088)	4,479
TOTAL ASSETS	$ 3,913	$ 4,690	$ 2,798	$ 17,526	$ (12,376)	$ 16,551
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 9,983	$ —	$ 9,983
Deferred revenue and accrued expenses	2	3	16	397	—	418
Income taxes payable	—	—	4	100	(31)	73
Short-term debt and current portion of long-term debt	—	15	—	—	—	15
Deferred tax liabilities	—	—	—	28	—	28
Other current liabilities	67	12	34	354	—	467
Amounts due to group undertakings	—	4,627	1,567	1,063	(7,257)	—
Total current liabilities	69	4,657	1,621	11,925	(7,288)	10,984
NON-CURRENT LIABILITIES						
Investments in subsidiaries	605	—	—	—	(605)	—
Long-term debt	795	774	732	1	—	2,302
Liabilities for pension benefits	—	—	—	126	—	126
Deferred tax liabilities	—	—	—	103	—	103
Provisions for liabilities	—	—	1	211	—	212
Other non-current liabilities	—	—	9	353	—	362
Non-current amounts due to group undertakings	—	—	518	716	(1,234)	—
Total non-current liabilities	1,400	774	1,260	1,510	(1,839)	3,105
TOTAL LIABILITIES	$ 1,469	$ 5,431	$ 2,881	$ 13,435	$ (9,127)	$ 14,089

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (continued)

	As of June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
EQUITY						
Total Willis Group Holdings stockholders' equity	2,444	(741)	(83)	4,073	(3,249)	2,444
Noncontrolling interests	—	—	—	18	—	18
Total equity	2,444	(741)	(83)	4,091	(3,249)	2,462
TOTAL LIABILITIES AND EQUITY	$ 3,913	$ 4,690	$ 2,798	$ 17,526	$ (12,376)	$ 16,551

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As of December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 3	$ 3	$ —	$ 790	$ —	$ 796
Accounts receivable, net	—	—	4	1,037	—	1,041
Fiduciary assets	—	—	—	8,412	—	8,412
Deferred tax assets	—	—	—	16	(1)	15
Other current assets	1	21	10	186	(21)	197
Amounts due from group undertakings	4,051	903	1,317	1,484	(7,755)	—
Total current assets	4,055	927	1,331	11,925	(7,777)	10,461
NON-CURRENT ASSETS						
Investments in subsidiaries	—	2,838	1,021	—	(3,859)	—
Fixed assets, net	—	15	51	415	—	481
Goodwill	—	—	—	2,838	—	2,838
Other intangible assets, net	—	—	—	353	—	353
Investments in associates	—	156	—	20	—	176
Deferred tax assets	—	—	—	7	—	7
Pension benefits asset	—	—	—	278	—	278
Other non-current assets	4	9	5	188	—	206
Non-current amounts due from group undertakings	—	518	690	—	(1,208)	—
Total non-current assets	4	3,536	1,767	4,099	(5,067)	4,339
TOTAL ASSETS	$ 4,059	$ 4,463	$ 3,098	$ 16,024	$ (12,844)	$ 14,800
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 8,412	$ —	$ 8,412
Deferred revenue and accrued expenses	2	1	28	555	—	586
Income taxes payable	—	3	—	39	(21)	21
Short-term debt and current portion of long-term debt	—	15	—	—	—	15
Deferred tax liabilities	—	—	—	25	—	25
Other current liabilities	62	15	38	300	—	415
Amounts due to Group undertakings	—	4,760	1,662	1,333	(7,755)	—
Total current liabilities	64	4,794	1,728	10,664	(7,776)	9,474
NON-CURRENT LIABILITIES						
Investments in subsidiaries	985	—	—	—	(985)	—
Long-term debt	795	782	733	1	—	2,311
Liabilities for pension benefits	—	—	—	136	—	136
Deferred tax liabilities	—	1	—	55	—	56
Provisions for liabilities	—	—	—	206	—	206
Other non-current liabilities	—	—	48	326	—	374
Non-current amounts due to Group undertakings	—	—	518	690	(1,208)	—
Total non-current liabilities	1,780	783	1,299	1,414	(2,193)	3,083
TOTAL LIABILITIES	$ 1,844	$ 5,577	$ 3,027	$ 12,078	$ (9,969)	$ 12,557

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (continued)

	As of December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
EQUITY						
Total Willis Group Holdings stockholders' equity	2,215	(1,114)	71	3,918	(2,875)	2,215
Noncontrolling interests	—	—	—	28	—	28
Total equity	2,215	(1,114)	71	3,946	(2,875)	2,243
TOTAL LIABILITIES AND EQUITY	$ 4,059	$ 4,463	$ 3,098	$ 16,024	$ (12,844)	$ 14,800

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (18)	$ 124	$ 44	$ 238	$ (236)	$ 152
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	1	2	(1)	2
Additions to fixed assets	—	(4)	(7)	(44)	1	(54)
Additions to intangible assets	—	—	—	(1)	—	(1)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(41)	—	(41)
Payments to acquire other investments	—	—	—	(6)	—	(6)
Proceeds from sales of operations, net of cash disposed	—	—	—	18	—	18
Proceeds from intercompany investing activities	145	12	120	283	(560)	—
Repayments of intercompany investing activities	—	—	—	(37)	37	—
Net cash provided by investing activities	145	8	114	174	(523)	(82)
CASH FLOWS FROM FINANCING ACTIVITIES						
Debt issuance costs	—	—	—	(3)	—	(3)
Repayments of debt	—	(8)	—	—	—	(8)
Repurchase of shares	(117)	—	—	—	—	(117)
Proceeds from issue of shares	93	—	—	—	—	93
Excess tax benefits from share-based payment arrangements	—	—	—	2	—	2
Dividends paid	(103)	—	—	(236)	236	(103)
Acquisition of noncontrolling interests	—	(4)	—	—	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(15)	—	(15)
Proceeds from intercompany financing activities	—	37	—	—	(37)	—
Repayments of intercompany financing activities	—	(156)	(158)	(246)	560	—
Net cash used in financing activities	(127)	(131)	(158)	(498)	759	(155)
DECREASE IN CASH AND CASH EQUIVALENTS	—	1	—	(86)	—	(85)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(3)	—	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	3	—	790	—	796
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3	$ 4	$ —	$ 701	$ —	$ 708

20. FINANCIAL INFORMATION FOR PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (11)	$ (122)	$ (16)	$ 286	$ —	$ 137
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	2	6	—	8
Additions to fixed assets	—	(1)	(8)	(42)	—	(51)
Additions to intangible assets	—	—	—	(1)	—	(1)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(29)	—	(29)
Payments to acquire other investments	—	—	—	(2)	—	(2)
Proceeds from intercompany investing activities	191	177	25	3	(396)	—
Repayments of intercompany investing activities	(147)	—	—	(211)	358	—
Net cash provided by (used in) investing activities	44	176	19	(276)	(38)	(75)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from draw down of revolving credit facility	—	—	—	2	—	2
Repayments of debt	—	(8)	—	—	—	(8)
Proceeds from issue of shares	62	—	—	—	—	62
Excess tax benefits from share-based payment arrangements	—	—	—	1	—	1
Dividends paid	(95)	—	—	—	—	(95)
Acquisition of noncontrolling interests	—	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(8)	—	(8)
Proceeds from intercompany financing activities	—	168	43	147	(358)	—
Repayments of intercompany financing activities	—	(209)	(46)	(141)	396	—
Net cash (used in) provided by financing activities	(33)	(49)	(3)	(3)	38	(50)
INCREASE IN CASH AND CASH EQUIVALENTS	—	5	—	7	—	12
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(9)	—	(9)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1	—	—	499	—	500
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1	$ 5	$ —	$ 497	$ —	$ 503

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES

On March 17, 2011, the Company issued senior notes totaling $800 million in a registered public offering. These debt securities are issued by Willis Group Holdings ('Holdings Debt Securities') and are guaranteed by certain of the Company's subsidiaries. Therefore, the Company is providing the unaudited condensed consolidating financial information below. The following 100 percent directly or indirectly owned subsidiaries fully and unconditionally guarantee the Holdings Debt Securities on a joint and several basis: Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited and Willis North America (the 'Guarantors').

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America (the 'Willis North America Debt Securities') (and for which unaudited condensed consolidating financial information is presented in Note 20) in that Willis Group Holdings is the Parent Issuer and Willis North America is a subsidiary guarantor.

The guarantee of the guarantors will be deemed to be automatically discharged and released in accordance with the terms of the indenture upon release or discharge of the indebtedness or upon sale of the subsidiary or its assets.

Presented below is condensed consolidating financial information for:

(i) Willis Group Holdings, which is the Parent Issuer;

(ii) the Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent;

(iii) Other, which are the non-guarantor subsidiaries, on a combined basis;

(iv) Consolidating adjustments; and

(v) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the unaudited condensed consolidating balance sheets as of June 30, 2014 of Willis Group Holdings and the Guarantors.

The entities included in the Guarantors column as of June 30, 2014 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition plc, Willis Group Limited and Willis North America.

Restatement to 2013 financial information

Regulation S-X, Article 3, Rule 3-10, allows for the presentation of condensed consolidating financial information. In accordance with these rules, the condensed consolidating financial information should be presented in accordance with US GAAP, except that (i) the guarantor and non-guarantor information is presented on a combined rather than consolidated basis, which requires the elimination of intra-entity activity and (ii) investments in subsidiaries are required to be presented under the equity method of accounting. Subsequent to the issuance of our financial statements for the second quarter 2013, management determined that certain balances were not presented in accordance with the above principles and have therefore restated our condensed consolidating financial information to reflect (i) gross, rather than net, presentation of intercompany balance sheet positions, (ii) dividends received from subsidiaries as reductions to the equity method investment balances as opposed to component of investment income from group undertakings, and (iii) appropriate push down accounting for goodwill.

The impacts of these changes on the previously reported 2013 financial statements are shown in the tables below.

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of operations for the three months ended 30 June 2013			
Willis Group Holdings - the Parent Issuer			
Operating (loss) income	$ (2)	$ —	$ (2)
Net income attributable to Willis Group Holdings	105	—	105
The Guarantors			
Operating loss	$ (95)	$ 1	$ (94)
Net income (loss) attributable to Willis Group Holdings	112	1	113
Other			
Operating income	$ 216	$ 47	$ 263
Net income attributable to Willis Group Holdings	86	42	128
Consolidating adjustments			
Operating income (loss)	$ 52	$ (52)	$ —
Net loss attributable to Willis Group Holdings	(198)	(43)	(241)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of operations for the six months ended 30 June 2013			
Willis Group Holdings - the Parent Issuer			
Operating (loss) income	$ (6)	$ 3	$ (3)
Net income attributable to Willis Group Holdings	324	—	324
The Guarantors			
Operating loss	$ (167)	$ (4)	$ (171)
Net income (loss) attributable to Willis Group Holdings	348	—	348
Other			
Operating income	$ 394	$ 228	$ 622
Net income attributable to Willis Group Holdings	184	182	366
Consolidating adjustments			
Operating income (loss)	$ 237	$ (237)	$ —
Net loss attributable to Willis Group Holdings	(532)	(182)	(714)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of comprehensive income for the three months ending 30 June 2013			
Willis Group Holdings - the Parent Issuer			
Comprehensive income attributable to Willis Group Holdings	$ 111	$ —	$ 111
The Guarantors			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 118	$ 1	$ 119
Other			
Comprehensive income attributable to Willis Group Holdings	$ 78	$ 42	$ 120
Consolidating adjustments			
Comprehensive loss attributable to Willis Group Holdings	$ (196)	$ (43)	$ (239)

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of comprehensive income for the six months ended 30 June 2013			
Willis Group Holdings - the Parent Issuer			
Comprehensive income attributable to Willis Group Holdings	$ 294	$ —	$ 294
The Guarantors			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 318	$ —	$ 318
Other			
Comprehensive income attributable to Willis Group Holdings	$ 138	$ 182	$ 320
Consolidating adjustments			
Comprehensive loss attributable to Willis Group Holdings	$ (456)	$ (182)	$ (638)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of cash flows for the six months ending 30 June 2013			
Willis Group Holdings - the Parent Issuer			
Net cash (used in) provided by operating activities	$ (26)	$ 15	$ (11)
Net cash provided by investing activities	—	44	44
Net cash provided by (used in) financing activities	26	(59)	(33)
The Guarantors			
Net cash provided by (used in) operating activities	$ 16	$ (154)	$ (138)
Net cash provided by investing activities	(7)	141	134
Net cash (used in) provided by financing activities	(4)	13	9
Other			
Net cash provided by operating activities	$ 147	$ 139	$ 286
Net cash used in investing activities	(68)	(208)	(276)
Net cash provided by (used in) financing activities	(72)	69	(3)
Consolidating adjustments			
Net cash provided by operating activities	$ —	$ —	$ —
Net cash provided by investing activities	—	23	23
Net cash used in financing activities	—	(23)	(23)

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Three months ended June 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
REVENUES					
Commissions and fees	$ —	$ 2	$ 928	$ —	$ 930
Investment income	—	—	4	—	4
Other income	—	—	1	—	1
Total revenues	—	2	933	—	935
EXPENSES					
Salaries and benefits	(1)	(17)	(557)	—	(575)
Other operating expenses	(5)	(39)	(129)	—	(173)
Depreciation expense	—	(6)	(18)	—	(24)
Amortization of intangible assets	—	—	(12)	—	(12)
Restructuring costs	—	(2)	(1)	—	(3)
Total expenses	(6)	(64)	(717)	—	(787)
OPERATING (LOSS) INCOME	(6)	(62)	216	—	148
Other (expense) income	(1)	(229)	(3)	230	(3)
Income from group undertakings	—	114	27	(141)	—
Expenses due to group undertakings	—	(26)	(115)	141	—
Interest expense	(10)	(21)	(4)	—	(35)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(17)	(224)	121	230	110
Income taxes	—	5	(64)	—	(59)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(17)	(219)	57	230	51
Interest in earnings / (losses) of associates, net of tax	—	2	(5)	—	(3)
Equity account for subsidiaries	64	280	—	(344)	—
NET INCOME	47	63	52	(114)	48
Less: Net income attributable to noncontrolling interests	—	—	(1)	—	(1)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 47	$ 63	$ 51	$ (114)	$ 47

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive income	$ 72	$ 88	$ 76	$ (163)	$ 73
Less: comprehensive income attributable to noncontrolling interests	—	—	(1)	—	(1)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 72	$ 88	$ 75	$ (163)	$ 72

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Three months ended June 30, 2013				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
REVENUES					
Commissions and fees	$ —	$ 3	$ 882	$ —	$ 885
Investment income	—	—	3	—	3
Other income	—	—	2	—	2
Total revenues	—	3	887	—	890
EXPENSES					
Salaries and benefits	(1)	(22)	(506)	—	(529)
Other operating expenses	(1)	(67)	(91)	—	(159)
Depreciation expense	—	(8)	(13)	—	(21)
Amortization of intangible assets	—	—	(14)	—	(14)
Total expenses	(2)	(97)	(624)	—	(723)
OPERATING (LOSS) INCOME	(2)	(94)	263	—	167
Other income (expense)	1	—	3	—	4
Income from group undertakings	—	117	23	(140)	—
Expenses due to group undertakings	(1)	(22)	(117)	140	—
Interest expense	(10)	(20)	(2)	—	(32)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(12)	(19)	170	—	139
Income taxes	—	6	(35)	—	(29)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(12)	(13)	135	—	110
Interest in earnings / (losses) of associates, net of tax	—	2	(5)	—	(3)
Equity account for subsidiaries	117	124	—	(241)	—
NET INCOME	105	113	130	(241)	107
Less: Net income attributable to noncontrolling interests	—	—	(2)	—	(2)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 105	$ 113	$ 128	$ (241)	$ 105

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2013				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
Comprehensive income	$ 111	$ 119	$ 122	$ (239)	$ 113
Less: comprehensive income attributable to noncontrolling interests	—	—	(2)	—	(2)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 111	$ 119	$ 120	$ (239)	$ 111

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Six months ended June 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ 4	$ 2,016	$ —	$ 2,020
Investment income	—	—	8	—	8
Other income	—	—	4	—	4
Total revenues	—	4	2,028	—	2,032
EXPENSES					
Salaries and benefits	(1)	(36)	(1,108)	—	(1,145)
Other operating expenses	(9)	(80)	(249)	—	(338)
Depreciation expense	—	(11)	(36)	—	(47)
Amortization of intangible assets	—	—	(25)	—	(25)
Restructuring costs	—	(2)	(1)	—	(3)
Total expenses	(10)	(129)	(1,419)	—	(1,558)
OPERATING (LOSS) INCOME	(10)	(125)	609	—	474
Other (expense) income	(1)	(228)	(4)	230	(3)
Income from group undertakings	—	189	54	(243)	—
Expenses due to group undertakings	—	(53)	(190)	243	—
Interest expense	(21)	(41)	(5)	—	(67)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(32)	(258)	464	230	404
Income taxes	—	29	(151)	—	(122)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(32)	(229)	313	230	282
Interest in earnings of associates, net of tax	—	5	11	—	16
Equity account for subsidiaries	325	543	—	(868)	—
NET INCOME	293	319	324	(638)	298
Less: Net income attributable to noncontrolling interests	—	—	(5)	—	(5)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 293	$ 319	$ 319	$ (638)	$ 293

