UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 21, 2015

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland	**001-16503**	**98-0352587**
(State or other jurisdiction or incorporation)	*(Commission File Number)*	*(IRS Employer Identification No.)*

c/o Willis Group Limited,
51 Lime Street, London, EC3M 7DQ, England and Wales
(Address, including Zip Code, of Principal Executive Offices)

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

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

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

Item 8.01 - Other events

As disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014, effective from January 1, 2015 the Company has changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments from three segments, known as Willis Global, Willis North America and Willis International, into four segments: Willis Capital, Wholesale and Reinsurance; Willis North America; Willis International; and Willis GB.

The principal changes to the reporting segments are as follows:

- Willis International and Willis North America remain largely unchanged except for certain specialty teams formerly included in Global which are now included in the geographic regions in which they are located.
- Willis Capital, Wholesale and Reinsurance comprises Willis Re, Willis Capital Markets & Advisory and the Company's wholesale business. In addition, it will also include a new unit called Willis Portfolio Underwriting Services.
- The remaining component businesses previously included as part of the Global segment which include the Company's UK retail business, facultative business and London specialty business, now form Willis GB.

Accordingly, the Company is filing this report on Form 8-K to provide updated Business discussion, and recast Management's Discussion and Analysis of Financial Condition and Results of Operations, and Consolidated Financial Statements and Supplementary Data which are attached as Exhibits 99.1, 99.2 and 99.3.

The information presented in this Current Report on Form 8-K has been updated for the segment change only and does not reflect events occurring after the filing of the Company's Annual Report for the year ended December 31, 2014. This Current Report on Form 8-K should be read in conjunction with the Company's previously filed Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and the Company's subsequent filings with the Securities and Exchange Commission.

Item 9.01 - Financial Statements and Exhibits

23.1	Consent of Deloitte LLP.
99.1	Business (which replaces and supersedes, Part I, Item 1 of the 2014 Form 10-K filed with the SEC on February 24, 2015).
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations (which replaces and supersedes, Part II, Item 7 of the 2014 Form 10-K filed with the SEC on February 24, 2015).
99.3	Consolidated Financial Statements and Supplementary Data for the three years ended December 31, 2014 (which replaces and supersedes Part II, Item 8 of the 2014 Form 10-K filed with the SEC on February 24, 2015).
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

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** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not field for purposes of Section 18 of the Securities and Exchange act of 1934, as amended, and otherwise are not subject to liability under those sections.

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 21, 2015

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 333-184515 on Form S-3 and in Registration Statements No. 333-197706, No. 333-62780, No. 333-63186, No. 333-130605, No. 333-153202, No. 333-153770, No. 333-169961 and No. 333-181150 on Form S-8 of our report dated February 24, 2015 (August [x], 2015 as to Notes 2, 5, 12 and 26) relating to the consolidated financial statements of Willis Group Holdings Public Limited Company for the year ended December 31, 2014 appearing in this Current Report on Form 8-K of Willis Group Holdings Public Limited Company.

London, United Kingdom

August 21, 2015

Item 1 — Business

History and Development of the Company

Willis Group Holdings is the ultimate holding company for the Group. We trace our history to 1828 and are one of the largest insurance brokers in the world.

Willis Group Holdings was incorporated in Ireland on September 24, 2009 to facilitate the change of the place of incorporation of the parent company of the Group from Bermuda to Ireland (the 'Redomicile'). At December 31, 2009, the common shares of Willis-Bermuda were canceled, the Willis-Bermuda common shareholders received, on a one-for-one basis, new ordinary shares of Willis Group Holdings, and Willis Group Holdings became the ultimate parent company for the Group.

For administrative convenience, we utilize the offices of a subsidiary company as our principal executive offices. The address is:

Willis Group Holdings Public Limited Company
c/o Willis Group Limited
The Willis Group
51 Lime Street
London EC3M 7DQ
England

Tel: +44 20 3124 6000

Available Information

The Company files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the 'SEC'). You may read and copy any documents we file at the SEC's Public Reference Room at 100 F Street, NE Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for information on the Public Reference Room. The SEC maintains a website that contains annual, quarterly and current reports, proxy statements and other information that issuers (including Willis Group Holdings) file electronically with the SEC. The SEC's website is www.sec.gov.

The Company makes available, free of charge through our website, www.willis.com, our annual report on Form 10-K, our quarterly reports on Form 10-Q, our proxy statement, current reports on Form 8-K and Forms 3, 4, and 5 filed on behalf of directors and executive officers, as well as any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934 (the 'Exchange Act') as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Unless specifically incorporated by reference, information on our website is not a part of this Form 10-K.

The Company's Corporate Governance Guidelines, Audit Committee Charter, Risk Committee Charter, Compensation Committee Charter and Corporate Governance and Nominating Committee Charter are available on our website, www.willis.com, in the Investor Relations-Corporate Governance section, or upon request. Requests for copies of these documents should be directed in writing to the Company Secretary c/o Office of General Counsel, Willis Group Holdings Public Limited Company, Brookfield Place, 200 Liberty Street, New York, NY 10281.

General

We provide a broad range of insurance brokerage, reinsurance and risk management consulting services to our clients worldwide. We have significant market positions in the United States, in the United Kingdom and, directly and through our associates, in many other countries. We are a recognized leader in providing specialized risk management advisory and other services on a global basis to clients in many industries including aerospace, marine, construction and energy.

In our capacity as an 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 assist clients in the assessment of their risks, advise on the best ways of transferring suitable risk to the global insurance and reinsurance markets and then execute the transactions at the most appropriate available price, terms and conditions for our clients. Our global distribution network enables us to place the risk in the most appropriate insurance or reinsurance market worldwide.

We also offer clients a broad range of services to help them to identify and control their risks. These services range from strategic risk consulting (including providing actuarial analysis), to a variety of due diligence services, to the provision of practical on-site risk control services (such as health and safety or property loss control consulting) as well as analytical and advisory services (such as hazard modeling and reinsurance optimization studies). We assist clients in planning how to manage incidents or crises when they occur. These services include contingency planning, security audits and product tampering plans. We are not an insurance company and therefore we do not underwrite insurable risks for our own account.

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.

We and our associates serve a diverse base of clients including major multinational and middle-market companies in a variety of industries, as well as public institutions and individual clients. Many of our client relationships span decades. We have approximately 22,100 employees around the world (including approximately 3,700 at our associate companies) and a network of in excess of 400 offices in nearly 120 countries.

We believe we are one of only a few insurance brokers in the world possessing the global operating presence, broad product expertise and extensive distribution network necessary to meet effectively the global risk management needs of many of our clients.

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 believe we can achieve this by focusing on:

- Growing our existing business organically. We help clients of all sizes and in every segment when we form teams of the right people from across our business that can provide every risk and human capital and benefits service the client needs. We call this team-based way of working ‘Connecting Willis’.

  In the Connecting Willis model, client advocates ensure that our teams deliver a seamless service of tailored capabilities to every client including:

  - Regional and local market expertise
  - Industry and product specialist capabilities
  - Global placement knowledge and data
  - Cutting-edge analytics to address evolving risks

- Strategic mergers and acquisitions that add geographic reach, industry expertise, new product offerings, and analytic capabilities. Every company in our portfolio is home to people who want to work at Willis.
- Operational improvement that underpins our growth. We are modernizing the way we run our business in order to serve our clients better, enable the skills of our staff, and to lower our costs of doing business. Our Operational Improvement Program is making changes to our processes, our IT, our real estate and the location of our workforce. The Program is making us more effective and efficient, bringing us into line with other modern professional services firms.
- Finally, we care as much about how we work as we do about the impact that we make. This means commitment to our values and behaviors, a framework that guides how we run our business and serve clients. Our values - integrity, advocacy, teamwork, respect, and development - help us to attract and retain the best and most diverse talent in our industry and beyond.

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

About Willis

Our Business

Insurance and reinsurance is a global business, and its participants are affected by global trends in capacity and pricing. Accordingly, we operate as one global business which ensures all clients' interests are handled efficiently and comprehensively, whatever their initial point of contact. For information regarding revenues and operating income per segment, see Note 26 of the Consolidated Financial Statements contained herein.

Effective from January 1, 2015, the Company changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments from three segments, known as Willis Global, Willis North America and Willis International, into four segments: Willis Capital, Wholesale and Reinsurance ('Willis CWR'); Willis North America; Willis International; and Willis GB, which are described below.

Willis GB

Willis GB, our Great Britain-based insurance operations, combines our Global Specialty and UK Retail businesses to create a market leading client proposition comprising of the following four business units: Property & Casualty, Transport, Financial Lines and Retail Networks.

Our Willis GB business provides specialist brokerage and consulting services to clients worldwide for the risks arising from specific industrial and commercial activities. In these operations, we have extensive specialized experience handling diverse lines of coverage, including complex insurance programs, and acting as an intermediary between retail brokers and insurers. We increasingly provide consulting services on risk management with the objective of assisting clients to reduce the overall cost of risk.

Property & Casualty

Our Property and Casualty business provides property and liability insurance brokerage services across a wide range of industries including Natural Resources and Construction. Our Natural Resources practice encompasses the oil and gas, mining, power and utilities sectors and provides services including property damage, offshore construction, liability and control of well and pollution insurance to global clients. Our Construction practice provides risk management advice and brokerage services for a wide range international construction activities. Clients of the construction practice include contractors, project owners, project managers consultants and financiers.

Transport

Our Transport business unit provides specialist expertise to the Transportation industry served by specialist Aerospace, Marine and Inspace practices. Our Aerospace business provides insurance brokerage and risk management services to Aerospace clients worldwide, including aircraft manufacturers, air cargo handlers and shippers, airport managers and other general aviation companies. Our Marine business provides insurance brokerage services including hull, cargo, P&I and general marine liabilities. Our Marine clients include ship owners, ship builders, logistics operations, port authorities, traders and shippers. Marine insurance brokerage is our oldest line of business dating back to our establishment in 1828. The specialist Inspace team is also prominent in providing insurance and risk management services to the space industry.

Financial Lines

Our Financial Lines business specializes in political and credit risk, structured finance, project risk consulting, trade credit, Directors and Officers insurance as well as professional indemnity for corporations, financial institutions and professional firms on a global basis.

Retail Networks

Our UK retail operations provide risk management, insurance brokerage and related risks services to a wide array of industry and client segments.

Willis Group Holdings plc

Willis Capital, Wholesale and Reinsurance

Willis Capital Wholesale and Reinsurance includes Willis Re; Willis Capital Markets & Advisory; Willis' wholesale business and Willis Portfolio Underwriting Services.

Willis Re

We operate this business on a global basis and provide a complete range of transactional capabilities, including, in conjunction with Willis Capital Markets & Advisory, a wide variety of capital markets based products to both insurance and reinsurance companies. Our services are underpinned by leading modeling, financial analysis and risk management advice. We bolster and enhance all of these services with knowledge derived from our Willis Research Network, the insurance industry's largest partnership with global academic research.

Willis Capital Markets & Advisory

Willis Capital Markets & Advisory, with offices in New York, Hong Kong and London, provides advice to companies involved in the insurance and reinsurance industry on a broad array of merger and acquisition transactions as well as capital markets products, including acting as underwriter or agent for primary issuances, operating a secondary insurance-linked securities trading desk and engaging in general capital markets and strategic advisory work.

Willis Wholesale

Willis Wholesale includes Fine Art, Jewellery & Specie (“FAJS”), Hughes-Gibb (“HG”) and Special Contingency Risks (“SCR”). FAJS is a leader in dealing specifically with the insurance of Fine Art, Jewellery and Specie risks, operating on a global basis, with specific focus in the UK and US. The HG unit principally services the insurance and reinsurance needs of the thoroughbred horse racing and horse breeding industry and of the agri-business sector, covering livestock breeders, aquaculture & agriculture industries. SCR specializes in people risk solutions using a combination of risk management, kidnap and ransom and personal accident services and products to meet the needs of corporations and private clients.

Willis Portfolio Underwriting Services

Willis Portfolio and Underwriting Services (WPUS), with operations in London and in North America, brings together our existing set of Managing General Agent underwriting activities. Within WPUS we act on behalf of our insurance carrier partners and self -insured entities in product marketing and distribution, risk underwriting and selection, claims management and other general administrative responsibilities.

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. With around 80 locations, organized into seven geographical regions including Canada, Willis North America locally delivers our global and national resources and specialist expertise through this retail distribution network.

In addition to being organized geographically and by specialty, our North America business focuses on four client segments: global, large national/middle-market, small commercial, and private client, with service, marketing and sales platform support for each segment.

- *Construction*
  The largest industry practice group in North America is Construction, which specializes in providing risk management, insurance brokerage, and surety bonding services to the construction industry. Willis Construction provided these services to nearly 10,000 clients including approximately 20 percent of the *Engineering News Record* Top 400 contractors (a listing of the largest 400 North American contractors based on reported revenue). In addition, this practice group has expertise in professional liability insurance, controlled insurance programs for large projects and insurance for national homebuilders.

- *Human Capital*
  Willis Human Capital, fully integrated into the North America platform, is the Group's largest product-based practice group and provides health, welfare and human resources consulting, and brokerage services to all of our commercial client segments. This practice group's value lies in helping clients control employee benefit plan costs, reducing the amount of

time human resources professionals spend administering their companies' benefit plans and educating and training employees on benefit plan issues.

- *Executive Risks*
  Another industry-leading North America practice group is Willis Executive Risks, a national team of technical professionals who specialize in meeting the directors and officers, employment practices, fiduciary liability insurance risk management, and claims advocacy needs of public and private corporations and organizations. This practice group also has expertise in professional liability, especially cyber risks.