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
Comprehensive income	$ 326	$ 352	$ 357	$ (704)	$ 331
Less: comprehensive income attributable to noncontrolling interests	—	—	(5)	—	(5)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 326	$ 352	$ 352	$ (704)	$ 326

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Six months ended June 30, 2013				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
REVENUES					
Commissions and fees	$ —	$ 3	$ 1,928	$ —	$ 1,931
Investment income	—	—	7	—	7
Other income	—	—	3	—	3
Total revenues	—	3	1,938	—	1,941
EXPENSES					
Salaries and benefits	(1)	(45)	(1,051)	—	(1,097)
Other operating expenses	(2)	(117)	(202)	—	(321)
Depreciation expense	—	(12)	(35)	—	(47)
Amortization of intangible assets	—	—	(28)	—	(28)
Total expenses	(3)	(174)	(1,316)	—	(1,493)
OPERATING (LOSS) INCOME	(3)	(171)	622	—	448
Other (expense) income	(2)	1	11	—	10
Income from group undertakings	—	225	44	(269)	—
Expenses due to group undertakings	(1)	(43)	(225)	269	—
Interest expense	(21)	(39)	(3)	—	(63)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(27)	(27)	449	—	395
Income taxes	—	8	(85)	—	(77)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(27)	(19)	364	—	318
Interest in earnings of associates, net of tax	—	4	8	—	12
Equity account for subsidiaries	351	363	—	(714)	—
NET INCOME	324	348	372	(714)	330
Less: Net income attributable to noncontrolling interests	—	—	(6)	—	(6)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 324	$ 348	$ 366	$ (714)	$ 324

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2013				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
Comprehensive income	$ 294	$ 318	$ 325	$ (638)	$ 299
Less: comprehensive income attributable to noncontrolling interests	—	—	(5)	—	(5)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 294	$ 318	$ 320	$ (638)	$ 294

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As of June 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 3	$ 4	$ 701	$ —	$ 708
Accounts receivable, net	—	3	1,172	—	1,175
Fiduciary assets	—	—	9,983	—	9,983
Deferred tax assets	—	—	11	—	11
Other current assets	1	39	186	(31)	195
Amounts due from group undertakings	3,906	830	1,234	(5,970)	—
Total current assets	3,910	876	13,287	(6,001)	12,072
NON-CURRENT ASSETS					
Investments in subsidiaries	—	3,937	—	(3,937)	—
Fixed assets, net	—	65	431	—	496
Goodwill	—	—	2,870	—	2,870
Other intangible assets, net	—	—	360	—	360
Investments in associates	—	159	31	—	190
Deferred tax assets	—	—	10	—	10
Pension benefits asset	—	—	359	—	359
Other non-current assets	3	13	178	—	194
Non-current amounts due from group undertakings	—	716	—	(716)	—
Total non-current assets	3	4,890	4,239	(4,653)	4,479
TOTAL ASSETS	$ 3,913	$ 5,766	$ 17,526	$ (10,654)	$ 16,551
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Fiduciary liabilities	$ —	$ —	$ 9,983	$ —	$ 9,983
Deferred revenue and accrued expenses	2	19	397	—	418
Income taxes payable	—	4	100	(31)	73
Short-term debt and current portion of long-term debt	—	15	—	—	15
Deferred tax liabilities	—	—	28	—	28
Other current liabilities	67	46	354	—	467
Amounts due to group undertakings	—	4,907	1,063	(5,970)	—
Total current liabilities	69	4,991	11,925	(6,001)	10,984
NON-CURRENT LIABILITIES					
Investments in subsidiaries	605	—	—	(605)	—
Long-term debt	795	1,506	1	—	2,302
Liabilities for pension benefits	—	—	126	—	126
Deferred tax liabilities	—	—	103	—	103
Provisions for liabilities	—	1	211	—	212
Other non-current liabilities	—	9	353	—	362
Non-current amounts due to group undertakings	—	—	716	(716)	—
Total non-current liabilities	1,400	1,516	1,510	(1,321)	3,105
TOTAL LIABILITIES	$ 1,469	$ 6,507	$ 13,435	$ (7,322)	$ 14,089

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (continued)

	As of June 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
EQUITY					
Total Willis Group Holdings stockholders’ equity	2,444	(741)	4,073	(3,332)	2,444
Noncontrolling interests	—	—	18	—	18
Total equity	2,444	(741)	4,091	(3,332)	2,462
TOTAL LIABILITIES AND EQUITY	$ 3,913	$ 5,766	$ 17,526	$ (10,654)	$ 16,551

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As of December 31, 2013				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 3	$ 3	$ 790	$ —	$ 796
Accounts receivable, net	—	4	1,037	—	1,041
Fiduciary assets	—	—	8,412	—	8,412
Deferred tax assets	—	—	16	(1)	15
Other current assets	1	31	186	(21)	197
Amounts due to group undertakings	4,051	975	1,484	(6,510)	—
Total current assets	4,055	1,013	11,925	(6,532)	10,461
NON-CURRENT ASSETS					
Investments in subsidiaries	—	3,788	—	(3,788)	—
Fixed assets, net	—	66	415	—	481
Goodwill	—	—	2,838	—	2,838
Other intangible assets, net	—	—	353	—	353
Investments in associates	—	156	20	—	176
Deferred tax assets	—	—	7	—	7
Pension benefits asset	—	—	278	—	278
Other non-current assets	4	14	188	—	206
Non-current amounts due to group undertakings	—	690	—	(690)	—
Total non-current assets	4	4,714	4,099	(4,478)	4,339
TOTAL ASSETS	$ 4,059	$ 5,727	$ 16,024	$ (11,010)	$ 14,800
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Fiduciary liabilities	$ —	$ —	$ 8,412	$ —	$ 8,412
Deferred revenue and accrued expenses	2	29	555	—	586
Income taxes payable	—	3	39	(21)	21
Short-term debt and current portion of long-term debt	—	15	—	—	15
Deferred tax liabilities	—	—	25	—	25
Other current liabilities	62	53	300	—	415
Amounts due to group undertakings	—	5,177	1,333	(6,510)	—
Total current liabilities	64	5,277	10,664	(6,531)	9,474
NON-CURRENT LIABILITIES					
Investments in subsidiaries	985	—	—	(985)	—
Long-term debt	795	1,515	1	—	2,311
Liabilities for pension benefits	—	—	136	—	136
Deferred tax liabilities	—	1	55	—	56
Provisions for liabilities	—	—	206	—	206
Other non-current liabilities	—	48	326	—	374
Non-current amounts due to group undertakings	—	—	690	(690)	—
Total non-current liabilities	1,780	1,564	1,414	(1,675)	3,083
TOTAL LIABILITIES	$ 1,844	$ 6,841	$ 12,078	$ (8,206)	$ 12,557

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (continued)

	As of December 31, 2013				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
EQUITY					
Total Willis Group Holdings stockholders' equity	2,215	(1,114)	3,918	(2,804)	2,215
Noncontrolling interests	—	—	28	—	28
Total equity	2,215	(1,114)	3,946	(2,804)	2,243
TOTAL LIABILITIES AND EQUITY	$ 4,059	$ 5,727	$ 16,024	$ (11,010)	$ 14,800

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (18)	$ 168	$ 238	$ (236)	$ 152
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	1	2	(1)	2
Additions to fixed assets	—	(11)	(44)	1	(54)
Additions to intangible assets	—	—	(1)	—	(1)
Acquisitions of subsidiaries, net of cash acquired	—	—	(41)	—	(41)
Payments to acquire other investments	—	—	(6)	—	(6)
Proceeds from disposal of operations, net of cash disposed	—	—	18	—	18
Proceeds from intercompany investing activities	145	120	283	(548)	—
Repayments of intercompany investing activities	—	—	(37)	37	—
Net cash provided by investing activities	145	110	174	(511)	(82)
CASH FLOWS FROM FINANCING ACTIVITIES					
Debt issuance costs	—	—	(3)	—	(3)
Repayments of debt	—	(8)	—	—	(8)
Repurchase of shares	(117)	—	—	—	(117)
Proceeds from issue of shares	93	—	—	—	93
Excess tax benefits from share-based payment arrangement	—	—	2	—	2
Dividends paid	(103)	—	(236)	236	(103)
Acquisition of noncontrolling interests	—	(4)	—	—	(4)
Dividends paid to noncontrolling interests	—	—	(15)	—	(15)
Proceeds from intercompany financing activities	—	37	—	(37)	—
Repayments of intercompany financing activities	—	(302)	(246)	548	—
Net cash used in financing activities	(127)	(277)	(498)	747	(155)
DECREASE IN CASH AND CASH EQUIVALENTS	—	1	(86)	—	(85)
Effect of exchange rate changes on cash and cash equivalents	—	—	(3)	—	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	3	790	—	796
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3	$ 4	$ 701	$ —	$ 708

21. FINANCIAL INFORMATION FOR PARENT ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2013				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (11)	$ (138)	$ 286	$ —	$ 137
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	2	6	—	8
Additions to fixed assets	—	(9)	(42)	—	(51)
Additions to intangible assets	—	—	(1)	—	(1)
Acquisitions of subsidiaries, net of cash acquired	—	—	(29)	—	(29)
Payments to acquire other investments	—	—	(2)	—	(2)
Proceeds from intercompany investing activities	191	141	3	(335)	—
Repayments of intercompany investing activities	(147)	—	(211)	358	—
Net cash provided by (used in) investing activities	44	134	(276)	23	(75)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from draw down of revolving credit facility	—	—	2	—	2
Repayments of debt	—	(8)	—	—	(8)
Proceeds from issue of shares	62	—	—	—	62
Excess tax benefits from share-based payment arrangement	—	—	1	—	1
Dividends paid	(95)	—	—	—	(95)
Acquisition of noncontrolling interests	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	(8)	—	(8)
Proceeds from intercompany financing activities	—	211	147	(358)	—
Repayments of intercompany financing activities	—	(194)	(141)	335	—
Net cash (used in) provided by financing activities	(33)	9	(3)	(23)	(50)
INCREASE IN CASH AND CASH EQUIVALENTS	—	5	7	—	12
Effect of exchange rate changes on cash and cash equivalents	—	—	(9)	—	(9)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1	—	499	—	500
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1	$ 5	$ 497	$ —	$ 503

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, OTHER GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES

Trinity Acquisition plc has $525 million senior notes outstanding that were issued on August 15, 2013.

All direct obligations under the senior notes were jointly and severally, irrevocably and fully and unconditionally guaranteed by Willis Netherlands Holdings B.V, Willis Investment UK Holdings Limited, TA I Limited, Willis Group Limited and Willis North America, Inc, collectively the 'Other Guarantors', and with Willis Group Holdings, the 'Guarantor Companies'.

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by the Company and Willis North America (the ‘Willis North America Debt Securities’) in that Trinity Acquisition plc is the issuer and not a subsidiary guarantor, and Willis North America, Inc. is a subsidiary guarantor.

The guarantee of the guarantors will be deemed to be automatically discharged and released in accordance with the terms of the indenture upon release or discharge of the indebtedness or upon sale of the subsidiary or its assets.

Presented below is condensed consolidating financial information for:

(i) Willis Group Holdings, which is a guarantor, on a parent company only basis;

(ii) the Other Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent. Willis Netherlands B.V, Willis Investment UK Holdings Limited and TA 1 Limited are all direct or indirect parents of the issuer and Willis Group Limited and Willis North America, Inc, are 100 percent direct or indirectly owned subsidiaries or the issuer;

(iii) Trinity Acquisition plc, which is the issuer and is a 100 percent indirectly owned subsidiary of the parent;

(iv) Other, which are the non-guarantor subsidiaries, on a combined basis;

(v) Consolidating adjustments; and

(vi) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the condensed consolidating balance sheets as of June 30, 2014 of Willis Group Holdings, the Other Guarantors and the Issuer.

The entities included in the Other Guarantors column as of June 30, 2014 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, Willis North America, TA I Limited and Willis Group Limited.

Restatement to 2013 financial information

Regulation S-X, Article 3, Rule 3-10, allows for the presentation of condensed consolidating financial information. In accordance with these rules, the condensed consolidating financial information should be presented in accordance with US GAAP, except that (i) the guarantor and non-guarantor information is presented on a combined rather than consolidated basis, which requires the elimination of intra-entity activity and (ii) investments in subsidiaries are required to be presented under the equity method of accounting. Subsequent to the issuance of our financial statements for the second quarter 2013, management determined that certain balances were not presented in accordance with the above principles and have therefore restated our condensed consolidating financial information to reflect (i) gross, rather than net, presentation of intercompany balance sheet positions, (ii) dividends received from subsidiaries as reductions to the equity method investment balances as opposed to component of investment income from group undertakings, and (iii) appropriate push down accounting for goodwill.

The impacts of these changes on the previously reported 2013 financial statements are shown in the tables below.

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of operations for the three months ended 30 June 2013			
Willis Group Holdings			
Operating (loss) income	$ (2)	$ —	$ (2)
Net income attributable to Willis Group Holdings	105	—	105
The Other Guarantors			
Operating loss	$ (95)	$ 1	$ (94)
Net income (loss) attributable to Willis Group Holdings	112	1	113
The Issuer			
Operating income	$ —	$ —	$ —
Net income (loss) attributable to Willis Group Holdings	97	1	98
Other			
Operating income	$ 216	$ 47	$ 263
Net income attributable to Willis Group Holdings	86	42	128
Consolidating adjustments			
Operating income (loss)	$ 52	$ (52)	$ —
Net loss attributable to Willis Group Holdings	(295)	(44)	(339)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of operations for the six months ended 30 June 2013			
Willis Group Holdings			
Operating loss	$ (6)	$ 3	$ (3)
Net loss attributable to Willis Group Holdings	324	—	324
The Other Guarantors			
Operating loss	$ (167)	$ (4)	$ (171)
Net loss attributable to Willis Group Holdings	348	—	348
The Issuer			
Operating income	$ —	$ —	$ —
Net loss attributable to Willis Group Holdings	320	—	320
Other			
Operating income (loss)	$ 394	$ 228	$ 622
Net loss attributable to Willis Group Holdings	184	182	366
Consolidating adjustments			
Operating (loss) income	$ 237	$ (237)	$ —
Net income attributable to Willis Group Holdings	(852)	(182)	(1,034)

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of comprehensive income for the three months ended 30 June 2013			
Willis Group Holdings			
Comprehensive income attributable to Willis Group Holdings	$ 111	$ —	$ 111
The Other Guarantors			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 118	$ 1	$ 119
The Issuer			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 103	$ 1	$ 104
Other			
Comprehensive income attributable to Willis Group Holdings	$ 78	$ 42	$ 120
Consolidating adjustments			
Comprehensive loss attributable to Willis Group Holdings	$ (299)	$ (44)	$ (343)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of comprehensive income for the six months ended 30 June 2013			
Willis Group Holdings			
Comprehensive income attributable to Willis Group Holdings	$ 294	$ —	$ 294
The Other Guarantors			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 318	$ —	$ 318
The Issuer			
Comprehensive income (loss) attributable to Willis Group Holdings	$ 295	$ —	$ 295
Other			
Comprehensive income attributable to Willis Group Holdings	$ 138	$ 182	$ 320
Consolidating adjustments			
Comprehensive loss attributable to Willis Group Holdings	$ (751)	$ (182)	$ (933)

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

	As previously reported	Reclassifications	As Reclassified
		(millions)	
Condensed consolidating statement of cash flows for the six months ending 30 June 2013			
Willis Group Holdings			
Net cash (used in) provided by operating activities	$ (26)	$ 15	$ (11)
Net cash provided by investing activities	—	44	44
Net cash provided by (used in) financing activities	26	(59)	(33)
The Other Guarantors			
Net cash provided by (used in) operating activities	$ 4	$ 575	$ 579
Net cash provided by (used in) investing activities	(7)	(491)	(498)
Net cash (used in) provided by financing activities	8	(84)	(76)
The Issuer			
Net cash provided by (used in) operating activities	$ 12	$ (172)	$ (160)
Net cash provided by investing activities	—	177	177
Net cash (used in) provided by financing activities	(12)	(5)	(17)
Other			
Net cash provided by (used in) operating activities	$ 147	$ 139	$ 286
Net cash used in investing activities	(68)	(208)	(276)
Net cash provided by (used in) financing activities	(72)	69	(3)
Consolidating adjustments			
Net cash used in operating activities	$ —	$ (557)	$ (557)
Net cash provided by investing activities	—	478	478
Net cash provided by (used in) financing activities	—	79	79

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Three months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 2	$ —	$ 928	$ —	$ 930
Investment income	—	—	—	4	—	4
Other income	—	—	—	1	—	1
Total revenues	—	2	—	933	—	935
EXPENSES						
Salaries and benefits	(1)	(17)	—	(557)	—	(575)
Other operating expenses	(5)	(39)	—	(129)	—	(173)
Depreciation expense	—	(6)	—	(18)	—	(24)
Amortization of intangible assets	—	—	—	(12)	—	(12)
Restructuring costs	—	(2)	—	(1)	—	(3)
Total expenses	(6)	(64)	—	(717)	—	(787)
OPERATING (LOSS) INCOME	(6)	(62)	—	216	—	148
Other (expense) income	(1)	(229)	—	(3)	230	(3)
Income from group undertakings	—	121	23	27	(171)	—
Expenses due to group undertakings	—	(49)	(7)	(115)	171	—
Interest expense	(10)	(12)	(9)	(4)	—	(35)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(17)	(231)	7	121	230	110
Income taxes	—	7	(2)	(64)	—	(59)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(17)	(224)	5	57	230	51
Interest in earnings / (losses) of associates, net of tax	—	2	—	(5)	—	(3)
Equity account for subsidiaries	64	285	42	—	(391)	—
NET INCOME	47	63	47	52	(161)	48
Less: Net income attributable to noncontrolling interests	—	—	—	(1)	—	(1)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 47	$ 63	$ 47	$ 51	$ (161)	$ 47

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 72	$ 88	$ 71	$ 76	$ (234)	$ 73
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(1)	—	(1)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 72	$ 88	$ 71	$ 75	$ (234)	$ 72

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Three months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 3	$ —	$ 882	$ —	$ 885
Investment income	—	—	—	3	—	3
Other income	—	—	—	2	—	2
Total revenues	—	3	—	887	—	890
EXPENSES						
Salaries and benefits	(1)	(22)	—	(506)	—	(529)
Other operating expenses	(1)	(67)	—	(91)	—	(159)
Depreciation expense	—	(8)	—	(13)	—	(21)
Amortization of intangible assets	—	—	—	(14)	—	(14)
Total expenses	(2)	(97)	—	(624)	—	(723)
OPERATING (LOSS) INCOME	(2)	(94)	—	263	—	167
Other income (expense)	1	—	—	3	—	4
Income from group undertakings	—	124	15	23	(162)	—
Expenses due to group undertakings	(1)	(37)	(7)	(117)	162	—
Interest expense	(10)	(18)	(2)	(2)	—	(32)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(12)	(25)	6	170	—	139
Income taxes	—	8	(2)	(35)	—	(29)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(12)	(17)	4	135	—	110
Interest in earnings / (losses) of associates, net of tax	—	2	—	(5)	—	(3)
Equity account for subsidiaries	117	128	94	—	(339)	—
NET INCOME	105	113	98	130	(339)	107
Less: Net income attributable to noncontrolling interests	—	—	—	(2)	—	(2)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 105	$ 113	$ 98	$ 128	$ (339)	$ 105

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Three months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 111	$ 119	$ 104	$ 122	$ (343)	$ 113
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(2)	—	(2)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 111	$ 119	$ 104	$ 120	$ (343)	$ 111

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Six months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 4	$ —	$ 2,016	$ —	$ 2,020
Investment income	—	—	—	8	—	8
Other income	—	—	—	4	—	4
Total revenues	—	4	—	2,028	—	2,032
EXPENSES						
Salaries and benefits	(1)	(36)	—	(1,108)	—	(1,145)
Other operating expenses	(9)	(80)	—	(249)	—	(338)
Depreciation expense	—	(11)	—	(36)	—	(47)
Amortization of intangible assets	—	—	—	(25)	—	(25)
Restructuring costs	—	(2)	—	(1)	—	(3)
Total expenses	(10)	(129)	—	(1,419)	—	(1,558)
OPERATING (LOSS) INCOME	(10)	(125)	—	609	—	474
Other (expense) income	(1)	(228)	—	(4)	230	(3)
Income from group undertakings	—	203	45	54	(302)	—
Expenses due to group undertakings	—	(98)	(14)	(190)	302	—
Interest expense	(21)	(23)	(18)	(5)	—	(67)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(32)	(271)	13	464	230	404
Income taxes	—	32	(3)	(151)	—	(122)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(32)	(239)	10	313	230	282
Interest in earnings of associates, net of tax	—	5	—	11	—	16
Equity account for subsidiaries	325	553	257	—	(1,135)	—
NET INCOME	293	319	267	324	(905)	298
Less: Net income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 293	$ 319	$ 267	$ 319	$ (905)	$ 293

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 326	$ 352	$ 299	$ 357	$ (1,003)	$ 331
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 326	$ 352	$ 299	$ 352	$ (1,003)	$ 326

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Operations

	Six months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 3	$ —	$ 1,928	$ —	$ 1,931
Investment income	—	—	—	7	—	7
Other income	—	—	—	3	—	3
Total revenues	—	3	—	1,938	—	1,941
EXPENSES						
Salaries and benefits	(1)	(45)	—	(1,051)	—	(1,097)
Other operating expenses	(2)	(117)	—	(202)	—	(321)
Depreciation expense	—	(12)	—	(35)	—	(47)
Amortization of intangible assets	—	—	—	(28)	—	(28)
Total expenses	(3)	(174)	—	(1,316)	—	(1,493)
OPERATING (LOSS) INCOME	(3)	(171)	—	622	—	448
Other (expense) income	(2)	1	—	11	—	10
Income from group undertakings	—	238	28	44	(310)	—
Expenses due to group undertakings	(1)	(71)	(13)	(225)	310	—
Interest expense	(21)	(35)	(4)	(3)	—	(63)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(27)	(38)	11	449	—	395
Income taxes	—	10	(2)	(85)	—	(77)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(27)	(28)	9	364	—	318
Interest in earnings of associates, net of tax	—	4	—	8	—	12
Equity account for subsidiaries	351	372	311	—	(1,034)	—
NET INCOME	324	348	320	372	(1,034)	330
Less: Net income attributable to noncontrolling interests	—	—	—	(6)	—	(6)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 324	$ 348	$ 320	$ 366	$ (1,034)	$ 324

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Comprehensive Income

	Six months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 294	$ 318	$ 295	$ 325	$ (933)	$ 299
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 294	$ 318	$ 295	$ 320	$ (933)	$ 294

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As of June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 3	$ 4	$ —	$ 701	$ —	$ 708
Accounts receivable, net	—	3	—	1,172	—	1,175
Fiduciary assets	—	—	—	9,983	—	9,983
Deferred tax assets	—	—	—	11	—	11
Other current assets	1	46	1	186	(39)	195
Amounts due from group undertakings	3,906	830	826	1,234	(6,796)	—
Total current assets	3,910	883	827	13,287	(6,835)	12,072
NON-CURRENT ASSETS						
Investments in subsidiaries	—	3,876	3,015	—	(6,891)	—
Fixed assets, net	—	65	—	431	—	496
Goodwill	—	—	—	2,870	—	2,870
Other intangible assets, net	—	—	—	360	—	360
Investments in associates	—	159	—	31	—	190
Deferred tax assets	—	—	—	10	—	10
Pension benefits asset	—	—	—	359	—	359
Other non-current assets	3	5	8	178	—	194
Non-current amounts due from group undertakings	—	1,151	518	—	(1,669)	—
Total non-current assets	3	5,256	3,541	4,239	(8,560)	4,479
TOTAL ASSETS	$ 3,913	$ 6,139	$ 4,368	$ 17,526	$ (15,395)	$ 16,551
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 9,983	$ —	$ 9,983
Deferred revenue and accrued expenses	2	19	—	397	—	418
Income taxes payable	—	4	8	100	(39)	73
Short-term debt and current portion of long-term debt	—	—	15	—	—	15
Deferred tax liabilities	—	—	—	28	—	28
Other current liabilities	67	35	11	354	—	467
Amounts due to group undertakings	—	5,562	171	1,063	(6,796)	—
Total current liabilities	69	5,620	205	11,925	(6,835)	10,984
NON-CURRENT LIABILITIES						
Investments in subsidiaries	605	—	—	—	(605)	—
Long-term debt	795	732	774	1	—	2,302
Liabilities for pension benefits	—	—	—	126	—	126
Deferred tax liabilities	—	—	—	103	—	103
Provisions for liabilities	—	1	—	211	—	212
Other non-current liabilities	—	9	—	353	—	362
Non-current amounts due to group undertakings	—	518	435	716	(1,669)	—
Total non-current liabilities	1,400	1,260	1,209	1,510	(2,274)	3,105
TOTAL LIABILITIES	$ 1,469	$ 6,880	$ 1,414	$ 13,435	$ (9,109)	$ 14,089

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (continued)

	As of June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
EQUITY						
Total Willis Group Holdings stockholders' equity	2,444	(741)	2,954	4,073	(6,286)	2,444
Noncontrolling interests	—	—	—	18	—	18
Total equity	2,444	(741)	2,954	4,091	(6,286)	2,462
TOTAL LIABILITIES AND EQUITY	$ 3,913	$ 6,139	$ 4,368	$ 17,526	$ (15,395)	$ 16,551

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet

	As of December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 3	$ 3	$ —	$ 790	$ —	$ 796
Accounts receivable, net	—	4	—	1,037	—	1,041
Fiduciary assets	—	—	—	8,412	—	8,412
Deferred tax assets	—	—	—	16	(1)	15
Other current assets	1	36	1	186	(27)	197
Amounts due from group undertakings	4,051	975	793	1,484	(7,303)	—
Total current assets	4,055	1,018	794	11,925	(7,331)	10,461
NON-CURRENT ASSETS						
Investments in subsidiaries	—	3,716	2,705	—	(6,421)	—
Fixed assets, net	—	66	—	415	—	481
Goodwill	—	—	—	2,838	—	2,838
Other intangible assets, net	—	—	—	353	—	353
Investments in associates	—	156	—	20	—	176
Deferred tax assets	—	—	—	7	—	7
Pension benefits asset	—	—	—	278	—	278
Other non-current assets	4	5	9	188	—	206
Non-current amounts due from group undertakings	—	1,113	518	—	(1,631)	—
Total non-current assets	4	5,056	3,232	4,099	(8,052)	4,339
TOTAL ASSETS	$ 4,059	$ 6,074	$ 4,026	$ 16,024	$ (15,383)	$ 14,800
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 8,412	$ —	$ 8,412
Deferred revenue and accrued expenses	2	29	—	555	—	586
Income taxes payable	—	4	5	39	(27)	21
Short-term debt and current portion of long-term debt	—	—	15	—	—	15
Deferred tax liabilities	—	—	—	25	—	25
Other current liabilities	62	42	11	300	—	415
Amounts due to group undertakings	—	5,813	157	1,333	(7,303)	—
Total current liabilities	64	5,888	188	10,664	(7,330)	9,474
NON-CURRENT LIABILITIES						
Investments in subsidiaries	985	—	—	—	(985)	—
Long-term debt	795	733	782	1	—	2,311
Liabilities for pension benefits	—	—	—	136	—	136
Deferred tax liabilities	—	1	—	55	—	56
Provisions for liabilities	—	—	—	206	—	206
Other non-current liabilities	—	48	—	326	—	374
Non-current amounts due to group undertakings	—	518	423	690	(1,631)	—
Total non-current liabilities	1,780	1,300	1,205	1,414	(2,616)	3,083
TOTAL LIABILITIES	$ 1,844	$ 7,188	$ 1,393	$ 12,078	$ (9,946)	$ 12,557

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Balance Sheet (continued)

	As of December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
EQUITY						
Total Willis Group Holdings stockholders' equity	2,215	(1,114)	2,633	3,918	(5,437)	2,215
Noncontrolling interests	—	—	—	28	—	28
Total equity	2,215	(1,114)	2,633	3,946	(5,437)	2,243
TOTAL LIABILITIES AND EQUITY	$ 4,059	$ 6,074	$ 4,026	$ 16,024	$ (15,383)	$ 14,800

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GUARANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (18)	$ 186	$ (18)	$ 238	$ (236)	$ 152
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	1	—	2	(1)	2
Additions to fixed assets	—	(11)	—	(44)	1	(54)
Additions to intangible assets	—	—	—	(1)	—	(1)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(41)	—	(41)
Payments to acquire other investments	—	—	—	(6)	—	(6)
Proceeds from disposal of operations, net of cash disposed	—	—	—	18	—	18
Proceeds from intercompany investing activities	145	120	13	283	(561)	—
Repayments of intercompany investing activities	—	—	—	(37)	37	—
Net cash provided by investing activities	145	110	13	174	(524)	(82)
CASH FLOWS FROM FINANCING ACTIVITIES						
Debt issuance costs	—	—	—	(3)	—	(3)
Repayments of debt	—	—	(8)	—	—	(8)
Repurchase of shares	(117)	—	—	—	—	(117)
Proceeds from issue of shares	93	—	—	—	—	93
Excess tax benefits from share-based payment arrangements	—	—	—	2	—	2
Dividends paid	(103)	—	—	(236)	236	(103)
Acquisition of noncontrolling interests	—	(4)	—	—	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(15)	—	(15)
Proceeds from intercompany financing activities	—	24	13	—	(37)	—
Repayments of intercompany financing activities	—	(315)	—	(246)	561	—
Net cash (used in) provided by financing activities	(127)	(295)	5	(498)	760	(155)
DECREASE IN CASH AND CASH EQUIVALENTS	—	1	—	(86)	—	(85)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(3)	—	(3)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	3	—	790	—	796
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 3	$ 4	$ —	$ 701	$ —	$ 708

22. FINANCIAL INFORMATION FOR ISSUER, PARENT GURANTOR, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES (Continued)

Condensed Consolidating Statement of Cash Flows

	Six months ended June 30, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (11)	$ 579	$ (160)	$ 286	$ (557)	$ 137
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	2	—	6	—	8
Additions to fixed assets	—	(9)	—	(42)	—	(51)
Additions to intangible assets	—	—	—	(1)	—	(1)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(29)	—	(29)
Payments to acquire other investments	—	—	—	(2)	—	(2)
Proceeds from intercompany investing activities	191	66	177	3	(437)	—
Repayments of intercompany investing activities	(147)	(557)	—	(211)	915	—
Net cash provided by (used in) investing activities	44	(498)	177	(276)	478	(75)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from draw down of revolving credit facility	—	—	—	2	—	2
Repayments of debt	—	—	(8)	—	—	(8)
Proceeds from issue of shares	62	—	—	—	—	62
Excess tax benefits from share-based payment arrangements	—	—	—	1	—	1
Dividends paid	(95)	—	(557)	—	557	(95)
Acquisition of noncontrolling interests	—	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(8)	—	(8)
Proceeds from intercompany financing activities	—	164	604	147	(915)	—
Repayments of intercompany financing activities	—	(240)	(56)	(141)	437	—
Net cash (used in) provided by financing activities	(33)	(76)	(17)	(3)	79	(50)
INCREASE IN CASH AND CASH EQUIVALENTS	—	5	—	7	—	12
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(9)	—	(9)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1	—	—	499	—	500
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1	$ 5	$ —	$ 497	$ —	$ 503

Item 2 — Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion includes references to non-GAAP financial measures as defined in Regulation G of the rules of the Securities and Exchange Commission ('SEC'). We present such non-GAAP financial measures, specifically, organic growth in commissions and fees, underlying operating margin, underlying operating income, underlying earnings before interest, tax, depreciation and amortization 'EBITDA', underlying net income and underlying earnings per diluted share, 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. Organic growth in commissions and fees excludes the impact of acquisitions and disposals, period over period movements in foreign currency, and investment and other income from growth in revenues. Underlying operating income, underlying EBITDA, underlying net income and underlying earnings per diluted share are calculated by excluding the impact of certain specified items and period over period movements in foreign currency from operating income, net income, and earnings per diluted share, respectively, the most directly comparable GAAP measures. Our methods of calculating these measures may differ from those used by other companies and therefore comparability may be limited. These financial measures should be viewed in addition to, not in lieu of, these condensed consolidated financial statements for the three and six months ended June 30, 2014.

This discussion includes forward-looking statements included under the headings 'Executive Summary', 'Review of Consolidated Results' and 'Liquidity and Capital Resources'. Please see 'Forward-Looking Statements' for certain cautionary information regarding forward-looking statements and a list of factors that could cause actual results to differ materially from those predicted in those statements.

EXECUTIVE SUMMARY

Business Overview

We provide a broad range of insurance broking, risk management and consulting services to our clients worldwide and organize our business into three segments: Global, North America and International.

Our Global business provides specialist brokerage and consulting services to clients worldwide arising from specific industries, activities and risks and includes the following business units: Property, Casualty and Construction, Natural Resources; Transport, which incorporates our Aerospace and Marine businesses; People, Political and Terrorism risk; Fine Art, Jewelry and Specie; Hughes-Gibbs; Financial and Executive risks; Willis Capital Markets & Advisory; UK retail operations; Facultative and Wholesale solutions; Reinsurance; and Captives management.

North America and International comprise our retail operations, excluding the UK. Our retail operations provide services to small, medium and large corporations. Included in our retail operations is the Human Capital and Benefits practice, our largest product-based practice group, which provides health, welfare and human resources consulting and brokerage services.

In our capacity as advisor and insurance broker, we act as an intermediary between our clients and insurance carriers by advising our clients on their risk management requirements, helping clients determine the best means of managing risk, and negotiating and placing insurance with insurance carriers through our global distribution network.

We derive most of our revenues from commissions and fees for brokerage and consulting services and do not determine the insurance premiums on which our commissions are generally based. Commission levels generally follow the same trend as premium levels as they are derived from a percentage of the premiums paid by the insureds. Fluctuations in these premiums charged by the insurance carriers can therefore have a direct and potentially material impact on our results of operations.

Due to the cyclical nature of the insurance market and the impact of other market conditions on insurance premiums, commission revenues may vary widely between accounting periods. A period of low or declining premium rates, generally known as a 'soft' or 'softening' market, generally leads to downward pressure on commission revenues and can have a material adverse impact on our commission revenues and operating margin. A 'hard' or 'firming' market, during which premium rates rise, generally has a favorable impact on our commission revenues and operating margin. Rates, however, vary by geography, industry and client segment. As a result and due to the global and diverse nature of our business, we view rates in the aggregate.