- *Other industry practice groups*
  Other industry practice groups include Healthcare, serving the professional liability and other insurance and risk management needs of private and not-for-profit health systems, hospitals and physicians groups; Financial Institutions, serving the needs of large banks, insurers and other financial services firms; and Mergers & Acquisitions, providing due diligence, and risk management and insurance brokerage services to private equity and merchant banking firms and their portfolio companies.

International

Our International business comprises our operations in Western Europe, Central and Eastern Europe, Asia, Australasia, the Middle East, South Africa and Latin America.

Our offices provide services to businesses locally in nearly 120 countries around the world, making use of local expertise as well as skills, industry knowledge and expertise available elsewhere in the Group.

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, specialist and reinsurance brokerage and employee benefits consulting.

As part of our ongoing strategy, we continue to look for opportunities to strengthen our International market share through acquisitions and strategic investments. A list of significant subsidiaries is included in Exhibit 21.1 to this document.

We have also invested in associate companies; our significant associates at December 31, 2014 were GS & Cie Groupe ('Gras Savoye'), a French organization (30 percent holding) and Al-Futtaim Willis Co. LLC, organized under the laws of Dubai (49 percent holding). In connection with many of our investments we retain the right to increase our ownership over time, typically to a majority or 100 percent ownership position.

We believe the combined total revenues of our International subsidiaries and associates provide an indication of the spread and capability of our International network.

Customers

Our clients operate on a global and local scale in a multitude of businesses and industries throughout the world and generally range in size from major multinational corporations to middle-market companies. Further, many of our client relationships span decades, for instance our relationship with The Tokio Marine and Fire Insurance Company Limited dates back over 100 years. No one client accounted for more than 10 percent of revenues for fiscal year 2014. Additionally, we place insurance with approximately 2,500 insurance carriers, none of which individually accounted for more than 10 percent of the total premiums we placed on behalf of our clients in 2014.

Competition

We face competition in all fields in which we operate, based on global capability, product breadth, innovation, quality of service and price. We compete with Marsh & McLennan and Aon, the two other major providers of global risk management services, as well as with numerous specialist, regional and local firms. Competition for business is intense in all of our business lines and in every insurance market, and Marsh & McLennan and Aon have substantially greater market share than we do. Competition on premium rates has also exacerbated the pressures caused by a continuing reduction in demand in some classes of business. For example, rather than purchase additional insurance through brokers, some insureds have been retaining a greater proportion of their risk portfolios than previously. Industrial and commercial companies increasingly rely upon their own subsidiary insurance companies, known as captive insurance companies, self-insurance pools, risk retention groups, mutual insurance companies and other mechanisms for funding their risks, rather than buy insurance. Additional competitive pressures arise from the entry of new market participants, such as banks, accounting firms and insurance carriers themselves, offering risk management or transfer services.

Regulation

Our business activities are subject to legal requirements and governmental and quasi-governmental regulatory supervision in all countries in which we operate. Also, such regulations may require individual or company licensing to conduct our business activities. While these requirements may vary from location to location they are generally designed to protect our clients by establishing minimum standards of conduct and practice, particularly regarding the provision of advice and product information as well as financial criteria. Our three most significant regulatory regions are described below:

United States

Our activities in connection with insurance brokerage services within the United States are subject to regulation and supervision by state authorities. Although the scope of regulation and form of supervision may vary from state to state, insurance laws in the United States are often complex and generally grant broad discretion to supervisory authorities in adopting regulations and supervising regulated activities. That supervision generally includes the licensing of insurance brokers and agents and the regulation of the handling and investment of client funds held in a fiduciary capacity. Our continuing ability to provide insurance brokerage in the states in which we currently operate is dependent upon our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these states.

European Union

In 2005, the European Union Insurance Mediation Directive introduced rules to enable insurance and reinsurance intermediaries to operate and provide services within each member state of the European Union on a basis consistent with the EU single market and customer protection aims. Each EU member state in which we operate is required to ensure that the insurance and reinsurance intermediaries resident in their country are registered with a statutory body in that country and that each intermediary meets professional requirements in relation to their competence, good repute, professional indemnity cover and financial capacity.

United Kingdom

In the United Kingdom, our business is regulated by the Financial Conduct Auditory ('FCA'). The FCA has a wide range of rule-making, investigatory and enforcement powers, and conducts monitoring visits to assess our compliance with regulatory requirements.

The FCA has a sole strategic objective: to protect and enhance confidence in the UK financial system. Its operational objectives are to: secure an appropriate degree of protection for consumers; promote efficiency and choice in the market for financial services; and protect and enhance the integrity of the UK financial system. The FCA also has a duty to act in a way that promotes competition, and to minimize the extent to which regulated businesses may be used for a purpose connected with financial crime. Finally, the FCA has new powers in product intervention. For instance, it can instruct firms to withdraw or amend misleading financial promotions.

Other

Certain of our activities are governed by other regulatory bodies, such as investment and securities licensing authorities. In the United States, our Willis Capital Markets & Advisory business operates through our wholly-owned subsidiary Willis Securities, Inc., a US-registered broker-dealer and member FINRA/SIPC, primarily in connection with investment banking-related services and advising on alternative risk financing transactions. Willis Capital Markets provides advice on securities or investments in the European Union and Australia through our UK wholly-owned subsidiary Willis Capital Markets & Advisory Limited, which is authorized and regulated by the FCA. Willis Capital Markets, through our Hong Kong wholly-owned subsidiary Willis Capital Markets & Advisory (Hong Kong) Limited, is in the process of obtaining securities and advisory licenses through, and will be regulated by, the Hong Kong Securities and Futures Commission.

Our failure, or that of our employees, to satisfy the regulators that we comply with their requirements or the legal requirements governing our activities, can result in disciplinary action, fines, reputational damage and financial harm.

All companies carrying on similar activities in a given jurisdiction are subject to regulations which are not dissimilar to the requirements for our operations in the United States and United Kingdom. We do not consider that these regulatory requirements adversely affect our competitive position.

See Part I, Item 1A-Risk Factors 'Legal and Regulatory Risks' for discussion of how actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our business.

Employees

As of December 31, 2014 we had approximately 18,400 employees worldwide of whom approximately 3,500 were employed in the United Kingdom and 5,900 in the United States, with the balance being employed across the rest of the world. In addition, our associates had approximately 3,700 employees, all of whom were located outside the United Kingdom and the United States.

Executive Officers of the Registrant

The executive officers of the Company as of February 20, 2015 were as follows:

Celia Brown - Ms. Brown, age 60, was appointed as an executive officer on January 23, 2012. Ms. Brown joined the Willis Group in 2010 and serves as the Willis Group Human Resources Director. Prior to joining the Willis Group, Ms. Brown spent over 20 years at XL Group plc where she held a number of senior roles. Ms. Brown served from 2006 to 2009 as the Executive Vice President, Head of Global HR and Corporate Relations at XL Group plc. Following XL Group plc, Ms. Brown formed an independent management consultancy, providing human resources services to not-for-profit, corporate and individual clients.

Dominic Casserley - Mr. Casserley, age 57, was appointed as Chief Executive Officer of Willis Group Holdings and as a member of the Board on January 7, 2013. Prior to joining Willis, Mr. Casserley, was a senior partner of McKinsey & Company, which he joined in New York in 1983. During his 29 years at McKinsey, Mr. Casserley led the firm's Greater China Practice and its UK and Ireland Practice. Mr. Casserley had been a member of the McKinsey Shareholders Council, the firm's global board, since 1999 and for four years served as the Chairman of the Finance Committee of that board.

John Greene - Mr. Greene, age 49, has served as Chief Financial Officer of Willis Group Holdings since June 2, 2014. Mr. Greene joined Willis Group Holdings after more than eight years with HSBC Holdings, where he served as Chief Financial Officer for their global Retail Bank and Wealth Management business. Previously, Mr. Greene served at HSBC Holdings as Chief Financial Officer for HSBC Insurance and Chief Financial Officer for the Consumer & Mortgage Lending business. Prior to HSBC, he was with GE for twelve years in various roles, including Chief Financial Officer for GE Global Business Finance.

Stephen Hearn - Mr. Hearn, age 48, was appointed as an executive officer on January 1, 2012. Mr. Hearn joined the Willis Group in 2008 and was named Chairman and CEO of Willis Global in 2011, CEO of Willis Limited in 2012 and Group Deputy CEO in 2013. Since joining the Willis Group, Mr. Hearn has served as Chairman of Special Contingency Risk, Chairman of Willis Facultative and Chairman and CEO of Glencairn Limited. From 2009 until 2011 he led Faber & Dumas, Global Markets International and Willis Facultative. Prior to joining the Willis Group, Mr. Hearn served as Chairman and CEO of the Glencairn Group Limited and as President and CEO of Marsh Affinity Europe.

Todd Jones - Mr. Jones, age 50, was appointed as an executive officer and Chief Executive Officer of Willis North America on July 1, 2013. Mr. Jones joined Willis in 2003 as the North American Practice Leader for Willis's Executive Risks Practice and served as the President of Willis North America from 2010 to 2013. Mr. Jones also served as a National Partner for the Northeast Region. Prior to joining Willis, Mr. Jones held various leadership roles in the insurance brokerage industry. Before entering the brokerage industry, he was a financial analyst and corporate banker for a regional bank that is now part of Wells Fargo, focusing on the telecommunications industry.

David Shalders - Mr. Shalders, age 48, was appointed as an executive officer and Group Operations & Technology Director on November 4, 2013. Prior to joining Willis, Mr. Shalders spent over a decade in senior operations and IT roles at the Royal Bank of Scotland Group, most recently as Global COO for Global Banking and Markets. Mr. Shalders also held roles as Head of London & Asia Operations and Head of Derivative Operations for NatWest at RBS.

Timothy D. Wright - Mr. Wright, age 53, was appointed as an executive officer in 2008 and in 2011 was appointed as CEO of Willis International. Mr. Wright served as Group Chief Operating Officer from 2008 to 2011. Prior to joining the Willis Group, he was a Partner of Bain & Company where he led their Financial Services practice in London. Mr. Wright was previously UK

Managing Partner of Booz Allen & Hamilton and led their insurance work globally. He has more than 20 years of experience in the insurance and financial service industries internationally.

Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations

Changes to segmental presentation

Effective from January 1, 2015, the Company changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments from three segments, known as Willis Global, Willis North America and Willis International, into four segments: Willis Capital, Wholesale and Reinsurance ('Willis CWR'); Willis North America; Willis International; and Willis GB.

The principal changes to the reporting segments are as follows:

- Willis International and Willis North America remain largely unchanged except for certain specialty teams formerly included in Global which are now included in the geographic regions in which they are located.
- Willis Capital, Wholesale and Reinsurance comprises Willis Re, Willis Capital Markets & Advisory and the Company's wholesale business. In addition, it also includes a new unit called Willis Portfolio Underwriting Services.
- The remaining component businesses previously included as part of the Global segment which include the Company's UK retail business, facultative business and London specialty business, now form Willis GB.

Accordingly, Management's Discussion and Analysis of Financial Condition has been recast to take into account these changes and has not been updated for other subsequent events or information.

Non-GAAP Financial Measures

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 underlying and organic non-GAAP financial measures, 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, and these provide a measure against which our businesses may be assessed in the future.

Underlying total revenues, underlying total expenses, underlying salaries and benefits, underlying other operating expenses, underlying operating income, underlying operating margin, underlying EBITDA, underlying net income and underlying earnings per diluted share (hereinafter referred to collectively as the "underlying measures") are calculated by excluding the impact of certain items and period over period movements in foreign currency, from the most directly comparable GAAP measures.

Organic commissions and fees, total revenues, organic total expenses, organic salaries and benefits, organic other operating expenses, organic operating income, organic operating margin and organic EBITDA (hereinafter referred to collectively as the "organic measures") further adjust underlying measures to exclude the twelve month impact from acquisitions and disposals from 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, the consolidated financial statements for the year ended December 31, 2014.

This discussion includes forward-looking statements, including under the headings 'Executive Summary', 'Liquidity and Capital Resources', and 'Critical Accounting Estimates'. 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.

Willis Group Holdings plc

EXECUTIVE SUMMARY

Business Overview

We provide a broad range of insurance broking, risk management, and consulting services to our clients worldwide and during the period organized our business into four segments: Willis GB, Willis Capital Wholesale & Reinsurance ("Willis CWR"), Willis North America, and Willis International.

Our Willis GB business provides specialist brokerage and consulting services to both clients based in Great Britain, and those worldwide requiring access to the London insurance market, arising from specific industries, activities and risks. This segment includes the following business units: Property & Casualty "P&C"; Financial Lines; Transport; and Retail Networks.

Willis CWR includes: Willis Re; Willis Capital Markets & Advisory; Willis' wholesale business; and Willis Portfolio and Underwriting Services.

Willis North America and Willis International comprise our retail and specialty operations, outside of Great Britain, and 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 provide health, welfare and human resources consulting, and brokerage services.

Market Conditions

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 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.

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.

In 2014 we 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 exacerbated the growing supply of capital from third-party investors. In addition, for primary insurance companies, the ability to recognize primary rate increases may be coming to an end and consequently, rate flattening and even rate reductions are seen in many territories on primary insurance classes.