Market Conditions

Market conditions in our industry are generally defined by factors such as the strength of the economies in the various geographic regions in which we serve around the world, insurance rate movements, and insurance and reinsurance buying patterns of our clients.

The industry and market in general throughout 2011 and early 2012 experienced modest increase in catastrophe-exposed property insurance and reinsurance pricing levels driven by significant catastrophe losses including the Japanese earthquake and tsunami, the New Zealand earthquake and, late in 2012, Super Storm Sandy. Also during that period, direct carriers in North America, facing persistent low investment returns, started to modestly raise rates in certain products. This firming rate environment, however, generally did not extend beyond North America to impact our International retail business.

Early in 2013 the reinsurance market was generally flat, however, as the year progressed we saw changing market sentiment driven by changes in the sources of capital and increases in capital supply in the reinsurance market, most notably within the North American catastrophe-exposed property market. The influx of third-party capital coupled with changes to reinsurance buying patterns and regulatory complexity is leading to growing complexity in the reinsurance market and a softening of prices.

We have noted a continuation of this trend, and signs of acceleration, towards softening reinsurance rates across almost all classes of business and geographies as positive 2013 results for traditional reinsurers and the supply of capital from third-party investors have added further to the oversupply of capacity. While we are feeling the impact of the softening rates to a degree, we are helping to guide clients through complex decisions in an evolving marketplace.

The outlook for our business, operating results and financial condition continues to be challenging due to the global economic condition. There are signs of improving conditions both in the US, and within certain European Union countries, including a return to sustained GDP growth in certain countries. However, if conditions in the Global economy, including the US, the UK and the Eurozone deteriorate, there will likely be a negative effect on our business as well as the businesses of our clients.

In the face of this challenging economic environment we have adopted a strategy to invest selectively in growth areas, defined by geography, industry sector and client segment, and to better coordinate our three segments so as to, among other things, bring our clients greater access to the Company's specialty areas and analytical capabilities. Our growth strategy also involves increasing our investment in, and deployment of, our analytical capabilities.

Financial Performance

Consolidated Financial Performance

Results: second quarter 2014

Total revenues of $935 million for second quarter 2014 were $45 million, or 5.1 percent, higher than in second quarter 2013. Excluding $5 million of favorable foreign currency movements, underlying total revenues were $40 million, or 4.5 percent, higher than the year ago period.

Total commissions and fees for second quarter 2014 were $930 million, up $45 million or 5.1 percent, from $885 million in the prior year quarter. The increase reflects organic commissions and fees growth of 4.5 percent and a positive 0.7 percent impact from foreign currency movements partially offset by a negative 0.1 percent impact from acquisitions and disposals.

Total expenses in second quarter 2014 of $787 million were $64 million, or 8.9 percent, higher than in second quarter 2013. Excluding negative foreign currency movements of $16 million and $3 million of restructuring charges relating to the Operational improvement program, total expenses were $45 million, or 6.1 percent higher than the year ago period.

The income tax charge of $59 million for second quarter 2014 was $30 million higher than the second quarter 2013 charge of $29 million. The $30 million increase was primarily due to a $21 million increase in the valuation allowance against deferred tax assets related to changes in the mix of deferred tax assets and liabilities and provisions for uncertain tax positions. In addition, a charge of $13 million was recognised in the quarter reflecting the impact of including the US in the estimated annual effective tax rate applied to the ordinary income of the prior quarter.

Interest in losses of associates, net of tax, was $3 million in both second quarter 2014 and 2013.

Net income attributable to Willis shareholders was $47 million or $0.26 per diluted share in second quarter 2014 compared to net income of $105 million or $0.59 per diluted share in second quarter 2013.

Foreign currency movements had a $0.03 negative impact on earnings per diluted share in second quarter 2014 compared to second quarter 2013.

Results: six months ended June 30, 2014

Total revenues of $2,032 million for first half 2014 were $91 million, or 4.7 percent, higher than in first half 2013. Excluding $8 million of favorable foreign currency movements, total revenues increased $83 million, or 4.3 percent versus the year ago period.

Total commissions and fees for first half 2014 were $2,020 million, up $89 million or 4.6 percent, from $1,931 million in the prior year. The increase reflects organic commissions and fees growth of 4.3 percent and a positive 0.5 percent impact from foreign currency movements, partially offset by a negative 0.2 percent impact from acquisitions and disposals.

Total expenses of $1,558 million were $65 million, or 4.4 percent, higher than in first half 2013. Excluding $23 million of negative foreign currency movements, $3 million first half 2014 expense relating to the operational improvement program and $46 million first half 2013 expense relating to the expense reduction initiative, total expenses increased $85 million, or 5.8 percent, versus the year ago period.

The income tax charge of $122 million for first half 2014 was $45 million higher than the first half 2013 charge of $77 million. The $45 million increase in the tax charge is due to a $21 million increase in the valuation allowance against deferred tax assets related to changes in the mix of deferred tax assets and liabilities and provisions for uncertain tax positions. In addition the first half 2014 tax rate is higher than the year ago period primarily due to the expectation of paying current taxes in the US in 2014, which resulted in a higher tax charge on US income in the current period compared with the prior period.

Interest in earnings of associates, net of tax, increased by $4 million mainly due to the year-on-year improvement in the results of Gras Savoye, our principal associate.

Net income attributable to shareholders was $293 million or $1.61 per diluted share in first half 2014 compared with net income of $324 million or $1.83 per diluted share in first half 2013.

Foreign currency movements had a $0.06 negative impact on earnings per diluted share in first half 2014 compared to first half 2013.

Underlying Operating Income, Underlying Operating Margin, Underlying EBITDA, Underlying Net Income and Underlying Earnings per Diluted Share

Our non-GAAP measures of underlying operating income, underlying EBITDA (earnings before interest, taxes, depreciation and amortization), underlying net income and underlying earnings per diluted share are calculated by excluding the impact of certain items (as detailed below) from operating income, net income, and earnings per diluted share, respectively, the most directly comparable GAAP measures.

The following items are excluded from operating income and net income as applicable:

- (i) restructuring charges relating the Operational improvement program;
- (ii) foreign exchange loss from the devaluation of the Venezuelan currency;
- (iii) deferred tax valuation allowance;
- (iv) costs associated with the 2013 Expense Reduction Initiative;
- (v) gains and losses on the disposal of operations;
- (vi) foreign currency movements; and
- (vii) depreciation and amortization.

We believe that excluding these items, as applicable, from operating income, net income and earnings per diluted share enhances the comparative analysis of our results of operations. We use these and other measures to establish Group performance targets and evaluate the performance of our operations. Please see additional discussion of non-GAAP financial measures in the section below.

As set out in the tables below, underlying operating income was down $5 million, or 3.2 percent, at $151 million in second quarter 2014 compared to $156 million in second quarter 2013. Underlying operating margin at 16.1 percent in second quarter 2014 was down 130 basis points compared with second quarter 2013, while second quarter 2014 underlying net income was $83 million, $17 million lower than in second quarter 2013. Underlying earnings per diluted share were $0.49 in second quarter 2014, compared with $0.59 in second quarter 2013.

A reconciliation of reported operating income, the most directly comparable GAAP measure, to underlying operating income for the three and six months ended June 30, is as follows (in millions, except percentages):

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2014	2013		2014	2013	
Total revenue	$ 935	$ 890	5.1	$ 2,032	$ 1,941	4.7
Excluding:						
Foreign currency movements	—	5		—	8	
Underlying total revenue	$ 935	$ 895	4.5	$ 2,032	$ 1,949	4.3
Operating income, GAAP basis	$ 148	$ 167	(11.4)	$ 474	$ 448	5.8
Excluding:						
Operational improvement program [(a)]	3	—		3	—	
Expense reduction initiative [(b)]	—	—		—	46	
Foreign currency movements	—	(11)		—	(15)	
Underlying operating income [(c)]	$ 151	$ 156	(3.2)	$ 477	$ 479	(0.4)
Operating margin, GAAP basis, or operating income as a percentage of total revenues	15.8%	18.8%		23.3%	23.1%	
Underlying operating margin, or underlying operating income as a percentage of underlying total revenues [(c)]	16.1%	17.4%		23.5%	24.6%	

(a) Restructuring charge relating to the Operational improvement program. See 'Operational improvement program' section below.

(b) Charge related to the assessment of the Company's organizational design. See '2013 Expense Reduction Initiative' section below.

(c) For prior periods, underlying measures have been rebased to current period exchange rates to remove the impact of foreign currency movements when comparing periods.

A reconciliation of reported net income, the most directly comparable GAAP measures, to EBITDA and underlying EBITDA, is as follows (in millions, except per share data):

	Three months ended June 30,		% Change	Six months ended June 30,		% Change
	2014	2013		2014	2013	
Net income	$ 47	$ 105	(55.2)	$ 293	$ 324	(9.6)
Add back:						
Net income attributable to noncontrolling interest	1	2		5	6	
Interest in losses (earnings) of associates, net of tax	3	3		(16)	(12)	
Income tax charge	59	29		122	77	
Interest expense	35	32		67	63	
Other expense (income)	3	(4)		3	(10)	
Depreciation	24	21		47	47	
Amortization	12	14		25	28	
EBITDA	$ 184	$ 202	(8.9)	$ 546	$ 523	4.4
Adjusting items:						
Operational improvement program	3	—		3	—	
Expense reduction initiative	—	—		—	41	
Foreign currency movements	—	(11)		—	(14)	
Underlying EBITDA [(a)]	$ 187	$ 191	(2.1)	$ 549	$ 550	(0.2)

(a) For prior periods, underlying measures have been rebased to current period exchange rates to remove the impact of foreign currency movements when comparing periods.

A reconciliation of reported net income and reported earnings per diluted share, the most directly comparable GAAP measures, to underlying net income and underlying earnings per diluted share, is as follows (in millions, except per share data):

				Per diluted share		
	Three months ended June 30,			Three months ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Net income attributable to Willis Group Holdings plc, GAAP basis	$ 47	$ 105	(55.2)	$ 0.26	$ 0.59	(55.9)
Excluding:						
Operational improvement program, net of tax ($1, $nil)	2	—		0.01	—	
Venezuela currency devaluation, net of tax ($1, $nil)	13	—		0.07	—	
Deferred tax valuation allowance	21	—		0.12	—	
Net gain on disposal of operations, net of tax ($2, $nil)	—	—		—	—	
Foreign currency movements	—	(5)		0.03	—	
Underlying net income [c]	$ 83	$ 100	(17.0)	$ 0.49	$ 0.59	(16.9)
Average diluted shares outstanding, GAAP basis	182	178				

				Per diluted share		
	Six months ended June 30,			Six months ended June 30,		
	2014	2013	% Change	2014	2013	% Change
Net income attributable to Willis Group Holdings plc, GAAP basis	$ 293	$ 324	(9.6)	$ 1.61	$ 1.83	(12.0)
Excluding:						
Operational improvement program, net of tax ($1, $nil) [a]	2	—		0.01	—	
Venezuela currency devaluation, net of tax ($1, $nil)	13	—		0.07	—	
Deferred tax valuation allowance	21	—		0.12	—	
Expense reduction initiative, net of tax ($nil, $8) [b]	—	38		—	0.22	
Net loss on disposal of operations, net of tax ($1, $nil)	2	—		0.01	—	
Foreign currency movements	—	(11)		0.06	—	
Underlying net income [c]	$ 331	$ 351	(5.7)	$ 1.88	$ 2.05	(8.3)
Average diluted shares outstanding, GAAP basis	182	177				

(a) Restructuring charge relating to the Operational improvement program. See 'Operational improvement program' section below.

(b) Charge related to the assessment of the Company's organizational design. See '2013 Expense Reduction Initiative' section below.

(c) For prior periods, underlying measures have been rebased to current period exchange rates to remove the impact of foreign currency movements when comparing periods. In the current three and six month periods only, underlying EPS excludes the $0.03 and $0.06, respectively, negative year over year impact of foreign currency movements in order to assist comparability to EPS figures that have been disclosed in prior periods.

Pension Expense

We recorded net pension income on our UK defined benefit pension plan of $3 million in second quarter 2014 and $2 million in second quarter 2013. The $1 million increase was primarily due to higher expected returns on plan assets, partially offset by higher interest and service costs.

On our US defined benefit pension plan we recorded a net pension income of $2 million in second quarter 2014 compared with $1 million in second quarter 2013. The increase was primarily due to higher expected returns on plan assets in second quarter 2014 compared to second quarter 2013.

On our other defined benefit pension plans, we recorded a net pension cost of $1 million in second quarter 2014 compared with $2 million in second quarter 2013.

We recorded net pension income on our UK defined benefit pension plan of $6 million in first half 2014 and $3 million in first half 2013. The $3 million increase was primarily due to higher expected returns on plan assets, partially offset by higher interest and service costs.

On our US defined benefit pension plan we recorded a net pension income of $4 million in first half 2014 compared with $2 million in first half 2013. The $2 million increase was primarily due to higher expected returns on plan assets.

On our other defined benefit pension plans, we recorded a net pension cost of $2 million in first half 2014 compared with $3 million in first half 2013.

Associates

The Company currently owns approximately 30 percent of Gras Savoye, as does the private equity firm Astorg Partners and the original family shareholders. The previous Shareholders' Agreement provided a call option for us to acquire full ownership of the company in 2015. An amended Agreement, which we signed on April 15, 2013, extends the exercise date of the call option by one year to June 2016, providing additional time for all parties to plan for the proposed transition in 2016. Additionally, the call option is based on an agreed-upon formula for determining enterprise and equity value of Gras Savoye in 2016 based on Gras Savoye's 2014 and 2015 consolidated accounts. The formula is based on a weighting of revenue and EBITDA averaged over a one-to-two year period to which certain pre-determined market multiples would be applied, the potential range of market multiples having been narrowed from the previous agreement.

Acquisitions and Disposals

In second quarter 2014, the Company:

- disposed of the trade and assets of certain offices in Texas that were previously part of our North America retail operations; and
- agreed to acquire a controlling stake of approximately 75 percent in Max Matthiessen, a leading employee benefits adviser in Sweden, for approximately $205 million. Completion of the transaction is subject to regulatory approval which we hope to receive in September.

In first quarter 2014, the Company agreed to acquire Charles Monat Limited, a market-leading life insurance solutions adviser to high net worth clients and the transaction was completed once regulatory approval was received in second quarter 2014. The acquisition represents a key enhancement to our expanding Global Wealth Solutions practice, particularly in Asia.

The Company also disposed of Insurance Noodle, a small online wholesale business in Willis North America and Philadelphia Benefits, LLC a small local service-oriented wholesale agency.

Operational Improvement Program

In April 2014, the Company announced an operational improvement program that will allow the Company to continue to strengthen its client service, realize operational efficiencies, and invest in new capabilities for growth.

The program began in the second quarter of 2014 and is expected to be complete by the end of 2017. This program is expected to deliver cumulative cost savings of approximately $420 million through 2017 and annual cost savings of approximately $300 million starting in 2018. The estimated phasing of cost savings is: approximately $5 million in 2014, approximately $45 million in 2015, approximately $135 million in 2016 and approximately $235 million in 2017. The estimated cost savings are before any potential reinvestment for future growth. To achieve these savings, the Company expects to incur cumulative charges amounting to approximately $410 million through the end of 2017.

Total charges, actual savings and timing may vary positively or negatively from these estimates due to changes in the scope, underlying assumptions or execution risk of the restructuring plan throughout its duration.

The main elements of the program will include:

- Movement of more than 3,500 support roles from higher cost locations to Willis facilities in lower cost locations, bringing the ratio of employees in higher cost versus lower cost locations from approximately 80:20 to approximately 60:40;
- Net workforce reductions in support positions;
- Lease consolidation in real estate and reductions in ratios of seats per employee and square footage of floor space per employee; and
- Information technology systems simplification and rationalization.

The Company expects that about 70 percent of the annualized 2018 savings will come from role relocation and reduction, and about 30 percent of the savings from real estate, information technology and other areas.

As the program proceeds, we will provide regular updates on the associated savings from the program as well as the charge. In addition, we will also disclose certain key operational metrics that will demonstrate how the program is making the changes which drive savings, including the ratio of roles in higher cost locations to lower cost locations, the ratio of seats per employee, and square footage of floor space per employee.

In second quarter 2014 we recognised restructuring costs of $3 million related to the operational improvement program. These costs primarily relate to the elimination of 35 support positions from our operations in North America and the cost of professional services engagement to support the program.

2013 Expense Reduction Initiative

The Company recorded a pre-tax charge of $46 million in the first quarter of 2013 related to the assessment of the Company's organizational design. In connection with this assessment, we incurred the following pre-tax charges:

- $29 million of severance and other staff-related costs towards the elimination of 207 positions; and

- $17 million of Other operating expenses and Depreciation resulting from the rationalization of property and systems.

The Company did not incur any further charges related to this review.

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Business Strategy

Today we operate in attractive growth markets with a diversified platform across geographies, industries, segments and lines of business. We aim to become the risk advisor, insurance and reinsurance broker of choice globally.

We will achieve this by being completely focused on:

- *where we compete* and that means the areas where we can succeed by:
    - Geography - we will re-balance our business mix towards faster growing geographies, with both developed and developing markets
    - Client Segmentation - we will segment our client offering to provide distinct offerings to different types of client, focusing on the value we provide to our clients
    - Sector - we will build business lines around our industry and sector strength e.g. Human Capital and Employee Benefits.
- *How we compete* which will be centered on meeting the needs of our client by:
    - Connection - leading to more cross-selling
    - Innovation - competing on analytics and innovation
    - Investment - focusing on earnings accretion, competitive position and fit

Through these strategies we aim to grow revenue with positive operating leverage, grow cash flows and generate compelling returns for investors.

Changes to Segmental and Income Statement Presentation

During first quarter 2014, the Company announced a number of changes to the structure of its operations that are effective from January 1, 2014.

The principal changes to the components of the North America, Global and International reporting segments are:

- the UK retail business, previously reported within the International reporting segment, has been combined with our Specialty businesses and is now reported within the Global reporting segment;
- the Mexican retail business, previously reported within the North America reporting segment, is now reported within the International reporting segment; and
- the US captive consulting business and facultative reinsurance businesses, both previously reported within the North America reporting segment, are now reported within the Global reporting segment.

The Company has made additional changes to the segmental financial information that are now used and reported to evaluate performance and to support decision making. We will continue to use organic growth in commissions and fees, as well as underlying growth in commissions and fees and operating income, to evaluate segment performance however, operating income has been changed to reflect the following:

- amortization of intangibles, previously reported in Corporate and other, is now reported in operating expenses for each of the reporting segments; and

- certain leadership, project and other costs relating to group functions and the non-servicing or financing elements of the defined benefit pension scheme cost (income), previously allocated to each of the reporting segments are now reported in Corporate and other.

Finally, the Company has made changes to the presentation of certain items in the Consolidated Statement of Operations. Certain foreign exchange gains and losses, primarily from balance sheet revaluation, and gains and losses from the disposal of operations, previously reported within total operating expenses, are now reported in a new income statement line item, 'Other income (expense)', which is now reported below Operating income (loss).

The impact of the changes to the selected financial data described above, has been retrospectively applied to the second quarter 2013 results.

Changes to non-GAAP financial measures

Effective from April 1, 2014 we have made changes to the non-GAAP financial measures that we use to provide additional meaningful methods of evaluating the Company’s operating performance. We have also introduced underlying EBITDA: a new non-GAAP financial measure.

Previously we excluded certain specified items from operating margin, operating income, net income and earnings per share to calculate adjusted operating margin, adjusted operating income, adjusted net income and adjusted earnings per share.

From April 1, 2014 we will exclude, in addition to these certain specified items, period over period foreign currency movements from operating margin, operating income, net income and earnings per share to calculate underlying operating margin, underlying operating income, underlying EBITDA, underlying net income and underlying earnings per share.

These changes have been made as we believe the new measures enhance the comparative analysis of our results of operations and are consistent with how we assess performance and manage the Company’s operations.

REVIEW OF CONSOLIDATED RESULTS

The following table is a summary of our revenues, operating income, operating margin, net income and diluted earnings per share (in millions, except per share data and percentages):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
REVENUES				
Commissions and fees	$ 930	$ 885	$ 2,020	$ 1,931
Investment income	4	3	8	7
Other income	1	2	4	3
Total revenues	935	890	2,032	1,941
EXPENSES				
Salaries and benefits	(575)	(529)	(1,145)	(1,097)
Other operating expenses	(173)	(159)	(338)	(321)
Depreciation expense	(24)	(21)	(47)	(47)
Amortization of intangible assets	(12)	(14)	(25)	(28)
Restructuring costs	(3)	—	(3)	—
Total expenses	(787)	(723)	(1,558)	(1,493)
OPERATING INCOME	148	167	474	448
Other (expense) income, net	(3)	4	(3)	10
Interest expense	(35)	(32)	(67)	(63)
INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	110	139	404	395
Income taxes	(59)	(29)	(122)	(77)
INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	51	110	282	318
Interest in (losses) earnings of associates, net of tax	(3)	(3)	16	12
NET INCOME	48	107	298	330
Less: net income attributable to noncontrolling interests	(1)	(2)	(5)	(6)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 47	$ 105	$ 293	$ 324
Salaries and benefits as a percentage of total revenues	61.5%	59.4%	56.3%	56.5%
Other operating expenses as a percentage of total revenues	18.5%	17.9%	16.6%	16.5%
Operating margin (operating income as a percentage of total revenues)	15.8%	18.8%	23.3%	23.1%
Diluted earnings per share	$ 0.26	$ 0.59	$ 1.61	$ 1.83
Average diluted number of shares outstanding	182	178	182	177

Revenues

Total revenues for the Group and by segment for the three and six months ended June 30, 2014 and 2013 are shown below (millions, except percentages):

Three months ended June 30,	2014	2013	% Change	Attributable to: Foreign currency translation	Attributable to: Acquisitions and disposals	Attributable to: Organic commissions and fees growth [a]
Global	$ 368	$ 350	5.1 %	2.1 %	(0.4)%	3.4%
North America	340	327	4.0 %	— %	(0.8)%	4.8%
International	222	208	6.7 %	(0.5)%	1.6 %	5.6%
Commissions and fees	$ 930	$ 885	5.1 %	0.7 %	(0.1)%	4.5%
Investment income	4	3	33.3 %			
Other income	1	2	(50)%			
Total revenues	$ 935	$ 890	5.1 %			

Six months ended June 30,	2014	2013	% Change	Attributable to: Foreign currency translation	Attributable to: Acquisitions and disposals	Attributable to: Organic commissions and fees growth [a]
Global	$ 810	$ 777	4.2 %	1.7 %	(0.2)%	2.7%
North America	709	682	4.0 %	(0.1)%	(0.8)%	4.9%
International	501	472	6.1 %	(1.2)%	0.7 %	6.6%
Commissions and fees	2,020	1,931	4.6 %	0.5 %	(0.2)%	4.3%
Investment income	8	7	14.3 %			
Other income	4	3	33.3 %			
Total revenues	$ 2,032	$ 1,941	4.7 %			

(a) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; and (iii) the net commission and fee revenues related to operations disposed of in each period presented.

Our methods of calculating these measures may differ from those used by other companies and therefore comparability may be limited.

Second quarter 2014

Revenues of $935 million for second quarter 2014 were $45 million, or 5.1 percent, higher than in same period of 2013. Excluding the $5 million, or 0.6 percent, favorable impact of foreign currency movements, underlying revenues increased $40 million, or 4.5 percent.

Total commissions and fees for second quarter 2014 were $930 million, up $45 million or 5.1 percent, from $885 million in the prior year quarter. This reflects organic commissions and fees growth of 4.5 percent and a positive 0.7 percent impact from foreign currency movements partially offset by a negative 0.1 percent impact from acquisitions and disposals.

The Global segment reported 5.1 percent growth in reported commissions and fees. Excluding the positive 2.1 percent impact from foreign currency movements and the negative 0.4 percent impact from acquisitions and disposals, organic growth in commissions and fees was 3.4 percent. Organic growth was primarily driven by certain specialties businesses and Willis Re North America tempered by poor performance in the UK retail business and the impact of declining rates in the Willis Re International and Willis Re Specialty businesses.

The North America segment reported 4.0 percent growth in reported commissions and fees. This reflected organic commissions and fees growth of 4.8 percent partially offset by a 0.8 percent negative impact from acquisitions and disposals. Growth in commissions and fees was reported across most of North America’s geographic regions, led by double-digit growth in the

Northeast and Atlantic regions. Similarly, many of the major industry and product practices reported solid growth. Strong growth in project business helped the Construction and Surety businesses report mid single-digit and high-single digit growth, respectively.

The International segment reported 6.7 percent growth in reported commissions and fees. Organic growth of 5.6 percent and growth from the acquisition of Charles Monat Limited of 1.6 percent was partially offset by a 0.5 percent negative impact from foreign currency movements.

Operations in Western Europe grew less than one percent in the quarter, but with strong performances in Iberia and Norway. Eastern Europe was up high single-digits, with good results in Russia and Poland. Latin America operations grew mid-teens with very strong results in Brazil, Venezuela and Argentina. Operations in Asia were strong, led by growth in our Global Wealth Solutions business, while Australasia was up low single-digits.

Investment income increased $1 million to $4 million in second quarter 2014 from $3 million in second quarter 2013.

Other income was $1 million in second quarter 2014, a decrease of $1 million from $2 million reported in second quarter 2013.

Six months ended June 30, 2014

Total revenues of $2,032 million for first half 2014 were $91 million, or 4.7 percent, higher than in the same period of 2013. Excluding the $8 million, or 0.4 percent, favorable impact of foreign currency movements underlying revenues increased $83 million, or 4.3 percent.

Total commissions and fees for first half 2014 were $2,020 million, up $89 million, or 4.6 percent, from $1,931 million in the prior year. This reflects organic commissions and fees growth of 4.3 percent and a positive 0.5 percent impact from foreign currency movements partially offset by a 0.2 percent negative impact from acquisitions and disposals.

The Global segment reported 4.2 percent growth in reported commissions and fees. Excluding the positive 1.7 percent impact from foreign currency movements and the negative 0.2 percent impact from acquisitions and disposals organic growth in commissions and fees was 2.7 percent. Growth was primarily driven by certain specialty business and Reinsurance although was partially offset by declining reinsurance rates and poor performance in the UK retail business, as the Insolvency business continues to be significantly impacted by the improving economy.

The North America segment reported 4.0 percent growth in reported commissions and fees. This reflected organic commissions and fees growth of 4.9 percent partially offset by a 0.8 percent negative impact from acquisitions and disposals and a 0.1 percent adverse impact from foreign currency movements. Growth in commissions and fees was reported across most of the segment's regions, led by mid-single digit growth in the Northeast region and high single-digit growth in the Atlantic and south regions.

The International segment reported 6.1 percent growth in reported commissions and fees. Organic growth of 6.6 percent and growth from acquisitions and disposals of 0.7 percent were partially offset by adverse foreign currency movements of 1.2 percent. Operations in Western Europe grew less than one percent in first half 2014. However, there was a strong performance in Iberia. Eastern Europe was up low double-digits primarily as a result of Russia. Latin America operations grew strongly principally driven by Brazil and Venezuela.

Growth in first half 2014 was positively impacted by $9 million related to the revenue recognition adjustment in China that negatively impacted revenue in the fourth quarter of 2013. Excluding the 190 basis point impact of this adjustment, organic growth in International would have been 4.7 percent.

Salaries and Benefits

Second quarter 2014

Salaries and benefits of $575 million for second quarter 2014 were $46 million, or 8.7 percent higher than the same period of 2013. Excluding the $12 million, or 2.4 percent, negative impact from foreign currency movements, Salaries and benefits increased $34 million, or 6.3 percent.

The $34 million, or 6.3 percent, increase was primarily driven by new hires, including revenue-producing talent, client service and risk management capabilities; annual salary reviews across the business, including mandatory salary increases in Latin America; and increases in incentives linked to growth in commissions and fees.

Six months ended June 30, 2014

Salaries and benefits of $1,145 million for first half 2014 were $48 million, or 4.4 percent, higher than the same period of 2013. Excluding the $16 million negative impact from foreign currency movements and the $29 million charge related to the 2013 expense reduction initiative, Salaries and benefits increased $61 million, or 5.6 percent.

The $61 million, or 5.6 percent, increase was driven primarily by the increase in headcount, annual salary reviews across the business, including mandatory increase in Latin America; and increases in incentives linked to growth in commissions and fees.

Other Expenses

Second quarter 2014

Other operating expenses increased by $14 million, or 8.8 percent, versus the year ago period. Excluding the $4 million unfavorable impact from foreign currency movements other operating expenses increased $10 million, or 6.1 percent. The $10 million, or 6.1 percent, increase was primarily due to higher business development expenses and increased professional fees related to acquisitions and systems related projects.

Depreciation expense was $24 million in second quarter 2014 and $21 million in second quarter 2013. The $3 million increase in the charge in second quarter 2014 was as a result of systems going live late in 2013.

Amortization of intangible assets was $12 million in second quarter 2014 and $14 million in second quarter 2013.

Restructuring costs were $3 million in second quarter 2014 compared with $nil in second quarter 2013.

Six months ended June 30, 2014

Other operating expenses increased by $17 million, or 5.3 percent, versus the year ago period. Excluding the $6 million unfavorable impact from foreign currency movements and the $12 million 2013 charge related to the expense reduction initiative, other operating expenses increased $23 million or 7.3 percent. The $23 million, or 7.3 percent, increase was primarily due to higher business development expenses and professional fees related to acquisitions and systems related projects.

Depreciation expense was $47 million in both first half 2014 and first half 2013 as the non-recurrence of the $5 million charge related to the 2013 expense reduction initiative was offset by increased depreciation as new systems came on line in late 2013.

Amortization of intangible assets was $25 million in first half 2014, down $3 million from first half 2013.

Restructuring costs were $3 million in first half 2014 compared with $nil in first half 2013.

Other (expense) income, net

Other expense in second quarter 2014 was $3 million compared with other income of $4 million in second quarter 2013. The $7 million movement versus the year ago period is primarily due to the impact of the the re-measurement of Venezuelan bolivar denominated assets, as a result of the Venezuelan government's expansion of use of the auction market rate, partially offset by other movements in foreign exchange, and a gain recognised on the disposal of operations.

Other expense in first half 2014 was $3 million compared with other income of $10 million in second half 2013. The $13 million movement versus the year ago period is primarily due to the impact of the the re-measurement of Venezuelan bolivar denominated assets.

Interest Expense

Interest expense in second quarter 2014 was $35 million compared with $32 million for the same period of 2013. The $3 million increase in interest expense is primarily due to the non-recurrence of the benefit from the terminated interest rate swap, following the refinancing late in 2013, and the fees related to the new $400 million revolving credit facility.

Interest expense in first half 2014 was $67 million compared with $63 million for the same period of 2013. The $4 million increase in interest expense is primarily due to the non-recurrence of the benefit from the terminated interest rate swap.

Income Taxes

The reported tax rate in second quarter 2014 was approximately 54 percent, compared to approximately 21 percent for second quarter 2013. Included within the reported tax expense in the second quarter 2014 is a non-cash tax adjustment amounting to $21 million reflecting an increase in the valuation allowance against deferred tax assets. This was an incremental increase to the existing valuation allowance caused by the release of provisions for uncertain tax positions. Excluding this non-cash adjustment, the underlying tax rate for second quarter 2014 is approximately 35 percent. The increase in the underlying rate is predominantly driven by how we spread the full year expected tax charge over the course of the year. We had been spreading the US tax charge on a straight line basis, however, this quarter we have been able to adjust our methodology and record the whole of the group tax charge in line with profits earned to date. This has resulted in an additional tax charge in second quarter 2014 of $13 million.

The reported tax rate in first half 2014 was approximately 30 percent, compared to approximately 19 percent for first half 2013. The period over period increase in the tax rate is largely due to the increase in valuation allowance discussed above, and the expectation of paying current taxes in the US in 2014, which resulted in a higher tax charge on US income in the current period compared with the prior period.

Interest in Earnings of Associates

Interest in earnings of associates, net of tax, was a loss of $3 million in both second quarter 2014 and 2013.

Interest in earnings of associates, net of tax, was $16 million in first half 2014, up $4 million from $12 million in first half 2013. This $4 million increase was mainly due to the year-on-year improvement in the results of our associates, primarily Gras Savoye, our principal associate.

We expect full year 2014 earnings from associates of between $10 million and $15 million compared with a $nil profit for full year 2013. While this is our current estimate, as we do not have control over our Associates, actual results may not be in line with that estimate.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We believe that our balance sheet and cash flow provide us with the platform and flexibility to remain committed to our previously stated goals of:

- investing in the business for growth;
- value-creating merger and acquisition activity;
- returning a steadily rising dividend to shareholders; and
- the repurchase of shares.

Our principal sources of liquidity are cash from operations, available cash and cash equivalents and amounts available under our four revolving credit facilities, excluding the UK facility, which is solely for use by our main regulated UK entity in certain exceptional circumstances, and the Willis Securities facility which is available for regulatory purposes related to securities underwriting only.

Our principal short-term uses of liquidity and capital resources are operating expenses, capital expenditures, dividends to shareholders, funding defined benefit pension plans and the repurchase of shares.

Our long-term liquidity requirements consist of the principal amount of outstanding notes; borrowings under our seven-year term loan and revolving credit facilities; and our pension contributions as discussed below.

As at June 30, 2014, cash and cash equivalents were $708 million, a decrease of $88 million compared to December 31, 2013. Included within cash and cash equivalents is a proportion held for regulatory capital adequacy requirements, including $89 million held within our regulated UK entities.

Cash flows from operating activities increased to $152 million in the first half 2014 from $137 million in the year-ago period. In addition, funds were provided in first half 2014 of $18 million from the sales of certain offices in Texas and of Insurance Noodle as well as $93 million proceeds from the issue of shares.

On March 3, 2014, Willis Securities, Inc., a wholly-owned indirect subsidiary of Willis Group Holding plc, entered into a $300 million revolving note and cash subordination agreement. The $300 million revolving note facility is available for drawing from March 3, 2014 through April 28, 2015. The aggregate unpaid principal amount of all advances must be repaid on or before March 4, 2016.

On April 28, 2014, the company entered into an amendment to the $300 million revolving note and cash subordination agreement to increase the amount of financing and to extend both the end date of the original credit period and the original repayment date. As a result of this amendment, the revolving credit facility was increased from $300 million to $400 million. The end date of the credit period was extended to April 28, 2015 from March 3, 2015 and the repayment date was extended to April 28, 2016 from March 3, 2016.