In the face of this challenging environment, we have adopted a strategy to: (1) invest selectively in growth areas, defined by geography, industry sector, and client segment and (2) better coordinate our business so as to bring our clients greater access to the Company's specialty areas and analytical capabilities, among other things. Our growth strategy also involves increasing our investment in, and deployment of, our analytical capabilities.

Financial Performance

The following is a summary of our 2014 GAAP financial results:

- Total revenues of $3,802 million increased by $147 million, or 4.0 percent over the prior year. This growth included $134 million increase in commissions and fees, led by our International segment which reported high single digit growth, and a net $26 million increase from the impact of acquisitions and disposals. Foreign exchange negatively impacted total revenues by $30 million.

- Total operating expenses of $3,155 million increased by $163 million, or 5.4 percent over the prior year. This growth included $36 million of restructuring costs related to the Operational Improvement Program, a $34 million net increase in expenses from acquisitions and disposals, and $6 million adverse foreign currency movements. The remaining increase was primarily due to higher salaries and benefits expense driven by increased headcount, pay reviews, and higher incentive charges, along with increased travel, accommodation and entertainment expenses, and systems costs.

- Operating margin decreased 110 basis points to 17.0 percent from 18.1 percent in the prior year.

- Net income attributable to Willis Group Holdings was $362 million, or $2.00 per diluted share, a decrease of $3 million, or 0.8 percent, from $365 million, or $2.04 per diluted share, in 2013.

- Cash flows from operating activities were $477 million in 2014, a decrease of $84 million, or 15.0 percent from $561 million in 2013.

Our non-GAAP financial measures were as follows:

- Underlying total revenues of $3,802 million increased $177 million, or 4.9 percent, over the prior year. Excluding the net $26 million increase from acquisitions and disposals, organic total revenues increased $151 million, or 4.2 percent over the prior year. This growth was driven by high commissions and fees growth in Willis International, supported by growth in Willis North America and Willis CWR. In addition to this, Other income increased $12 million primarily due to a settlement related to a specialty book of business within Willis CWR.

- Underlying total expenses of $3,119 million increased $168 million, or 5.7 percent, over the prior year. Excluding the net $34 million increase from acquisitions and disposals, organic total operating expenses of $3,066 million increased $134 million, or 4.6 percent, over the prior year. This was primarily due to higher salaries and benefits expense, driven by increased headcount, pay reviews, and higher incentive charges, along with increased travel, accommodation and entertainment expenses, and systems costs.

- The resultant organic operating margin decreased by 20 basis points to 18.2 percent from 18.4 percent in the prior year.

Operational improvement program

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

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 near-shore and off-shore centers 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 program began in the second quarter of 2014 and is expected to be complete by the end of 2017. The program is expecting to deliver cumulative cost savings of at least $420 million through 2017 and annual cost savings of approximately $300 million starting in 2018.

Actual cost savings of approximately $11 million were achieved in 2014, the estimated phasing of future cost savings is as follows: at least $60 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 spend, including capital expenditure, amounting to approximately $410 million through the end of 2017. Program spend in 2014 was $36 million, with approximately $130 million expected for 2015 and the balance of approximately $240 million expected to be incurred in 2016 and 2017.

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

To assist with the analysis of the effectiveness of the program the Company will provide the following metrics annually:

- ratio of full time employees (FTEs) in higher cost geographies to lower cost near-shore and off-shore centers as at December 31, 2014 was 78:22 (March 31, 2014 ratio was 80:20);
- indexed ratio of square footage of real estate per FTE as at December 31, 2014 was 98 (March 31, 2014 ratio of square footage of real estate per FTE = 100); and
- indexed ratio of desks per FTE as at December 31, 2014 was 99 (March 31, 2014 ratio of desks per FTE = 100).

The restructuring costs of $36 million related to the Operational Improvement Program incurred in 2014 included:

- $3 million of termination benefits in the North America segment relating to the elimination of 51 positions across a number of North America retail locations;
- $5 million in the International segment, of which approximately $3 million was termination benefits related to the elimination of 81 positions across the International network and approximately $2 million spent on professional services to support the program;
- $10 million in the Willis GB segment, including $9 million of termination benefits related to the elimination of approximately 138 positions, in addition to approximately $1 million of professional fees related to a study on process improvement;
- $1 million in the Willis CWR segment related to the elimination of approximately 43 positions; and
- $17 million in Corporate and other, including approximately $16 million of professional fees, primarily related to advisory services, and approximately $1 million related to system implementation and other core resources supporting the program.

Acquisitions and Disposals

In January, 2015 the Company reached an agreement to acquire a majority interest in Miller Insurance Services LLP, a leading London-based wholesale specialist. The transaction is subject to customary closing conditions and regulatory approval and is expected to close in the second quarter of 2015.

During the year ended December 31, 2014 we made the following material acquisitions in line with our strategy to invest in targeted acquisitions with a focus on earnings accretion, competitive position, and fit.

In the fourth quarter of 2014, the Company acquired 75.8 percent of Max Matthiessen Holding AB and subsidiaries (collectively referred to as Max Matthiessen), a leading employee benefits adviser in Sweden, for cash consideration of $204 million.

In the second quarter of 2014, the Company acquired 100 percent of Charles Monat Limited and its subsidiaries (collectively referred to as Charles Monat), a life insurance solutions adviser to high net worth clients based in Hong Kong, for cash consideration of $59 million. Additional consideration estimated at $29 million is payable in annual installments over the next five years, based on a multiple of EBITDA of the entities acquired, during the period from May 25, 2014 until September 2, 2019. This consideration has been assessed to have a fair value of $12 million at the date of acquisition.

During 2014 we have also disposed of a number of low growth offices and business from our Willis North America reporting unit that no longer align strategically with the rest of the Willis North America segment.

Non-GAAP financial measures

During 2014, we made changes to the non-GAAP financial measures that we use to provide additional meaningful methods of evaluating the Company's operating performance replacing our adjusted measures with new underlying measures and introduced new organic non-GAAP financial measures.

Previously we excluded certain specified items from total expenses, salaries and benefits, other operating expenses, operating margin, operating income, net income (loss) and earnings per share to calculate adjusted total expenses, adjusted salaries and benefits, adjusted other operating expenses, adjusted operating margin, adjusted operating income, adjusted net income and adjusted earnings per share.

In addition to these certain specified items, we exclude the period-over-period foreign currency movements to calculate our underlying non-GAAP financial measures and further exclude the twelve month impact from acquisitions and disposals to calculate our organic non-GAAP financial measures.

We believe that the understanding of the Company's performance and comparative analysis of our results is enhanced by our disclosure of the following non-GAAP financial measures. We use these and other measures to establish Group performance targets and evaluate the performance of our operations.

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

Underlying measures

Our underlying non-GAAP measures are calculated by excluding certain items (as detailed below) from total revenues, total expenses, salaries and benefits, other operating expenses, operating income, net income (loss), and earnings per diluted share, respectively, the most directly comparable GAAP measures.

Additionally, prior year total revenues, total expenses and net income (loss) and diluted earnings per share have been rebased to current period exchange rates to eliminate the impact of year over year foreign exchange movements.

The following items have been excluded from total revenues, total expenses, salaries and benefits, other operating expenses, operating income and net income (loss) as applicable:

- (i) restructuring charges relating the Operational Improvement Program;
- (ii) costs associated with the 2013 Expense Reduction Initiative;
- (iii) fees related to the extinguishment of debt;
- (iv) the additional incentive accrual recognized following the replacement of annual cash retention awards with annual cash bonuses which do not feature a repayment requirement;
- (v) write-off of unamortized cash retention awards following the decision to eliminate the repayment requirement on past awards;
- (vi) India joint venture settlement;
- (vii) goodwill impairment charge;
- (viii) valuation allowance against deferred tax assets;
- (ix) write-off of uncollectible accounts receivable balance and associated legal fees arising in Chicago due to fraudulent overstatement of commissions and fees;
- (x) insurance recoveries related to the fraudulent overstatement of commissions and fees;
- (xi) foreign exchange loss from the devaluation of the Venezuelan currency; and
- (xii) gains and losses on the disposal of operations.

Organic measures

Our organic non-GAAP measures are calculated by excluding the twelve month impact from acquisitions and disposals, together with the impact of certain items, including foreign currency, that are discussed above, from total revenues, total expenses, salaries and benefits, other operating expenses, operating income, respectively, the most directly comparable GAAP measures.

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A reconciliation of reported total expenses, salaries and benefits and other operating expense, the most directly comparable GAAP measures, to underlying and organic total expenses, underlying and organic salaries and benefits and underlying and organic other operating expenses is as follows (in millions, except percentages):

2014 compared to 2013

	Salaries and benefits		Other operating expenses		Total expenses	
	2014	2013	2014	2013	2014	2013
Expenses, GAAP basis	$ 2,314	$ 2,207	$ 659	$ 636	$ 3,155	$ 2,992
Excluding:						
Restructuring costs	—	—	—	—	36	—
Expense Reduction Initiative	—	29	—	12	—	46
Fees related to the extinguishment of debt	—	—	—	1	—	1
Foreign currency movements [(a)]	—	(3)	—	(2)	—	(6)
Underlying expenses	$ 2,314	$ 2,181	$ 659	$ 625	$ 3,119	$ 2,951
Less: net expenses from acquisitions and disposals	33	13	12	3	53	19
Organic expenses	$ 2,281	$ 2,168	$ 647	$ 622	$ 3,066	$ 2,932

[(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.

Business discussion

A reconciliation of reported total expenses, salaries and benefits and other operating expense, the most directly comparable GAAP measures, to underlying and organic total expenses, underlying and organic salaries and benefits and underlying and organic other operating expenses is as follows (in millions, except percentages):

2013 compared to 2012

	Salaries and benefits		Other operating expenses		Total expenses	
	2013	2012	2013	2012	2013	2012
Expenses, GAAP basis	$ 2,207	$ 2,475	$ 636	$ 600	$ 2,992	$ 3,705
Excluding:						
Expense Reduction Initiative	29	—	12	—	46	—
Fees related to the extinguishment of debt	—	—	1	—	1	—
Additional incentive accrual for change in remuneration policy	—	252	—	—	—	252
Write-off of unamortized cash retention awards debtor	—	200	—	—	—	200
Goodwill impairment charge	—	—	—	—	—	492
India JV settlement	—	—	—	11	—	11
Insurance recovery	—	—	—	(10)	—	(10)
Write-off of uncollectible accounts receivable balance	—	—	—	13	—	13
Foreign currency movements [(a)]	—	9	—	—	—	9
Underlying expenses	$ 2,178	$ 2,014	$ 623	$ 586	$ 2,945	$ 2,738
Less: net expenses from acquisitions and disposals	12	1	1	—	14	1
Organic expenses	$ 2,166	$ 2,013	$ 622	$ 586	$ 2,931	$ 2,737

(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.

Willis Group Holdings plc

A reconciliation of reported total revenues and operating income, the most directly comparable GAAP measure, to underlying and organic total revenues, and underlying and organic operating income, is as follows (in millions, except percentages):

2014 compared to 2013

	2014	2013
Total revenues, GAAP basis	$ 3,802	$ 3,655
Excluding:		
Foreign currency movements [a]	—	30
Underlying total revenue	$ 3,802	$ 3,625
Less: net revenue from acquisitions and disposals	56	30
Organic total revenue	$ 3,746	$ 3,595
Operating income, GAAP basis	$ 647	$ 663
Excluding:		
Restructuring costs	36	—
Expense Reduction Initiative	—	46
Fees related to the extinguishment of debt	—	1
Foreign currency movements [a]	—	(36)
Underlying operating income	$ 683	$ 674
Less: net operating income from acquisitions and disposals	3	11
Organic operating income	$ 680	$ 663
Operating margin, GAAP basis, or operating income as a percentage of total revenues	17.0%	18.1%
Underlying operating margin, or underlying operating income as a percentage of underlying total revenues	18.0%	18.6%
Organic operating margin, or organic operating income as a percentage of organic total revenues	18.2%	18.4%

(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 total revenues and operating income, the most directly comparable GAAP measure, to underlying and organic revenues, and underlying and organic operating income, is as follows (in millions, except percentages):

2013 compared to 2012

	2013	2012
Total revenues, GAAP basis	$ 3,655	$ 3,480
Excluding:		
Foreign currency movements [a]	—	13
Underlying total revenue	$ 3,655	$ 3,467
Less: net revenue from acquisitions and disposals	56	2
Organic total revenue	$ 3,599	$ 3,465
Operating income (loss), GAAP basis	$ 663	$ (225)
Excluding:		
Expense Reduction Initiative	46	—
Fees related to the extinguishment of debt	1	—
Additional incentive accrual for change in remuneration policy	—	252
Write-off of unamortized cash retention awards debtor	—	200
Goodwill impairment charge	—	492
India JV settlement	—	11
Insurance recovery	—	(10)
Write-off of uncollectible accounts receivable balance	—	13
Foreign currency movements [a]	—	(4)
Underlying operating income	$ 710	$ 729
Less: net operating income from acquisitions and disposals	42	1
Organic operating income	$ 668	$ 728
Operating margin, GAAP basis, or operating income as a percentage of total revenues	18.1%	(6.5)%
Underlying operating margin, or underlying operating income as a percentage of underlying total revenues	19.4%	21.0 %
Organic operating margin, or organic operating income as a percentage of organic total revenues	18.6%	21.0 %

(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.

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

2014 compared to 2013

	2014	2013
Net income attributable to Willis Group Holdings, GAAP basis	$ 362	$ 365
Excluding:		
Net income attributable to noncontrolling interest	11	12
Interest in earnings of associates, net of tax	(14)	—
Income taxes	159	122
Interest expense	135	126
Loss on extinguishment of debt	—	60
Other (income) expense, net	(6)	(22)
Depreciation	92	94
Amortization	54	55
Restructuring costs	36	—
Expense reduction initiative	—	41
Fees relating to the extinguishment of debt	—	1
Foreign currency movements [(a)]	—	(35)
Underlying EBITDA	$ 829	$ 819
Less: EBITDA from acquisitions and disposals	11	11
Organic EBITDA	$ 818	$ 808

(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 (loss) attributable to Willis Group Holdings, the most directly comparable GAAP measures, to underlying and organic EBITDA, is as follows (in millions, except per share data):

2013 compared to 2012

	2013	2012
Net income (loss) attributable to Willis Group Holdings, GAAP basis	$ 365	(446)
Excluding:		
Net income attributable to noncontrolling interest	12	13
Interest in earnings of associates, net of tax	—	(5)
Income taxes	122	101
Interest expense	126	128
Loss on extinguishment of debt	60	—
Other (income) expense, net	(22)	(16)
Depreciation	94	79
Amortization	55	59
Expense reduction initiative	41	—
Fees relating to the extinguishment of debt	1	—
Additional incentive accrual for change in remuneration policy	—	252
Write-off of unamortized cash retention awards debtor	—	200
Goodwill impairment charge	—	492
India JV settlement	—	11
Insurance recovery	—	(10)
Write-off of uncollectible accounts receivable balance	—	13
Foreign currency movements [(a)]	—	(4)
Underlying EBITDA	$ 854	$ 867
Less: EBITDA from acquisitions and disposals	43	1
Organic EBITDA	$ 811	$ 866

(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.

Willis Group Holdings plc

A reconciliation of reported net income (loss) attributable to Willis Group Holdings 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):

2014 compared to 2013

			Per diluted share	
	2014	2013	2014	2013
Net income attributable to Willis Group Holdings, GAAP	$ 362	$ 365	$ 2.00	$ 2.04
Excluding:				
Operational Improvement Program	27	—	0.15	—
Venezuela currency devaluation	13	—	0.07	—
Expense reduction initiative	—	38	—	0.21
Fees relating to the extinguishment of debt	—	1	—	0.01
Loss on extinguishment of debt	—	60	—	0.34
Gain on disposal of operations	(2)	(1)	(0.01)	(0.01)
Impact of US valuation allowance	21	9	0.12	0.05
Dilutive impact of potentially issuable shares	—	—	—	—
Foreign currency movements [(a)]	—	(34)	—	(0.19)
Underlying net income	$ 421	$ 438	$ 2.33	$ 2.45

2013 compared to 2012

			Per diluted share	
	2013	2012	2013	2012
Net income (loss) attributable to Willis Group Holdings, GAAP	$ 365	$ (446)	$ 2.04	$ (2.58)
Excluding:				
(Gain) loss on disposal of operations	(1)	3	(0.01)	0.02
Expense reduction initiative	38	—	0.21	—
Fees relating to the extinguishment of debt	1	—	0.01	—
Loss on extinguishment of debt	60	—	0.34	—
Additional incentive accrual for change in remuneration policy	—	175	—	0.99
Write-off of unamortized cash retention awards debtor	—	138	—	0.78
Goodwill impairment charge	—	458	—	2.60
India JV settlement	—	11	—	0.06
Insurance recovery	—	(6)	—	(0.03)
Write-off of uncollectible accounts receivable balance	—	8	—	0.05
Impact of US valuation allowance	9	113	0.05	0.64
Dilutive impact of potentially issuable shares	—	—	—	0.05
Foreign currency movements [(a)]	—	(4)	—	(0.02)
Underlying net income	$ 472	$ 450	$ 2.64	$ 2.56

(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.

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REVIEW OF CONSOLIDATED RESULTS

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

	Year Ended December 31,		
	2014	2013	2012
REVENUES			
Commissions and fees	$ 3,767	$ 3,633	$ 3,458
Investment income	16	15	18
Other income	19	7	4
Total revenues	3,802	3,655	3,480
EXPENSES			
Salaries and benefits	(2,314)	(2,207)	(2,475)
Other operating expenses	(659)	(636)	(600)
Depreciation expense	(92)	(94)	(79)
Amortization of intangible assets	(54)	(55)	(59)
Goodwill impairment charge	—	—	(492)
Restructuring costs	(36)	—	—
Total expenses	(3,155)	(2,992)	(3,705)
OPERATING INCOME (LOSS)	647	663	(225)
Other income (expense), net	6	22	16
Loss on extinguishment of debt	—	(60)	—
Interest expense	(135)	(126)	(128)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	518	499	(337)
Income taxes	(159)	(122)	(101)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	359	377	(438)
Interest in earnings of associates, net of tax	14	—	5
NET INCOME (LOSS)	373	377	(433)
Less: net income attributable to noncontrolling interests	(11)	(12)	(13)
NET INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 362	$ 365	$ (446)
Salaries and benefits as a percentage of total revenues	60.9%	60.4%	71.1 %
Other operating expenses as a percentage of total revenues	17.3%	17.4%	17.2 %
Operating margin (operating income (loss) as a percentage of total revenues)	17.0%	18.1%	(6.5)%
Diluted earnings per share from continuing operations	$ 2.00	$ 2.04	$ (2.58)
Average diluted number of shares outstanding	181	179	173

Consolidated Results for 2014 compared to 2013

Revenues

Total revenues by segment for 2014 and 2013 are shown below (millions, except percentages):

				Change attributable to:		
Year ended December 31,	2014	2013	% Change	Foreign currency translation	Acquisitions and disposals	Organic commissions and fees growth[(a)]
Willis GB	$ 662	$ 665	(0.5)%	1.4 %	(0.4)%	(1.5)%
Willis Capital, Wholesale and Reinsurance	749	716	4.6 %	0.1 %	0.2 %	4.3 %
Willis North America	1,318	1,304	1.1 %	— %	(1.6)%	2.7 %
Willis International	1,038	948	9.5 %	(4.9)%	5.6 %	8.8 %
Commissions and fees	$ 3,767	$ 3,633	3.7 %	(0.9)%	0.8 %	3.8 %
Investment income	16	15	6.7 %			
Other income	19	7	171.4 %			
Total revenues	$ 3,802	$ 3,655	4.0 %			

(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 this measures may differ from those used by other companies and therefore comparability may be limited.

Total revenues of $3,802 million increased by $147 million, or 4.0 percent, in 2014 compared to 2013. This was primarily due to 3.7 percent growth in commissions and fees.

Total commissions and fees in 2014 were $3,767 million, up $134 million, or 3.7 percent, from $3,633 million in 2013. This increase was comprised of organic growth of $134 million, or 3.8 percent, and growth through acquisitions and disposals of $28 million, or 0.8 percent, partially offset by negative foreign currency movements of $30 million or 0.9 percent.

The foreign currency impact was as a result of the strengthening of the US dollar against a number of currencies that our commissions and fees are earned in, most significantly the Euro, Australian dollar and Brazilian real, partially offset by the year-on-year weakening of the US dollar against the Pound Sterling.

The Willis GB segment reported 0.5 percent decline in commissions and fees, as negative 1.5 percent organic growth and 0.4 percent adverse impact from acquisitions and disposals, primarily due to a disposal in second quarter 2013, was partially offset by a 1.4 percent favorable impact from foreign exchange.

Willis CWR reported 4.6 percent growth in commissions and fees, which includes organic growth of 4.3 percent, 0.2 percent positive impact from acquisitions and 0.1 percent favorable movement from foreign currency movements.

Willis North America segment reported 1.1 percent growth in commissions and fees compared to 2013 including organic growth of 2.7 percent which was partially offset by 1.6 percent negative impact from the disposal of non-strategic low growth offices. Foreign currency movements had no impact on commissions and fees.

Willis International segment reported 9.5 percent growth in commissions and fees compared with 2013, comprising 8.8 percent organic growth and 5.6 percent positive impact from the acquisitions of Max Matthiessen and Charles Monat during 2014. This was partially offset by a 4.9 percent negative impact from foreign currency movements.

Organic commissions and fees growth by segment is discussed further in 'Review of Segmental Results', below.

Other income reported an increase of $12 million compared to 2013. This increase was primarily due to a $12 million settlement related to a specialty book of business within the Willis CWR segment.

Salaries and Benefits

Salaries and benefits were $107 million, or 4.8 percent, higher in 2014 compared with 2013 and includes a net $20 million increase from acquisitions and disposals, $3 million of adverse foreign currency movements, and $29 million benefit from the non-recurrence of 2013 expense reduction initiative costs. The remaining increase of $113 million was driven by increased headcount, pay reviews, and higher incentives.

Other Expenses

Other operating expenses were $23 million, or 3.6 percent, higher in 2014 compared with 2013. This growth included a net $9 million increase from acquisitions and disposals, $2 million of adverse foreign currency movements, $12 million benefit from the non-recurrence of 2013 expense reduction initiative costs and marketing costs. The remaining increase of $25 million was primarily due to higher travel, accommodation and entertainment expenses, along with increased systems costs.

Depreciation expense was $92 million in 2014, compared with $94 million in 2013. The decrease of $2 million included $5 million benefit from non-recurrence of 2013 expense reduction initiative costs offset by $1 million of adverse foreign currency movements.

Amortization of intangible assets was $54 million in 2014, a reduction of $1 million compared to 2013. The decrease primarily reflects the ongoing reduction in the HRH acquisition amortization partially offset by the increased charge relating to the acquisition of Charles Monat and Max Matthiessen.

Restructuring costs related to our operational improvement program were $36 million in 2014, compared with $nil in 2013. This is discussed in further detail in the 'Operational improvement program' section in the executive summary section above.

Income Taxes

The tax rate for 2014 was 31 percent, compared with 24 percent for 2013. Both years were impacted by certain items and the continuing requirement to retain a valuation allowance against our US deferred tax assets. The increase in tax rate over the prior year is partly attributable to the US returning to a tax paying position for the 2014 tax year.

After adjusting for certain items, as listed below, the tax rate for 2014 was 25 percent:

- a tax benefit of $1 million associated with the $14 million pre-tax expense arising in relation to the Venezuela currency devaluation;
- a tax benefit of $9 million associated with charges incurred in relation to the Operational Improvement Program;
- a tax expense of $10 million associated with pre-tax gains of $12 million related to business disposals;
- an expense of $21 million relating to an increase in US valuation allowance. The increase is attributable to a change in the US deferred tax position following resolution of uncertain tax positions from prior periods.

Interest in Earnings of Associates, net of Tax

The majority of our interest in earnings of associates relates to our share of ownership of Gras Savoye, the leading broker in France. Interest in earnings of associates, net of tax, in 2014 was $14 million compared to $nil in 2013. The increase was primarily due to the non-recurrence of charges relating to the 2013 reorganization program and other non-recurring items, with improved underlying financial performance, in Gras Savoye.

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Consolidated Results for 2013 compared to 2012

Revenues

Total revenues by segment for 2013 and 2012 are shown below (millions, except percentages):

				Change attributable to:		
Year ended December 31,	2013	2012	% Change	Foreign currency translation	Acquisitions and disposals	Organic commissions and fees growth[a]
Willis GB	$ 665	$ 629	5.7 %	(0.1)%	2.8%	3.0%
Willis Capital, Wholesale and Reinsurance	716	691	3.6 %	(2.9)%	—%	6.5%
Willis North America	1,304	1,244	4.8 %	— %	0.1%	4.7%
Willis International	948	894	6.0 %	0.6 %	—%	5.4%
Commissions and fees	$ 3,633	$ 3,458	5.1 %	(0.3)%	0.5%	4.9%
Investment income	15	18	(16.7)%			
Other income	7	4	75.0 %			
Total revenues	$ 3,655	$ 3,480	5.0 %			

(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.

Total revenues increased by $175 million, or 5.0 percent, in 2013 compared to 2012. This was primarily due to 4.9 percent growth in organic commissions and fees, partially offset by a 0.3 percent adverse impact from foreign exchange and a $3 million decrease in investment income due to continued falling yields on deposits.

Total commissions and fees in 2013 were $3,633 million, up $175 million, or 5.1 percent, from $3,458 million in 2012. This increase was due to organic growth of 4.9 percent and growth through acquisitions and disposals of 0.5 percent partially offset by negative foreign currency movements of $13 million or 0.3 percent.

Organic growth of 4.9 percent was driven by low double-digit new business growth tempered by lost business.

Commissions and fees were reduced by a net $9 million impact of two revenue recognition adjustments in the North America and International segments discussed below.

The Willis GB segment reported 5.7 percent growth in commissions and fees, comprising 3.0 percent organic growth, a 2.8 percent positive impact from acquisitions and disposals, and a 0.1 percent negative impact from foreign currency translation.

Willis CWR reported 3.6 percent growth in commissions and fees, including 6.5 percent organic growth partially offset by a 2.9 percent negative impact from foreign currency movements.

Willis North America reported a 4.8 percent growth in organic commissions and fees, compared to 2012, comprising 4.7 percent organic commissions and fees growth, and 0.1 percent positive impact from acquisitions.

The Willis International segment reported 6.0 percent growth in commissions and fees compared with 2012, comprising 5.4 percent organic commissions and fees growth and a 0.6 percent positive impact from foreign currency translation.

Investment income in 2013 at $15 million was $3 million lower than in 2012.

Organic commissions and fees growth by segment is discussed further in 'Review of Segmental Results', below.