Proceeds under the Willis Securities credit facility will be used for regulatory capital purposes related to securities underwriting only, which will allow Willis Securities to meet or exceed capital requirements of regulatory agencies, self-regulatory agencies and their clearing houses, including the Financial Industry Regulatory Authority. Advances under the credit facility shall bear interest at a rate equal to (a) for Eurocurrency Loans, LIBOR plus 1.50% to 2.25%, and (b) for base rates Loans, the highest of (i) the Federal Funds rates plus 0.5%, (ii) the “prime rate” as announced by SunTrust Bank, and (iii) LIBOR plus 1.00%, plus 0.5% to 1.25%, in each case, based upon the Company’s guaranteed senior-unsecured long term debt rating.

In addition, Willis Securities will also pay a commitment fee equal to 0.25% to 0.40% of the committed amount of the credit facility that has not been borrowed.

As at June 30, 2014 there was $nil drawn down on all four of the revolving credit facilities (December 31, 2013: $nil). During the six months ended June 30, 2014 we made one drawing totaling $250 million and one repayment of $250 million on the Willis Securities facility.

The primary uses of funds during the first half 2014 include $358 million of payments made for cash incentive awards relating to 2013, $103 million of dividends paid, $54 million cash contributions, including employees' salary sacrifice contributions, to our defined benefit schemes, capital expenditure of $54 million related to leasehold improvements, information technology and transformation projects, $117 million for the repurchase of shares, $41 million to acquire subsidiaries, $6 million for payments to acquire other investments, $15 million of dividends paid to noncontrolling interests, $8 million repayment of debt and $3 million of debt fees paid associated with the $300 million revolving note facility taken out in the first quarter.

The Company is authorized to buy back its ordinary shares by way of redemption, and will consider whether to do so from time to time based on many factors including market conditions. In February 2014, Willis announced that it intended to buy back $200 million in shares in 2014 to offset the increase in shares outstanding resulting from the exercise of employee stock options. Based on the settlement date, the Company bought back 2,755,000 shares for a total cost of $117 million in first half 2014.

Based on current market conditions and information available to us at this time, we believe that we have sufficient liquidity to meet our cash needs for the next twelve months.

The impact of movements in liquidity, debt and EBITDA in the quarter had a positive impact on the interest coverage ratio and the leverage ratio. Both ratios remain well within the requirements of the revolving credit facility covenants.

Debt

Total debt, total equity and the capitalization ratio at June 30, 2014 and December 31, 2013 were as follows (millions, except percentages):

	June 30, 2014		December 31, 2013	
Long-term debt	$	2,302	$	2,311
Short-term debt and current portion of long-term debt		15		15
Total debt	$	2,317	$	2,326
Total Willis Group Holdings stockholder's equity	$	2,444	$	2,215
Capitalization ratio		48.7%		51.2%

On July 23, 2013, we entered into an amendment to our existing credit facilities to extend both the amount of financing and the maturity date of the facilities. As a result of this amendment, our revolving credit facility was increased from $500 million to $800 million. The maturity date on the $300 million term loan was extended to July 23, 2018, from December 16, 2016. There was no increase to the amount outstanding on the term loan as a result of this amendment.

The 7-year term loan facility expiring 2018 bears interest at LIBOR plus 1.50% and is repayable in quarterly installments and a final repayment of $186 million is due in the third quarter of 2018. Drawings under the $800 million revolving credit facility bear interest at LIBOR plus 1.50% and the facility expires on July 23, 2018. These margins apply while the Company's debt rating remains BBB-/Baa3. As of June 30, 2014, $nil was outstanding under this revolving credit facility.

On August 15, 2013, the Company issued $250 million of 4.625% senior notes due 2023 and $275 million of 6.125% senior notes due 2043. The effective interest rates of these senior notes are 4.696% and 6.154%, respectively, which include the impact of the discount upon issuance.

On July 25, 2013, the Company commenced an offer to purchase for cash any and all of its 5.625% senior notes due 2015 and a portion of its 6.200% senior notes due 2017 and its 7.000% senior notes due 2019 for an aggregate purchase price of up to $525 million. On August 22, 2013, the proceeds from the issue of the senior notes due 2023 and 2043 were used to fund the purchase of $202 million of 5.625% senior notes due 2015, $206 million of 6.200% senior notes due 2017 and $113 million of 7.000% senior notes due 2019.

Pension contributions

UK Plan

In first half 2014, the Company made cash contributions of $41 million (first half 2013: $49 million) into the UK defined benefit pension plan, and $6 million (first half 2013: $6 million) in respect of employees' salary sacrifice contributions.

Contributions to the UK defined benefit pension plan in 2014 are expected to total $84 million (full year 2013: $88 million), , of which approximately $23 million relates to on-going contributions calculated as 15.9 percent of active plan members' pensionable salaries and approximately $61 million relates to contributions towards funding the deficit.

In addition, for full year 2014, the Company expects to contribute approximately $12 million to the UK defined benefit pensions plan related to employees' salary sacrifice contributions (full year 2013: $12 million).

Further contributions will be payable based on a profit share calculation (equal to 20 percent of EBITDA in excess of $900 million per annum as defined by the revised schedule of contributions) and an exceptional return calculation (equal to 10 percent of any exceptional returns made to shareholders, for example, share buybacks and special dividends). In respect of 2014, any such contributions will be paid in 2015 on finalization of the calculations. Aggregate contributions under the deficit funding contribution and the profit share calculation are capped at £312 million ($533 million) over the six-year period ended December 31, 2017.

The schedule of contributions is automatically renegotiated after three years and at any earlier time jointly agreed by the Company and the Trustee.

US Plan

We made cash contributions to our US defined benefit plan of $2 million in first half 2014, compared with $18 million in first half 2013.

For the US plan, expected contributions are the contributions we are required to make under US pension legislation based on our December 31, 2013 balance sheet position. In full year 2014, we expect to contribute approximately $30 million (full year 2013: $40 million).

Other Plans

We made cash contributions to our other defined benefit pension plans of $5 million in first half 2014, and $4 million in first half 2013.

In full year 2014, we expect to contribute approximately $9 million to these other plans (full year 2013: $10 million).

Summary consolidated cash flow information (millions):

	Six months ended June 30,	
	2014	2013
Cash flows from operating activities		
Net cash provided by operating activities	$ 152	$ 137
Cash flows from investing activities		
Net cash used in investing activities	(82)	(75)
Cash flows from financing activities		
Net cash used in financing activities	(155)	(50)
(Decrease) increase in cash and cash equivalents	(85)	12
Effect of exchange rate changes on cash and cash equivalents	(3)	(9)
Cash and cash equivalents, beginning of period	796	500
Cash and cash equivalents, end of period	$ 708	$ 503

This summary consolidated cash flow should be viewed in addition to, not in lieu of, the Company's condensed consolidated financial statements.

Consolidated Cash Flow for first half 2014 compared with first half 2013

Operating Activities

The $15 million increase in cash from operating activities is largely due to the higher collection of accounts receivable, a reduction to defined benefit pension contributions and the non-recurrence of cash flows related to certain settlements and the expense reduction initiative partially offset by higher cash outflows related to incentives.

Investing Activities

Net cash used in investing activities in first half 2014 was $82 million including capital expenditure of $54 million and cash used to purchase subsidiaries and other investments of $47 million, partially offset by proceeds from the disposal of operations of $18 million.

Net cash used in investing activities in first half 2013 was $75 million. This was primarily due to capital expenditure of $51 million and cash used to purchase subsidiaries and other investments of $31 million. This was partially offset by $8 million cash received from the sale of fixed and intangible assets.

Financing Activities

Net cash used in financing activities in first half 2014 was $155 million primarily due to total dividends paid, including dividends paid to noncontrolling interests, of $118 million, repurchase of shares of $117 million, $8 million of mandatory repayments against the term loan and $4 million in relation to an additional payment for a noncontrolling interest. This was partially offset by cash receipts of $93 million from the issue of shares.

Net cash used in financing activities in first half 2013 was $50 million primarily due to total dividends paid, including dividends paid to noncontrolling interests, of $103 million, repayments of debt of $8 million, and $4 million cash paid to acquire the remaining noncontrolling interest in our Colombia reinsurance operation partially offset by cash receipts of $62 million from the issue of shares and a draw down on a revolving credit facility of $2 million.

Fiduciary Funds

As an intermediary, we hold funds generally in a fiduciary capacity for the account of third parties, typically as the result of premiums received from clients that are in transit to insurers and claims due to clients that are in transit from insurers. We report premiums, which are held on account of, or due from, clients as assets with a corresponding liability due to the insurers. Claims held by, or due to, us which are due to clients are also shown as both assets and liabilities.

Fiduciary funds are generally required to be kept in regulated bank accounts subject to guidelines which emphasize capital preservation and liquidity; such funds are not available to service the Company’s debt or for other corporate purposes. Notwithstanding the legal relationships with clients and insurers, the Company is entitled to retain investment income earned on fiduciary funds in accordance with industry custom and practice and, in some cases, as supported by agreements with insureds.

As of June 30, 2014, we had fiduciary funds of $2.2 billion, compared with $1.7 billion at December 31, 2013.

Share Buybacks

The Company is authorized to buy back its ordinary shares, by way of redemption, and will consider whether to do so from time to time based on many factors including market conditions. The Company is authorized to purchase up to one billion shares from time to time in the open market (such open market purchases would be effected as redemptions under Irish law) and it may also redeem its shares through negotiated trades with persons who are not affiliated with the Company as long as the cost of the acquisition of the Company's shares does not exceed a certain authorized amount. In February 2014, the Company announced that during the year it intends to buyback up to $200 million of shares under this authorization, from time to time, depending on many factors including market conditions.

During the six months ended June 30, 2014, we bought back a total of 2,856,000 shares at a total price of $121 million at an average price of $42.48 on a trade date basis.

Since the quarter end and as of August 1, 2014, we have bought back a further 708,000 share at an average price of $42.51 for a total cost of approximately $30 million, on a trade date basis. At that date, there remains approximately $673 million under the current authorization.

Dividends

In April 2014, we declared a quarterly cash dividend of $0.30 per share. This represents an increase of 7.1 percent on the second quarter 2013 per share dividend of $0.28 per share.

Cash dividends paid in first half 2014 were $103 million compared with $95 million in first half 2013. The $8 million increase is driven by the period-over-period increase in dividend per share and the number of shares outstanding.

REVIEW OF SEGMENTAL RESULTS

We organize our business into three segments: Global, North America and International. Our Global business provides specialist brokerage and consulting services to clients worldwide for risks arising from specific industries and activities. North America and International comprise our retail operations, excluding the UK, and provide services to small, medium and major corporations.

As discussed in the 'Executive Summary' above, effective from January 1, 2014, we made number of changes to our segments.

The principal changes were:

- the UK retail business, previously reported within the International reporting segment, is now reported within the Global reporting segment;
- the Mexican retail business, previously reported within the North America reporting segment, is now reported within the International reporting segment; and
- the US captive consulting business and facultative reinsurance businesses, both previously reported within the North America reporting segment, are now reported within the Global reporting segment.

In addition to these structure changes, operating income used to evaluate performance and support decision making has changed to reflect the following: amortization of intangibles, which was previously excluded from segmental expenses, is now reported in operating expenses for each of the reporting segments; certain leadership, project and other costs relating to group functions which were previously allocated in full to the reporting segments are now retained in Corporate and other; and the non-servicing elements of the defined benefit pension schemes cost (income), which were previously included within operating expenses of the reporting segments are now retained within Corporate and other.

The 2013 results have been retrospectively reclassified to take into account these changes.

The following table is a summary of our operating results by segment for the three and six months ended June 30, 2014 and 2013 (millions except percentages):

	Three months ended June 30,					
	2014			2013		
	Revenues	Operating income	Operating margin	Revenues	Operating income	Operating margin
Global	$ 371	$ 108	29.1%	$ 352	$ 108	30.7%
North America	341	64	18.8%	329	55	16.7%
International	223	23	10.3%	209	26	12.4%
Total Segments	935	195	20.9%	890	189	21.2%
Corporate & Other	—	(47)	n/a	—	(22)	n/a
Total Consolidated	$ 935	$ 148	15.8%	$ 890	$ 167	18.8%

	Six months ended June 30,					
	2014			2013		
	Revenues	Operating income	Operating margin	Revenues	Operating income	Operating margin
Global	$ 817	$ 289	35.4%	$ 780	$ 295	37.8%
North America	711	160	22.5%	686	137	20.0%
International	504	107	21.2%	475	104	21.9%
Total Segments	2,032	556	27.4%	1,941	536	27.6%
Corporate & Other	—	(82)	n/a	—	(88)	n/a
Total Consolidated	$ 2,032	$ 474	23.3%	$ 1,941	$ 448	23.1%

Global

Our Global operations comprise Willis Re, Willis Insurance UK (Willis UK retail business and Specialties businesses), Facultative, Risk, and Willis Capital Markets & Advisory (WCMA).

The following table sets out Global's revenues, organic commissions and fees growth and operating income and margin for the three and six months ended June 30, 2014 and 2013 (millions except percentages):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Commissions and fees	$ 368	$ 350	$ 810	$ 777
Investment income	2	2	4	3
Other income [(a)]	1	—	3	—
Total revenues	$ 371	$ 352	$ 817	$ 780
Operating income	$ 108	$ 108	$ 289	$ 295
Organic commissions and fees growth [(b)]	3.4%	8.5%	2.7%	5.6%
Operating margin	29.1%	30.7%	35.4%	37.8%

(a) Other income comprises gains on disposal of intangible assets, which primarily arise from settlements through enforcing non-compete agreements in the event of losing accounts through producer defection or the disposal of books of business.

(b) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; and (iii) the net commission and fee revenues related to operations disposed of in each period presented.

Revenues

Second quarter 2014

Commissions and fees of $368 million were $18 million, or 5.1 percent, higher in second quarter 2014 compared with the same period 2013. The increase includes organic growth of 3.4 percent and a 2.1 percent positive impact from foreign currency movements, primarily due to the strengthening of the Pound sterling against the US Dollar, partially offset by a negative 0.4 percent impact from acquisitions and disposals.

The 3.4 percent organic growth in commissions and fees reflects strong growth in the UK Insurance business, led by Construction and Financial Solutions, tempered by a mid-single digit decline in the UK retail business resulting from poor performance in its insolvency practice and low new business levels.

Organic growth in commissions and fees in Willis Re was modest in second quarter 2014. Double-digit new business growth and strong retention rates across each of its operating divisions were largely offset by difficult market conditions. As a result of this, the growth reported by Willis Re North America was partially offset by the declines reported in the Willis Re International and Willis Re Specialties divisions compared to the prior year quarter.

Facultative and Risk also reported modest organic growth in commissions and fees in the second quarter and WCMA reported commissions and fees of $5 million in second quarter 2014 an increase of $1 million versus the year ago period.

Client retention showed an improvement at 93.0 percent for the second quarter 2014, compared with 91.1 percent for the same period 2013.

Six months ended June 30, 2014

Commissions and fees of $810 million were $33 million, or 4.2 percent, higher in first half 2014 compared with the same period in 2013. Foreign currency movements had a 1.7 percent positive impact principally from the Pound sterling strengthening against the US Dollar. This was partially offset by a negative 0.2 percent impact from acquisitions and disposals.

Excluding the positive impact of foreign exchange and the negative impact from acquisitions and disposals, organic growth in commissions and fees was 2.7 percent. This reflected strong growth in Willis Re from solid mid-single digit new business generation, partially offset by declining rates; and growth in new business generated through certain specialty businesses including Financial Solutions; partially offset by lower performance in three of the unit's main businesses: Willis UK, Transport and Construction, Property & Casualty reflecting a mixture of lower new business growth and adverse impacts from rates and timing.

Facultative and Risk both reported mid-single digit organic growth in commissions and fees.

WCMA reported commissions and fees of $9 million in second quarter 2014 an increase of $4 million versus the year ago period.

Expenses

Second quarter 2014

Total operating expenses of $263 million were $19 million, or 7.8 percent, higher in the second quarter 2014 compared with the same period 2013. Excluding the $11 million, or 4.7 percent, unfavorable impact of foreign currency movements, total expenses increased $8 million or 3.1 percent. The adverse foreign currency movements arose primarily as a result of the strengthening of the Pound sterling to the US Dollar.

The $8 million, or, 3.1 percent, growth in expenses was primarily due to higher cost of salaries and benefits as a result of investing in our growth businesses, including Willis Re, certain specialty businesses and the Connecting Willis initiative; the impact of annual salary reviews; and higher staff numbers, principally as a result of recent acquisitions.

In addition there were smaller increases in other expenses due to higher travel, accommodation and client entertaining costs to support business development, bad debts and systems costs to support broking platform improvement.

Six months ended June 30, 2014

Total operating expenses of $528 million were $43 million, or 8.9 percent, higher in first half 2014 compared with the same period 2013. Excluding the $19 million, or 4.1 percent, unfavorable impact of foreign currency movements, total operating expenses increased $24 million, or 4.8 percent.

The adverse foreign currency movements arose primarily as a result of the strengthening of the Pound sterling to the US Dollar.

The year-on-year growth in expenses was primarily a result of increased salaries and benefits expense driven by investments in Willis Re and the Connecting Willis initiative, annual salary reviews and the acquisition of Prime Professions.

In addition, other operating expense also increased due to settlement of a legal matter and related fees; and higher travel costs.

Operating margin

Operating margin was 29.1 percent in the second quarter 2014 and 30.7 percent in the same period of 2013.