Salaries and Benefits

Salaries and benefits increased by $268 million, or 10.8 percent, in 2013 compared with 2012. Foreign currency movements lowered salaries and benefits by $9 million, or 0.4 percent.

In 2012 we recorded a $452 million charge as a result of the change in remuneration policy for future incentive awards and the elimination of the repayment requirement on past awards. Excluding the impact of this change and foreign currency movements, salaries and benefits were up by $193 million or 9.5 percent. This increase is primarily due to annual salary reviews, increased headcount from targeted investments, increased incentives from the change in remuneration policy and growth in commissions and fees, and an additional charge to increase the 401(k) match in Willis North America. It also includes $29 million relating to the Expense Reduction Initiative that was undertaken in first quarter 2013.

Other Expenses

Other operating expenses were $36 million, or 6.0 percent, higher in 2013 compared with 2012. The $36 million increase includes $12 million of costs that were incurred in first quarter 2013 as part of our Expense Reduction Initiative.

The remaining $24 million increase was primarily due to higher business development costs, consulting and professional fees to assist us in our growth initiatives, and marketing costs.

Depreciation expense was $94 million in 2013, compared with $79 million in 2012. The increase of $15 million includes $5 million which was incurred in first quarter 2013 relating to the rationalization of property and systems as part of our Expense Reduction Initiative. The remaining $10 million increase is primarily due to a number of significant information technology related projects becoming operational during the year and the write-off of replaced systems and other assets

Amortization of intangible assets was $55 million in 2013, a reduction of $4 million compared to 2012. The decrease primarily reflects the ongoing reduction in the HRH acquisition amortization.

Goodwill impairment charge was $nil in 2013 (2012: $492 million). This was a non-cash charge recognized related to the impairment of the carrying value of the Willis North America reporting unit's goodwill. For further information on our testing for goodwill impairment, see 'Critical Accounting Estimates', below.

Loss on Extinguishment of Debt

The Company incurred total losses on extinguishment of debt of $60 million during the year ended December 31, 2013. This was made up of a tender premium of $65 million, the write-off of unamortized debt issuance costs of $2 million and a credit for the reduction of the fair value adjustment on 5.625% senior notes due 2015 of $7 million.

Income Taxes

The effective tax rate on ordinary income for 2013 was 20 percent, compared with 25 percent for 2012. The effective tax rate on ordinary income is calculated before the impact of certain discrete items. Discrete items occurring in 2013 with a significant impact on the tax rate were:

- an incremental US tax expense of $9 million recorded after the taking into account the impact of adjustments to the valuation allowance placed against US deferred tax assets, US costs of $16 million associated with the Expense Reduction Initiative, and US costs of $61 million associated with the extinguishment of debt;
- further non-US costs of $30 million associated with the Expense Reduction Initiative that are generally relieved at a rate higher than the underlying rate;
- a net benefit of $4 million associated with a reduction in the corporation tax rate being applied to temporary tax differences in the UK;
- a net benefit of $7 million associated with a change in the recognition of unrecognized tax benefits outside of the US; and
- a net expense of $1 million associated with tax on profits of prior periods to bring in line the Company’s tax provision to filed tax positions.

Including the impact of discrete items, the tax rate for 2013 was 24 percent. This compares to a tax charge of $101 million recorded on the net loss from continuing operations of $337 million in 2012.

Willis Group Holdings plc

Interest in Earnings of Associates, net of Tax

The majority of our interest in earnings of associates relates to our share of ownership of Gras Savoye, the leading broker in France. Interest in earnings of associates, net of tax, in 2013 was $nil compared to $5 million in 2012. The decline was mainly driven by lower net income recorded in Gras Savoye due to the costs recognized in relation to a reorganization program undertaken in the year designed to drive growth in revenues and operational efficiencies.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We believe that our balance sheet and strong cash flow provide us with the platform and flexibility to remain committed to our cash allocation strategy of:

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

Our principal sources of liquidity are cash from operations, available cash and cash equivalents and amounts available under our 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 solely used for regulatory capital and securities underwriting purposes only.

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

Our long-term liquidity requirements consist of the repayment of the principal amount of outstanding notes; borrowings under our 7-year term loan; and funding defined benefit pension plans as discussed below.

As at December 31, 2014 cash and cash equivalents were $635 million, a decrease of $161 million compared to December 31, 2013. Included within cash and cash equivalents is $545 million available for corporate purposes and $90 million held within our regulated UK entities for regulatory capital adequacy requirements.

Cash flows from operating activities fell to $477 million in 2014 from $561 million in 2013. In addition, $6 million was provided from the disposal of fixed and intangible assets (2013: $12 million), $134 million proceeds from the issue of shares (2013: $155 million), and $86 million proceeds from the disposal of operations (2013: $20 million).

As at December 31, 2014 there was $nil drawn down on all four of our revolving credit facilities (2013: $nil). During the year ended December 31, 2014, we made five drawings totaling $1,175 million and five repayments of $1,175 million on the Willis Securities facility.

The primary uses of funds during 2014 included $401 million cash payments of 2013 incentive awards, $210 million related to payments of dividends, $122 million cash contributions, including employees' salary sacrifice contributions, to our defined benefit pension schemes, capital expenditures of $113 million related to leasehold improvements, information technology and transformation projects, $241 million related to acquisitions, primarily Max Matthiessen Holding AB and Charles Monat Limited, and a $4 million deferred cash payment related to the partial acquisition of the remaining noncontrolling interest in our China operation in a prior period.

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. During 2014, the Company bought back 5,050,000 shares for a total cost of $213 million. In February 2015, Willis announced that it intends to buy back approximately $175 million in shares in 2015 to offset the increase in shares outstanding resulting from the exercise of employee stock options.

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 2014 had a positive impact on the interest coverage ratio and a positive impact on 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 December 31, 2014 and 2013 were as follows (in millions, except percentages):

	December 31, 2014	December 31, 2013
Long-term debt	$ 2,142	$ 2,311
Current portion of long-term debt	$ 167	$ 15
Total debt	$ 2,309	$ 2,326
Total Willis Group Holdings stockholders’ equity	$ 1,985	$ 2,215
Capitalization ratio	53.8%	51.2%

At December 31, 2014 the only mandatory debt repayments falling due over the next 12 months are $148 million outstanding on our 5.625% senior notes, scheduled repayments on our 7-year term loan totaling $17 million, and $1 million outstanding on our 3-year term loan.

Cash flow

Summary consolidated cash flow information (in millions):

	Year Ended December 31,		
	2014	2013	2012
Cash provided by operating activities			
Total net cash provided by operating activities	$ 477	$ 561	$ 525
Cash flows from investing activities			
Total net cash used in continuing investing activities	(276)	(120)	(172)
Cash flows from financing activities			
Total net cash used in continuing financing activities	(323)	(137)	(291)
(Decrease) increase in cash and cash equivalents	(122)	304	62
Effect of exchange rate changes on cash and cash equivalents	(39)	(8)	2
Cash and cash equivalents, beginning of year	796	500	436
Cash and cash equivalents, end of year	$ 635	$ 796	$ 500

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

Consolidated Cash Flow for 2014 compared to 2013

Operating Activities

Net cash provided by operating activities in 2014 decreased by $84 million to $477 million compared with 2013.

The $477 million cash from operations comprises net income of $373 million, net $257 million of non-cash adjustments to reconcile net income to cash provided by operating activities and $150 million of negative working capital movements.

The non-cash adjustments included depreciation, amortization of intangible assets, share-based compensation and provisions for deferred income taxes.

Movements in working capital included $401 million of incentive payments and $122 million cash contributions (including $10 million for employees’ salary sacrifice) to our defined benefit pension schemes. Additionally, there was a $66 million increase in accounts receivable, as revenue recognized in 2014 was greater than cash collection, and $432 million positive movement in other liabilities which included incentives accrued during 2014 that will be paid in 2015.

The $84 million decrease in cash provided by operating activities in 2014 compared to 2013 was primarily driven by lower reported operating income, the non-recurrence of closed-out derivative contracts in the prior year, increased working capital and higher cash taxes paid.

Investing Activities

Net cash used in investing activities in 2014 was $276 million. This included capital expenditure of $113 million, cash used to purchase subsidiaries, intangible assets and other investments of $255 million partly offset by $6 million cash received from the sale of fixed and intangible assets and $86 million of proceeds from the disposal of operations.

Financing Activities

Net cash used in financing activities in 2014 was $323 million primarily due to dividends paid, including dividends paid to noncontrolling interests, of $227 million, $213 million to repurchase approximately five million shares and $15 million of mandatory repayments against the term loan offset by cash receipts of $134 million from the issue of shares.

Consolidated Cash Flow for 2013 compared to 2012

Net cash provided by operating activities in 2013 increased by $36 million to $561 million compared with 2012.

The $561 million cash from operations comprises net income of $377 million, net $313 million of non-cash adjustments to reconcile net income to cash provided by operating activities and working capital movements.

The non-cash adjustments included depreciation, amortization of intangible assets, share-based compensation, gain on derivative instruments, provision for deferred income taxes and the tender premium on early redemption of our debt, which is presented as a financing cash item.

Movements in working capital included $346 million of incentive payments and $150 million cash contributions (including $12 million for employees' salary sacrifice) to our defined benefit pension schemes. Additionally, there was a $116 million increase in accounts receivable, as revenue recognized in 2013 was greater than cash collection, and $445 million positive movement in other liabilities which included incentives accrued during 2013 that will be paid in 2014.

The $36 million increase in cash provided by operating activities in 2013 compared to 2012 was primarily driven by favorable movements in working capital versus the prior year.

Investing Activities

Net cash used in investing activities in 2013 was $120 million including, capital expenditure of $112 million, cash used to purchase subsidiaries, intangible assets and other investments of $44 million partly offset by $6 million cash received from the sale of fixed and intangible assets and $24 million of proceeds from the disposal of operations and the sale of the Company's holding in a Spanish associate company.

Financing Activities

Net cash used in financing activities in 2013 was $137 million primarily due to total dividends paid, including dividends paid to noncontrolling interests, of $203 million, a net $72 million outflow in relation to the refinancing in the third quarter 2013, discussed below, and $15 million of mandatory repayments against the term loan offset by cash receipts of $155 million from the issue of shares.

The refinancing during 2013 resulted in a net cash outflow of $72 million which included: $521 million cash paid to repurchase $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, the tender premium of $65 million and debt issuance costs of $8 million; this was primarily funded by $522 million cash inflow from senior notes issued, discussed earlier, and free operating cash flows.

Own funds

As of December 31, 2014, we had cash and cash equivalents of $635 million, compared with $796 million at December 31, 2013. Additionally, $1,222 million was available to draw under our revolving credit facilities at December 31, 2014, compared with $822 million at December 31, 2013.

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 certain 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 December 31, 2014, we had fiduciary funds of $1.9 billion, compared with $1.7 billion at December 31, 2013.

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 as long as the cost of the acquisition of the Company's shares does not exceed a certain authorized limit.

In February 2015, the Company announced that, during the year, it intended to buyback approximately $175 million of shares under this authorization, from time to time, depending on many factors including market conditions to offset the increase in shares outstanding resulting from the exercise of employee stock options. The buybacks would be made in the open market or through privately-negotiated transactions, from time to time, depending on market conditions.

As of February 20, 2015 there remains approximately $611 million available to purchase ordinary shares under the current authorization.

The share buy back program may be modified, extended or terminated at any time by the Board of Directors.

Dividends

Cash dividends paid in 2014 were $210 million compared with $193 million in 2013 and $185 million in 2012. In February 2015, we declared a quarterly cash dividend of $0.31 per share, an annual rate of $1.24 per share, an increase of 3.3 percent over the prior 12 month period.

REVIEW OF SEGMENTAL RESULTS

Effective from January 1, 2015, the Company changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments from three segments, known as Willis Global, Willis North America and Willis International, into four segments: Willis Capital, Wholesale and Reinsurance ('Willis CWR'); Willis North America; Willis International; and Willis GB which are described below.

The principal changes to the reporting segments are as follows:

- Willis International and Willis North America remain largely unchanged except for certain specialty teams formerly included in Global which are now included in the geographic regions in which they are located.
- Willis Capital, Wholesale and Reinsurance comprises Willis Re, Willis Capital Markets & Advisory and the Company's wholesale business. In addition, it includes a new unit called Willis Portfolio Underwriting Services.
- The remaining component businesses previously included as part of the Global segment which include the Company's UK retail business, facultative business and London specialty business, now form Willis GB.

Accordingly, the segmental results have been recast to take into account these changes.

Our Willis GB business provides specialist brokerage and consulting services to both clients based in Great Britain, and those worldwide requiring access to the London insurance market, arising from specific industries, activities and risks. This segment includes the following business units: Property & Casualty; Financial Lines; Transport; and Retail Networks.

Willis CWR includes: Willis Re; Willis Capital Markets & Advisory; Willis' wholesale business; and Willis Portfolio and Underwriting Services.

Willis North America and Willis International comprise our retail and specialty operations, outside of Great Britain, and 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 provide health, welfare and human resources consulting, and brokerage services.

The following table is a summary of our operating results by segment for the three years ended December 31, 2014 (in millions except percentages):

	2014			2013			2012		
	Revenues	Operating Income (Loss)	Operating Margin	Revenues	Operating Income (Loss)	Operating Margin	Revenues	Operating Income (Loss)	Operating Margin
Willis GB	$ 669	$ 148	22.1%	$ 666	$ 180	27.0%	$ 629	$ 203	32.3 %
Willis Capital, Wholesale and Reinsurance	766	224	29.2%	721	221	30.7%	698	221	31.7 %
Willis North America	1,323	232	17.5%	1,313	205	15.6%	1,251	221	17.7 %
Willis International	1,044	195	18.7%	955	181	19.0%	902	168	18.6 %
Total Segments	3,802	799	21.0%	3,655	787	21.5%	3,480	813	23.4 %
Corporate & Other	—	(152)	n/a	—	(124)	n/a	—	(1,038)	n/a
Total Consolidated	$ 3,802	$ 647	17.0%	$ 3,655	$ 663	18.1%	$ 3,480	$ (225)	(6.5)%

Willis GB

Willis GB, our Great Britain-based specialty and retail business, comprises the following business units: Property & Casualty; Financial Lines; Transport; and Retail Networks.

The following table sets out revenues, operating income, organic commissions and fees growth and operating margin for the three years ended December 31, 2014 (in millions, except percentages):

	2014	2013	2012
Commissions and fees	$ 662	$ 665	$ 629
Investment income	4	1	—
Other income (a)	3	—	—
Total revenues	$ 669	$ 666	$ 629
Operating income	$ 148	$ 180	$ 203
Revenue growth	0.5 %	5.9%	(0.6)%
Organic commissions and fees growth (b)	(1.5)%	3.0%	2.6 %
Operating margin	22.1 %	27.0%	32.3 %

(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.

2014 compared to 2013

Revenues

Commissions and fees of $662 million were $3 million, or 0.5 percent, lower in 2014 compared with 2013. The decrease includes negative organic growth of 1.5 percent and a 0.4 percent adverse impact from acquisitions and disposals partially offset by 1.4 percent positive impact from foreign currency movements.

The 1.5 percent negative organic growth in commissions and fees was driven by the negative impact of rates and the non-recurrence of significant construction projects in 2014. The low single-digit decline was primarily due to poor performance in the Insolvency and Willis Commercial Network businesses of Retail Networks and Property & Casualty partially offset by mid-single digit growth in Financial Lines.

The 0.4 percent decline from acquisitions and disposals was related to the disposal of a small commercial business from the UK Retail division during 2013 partially offset by the acquisition of Prime Professions in second quarter 2013.

Other income of $3 million included a legal settlement related to the departure of an Aerospace producer.

Expenses

Total operating expenses of $521 million were $36 million, or 7.4 percent, higher for 2014 compared with 2013.

The $36 million growth in expenses was due to adverse foreign currency movements and higher salaries and benefits as a result of the increase in headcount relative to the prior year and annual salary reviews. This increase was offset by the decline in Other operating expenses primarily due to lower allocation of corporate costs and an E&O provision release partially offset by higher systems and premises costs.

In addition, the year-on-year growth included $10 million restructuring costs relating the Operational Improvement Program.

Operating margin

Full year operating margin was 22.1 percent in 2014 and 27.0 percent in 2013. The decline was driven by expense growth of 7.4 percent, which includes significant investment in specialist and client advocacy capability, exceeding the 0.5 percent total revenue growth.

2013 compared to 2012

Revenues

Commissions and fees of $665 million were $36 million, or 5.7 percent, higher in 2013 compared with 2012. Foreign exchange movements had a 0.1 percent negative impact on commissions and fees; acquisitions and disposals had a positive 2.8 percent impact; and organic growth was 3.0 percent.

The 3.0 percent organic growth in commissions and fees was driven by growth in Financial Lines and Property & Casualty businesses through solid new business growth and higher client retention levels compared with the year ago period.

The 2.8 percent positive impact from acquisition was driven by the acquisition of Prime professional in second quarter of 2013.

Operating margin

Operating margin was 27.0 percent in 2013 and 32.3 percent in 2012. The decline was driven by additional expenses, which more than offset revenue growth, due to higher salaries and benefits, as a result of increased incentives from the change in remuneration policy and growth in commissions and fees. In addition, this increase also included the impact of the increase in headcount relative to the prior year, annual salary reviews and higher charges for share-based compensation.

Willis Capital, Wholesale and Reinsurance

Willis CWR includes: Willis Re; Willis Capital Markets & Advisory; our Wholesale business; and Portfolio and Underwriting services.

The following table sets out revenues, operating income, organic commissions and fees growth and operating margin for the three years ended December 31, 2014 (in millions, except percentages):

	2014	2013	2012
Commissions and fees	$ 749	$ 716	$ 691
Investment income	5	5	7
Other income [(a)]	12	—	—
Total revenues	$ 766	$ 721	$ 698
Operating income	$ 224	$ 221	$ 221
Revenue growth	6.2%	3.3%	5.1%
Organic commissions and fees growth [(b)]	4.3%	6.5%	4.7%
Operating margin	29.2%	30.7%	31.7%

(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.

2014 compared to 2013

Revenues

Commissions and fees of $749 million were $33 million, or 4.6 percent, higher in 2014 compared with 2013. The increase includes organic growth of 4.3 percent, a positive 0.1 percent impact from foreign currency movements and a 0.2 percent increase due to acquisitions and disposals.

The 4.3 percent organic growth in commissions and fees was driven by strong new business growth and higher client retention levels compared with the year ago period.

Reinsurance reported mid single-digit organic commissions and fees growth, with its North America business again leading the way with high single-digit growth. New business was strong across all three divisions and we reported increased client retention levels compared to the prior year. Growth however was tempered by the negative impact of premium rate movements.

Willis Capital Markets & Advisory performed solidly in the year and reported significant growth on last year as a result of significant new business wins.

Other income of $12 million related to a settlement for a specialty book of business.

Expenses

Total operating expenses of $542 million were $42 million, or 8.4 percent, higher for 2014 compared with 2013.

The $42 million growth in expenses was due to adverse foreign currency movements and higher salaries and benefits as a result of the increase in headcount relative to the prior year, annual salary reviews and higher incentives which were linked to commissions and fees performance, and a legal claim settlement.

In addition, the year-on-year growth included $1 million restructuring costs relating to the Operational Improvement Program.

Operating margin

Full year operating margin was 29.2 percent in 2014 and 30.7 percent in 2013. The decline was driven by expense growth of 8.4 percent exceeding the 6.2 percent total revenue growth.

2013 compared to 2012

Revenues

Commissions and fees of $716 million were $25 million, or 3.6 percent, higher in 2013 compared with 2012. Foreign exchange movements had a 2.9 percent negative impact on commissions and fees; organic growth was 6.5 percent.

The 6.5 percent organic growth in commissions and fees was driven by strong new business growth and higher client retention levels compared with the year ago period, partially offset by lost business.

Reinsurance reported high single-digit growth, with North America leading the way with double-digit results. New business was strong across all three divisions and they also reported increased client retention levels compared to the prior year.

Willis Capital Markets & Advisory performed solidly but was down compared to the very strong result it recorded in 2012 relating to meaningfully higher volumes of advisory fees and catastrophe bond deals.

Operating margin

Operating margin was 30.7 percent in 2013 and 31.7 percent in 2012. The decline was driven by additional expenses due to higher salaries and benefits, as a result of increased incentives from the change in remuneration policy and growth in commissions and fees. In addition, this increase also included the impact of the increase in headcount relative to the prior year, annual salary reviews and higher charges for share-based compensation. This was partially offset by solid commissions and fees growth.

Willis 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, operating income, organic commissions and fees growth and operating margin for the three years ended December 31, 2014 (in millions, except percentages):

	2014	2013	2012
Commissions and fees [a]	$ 1,318	$ 1,304	$ 1,244
Investment income	1	2	3
Other income [b]	4	7	4
Total revenues	$ 1,323	$ 1,313	$ 1,251
Operating income	$ 232	$ 205	$ 221
Revenue growth	0.8%	5.0%	0.4%
Organic commissions and fees growth [c]	2.7%	4.7%	0.4%
Operating margin	17.5%	15.6%	17.7%

(a) Commissions and fees in 2013 included a positive $5 million adjustment to align the recognition of revenue in the North America Personal Lines business with the rest of the Group.

(b) 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.

(c) 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.

2014 compared to 2013

Revenues

Commissions and fees of $1,318 million were $14 million, or 1.1 percent, higher in 2014 compared with 2013.

This increase was primarily due to organic growth of 2.7 percent partially offset by a 1.6 percent negative impact from acquisitions and disposals.

The acquisitions and disposals impact was primarily due to the disposal of non-strategic low growth offices in the second and fourth quarters of 2014 partially offset by the acquisition of the employee benefits consulting division of Capital Strategies in fourth quarter 2013.

The 2.7 percent organic growth in commissions and fees was driven by strong new business growth compared with the year ago period, partially offset by lost business and the non-recurrence of a positive $5 million adjustment in 2013 to align the recognition of revenue in the North America Personal Lines business with the rest of the Group. Rates had a small negative impact on the full year's commissions and fees.

Growth was achieved across most of our North America regions, led by the South, Atlantic and Northeast regions as a result of new business growth.

Similarly, most of the major practice groups recorded positive growth. Our two largest practices, Human Capital and Construction, recorded mid single and low single-digit growth respectively. In our other practices we recorded double-digit growth in Mergers & Acquisitions, Financial & Executive Risks and Service Industry.

Expenses

Total operating expenses of $1,091 million were $17 million or 1.5 percent, lower for 2014 compared to 2013.

The $17 million reduction in expenses was due to lower incentives as a result of one-off adjustments, the reduction to the amortization of intangible assets and the disposal of certain non-strategic low growth locations partially offset by higher salaries, due to annual salary reviews, and higher business development expenses.

In addition, full year 2014 operating expenses included $3 million restructuring costs relating to the Operational Improvement Program.

Operating margin

Operating margin in North America was 17.5 percent in 2014 compared with 15.6 percent in 2013 driven by solid commissions and fees growth and expense reduction discussed above.

2013 compared to 2012

Revenues

Commissions and fees of $1,304 million were $60 million, or 4.8 percent, higher in 2013 compared with 2012.

This increase was primarily due to organic growth of 4.7 percent in 2013 compared with 2012 and a 0.1 percent positive impact from the acquisition of Avalon Actuarial, Inc. in fourth quarter 2012.

Commissions and fees included a positive $5 million adjustment to align the recognition of revenue in the North America Personal Lines business with the rest of the Group.

The 4.7 percent organic growth in commissions and fees was driven by strong new business growth and higher client retention levels compared with the year ago period, partially offset by lost business. Rates had a small positive impact on the full year's commissions and fees.

Growth was achieved across all our North America regions, led by the Metro, Midwest and Canada and Resource regions. This was attributed to new business growth as well as increased client retention rates in almost all regions.

Similarly, most of the major practice groups recorded positive growth. Our two largest practices, Human Capital and Construction, recorded mid single-digit growth and in our other practices we recorded high single-digit growth in Real Estate and low single-digit growth in Financial & Executive Risks, Healthcare and Manufacturing.

Operating margin

Operating margin in Willis North America was 15.6 percent in 2013 compared with 17.7 percent in 2012. Solid commissions and fees growth was outpaced by increased expenses, driven by higher salaries and benefits most notably as a result of annual salary reviews. Salary and benefits were also impacted by a higher incentives charge as a result of higher commissions and fees and the change in remuneration policy, and additional 401(k) match and medical charges, partially offset by lower charges for share-based compensation and pensions.

International

Our International business comprised 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 consulting.

The following table sets out revenues, operating income, organic commissions and fees growth and operating margin for the three years ended December 31, 2014 (in millions, except percentages):

	2014	2013	2012
Commissions and fees [(a)]	$ 1,038	$ 948	$ 894
Investment income	6	7	8
Total revenues	$ 1,044	$ 955	$ 902
Operating income	195	181	168
Revenue growth	9.3%	5.9%	(0.2)%
Organic commissions and fees growth [(b)]	8.8%	5.4%	6.4 %
Operating margin	18.7%	19.0%	18.6 %

(a) Commissions and fees in 2013 included a negative $15 million adjustment to align the recognition of revenue in China with the rest of the Group.

(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.

2014 compared to 2013

Revenues

Commissions and fees of $1,038 million were $90 million, or 9.5 percent, higher in 2014 compared with 2013.

Organic commissions and fees growth was 8.8 percent and there was a 5.6 percent positive impact from the acquisition of Charles Monat in second quarter 2014, and Max Matthiessen in fourth quarter 2014. This was partially offset by a 4.9 percent negative impact from foreign currency movements which was driven by the weakening of a basket of currencies versus the US dollar.

Organic growth included double-digit new business growth and a positive impact from rates, partly offset by lost business. Growth was positively impacted by the non-recurrence of an adjustment recorded in 2013 to align the recognition of revenue in China with the rest of the Group.

Western Europe reported mid single-digit growth driven by Iberia, Germany, Denmark and Ireland.

Latin America reported double-digit growth arising primarily from Brazil and Venezuela which was partially offset by decline in Colombia.

Double digit growth in Asia was primarily due to the non-recurrence of an adjustment recorded in 2013 to align the recognition of revenue in China with the rest of the Group.

Eastern Europe reported low double digit growth arising primarily from Russia and Poland.

Expenses

Total expenses of $849 million were $75 million, or 9.7 percent, higher for 2014 compared with 2013. Foreign currency movements favorably impacted expenses by $28 million or 4.1 percent; excluding the impact of foreign currency movements total expenses increased $103 million or 13.8 percent.

The $103 million increase in total expenses included $44 million year-over-year net increase from acquisitions, increased growth in Salaries and benefits due to higher headcount numbers relative to the prior year, and pay reviews which included the mandated pay reviews in Latin America. The segment also reported an increase in travel, accommodation and entertaining, professional fees and irrecoverable VAT. This was partially offset by the $3 million gain on disposal of fixed assets and an E&O provision release.