Operating margin was 35.4 percent in the first half 2014 and 37.8 percent in the same period of 2013.

North America

Our North America business provides risk management, insurance brokerage, related risk services and employee benefits brokerage and consulting to a wide array of industry and client segments in the United States and Canada.

The following table sets out revenues, organic commissions and fees growth and operating income and margin for the three and six months ended June 30, 2014 and 2013 (millions, except percentages):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Commissions and fees	$ 340	$ 327	$ 709	$ 682
Investment income	1	—	1	1
Other income [a]	—	2	1	3
Total revenues	$ 341	$ 329	$ 711	$ 686
Operating income	$ 64	$ 55	$ 160	$ 137
Organic commissions and fees growth [b]	4.8%	5.5%	4.9%	4.9%
Operating margin	18.8%	16.7%	22.5%	20.0%

(a) Other income comprises gains on disposal of intangible assets, which primarily arise from settlements through enforcing non-compete agreements in the event of losing accounts through producer defection or the disposal of books of business.

(b) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; and (iii) the net commission and fee revenues related to operations disposed of in each period presented.

Revenues

Second quarter 2014

Commissions and fees of $340 million were $13 million, or 4.0 percent, higher in second quarter 2014 compared with the same period in 2013. This increase was due to organic growth of 4.8 percent, partially offset by a 0.8 percent negative impact from acquisitions and disposals, relating primarily to the disposal of Willis of Northern New England in fourth quarter 2013. There was no impact from foreign currency movements.

Growth in commissions and fees was reported across most of North America’s geographic regions, led by double-digit growth in the Northeast and Atlantic regions. Willis North America also saw solid growth across many of the major industry and product practices. Strong growth in project business helped the Construction and Surety businesses which were up mid-single digits and high single-digits, respectively. The Human Capital practice was up low single digits in the quarter.

Client retention levels remained strong at 91.4 percent for second quarter 2014 compared with 91.2 percent in second quarter 2013.

Six months ended June 30, 2014

Commissions and fees of $709 million were $27 million, or 4.0 percent, higher in first half 2014 compared with the same period in 2013. This increase was due to organic growth of 4.9 percent, partially offset by a 0.8 percent negative impact from acquisitions and disposals, relating primarily to the disposal of Willis of Northern New England in fourth quarter 2013 and a 0.1 percent negative impact from adverse foreign currency movements.

Growth in commissions and fees was reported across most of the segment's regions, led by mid-single digit growth in the Northeast region and high single-digit growth in the Atlantic and South regions.

By product, there was good growth across a number of specialties including Construction which was up high single-digits, Human Capital which was up mid-single-digits and the Financial and Executive Risks practice which was up low double-digits.

Client retention levels remained high at 92.4 percent in first half 2014 compared to 92.6 percent in first half 2013.

Expenses

Second quarter 2014

Total operating expenses of $277 million were $3 million, or 1.1 percent, higher in second quarter 2014 compared to the same period in 2013.

The increase in total operating expenses was due to increased salaries and benefits from pay reviews and increased staff numbers as well as higher travel costs partially offset by a reduced amortization charge mainly in relation to the HRH acquisition.

Foreign currency movements had no material impact on expenses.

Six months ended June 30, 2014

Total operating expenses of $551 million were $2 million, or 0.4 percent, higher in first half 2014 compared to the same period in 2013. The increase reflects higher salaries and benefits from pay reviews, increased staff numbers and an increased 401(k) match largely offset by lower other operating expenses as a result of the non-recurrence of a $6 million write-off of an irrecoverable receivable related to a non-E&O legal settlement in first half 2013; and a reduced amortization charge mainly in relation to the HRH acquisition.

Operating margin

Operating margin in North America was 18.8 percent in second quarter 2014 compared with 16.7 percent in second quarter 2013.

Operating margin was 22.5 percent in first half 2014 compared with 20.0 percent in first half 2013.

International

Our International business comprises our retail operations in Western Europe, Central and Eastern Europe, Asia, Australasia, the Middle East, South Africa and Latin America. The services provided are focused according to the characteristics of each market and vary across offices, but generally include direct risk management and insurance brokerage and employee benefits brokerage and consulting.

The following table sets out revenues, organic commissions and fees growth and operating income and margin for the three and six months ended June 30, 2014 and 2013 (millions, except percentages):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Commissions and fees	$ 222	$ 208	$ 501	$ 472
Investment income	1	1	3	3
Total revenues	$ 223	$ 209	$ 504	$ 475
Operating income	$ 23	$ 26	$ 107	$ 104
Organic commissions and fees growth [a]	5.6%	4.2%	6.6%	4.3%
Operating margin	10.3%	12.4%	21.2%	21.9%

(a) Organic commissions and fees growth excludes: (i) the impact of foreign currency translation; (ii) the first twelve months of net commission and fee revenues generated from acquisitions; and (iii) the net commission and fee revenues related to operations disposed of in each period presented.

Revenues

Second quarter 2014

Commissions and fees of $222 million were $14 million, or 6.7 percent, higher in second quarter 2014 compared with the same period in 2013. The 6.7 percent growth was comprised of 5.6 percent organic growth and a 1.6 percent benefit from the acquisition of Charles Monat Limited. Growth was partially offset by a 0.5 percent negative impact from foreign currency movements from the weakening of a number of currencies such as the Australian Dollar and certain Latin American currencies against the US Dollar. The segment reported low-teen growth from new business and a modest decrease in client retention levels.

Operations in Western Europe grew less than one percent in the quarter led by strong performances in Iberia and Norway. Eastern Europe was up high single-digits, with good results in both Russia and Poland. Latin America operations grew mid-teens in the quarter driven by very strong results in Brazil, Venezuela and Argentina. Operations in Asia were strong, led by growth in our Global Wealth Solutions business, while Australasia was up low single-digits.

Client retention levels were 92.6 percent for second quarter 2014 compared with 93.7 percent for second quarter 2013.

Six months ended June 30, 2014

Commissions and fees of $501 million were $29 million, or 6.1 percent, higher in first half 2014 compared with the same period in 2013. Organic growth of 6.6 percent and a benefit of 0.7 percent from the acquisition of Charles Monat Limited, were partially offset by adverse foreign currency movements of 1.2 percent, primarily from weakening of certain Latin American currencies and the Australian Dollar against the US Dollar.

Operations in Western Europe grew less than one percent in first half 2014. However, there was a strong performance in Iberia. Eastern Europe was up low double-digits primarily as a result of Russia. Latin America operations grew strongly principally driven by Brazil and Venezuela.

Organic growth in first half 2014 was positively impacted by $9 million related to the revenue recognition adjustment in China that negatively impacted revenue in the fourth quarter of 2013. Excluding the 190 basis point impact of this adjustment, organic growth in International would have been 4.7 percent.

Client retention levels were 94.0 percent for first half 2014 compared with 94.3 percent for first half 2013.

Expenses

Second quarter 2014

Total operating expenses of $200 million were $17 million, or 9.3 percent, higher in the second quarter 2014 compared with the same period in 2013. Excluding the $1 million, or 0.6 percent, favorable foreign currency movements, total operating expenses increased $18 million or 9.9 percent.

We have continued to invest in our growth businesses targeting the emerging markets and as a result, we are seeing an increase in our total operating expenses. In addition to this, annual pay reviews including mandatory pay rises in certain Latin American countries, higher travel costs to support business growth and higher professional fees have factored into this increase.

Six months ended June 30, 2014

Total operating expenses of $397 million were $26 million, or 7.0 percent, higher in first half 2014 compared with the same period in 2013. Excluding the $1 million, or 0.3 percent, favorable impact of foreign currency movements, total expenses increased $27 million, or 7.3 percent.

This increase in total expenses was due primarily to higher cost of salaries and benefits as a result of acquisition and new hires, which included investments in emerging markets, annual pay reviews, mandatory increase in Latin America and increases in medical costs.

In addition, other operating expenses have increased due to higher travel costs and professional costs supporting acquisitions and system projects

Operating margin

Operating margin in International was 10.3 percent in second quarter 2014, compared with 12.4 percent in the same period of 2013.

Operating margin was 21.2 percent in first half 2014, compared with 21.9 percent in the same period of 2013.

Corporate & Other

The Company evaluates the performance of its segments based on organic commissions and fees growth and operating income. For internal reporting and segmental reporting, items for which segmental management are not held responsible are included within 'Corporate & Other'.

Corporate & Other comprises the following (millions):

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
Costs of the holding company	$ (5)	$ (3)	$ (7)	$ (4)
Costs related to group functions, leadership and projects	(51)	(28)	(95)	(54)
Significant legal and regulatory settlements managed centrally	(1)	(2)	(3)	(5)
Non-servicing element of defined benefit pensions	14	11	27	21
Operational improvement program [(a)]	(2)	—	(2)	—
Expense reduction initiative [(b)]	—	—	—	(46)
Other	(2)	—	(2)	—
Total Corporate and Other	(47)	(22)	(82)	(88)

(a) Professional fees incurred related to the Operational improvement program.
(b) Charge related to the assessment of the Company's organizational design.

Second quarter 2014

Corporate & Other expenses of $47 million were $25 million, or 113.6 percent, higher in the second quarter 2014 compared with the same period in 2013.

This increase was due primarily due to adverse foreign currency movements, increased incentives and charges for stock based compensation, professional fees incurred related to the Operational improvement program, and other increases in the cost of group functions, leadership and projects.

Six months ended June 30, 2014

Corporate & Other expenses of $82 million were $6 million, or 6.8 percent, lower in first half 2014 compared with the same period in 2013.

The non-recurrence of the $46 million charge in relation to the expense reduction initiative in 2013 was partially offset by increased costs of group functions including projects, leadership and increased professional fees.

CRITICAL ACCOUNTING ESTIMATES

The accounting estimates or assumptions that management considers to be the most important to the presentation of our financial condition or operating performance are discussed in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Securities and Exchange Commission on February 27, 2014.

There were no significant additions or changes to these assumptions in the three months ended June 30, 2014.

CONTRACTUAL OBLIGATIONS

There have been no material changes to our contractual obligations since December 31, 2013, except contractual, planned payments during second quarter 2014 and except as discussed in Note 15 - 'Debt' to the condensed consolidated financial statements.

NEW ACCOUNTING STANDARDS

In July 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-11, Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists - a consensus of the FASB Emerging Issues Task Force which provides guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward (NOL), or similar tax loss, or a tax credit carryforward exists. Such unrecognized tax benefits are required to be presented as a reduction of a deferred tax asset for a NOL or other tax credit carryforward whenever the NOL or tax credit carryforward would be available to reduce the additional taxable income or tax due if the tax position is disallowed.

This standard is effective prospectively for annual and interim reporting periods beginning after December 15, 2013. The Company has adopted this guidance prospectively from January 1, 2014 and has not applied the amendments to the prior years. Upon adoption in the first quarter of 2014, other non-current liabilities and deferred tax assets were reduced by $21 million.

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity. This guidance changes the criteria for reporting discontinued operations and enhances the related disclosures around discontinued operations. The new guidance requires a disposal of a component of an entity or a group of components of an entity to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity’s operations and financial results. This guidance is effective for interim and annual periods beginning after December 15, 2014.

In May 2014, the FASB issued ASU No. 2014-09, Revenue From Contracts With Customers. The new standard supersedes most current revenue recognition guidance and eliminates industry-specific guidance. The ASU is based on the principle that an entity should recognize revenue to depict the transfer of 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 ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. The ASU becomes effective for the Company at the beginning of its 2017 fiscal year; early adoption is not permitted. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

There were no other new accounting standards issued during second quarter 2014 that would have a significant impact on the Company’s reporting.

OFF BALANCE SHEET TRANSACTIONS

Apart from commitments, guarantees and contingencies, as disclosed in Note 8 — 'Commitments and Contingencies' to the condensed consolidated financial statements, the Company has no off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on the Company's financial condition, results of operations or liquidity.

Item 3 — Quantitative and Qualitative Disclosures about Market Risk

There has been no material change with respect to market risk from that described in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Item 4 — Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of June 30, 2014, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Group Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and the Group Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that the information required to be included in the Company's periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to them as appropriate to allow for timely decisions regarding required disclosure.

There have been no changes in the Company's internal controls over financial reporting during the quarter ended June 30, 2014 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

Information regarding legal proceedings is set forth in Note 8 — 'Commitments and Contingencies' to the Condensed Consolidated Financial Statements appearing in Part I, Item 1 of this report.

Item 1A — Risk Factors

There have been no material changes to the risk factors described in the 2013 Form 10-K, which are hereby incorporated by reference, except as set forth below.

Accepting market derived income (MDI) may cause regulatory or other scrutiny, which may have a material and adverse effect on our business and our position.

Insurance intermediaries have traditionally been remunerated by commission or fees paid by clients. Intermediaries also obtain revenue from insurance carriers. This is commonly known as market derived income or 'MDI'. MDI takes a variety of forms, including volume- or profit-based contingent commissions, facilities administration charges, business development agreements, and fees for providing certain data to carriers.

MDI creates various risks. Intermediaries have a duty to act in the best interests of their clients and payments from carriers can incentivize intermediaries to put carriers' interests ahead of their clients. Accordingly, MDI may be subject to scrutiny by various regulators under conflict of interest, anti-trust, unfair competition, and anti-bribery laws and regulations. While accepting MDI is a lawful and acceptable business practice, and while we will comply with all applicable laws and regulations, we cannot predict whether our position will cause regulatory or other scrutiny.

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

During the quarter ended June 30, 2014, no shares were issued by the Company without registration under the Securities Act of 1933, as amended.

Share buybacks

The Company is authorized to buy back shares, by way of redemption, and will consider whether to do so from time to time, based on many factors, including market conditions. The Company is authorized to purchase up to one billion shares from time to time in the open market (such open market purchases would be effected as redemptions under Irish law) and it may also redeem its shares through negotiated trades with persons who are not affiliated with the Company so long as the cost of the acquisition of the Company's shares does not exceed a certain authorized amount. In February 2014, the Company announced that during the year it intends to buy back up to $200 million of shares under this authorization, from time to time, depending on many factors including market conditions. As of June 30, 2014, there remained approximately $703 million under the current authorization.

The following amounts of the Company's ordinary shares were bought back by the Company during the three months ended June 30, 2014 and are reflected below based on the date of trade:

	Total number of shares purchased	Average price paid per share [(a)]	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs
Period:				
April 1, 2014 to April 30, 2014	676,000	$ 42.75	676,000	$ 757,109,064
May 1, 2014 to May 31, 2014	643,000	$ 41.57	643,000	$ 730,381,823
June 1, 2014 to June 30, 2014	633,000	$ 43.02	633,000	$ 703,150,163
Total	1,952,000		1,952,000	

[(i)] Does not include commissions and fees.

As of August 1, 2014, the Company acquired 3,563,700 shares at a total price of approximately $151 million and there remains approximately $673 million under the current authorization.

Item 3 — Defaults Upon Senior Securities

None.

Item 4 — Mine Safety Disclosures

Not applicable.

Item 5 — Other Information

None.

Item 6 — Exhibits

10.1	Joinder Agreement, dated as of April 28, 2014, by and among Willis Securities, Inc., SunTrust Bank, as administrative agent, and the lenders party thereto (incorporated herein by reference to Exhibit No. 10.1 to the Company's Form 8-K filed on May 1, 2014 (SEC File No. 001-16503)).
10.2	First Amendment to Revolving Note and Cash Subordination Agreement, dated as of April 28, 2014, by and among Willis Securities, Inc., SunTrust Bank, as administrative agent, and the lenders party thereto (incorporated herein by reference to Exhibit No. 10.2 to the Company's Form 8-K filed on May 1, 2014 (SEC File No. 001-16503)).
10.3	Separation Letter Agreement, dated as of May 8, 2014, by and between Michael Neborak and Willis North America, Inc. (incorporated herein by reference to Exhibit No. 10.1 to the Company's Form 8-K filed on May 9, 2014 (SEC File No. 001-16503)).
10.4	Amendment to Employment Agreement, dated as of April 30, 2014, by and between Tim Wright and Willis Limited. *
10.5	Amendment to Employment Agreement, dated as of April 30, 2014, by and between Stephen Patrick Hearn and Willis Limited. *
10.6	Amendment to Employment Agreement, dated as of April 30, 2014, by and between Todd J. Jones and Willis North America Inc. *
31.1	Certification Pursuant to Rule 13a-14(a) *
31.2	Certification Pursuant to Rule 13a-14(a) *
32.1	Certification Pursuant to 18 U.S.C. Section 1350 *
32.2	Certification Pursuant to 18 U.S.C. Section 1350 *
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

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.