The amortization of intangible assets increased following the acquisition of Charles Monat and Max Matthiessen.

In addition, the year-on-year growth included $5 million restructuring costs relating the Operational Improvement Program.

Operating margin

Operating margin in International was 18.7 percent in 2014, compared with 19.0 percent in 2013. The increase was driven by the increase in expenses discussed above partially offset by solid commissions and fees growth.

2013 compared to 2012

Revenues

Commissions and fees of $948 million were $54 million, or 6.0 percent, higher in 2013 compared with 2012. This comprised organic commissions and fees growth of 5.4 percent and positive foreign exchange movements of 0.6 percent. Organic growth included double digit new business growth, partly offset by slight increases to lost business. Rates had no significant impact on commissions and fees in the year.

Commissions and fees included the negative impact of a $15 million adjustment to align the recognition of revenue in China with the rest of the Group.

Latin America reported double-digit growth arising primarily from Brazil and Venezuela which was partially offset by a double-digit decline in Colombia.

Asia reported low-single digit growth. We recorded good growth throughout the region especially in Hong Kong and Korea, however the negative $15 million revenue recognition adjustment partially offset these results.

Eastern Europe reported high single-digit growth arising primarily from Russia tempered by a mid-single digit decline in Poland.

Western Europe reported low single-digit growth. Despite difficult economic conditions, Italy and Iberia produced mid-single digit growth partially offset by mid single-digit declines in Ireland and the Netherlands.

The UK reported a low single-digit decline amid a challenging economic environment.

Operating margin

Operating margin in International was 19.0 percent in 2013, compared with 18.6 percent in 2012. The increase was driven by solid commission and fees growth, partially offset by expense growth driven by higher salaries and benefits, as a result of new hires, annual salary reviews, higher incentives due to the change in remuneration policy, and an increased charge for share-based compensation.

Willis Group Holdings plc

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, items for which segmental management are not held responsible for are held within 'Corporate and Other'.

Corporate and Other comprises the following (in millions):

	2014	2013	2012
Costs of the holding company	$ (13)	$ (10)	$ (4)
Costs related to group functions, projects and leadership	(171)	(102)	(108)
Non-servicing elements of defined benefit pension scheme	53	42	38
Significant legal and regulatory settlements managed centrally	(2)	(6)	(6)
Operational Improvement Program	(17)	—	—
Additional incentive accrual for change in remuneration policy [a]	—	—	(252)
Write-off of unamortized cash retention awards [b]	—	—	(200)
Goodwill impairment charge [c]	—	—	(492)
India joint venture settlement [d]	—	—	(11)
Insurance recovery [e]	—	—	10
Write-off of uncollectible accounts receivable balance in Chicago [f]	—	—	(13)
Expense Reduction Initiative	—	(46)	—
Fees related to the extinguishment of debt	—	(1)	—
Other	(2)	(1)	—
Total Corporate and other	$ (152)	$ (124)	$ (1,038)

(a) Additional incentive accrual recognized following the replacement of annual cash retention awards with annual cash bonuses which do not feature a repayment requirement.

(b) Write-off of unamortized cash retention awards following the decision to eliminate the repayment requirement on past awards.

(c) Non-cash charge recognized related to the impairment of the carrying value of the North America reporting unit's goodwill.

(d) $11 million settlement with former partners related to the termination of a joint venture arrangement in India. In addition, a $1 million loss on disposal of operations was recorded related to the termination.

(e) Insurance recovery, recorded in Other operating expenses, related to a previously disclosed fraudulent activity in Chicago.

(f) Write-off of uncollectible accounts receivable balance relating to periods prior to January 1, 2011.

2014 compared to 2013

Expenses

Corporate and Other expenses of $152 million were $28 million higher in 2014 compared with 2013.

The $28 million growth included a $69 million increase due to higher costs of group functions including projects, leadership and increased professional fees and the adverse impact of changes to the methodology used to allocate Corporate function costs to Willis GB, Willis CWR, Willis North America and Willis International. In addition to this, Corporate recognized $17 million of restructuring costs related to the Operational Improvement Program.

These increases were partially offset by the non-recurrence of 2013 Expense Reduction Initiative costs of $46 million, $1 million of fees related to the extinguishment of debt and $4 million of favorable foreign exchange movements.

2013 compared to 2012

Expenses

Corporate and Other expenses of $124 million were $914 million lower in 2013 compared with 2012.

The $914 million reduction to expenses was due to the non-recurrence in 2013 of expenses recognised in 2012 including the $492 million goodwill impairment charge; $252 million additional incentive accrual; and $200 million write-off of unamortized cash retention awards.

CRITICAL ACCOUNTING ESTIMATES

Our accounting policies are described in Note 2 to the Consolidated Financial Statements. Management considers that the following accounting estimates or assumptions are the most important to the presentation of our financial condition or operating performance:

- pension expense (discount rates, expected asset returns and mortality);
- intangible assets and goodwill impairment (determination of reporting units, fair value of reporting units and annual goodwill impairment analysis);
- income taxes; and
- commitments, contingencies and accrued liabilities.

Management has discussed its critical accounting estimates and associated disclosures with our Audit Committee.

Pension expense

We maintain defined benefit pension plans for employees in the US and UK. Both of these plans are now closed to new entrants and, with effect from May 15, 2009 we closed our US defined benefit plan to future accrual. New employees in the UK are offered the opportunity to join a defined contribution plan and in the US are offered the opportunity to join a 401(k) plan. We also have smaller defined benefit plans in Ireland, Germany, Norway and the Netherlands, a non-qualified plan in the US and an unfunded plan in the UK. These smaller defined benefit plans have combined total assets of $171 million and a combined net liability for pension benefits of $39 million as of December 31, 2014. Elsewhere, pension benefits are typically provided through defined contribution plans.

We recorded a $13 million and an $8 million net periodic benefit income on our UK and US defined benefit pension schemes respectively in 2014, compared with a net periodic benefit income of $5 million on the UK scheme and a net periodic benefit income of $4 million on the US scheme in 2013. On our international defined benefit pension plans, US non-qualified plan and UK unfunded plan, we recorded a net periodic benefit cost of $4 million in 2014, compared with $5 million in 2013.

Based on December 31, 2014 assumptions, we expect the net pension credit in 2015 will increase $31 million for the UK plan. The net pension credit will decrease by $2 million for the US plan and the net pension charge will remain unchanged at $4 million for the other plans.

We make a number of assumptions when determining our pension liabilities and pension expense which are reviewed annually by senior management and changed where appropriate. The discount rate will be changed annually if underlying rates have moved whereas the expected long-term return on assets will be changed less frequently as longer term trends in asset returns emerge or long term target asset allocations are revised. Other material assumptions include rates of participant mortality, the expected long-term rate of compensation and pension increases and rates of employee termination. Our approach to determining appropriate assumptions for our UK and US pension plans is set out below.

UK plan

	As disclosed using December 31, 2014 assumptions	Impact of a 0.50 percentage point increase in the expected rate of return on assets[a]	Impact of a 0.50 percentage point increase in the discount rate[a]	One year increase in mortality assumption[b]
	(millions)			
Estimated 2015 (income) / expense	$ (44)	$ (17)	$ (25)	$ 8
Projected benefit obligation at December 31, 2014	3,084	n/a	(282)	62

(a) With all other assumptions held constant.

(b) Assumes all plan participants are one year younger.

Discount rate

During 2014 we continued to use a duration-based approach, which more closely matches the actual timing of expected cash flows to the applicable discount rate. The selected rate used to discount UK plan liabilities in 2014 was 3.60% a decrease of 80 basis points from the discount rate of 4.40% used at December 31, 2013. During 2014, sterling high-quality corporate bond yields fell significantly at all durations. Consequently, the rate consistent with the expected maturity of the plan's liabilities has also decreased.

Expected and actual asset returns

Expected long-term rates of return on plan assets are developed from the expected future returns of the various asset classes using the target asset allocations. The expected long-term rate of return used for determining the net UK pension expense in 2014 was 7.00% (2013: 7.25%), equivalent to an expected return in 2014 of $213 million (2013: $191 million). There have been no further changes to the strategic target asset allocation therefore, management considers that 7.00% continues to be an appropriate long-term rate of return assumption.

The expected and actual returns on UK plan assets for the three years ended December 31, 2014 were as follows:

	Expected return on plan assets	Actual return on plan assets
	(millions)	
2014	$ 213	$ 520
2013	191	255
2012	181	226

Mortality

The mortality assumption chosen should reflect the long term life expectancy of pension scheme members and represent the best estimate assumptions used as opposed to more prudent assumption used by pension scheme trustees for funding purposes.

At December 31, 2014 we have updated the mortality base tables to use the more recent 80%/98% S1NA tables for male and females however, we have adjusted the base tables to reflect our scheme experiences and consequently the liabilities are broadly unchanged.

As an indication of the longevity assumed, our calculations assume that a UK male retiree aged 65 at December 31, 2014 would have a life expectancy of 24 years.

US plan

	As disclosed using December 31, 2013 assumptions	Impact of a 0.50 percentage point increase in the expected rate of return on assets[(a)]	Impact of a 0.50 percentage point increase in the discount rate[(a)]	One year increase in mortality assumption[(b)]
		(millions)		
Estimated 2015 (income) / expense	$ (6)	$ (4)	$ —	$ 1
Projected benefit obligation at December 31, 2014	1,051	n/a	(69)	14

(a) With all other assumptions held constant.

(b) Assumes all plan participants are one year younger.

Discount rate

The discount rate at December 31, 2014 was 3.90%, an decrease of 86 basis points from the discount rate of 4.76% at December 31, 2013. The decrease in the discount rate reflects the decrease in high-quality corporate bond yields during 2014.

The impact of the lower discount rate in 2014 increased the projected benefit obligation by approximately $103 million.

Expected and actual asset returns

The expected long-term rate of return used for determining the net US pension scheme expense in 2014 was 7.25% (2013: 7.25%)

The expected and actual returns on US plan assets for the three years ended December 31, 2014 were as follows:

	Expected return on plan assets	Actual return on plan assets
	(millions)	
2014	$ 54	$ 65
2013	51	60
2012	46	80

Mortality

During 2014, the US Society of Actuaries released updated mortality tables to reflect improvements in longevity reflecting the results of their multi-year mortality study of participants in uninsured pension plans in the US. They also published details of mortality improvements. In summary, these tables showed that people are living longer, especially at older ages.

Consequently, in line with market practice, we have adopted at December 31, 2014 the RP 2014 Mortality Table projected using MP-2014 improvements scale on a fully generational basis (December 31, 2013: RP-2000 Mortality Table (blended for annuitants and non-annuitants), projected by Scale AA to 2021 for annuitants and 2029 for non-annuitants).

The impact of this change increase the projected benefit obligation by approximately $80 million.

As an indication of the longevity assumed, our calculations assume that a US male retiree aged 65 at December 31, 2014, would have a life expectancy of 22 years.

Goodwill impairment review

We test goodwill for impairment annually or whenever events or circumstances indicate impairment may have occurred.

Application of the impairment test involves the use of discounted cash flow models and requires significant judgment, including:

- the identification of reporting units;
- projections of commission and fee and expense growth rates;
- discount and terminal growth rates;
- assignment of assets, liabilities and goodwill to reporting units; and
- determination of fair value of each reporting unit.

We use comparable market earnings multiple data and our Company's market capitalization to corroborate our reporting unit valuations.

Our annual goodwill impairment analysis is performed each year at October 1. At October 1, 2014 our analysis showed the estimate fair value of each reporting unit was significantly in excess of carrying value, and therefore did not result in an impairment charge (2013: $nil; 2012: $492 million).

Income taxes

We recognize deferred tax assets and liabilities for the estimated future tax consequences of events attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating and capital loss and tax credit carry-forwards. We estimate deferred tax assets and liabilities and assess the need for any valuation allowances using tax rates in effect for the year in which the differences are expected to be recovered or settled taking into account our business plans and tax planning strategies.

At December 31, 2014, we had gross deferred tax assets of $426 million (2013: $383 million) against which a valuation allowance of $280 million (2013: $196 million) had been recognized. To the extent that:

- the actual future taxable income in the periods during which the temporary differences are expected to reverse differs from current projections;
- assumed prudent and feasible tax planning strategies fail to materialize;
- new tax planning strategies are developed; or
- material changes occur in actual tax rates or loss carry-forward time limits,

we may adjust the deferred tax asset considered realizable in future periods. Such adjustments could result in a significant increase or decrease in the effective tax rate and have a material impact on our net income.

Considering our recent US earnings experience and projections of future income, a possibility exists that we may release a portion of the valuation allowance against our US deferred tax assets in the next twelve months. Release of the US valuation allowance would result in the recognition of deferred tax assets and a decrease to income tax expense for the period the release is recorded. Our US valuation allowance, excluding that related to state separate taxes, is $160 million as at December 31, 2014. The exact timing and amount of future valuation release is subject to change on the basis of the level of profitability we are able to achieve.

Positions taken in our tax returns may be subject to challenge by the taxing authorities upon examination. We recognize the benefit of uncertain tax positions in the financial statements when it is more likely than not that the position will be sustained on examination by the tax authorities. The benefit recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized on settlement with the tax authority, assuming full knowledge of the position and all relevant facts.