WILLIS GROUP HOLDINGS PLC
(REGISTRANT)

By: /S/ JOHN GREENE

John Greene
Group Chief Financial Officer
(Principal Financial and Accounting Officer)

Dated: August 6, 2014

April 30, 2014

Tim Wright
51 Lime Street
London EC3M 7DQ

Dear Tim,

In consideration for your continued employment by Willis Limited, your Contract of Employment, dated December 17, 2007 (your "Contract of Employment"), is amended by adding the following paragraphs to the end of the section entitled "Termination of Employment":

If your employment is terminated by the Company without Good Cause (and other than by reason of death or Permanent Disability) or by you for Good Reason, then you shall be entitled to:

(a) continued payment of your base salary during the 12-month period following the termination date (the "Severance Period") payable in accordance with normal payroll practices, beginning on the first payroll date on or after the 60th day following the termination date; provided that, in the event such termination occurs within 24 months following a Change in Control, such payment shall equal two times your base annual salary and shall be made in a cash lump sum on the first business day on or after the 60th day following the termination date; provided further that, such amount shall be reduced by any salary paid to you between the date the Company provides you with notice of termination and your termination date;

(b) payment of an amount equal to one times your target award under the annual incentive plan of Willis Group Holdings Public Limited Company ("Willis") applicable at the time of your termination (your "Target AIP"), payable in equal installments during the Severance Period in accordance with normal payroll practices, beginning on the first payroll date on or after the 60th day following the termination date; provided that, in the event such termination occurs within 24 months following a Change in Control, such payment shall equal two times your Target AIP and shall be made in a cash lump sum on the first business day on or after the 60th day following the termination date;

(c) payment of a pro-rated award under Willis' annual incentive plan applicable for the fiscal year in which the termination date occurs equal to the award you are entitled based on actual performance for such year, multiplied by a fraction, the numerator of which is the number of days in the fiscal year of your termination prior to the termination date, and the denominator of which is 365, payable at the time as such awards are paid generally to participants for the applicable year; provided that, in the event such termination occurs within 24 months following a Change in Control, such pro-rated award shall be determined based upon the Target AIP rather than actual results;

(d) continued participation for you and your spouse and then covered dependents in the applicable group medical plan of the Company, if any, in which you and your eligible spouse and dependents participate as of the date of termination in accordance with the terms of such plan in effect from time to time for officers of the Company generally and so long as such continued participation is permissible under applicable law and does not result in any penalty or additional tax (other than taxes applicable to the payment of wages) upon you or the Company or, in lieu of such continued coverage and solely in order to avoid any such penalty or additional tax, monthly payments equal to the excess of the full premium rate (or equivalent rate) under such group medical plan over the amount payable generally by officers of the Company, in each case until the earlier of (x) 12 months following the termination date or (y) the date that you (or any eligible spouse or dependent but only as to the eligibility of such spouse or dependent) obtains new employment that offers group medical coverage;

(e) for purposes of determining the achievement of any employment or service-based vesting requirements applicable to any outstanding stock options, restricted stock units or other long-term incentive awards, you shall be treated as having an additional 12 months of employment or service as of the date of termination; provided that, in the event such termination without Good Cause or for Good Reason occurs within 24 months following a Change in Control, all employment or service-based vesting requirements in such awards shall be waived as of the date of termination; and

(f) each stock option granted to you which is vested (or deemed vested in accordance with this Section of the Contract of Employment) on your termination date will remain exercisable until the earlier of (x) one year following the date of such termination without Good Cause or for Good Reason (or, if later, the post-termination expiration date specified in the option) and (y) the normal expiration date of such stock option that would have applied if your employment with the Company had continued.

Any and all amounts payable pursuant to this Section of the Contract of Employment will only be payable if you deliver to the Company and does not revoke a general release in a form reasonably acceptable to the Company within 30 days following the termination date. Except as may be required by applicable law, you will not be entitled to severance pay of any type following your employment termination for any other reason or pursuant to any severance policy of Willis or its affiliates.

For the avoidance of doubt, you acknowledge and agree that the above payments include any amount which may be due to you in damages for any breach by the Company of any notice provision pertaining to your employment.

"Change in Control" has the meaning set forth in Willis' 2012 Equity Incentive Plan).

"Good Cause" means (i) your gross and/or chronic neglect of your duties, (ii) your conviction in a Court or Tribunal of competent jurisdiction of an offence involving moral turpitude, (iii) dishonesty, embezzlement, fraud or other material willful misconduct by you in connection with your employment, (iv) the issue of any final instruction or order for your removal as an associate of the Company and/or officer of the Company by any Court, Tribunal or regulatory authority of competent jurisdiction, (v) your violation of any obligation of confidence and/or fiduciary duty and/or duty or loyalty and/or any other material obligation owed by you to the Company as set out in this Contract of Employment or other agreement with the Company or as implied at common law, (vi) any material breach by you of the Company's Code of Ethics, or (vii) your failure to maintain any insurance or other license or permission necessary for the proper performance of the duties of your position. Good Cause shall not include an immaterial, isolated instance of ordinary negligence or failure to act, whether due to an error in judgment or otherwise, if your have exercised substantial efforts in good faith to perform the duties reasonably assigned or appropriate to your position.

"Good Reason" means one or more of the following events has occurred without your written consent: (i) a material adverse diminution in your position, authority or responsibilities or the assignment to you of duties or responsibilities which are materially inconsistent with your position; provided, that, a material diminution in the foregoing shall not be deemed to have occurred solely as a result of the occurrence of a Change in Control or Willis ceasing to be a public company, so long as your position, authority or responsibilities with Willis or any successor is not otherwise materially diminished, (ii) a reduction in your monthly base salary or Target AIP percentage; or (iii) you is required to relocate your office outside a radius of 35 miles from the current office location of the Willis Building at 51 Lime Street in London. You may not resign or otherwise terminate your employment for any reason set forth above as Good Reason unless you first notifies the Company in writing describing such Good Reason within 90 days of the first occurrence of such circumstances, and, thereafter, such Good Reason is not corrected by the Company within 30 days of your written notice of such Good Reason, and you actually terminates employment within 90 days following the expiration of the Company's 30-day cure period described above.

"Permanent Disability" has the meaning set forth in Willis' 2012 Equity Incentive Plan).

Notwithstanding the foregoing, if it is reasonably determined by Willis that any payments or benefits that are to be paid or provided to you or for your benefit in connection with a change of control (within the meaning of Section 280G of the Internal Revenue Code) (the "Payments") would be subject to the excise tax imposed under section 4999 of the Internal Revenue Code (the "Excise Tax"), then such Payments shall be reduced by the smallest amount necessary in order for no portion of the Payments to be subject to the Excise Tax; provided that, no reduction in the Payments shall be made if the After Tax Amount of the Payments payable to you without such reduction would exceed the After Tax Amount of the reduced Payments payable to you. For purposes of the foregoing, the "After Tax Amount" of your Payments shall mean the amount of the Payments that you would retain after payment of all taxes (including without limitation any federal, state or local income taxes, the Excise Tax, and employment taxes) imposed with respect to such Payments. The payment reduction shall be implemented by (i) first reducing any cash severance payments, and (ii) then reducing all other payments and benefits, in each case, with amounts having later payment dates being reduced first.

For the avoidance of doubt, this letter agreement supersedes and replaces Section 2 of the letter amending your Contract of Employment, dated July 19, 2012.

Except as set forth above, your Contract of Employment will remain in full force and effect. Please acknowledge the changes to your Contract of Employment by signing and dating this letter agreement as indicated below.

Sincerely yours,

/s/ Dominic Casserley__________

Name: Dominic Casserley
Title: Chief Executive Officer

Signed and Acknowledged:

/s/ Tim Wright
Tim Wright
Date: 06/05/14

April 30, 2014

Stephen Patrick Hearn
51 Lime Street
London EC3M 7DQ

Dear Steve,

In consideration for your continued employment by Willis Limited, your Contract of Employment, dated October 16, 2012 (your "Contract of Employment"), is amended by deleting the paragraph entitled "Termination After a Change in Control" in its entirety and replacing it with the following paragraphs:

> In the event of a Change in Control (as defined below) and a termination of your employment (other than by reason of your death or Disability) by the Company and its affiliates without Cause or by your voluntary resignation for Good Reason, in each case before the second anniversary of the date of such Change in Control, you shall be entitled to (a) the termination payments and benefits pursuant to paragraph (d) of the immediately preceding section of this Contract of Employment except the stated percentages at the beginning of subparagraph (d)(i) of such section shall be "200%" in place of "150%" and (b) all employment or service-based vesting requirements applicable to your outstanding stock options, restricted stock units and other equity-based awards shall be waived as of the date of your termination of employment.
>
> Notwithstanding the foregoing, if it is reasonably determined by Willis that any payments or benefits that are to be paid or provided to you or for your benefit in connection with a change of control (within the meaning of Section 280G of the Internal Revenue Code) (the "Payments") would be subject to the excise tax imposed under section 4999 of the Internal Revenue Code (the "Excise Tax"), then such Payments shall be reduced by the smallest amount necessary in order for no portion of the Payments to be subject to the Excise Tax; provided that, no reduction in the Payments shall be made if the After Tax Amount of the Payments payable to you without such reduction would exceed the After Tax Amount of the reduced Payments payable to you. For purposes of the foregoing, the "After Tax Amount" of your Payments shall mean the amount of the Payments that you would retain after payment of all taxes (including without limitation any federal, state or local income taxes, the Excise Tax, and employment taxes) imposed with respect to such Payments. The payment reduction shall be implemented by (i) first reducing any cash severance payments, and (ii) then reducing all other payments and benefits, in each case, with amounts having later payment dates being reduced first.

Except as set forth above, your Contract of Employment will remain in full force and effect. Please acknowledge this change to your Contract of Employment by signing and dating this letter agreement as indicated below.

Sincerely yours,

/s/ Dominic Casserley
Name: Dominic Casserley
Title: Chief Executive Officer

Signed and Acknowledged:

/s/ Stephen Patrick Hearn
Stephen Patrick Hearn
Date:

April 30, 2014

Todd J. Jones
713 Honey Farm Road
Lititz, Pennsylvania 17543

Dear Todd,

In consideration for your continued employment by Willis North America Inc., your Employment Agreement, dated July 1, 2013 (your "Employment Agreement"), is amended by adding the following paragraphs to the end of Section 4:

> If Employee's employment is terminated by Employer without Good Cause (and other than by reason of death or Permanent Disability) or by Employee for Good Reason, then Employee shall be entitled to:
>
> (a) continued payment of Employee's base salary during the 12-month period following the termination date (the "Severance Period") payable in accordance with normal payroll practices, beginning on the first payroll date on or after the 60th day following the termination date; provided that, in the event such termination occurs within 24 months following a Change in Control, such payment shall equal two times Employee's base annual salary and shall be made in a cash lump sum on the first business day on or after the 60th day following the termination date;
>
> (b) payment of an amount equal to one times Employee's target award under the annual incentive plan of Willis Group Holdings Public Limited Company ("Willis") applicable at the time of Employee's termination ("Target AIP"), payable in equal installments during the Severance Period in accordance with normal payroll practices, beginning on the first payroll date on or after the 60th day following the termination date; provided that, in the event such termination occurs within 24 months following a Change in Control, such payment shall equal two times Employee's Target AIP and shall be made in a cash lump sum on the first business day on or after the 60th day following the termination date;
>
> (c) payment of a pro-rated award under Willis' annual incentive plan applicable for the fiscal year in which the termination date occurs equal to the award Employee is entitled based on actual performance for such year, multiplied by a fraction, the numerator of which is the number of days in the fiscal year of Employee's termination prior to the termination date, and the denominator of which is 365, payable at the time as such awards are paid generally to participants for the applicable year; provided that, in the event such termination occurs within 24 months following a Change in Control, such pro-rated award shall be determined based upon the Target AIP rather than actual results;
>
> (d) continued participation for Employee and Employee's spouse and then covered dependents in the applicable group medical plan of Employer, if any, in which Employee and Employee's eligible spouse and dependents participate as of the date of termination in accordance with the terms of such plan in effect from time to time for officers of Employer generally and so long as such continued participation is permissible under applicable law and does not result in any penalty or additional tax (other than taxes applicable to the payment of wages) upon Employee or Employer or, in lieu of such continued coverage and

solely in order to avoid any such penalty or additional tax, monthly payments equal to the excess of the COBRA rate (or equivalent rate) under such group medical plan over the amount payable generally by officers of Employer, in each case until the earlier of (x) 12 months following the termination date or (y) the date that Employee (or any eligible spouse or dependent but only as to the eligibility of such spouse or dependent) obtains new employment that offers group medical coverage;

(e) for purposes of determining the achievement of any employment or service-based vesting requirements applicable to any outstanding stock options, restricted stock units or other long-term incentive awards, Employee shall be treated as having an additional 12 months of employment or service as of the date of termination; provided that, in the event such termination without Good Cause or for Good Reason occurs within 24 months following a Change in Control, all employment or service-based vesting requirements in such awards shall be waived as of the date of termination; and

(f) each stock option granted to Employee which is vested (or deemed vested in accordance with this Section 4) on Employee's termination date will remain exercisable until the earlier of (x) one year following the date of such termination without Good Cause or for Good Reason (or, if later, the post-termination expiration date specified in the option) and (y) the normal expiration date of such stock option that would have applied if Employee's employment with Employer had continued.

Any and all amounts payable pursuant to this Section 4 will only be payable if Employee delivers to Employer and does not revoke a general release in a form reasonably acceptable to Employer within 30 days following the termination date. Except as may be required by applicable law, Employee will not be entitled to severance pay of any type following employment termination for any other reason or pursuant to any severance policy of Willis or its affiliates.

"Change in Control" has the meaning set forth in Willis' 2012 Equity Incentive Plan).

"Good Cause" means (i) Employee's gross and/or chronic neglect of Employee's duties, (ii) Employee's conviction of a felony or misdemeanor involving moral turpitude, (iii) dishonesty, embezzlement, fraud or other material willful misconduct by Employee in connection with Employee's employment, (iv) the issuance of any final order for Employee's removal as an associate of Willis by any state or federal regulatory agency, (v) Employee's violation of the restrictive covenant provisions contained in this Employment Agreement or other agreement with Willis or its affiliates, (vi) Employee's material breach of any duty owed to Willis or its affiliates, including, without limitation, the duty of loyalty, (vii) Employee's material breach of any of Employee's other material obligations under this Employment Agreement other agreement with Willis or its affiliates, or (viii) any material breach of the Willis Group's Code of Ethics by Employee. Good Cause shall not include an immaterial, isolated instance of ordinary negligence or failure to act, whether due to an error in judgment or otherwise, if Employee has exercised substantial efforts in good faith to perform the duties reasonably assigned or appropriate to Employee's position.

"Good Reason" means one or more of the following events has occurred without Employee's written consent: (i) a material adverse diminution in Employee's position, authority or responsibilities or the assignment to Employee of duties or responsibilities which are materially inconsistent with Employee's position; provided, that, a material diminution in the foregoing shall not be deemed to have occurred solely as a result of the occurrence of a Change in Control or Willis ceasing to be a public company, so long as the position, authority or responsibilities of Employee with Willis or any successor is not otherwise materially diminished, (ii) a reduction in Employee's monthly base salary or Target AIP percentage; or (iii) Employee is required to relocate Employee's office outside a radius of 35 miles from the current office location of One World Financial Center at 200 Liberty Street in New York City. Employee may not resign or otherwise terminate Employee's employment for any reason set forth above as Good Reason unless Employee first notifies Employer in writing describing such Good Reason within 90 days of the first occurrence of such circumstances, and, thereafter, such Good Reason is not corrected by Employer within 30 days of Employee's written notice of such Good Reason, and Employee actually terminates employment within 90 days following the expiration of Employer's 30-day cure period described above.

"Permanent Disability" has the meaning set forth in Willis' 2012 Equity Incentive Plan).

Notwithstanding the foregoing, if it is reasonably determined by Willis that any payments or benefits that are to be paid or provided to Employee or for Employee's benefit in connection with a change of control (within the meaning of Section 280G of the Internal Revenue Code) (the "Payments") would be subject to the excise tax imposed under section 4999 of the Internal Revenue Code (the "Excise Tax"), then such Payments shall be reduced by the smallest amount necessary in order for no portion of the Payments to be subject to the Excise Tax; provided that, no reduction in the Payments shall be made if the After Tax Amount of the Payments payable to Employee without such reduction would exceed the After Tax Amount of the reduced Payments payable to Employee. For purposes of the foregoing, the "After Tax Amount" of Employee's Payments shall mean the amount of the Payments that Employee would retain after payment of all taxes (including without limitation any federal, state or local income taxes, the Excise Tax, and employment taxes) imposed with respect to such Payments. The payment reduction shall be implemented by (i) first reducing any cash severance payments, and (ii) then reducing all other payments and benefits, in each case, with amounts having later payment dates being reduced first.

For the avoidance of doubt, this letter agreement supersedes and replaces the section of your August 1, 2013 promotion letter entitled "Termination without Good Cause/Good Reason."

Except as set forth above, your Employment Agreement will remain in full force and effect. Please acknowledge the changes to your Employment Agreement by signing and dating this letter agreement as indicated below.

Sincerely yours,

/s/ Dominic Casserley______
Name: Dominic Casserley
Title: Chief Executive Officer

Signed and Acknowledged:

/s/ Todd J. Jones_____________
Todd J. Jones
Date:

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, Dominic Casserley, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2014 of Willis Group Holdings plc;
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 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 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: August 6, 2014

By: /S/ DOMINIC CASSERLEY

Dominic Casserley

Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, John Greene, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2014 of Willis Group Holdings plc;
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 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 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: August 6, 2014

By: /S/ JOHN GREENE

John Greene

Group Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, of Willis Group Holdings plc (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dominic Casserley, Chief Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

By: /S/ DOMINIC CASSERLEY

Dominic Casserley

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Willis Group Holdings plc and will be retained by Willis Group Holdings plc and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, of Willis Group Holdings plc (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Greene, Group Chief Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2014

By:	/S/ JOHN GREENE
	John Greene
	Group Chief Financial Officer
	(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 has been provided to Willis Group Holdings plc and will be retained by Willis Group Holdings plc and furnished to the Securities and Exchange Commission or its staff upon request.