The Company adjusts its recognition of these uncertain tax benefits in the period in which new information is available impacting either the recognition or measurement of its uncertain tax positions. In 2014, there was a net decrease in uncertain tax positions of $22 million compared to a net increase of $4 million in 2013. The Company recognizes interest relating to unrecognized tax benefits and penalties within income taxes. Accrued interest and penalties are included within the related tax liability line in the consolidated balance sheet.

Commitments, contingencies and accrued liabilities

We have established provisions against 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 in the ordinary course of business. Such provisions cover claims that have been reported but not paid and also claims that have been incurred but not reported. These provisions are established based on actuarial estimates together with individual case reviews and are believed to be adequate in the light of current information and legal advice.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations as at December 31, 2014 are presented below:

Obligations [c]	Total	2015	2016-2017	2018-2019	After 2019
	Payments due by (millions)				
7-year term loan facility expires 2018	$ 259	$ 17	$ 45	$ 197	$ —
Interest on term loan	14	4	8	2	—
Revolving $800 million credit facility commitment fees	7	2	4	1	—
Revolving $400 million credit facility commitment fees	2	1	1	—	—
5.625% senior notes due 2015	148	148	—	—	—
4.125% senior notes due 2016	300	—	300	—	—
6.200% senior notes due 2017	394	—	394	—	—
7.000% senior notes due 2019	187	—	—	187	—
5.750% senior notes due 2021	500	—	—	—	500
4.625% senior notes due 2023	250	—	—	—	250
6.125% senior notes due 2043	275	—	—	—	275
Interest on senior notes	896	112	173	137	474
Total debt and related interest	3,232	284	925	524	1,499
Operating leases [a]	1,181	128	221	175	657
Pensions	346	116	190	40	—
Other contractual obligations [b]	143	10	40	43	50
Acquisition liabilities	50	8	26	16	—
Total contractual obligations	$ 4,952	$ 546	$ 1,402	$ 798	$ 2,206

(a) Presented gross of sublease income.

(b) Other contractual obligations include capital lease commitments, put option obligations and investment fund capital call obligations, the timing of which are included at the earliest point they may fall due.

(c) The above excludes $19 million for liabilities for unrecognized tax benefits as we are unable to reasonably predict the timing of settlement of these liabilities.

Debt obligations and facilities

The Company's debt and related interest obligations at December 31, 2014 are shown in the above table.

As at December 31, 2014 $nil was outstanding under our revolving credit facilities.

Mandatory repayments of debt over the next 12 months include expiration of the 3-year term loan facility expiring 2015, maturity of the 5.625% senior notes due 2015 and the scheduled repayment of the current portion of the Company's 7-year term loan. The Company also has the right, at its option, to prepay indebtedness under the credit facility without further penalty and to redeem the senior notes by paying a 'make-whole' premium as provided under the applicable debt instrument.

Operating leases

The Company leases certain land, buildings and equipment under various operating lease arrangements. Original non-cancellable lease terms typically are between 10 and 20 years and may contain escalation clauses, along with options that permit early withdrawal. The total amount of the minimum rent is expensed on a straight-line basis over the term of the lease.

Information regarding these operating leases and their impact on the financial statements is set forth in Note 20 - 'Commitments and Contingencies' to the Consolidated Financial Statements appearing under Part II, Item 8 of this report and incorporated herein by reference.

Pensions

Contractual obligations for our pension plans reflect the contributions we expect to make over the next five years into our US, UK and Other defined benefit plans. These contributions are based on current funding positions and may increase or decrease dependent on the future performance of the plans.

Total contributions made in 2014 and 2013, and the contributions we expect to make in 2015, in respect of our UK, US and Other defined benefit pension schemes are as follows:

	December 31, 2015	December 31, 2014	December 31, 2013
Defined benefit pension plans:	Expected	Actual	Actual
UK	$ 96	$ 81	$ 88
US	10	20	40
Other	10	11	10
Total	$ 116	$ 112	$ 138

Additionally, during 2014 $10 million (2013: $12 million) was paid into the UK plan in respect of employees' salary sacrifice contributions.

UK plan

In March 2012, the Company agreed to a schedule of contributions towards on-going accrual of benefits and deficit funding contributions the Company will make to the UK plan over the six years ended December 31, 2017. Based on this agreement, contributions in each of the next three years would total approximately $75 million, of which approximately $19 million relates to on-going contributions calculated as 15.9 percent of active plan members' pensionable salary and approximately $56 million that relates to contributions towards the funding deficit.

In addition, based on this agreement, further contributions would 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). We expect to make an exceptional return contribution of $21 million during 2015 as a result of share buyback activity during 2014. Aggregate contributions under the deficit funding contribution and the profit share calculation are capped at £312 million ($486 million) over the six years ended December 31, 2017.

We are currently negotiating a new funding arrangement, which we are required to do every three years, which may further change the contributions we are required to make in the future.

Guarantees and Other Contractual Obligations

Information regarding guarantees and other contractual obligations and their impact on the financial statements is set forth in Note 20 - ‘Commitments and Contingencies’ to the Consolidated Financial Statements appearing under Part II, Item 8 of this report and incorporated herein by reference.

NEW ACCOUNTING STANDARDS

Information regarding new accounting standards and their impact on the financial statements is set forth in Note 2 - 'Basis of Presentation and Significant Accounting Policies' to the Consolidated Financial Statements appearing under Part II, Item 8 of this report and incorporated herein by reference.

OFF BALANCE SHEET TRANSACTIONS

Apart from commitments, guarantees and contingencies, as disclosed in Note 20 - 'Commitments and Contingencies' to the Consolidated Financial Statements appearing under Part II, Item 8 of this report and incorporated herein by reference, 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 8 — Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Willis Group Holdings Public Limited Company
Dublin, Ireland

We have audited the accompanying consolidated balance sheets of Willis Group Holdings Public Limited Company and subsidiaries (the 'Company') as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Willis Group Holdings Public Limited Company and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte LLP
London, United Kingdom
February 24, 2015

(August 21, 2015 as to note 2, 5, 12 and 26)

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CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Years ended December 31, 2014	2013	2012
		(millions, except per share data)		
REVENUES				
Commissions and fees		$ 3,767	$ 3,633	$ 3,458
Investment income		16	15	18
Other income		19	7	4
Total revenues		3,802	3,655	3,480
EXPENSES				
Salaries and benefits	3	(2,314)	(2,207)	(2,475)
Other operating expenses		(659)	(636)	(600)
Depreciation expense	11	(92)	(94)	(79)
Amortization of intangible assets	13	(54)	(55)	(59)
Goodwill impairment charge	12	—	—	(492)
Restructuring costs	5	(36)	—	—
Total expenses		(3,155)	(2,992)	(3,705)
OPERATING INCOME (LOSS)		647	663	(225)
Other income (expense), net	7	6	22	16
Loss on extinguishment of debt	18	—	(60)	—
Interest expense	18	(135)	(126)	(128)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES		518	499	(337)
Income taxes	8	(159)	(122)	(101)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES		359	377	(438)
Interest in earnings of associates, net of tax		14	—	5
NET INCOME (LOSS)		373	377	(433)
Less: net income attributable to noncontrolling interests		(11)	(12)	(13)
NET INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS		$ 362	$ 365	$ (446)
BASIC EARNINGS PER SHARE	9			
— Continuing operations		$ 2.03	$ 2.07	$ (2.58)
DILUTED EARNINGS PER SHARE	9			
— Continuing operations		$ 2.00	$ 2.04	$ (2.58)
CASH DIVIDENDS DECLARED PER SHARE		$ 1.20	$ 1.12	$ 1.08

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

Willis Group Holdings plc

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

	Note	Years ended December 31, 2014	2013	2012
		(millions)		
Net income (loss)		$ 373	$ 377	$ (433)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation adjustments		(183)	20	46
Pension funding adjustment:				
Foreign currency translation on pension funding adjustment		37	(10)	(22)
Net actuarial (loss) gain		(255)	85	(167)
Amortization of unrecognized actuarial loss		40	46	38
Amortization of unrecognized prior service gain and curtailment		(3)	(4)	(5)
Curtailment gain		2	—	—
		(179)	117	(156)
Derivative instruments:				
Gain on interest rate swaps (effective element)		—	—	2
Interest rate swap reclassification adjustment		(4)	(4)	(4)
(Loss) gain on forward exchange contracts (effective element)		(25)	8	9
Forward exchange contracts reclassification adjustment		13	1	(3)
Gain on treasury lock (effective element)		—	15	—
Treasury lock reclassification adjustment		(1)	—	—
		(17)	20	4
Other comprehensive (loss) income, net of tax	21	(379)	157	(106)
Comprehensive (loss) income		(6)	534	(539)
Less: Comprehensive income attributable to noncontrolling interests		(5)	(12)	(13)
Comprehensive (loss) income attributable to Willis Group Holdings		$ (11)	$ 522	$ (552)

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

CONSOLIDATED BALANCE SHEETS

	Note	December 31, 2014	December 31, 2013
		(millions, except share data)	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 635	$ 796
Accounts receivable, net		1,044	1,041
Fiduciary assets		8,948	8,412
Deferred tax assets	8	12	15
Other current assets	14	214	197
Total current assets		10,853	10,461
NON-CURRENT ASSETS			
Fixed assets, net	11	483	481
Goodwill	12	2,937	2,838
Other intangible assets, net	13	450	353
Investments in associates		169	176
Deferred tax assets	8	9	7
Pension benefits asset	17	314	278
Other non-current assets	14	220	206
Total non-current assets		4,582	4,339
TOTAL ASSETS		$ 15,435	$ 14,800
LIABILITIES AND STOCKHOLDERS’ EQUITY			
CURRENT LIABILITIES			
Fiduciary liabilities		$ 8,948	$ 8,412
Deferred revenue and accrued expenses		619	586
Income taxes payable		33	21
Current portion of long-term debt	18	167	15
Deferred tax liabilities	8	21	25
Other current liabilities	15	444	415
Total current liabilities		10,232	9,474
NON-CURRENT LIABILITIES			
Long-term debt	18	2,142	2,311
Liability for pension benefits	17	284	136
Deferred tax liabilities	8	128	56
Provisions for liabilities	19	194	206
Other non-current liabilities	15	389	374
Total non-current liabilities		3,137	3,083
Total liabilities		13,369	12,557

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Willis Group Holdings plc

CONSOLIDATED BALANCE SHEETS (Continued)

	Note	December 31, 2014	December 31, 2013
		(millions, except share data)	
COMMITMENTS AND CONTINGENCIES	20	—	—
REDEEMABLE NONCONTROLLING INTEREST		59	—
EQUITY			
Ordinary shares, $0.000115 nominal value; Authorized: 4,000,000,000; Issued 178,701,479 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		1,524	1,316
Retained earnings		1,530	1,595
Accumulated other comprehensive loss, net of tax	21	(1,066)	(693)
Treasury shares, at cost, 46,408 shares in 2014 and 2013, and 40,000 shares, €1 nominal value, in 2014 and 2013		(3)	(3)
Total Willis Group Holdings stockholders' equity		1,985	2,215
Noncontrolling interests		22	28
Total equity		2,007	2,243
TOTAL LIABILITIES AND EQUITY		$ 15,435	$ 14,800

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years ended December 31, 2014	2013	2012
		(millions)		
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)		$ 373	$ 377	$ (433)
Adjustments to reconcile net income (loss) to total net cash provided by operating activities:				
Goodwill impairment	12	—	—	492
Net gain on disposal of operations, fixed and intangible assets		(17)	(7)	—
Depreciation expense	11	92	94	79
Amortization of intangible assets	13	54	55	59
Amortization and write-off of cash retention awards		10	6	416
Net periodic (benefit) cost of defined benefit pension plans	17	(17)	(4)	2
Provision for doubtful accounts	16	4	3	16
Provision for deferred income taxes		66	39	54
Gain on derivative instruments		(12)	18	11
Excess tax benefits from share-based payment arrangements		(5)	(2)	(2)
Share-based compensation	4	52	42	32
Tender premium included in loss on extinguishment of debt	18	—	65	—
Undistributed earnings of associates		(9)	8	(2)
Effect of exchange rate changes on net income		39	(4)	(14)
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries:				
Accounts receivable		(66)	(116)	(17)
Fiduciary assets		(887)	804	111
Fiduciary liabilities		887	(804)	(111)
Cash incentives paid		(401)	(346)	(323)
Funding of defined benefit pension plans	17	(122)	(150)	(143)
Other assets		16	14	(1)
Other liabilities		432	445	319
Movement on provisions		(12)	24	(20)
Total net cash provided by operating activities		477	561	525

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Willis Group Holdings plc

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Note	Years ended December 31, 2014	2013	2012
			(millions)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of fixed and intangible assets		6	12	5
Additions to fixed assets		(113)	(112)	(135)
Additions to intangible assets		(4)	(7)	(2)
Acquisitions of operations, net of cash acquired		(241)	(30)	(33)
Payments to acquire other investments, net of distributions received		(10)	(7)	(7)
Proceeds from sale of associates		—	4	—
Proceeds from sale of operations, net of cash disposed		86	20	—
Net cash used in investing activities		(276)	(120)	(172)
CASH FLOWS FROM FINANCING ACTIVITIES				
Senior notes issued	18	—	522	—
Debt issuance costs		(3)	(8)	—
Repayments of debt	18	(15)	(536)	(15)
Tender premium on extinguishment of senior notes	18	—	(65)	—
Proceeds from issue of other debt		—	—	1
Repurchase of shares		(213)	—	(100)
Proceeds from issue of shares		134	155	53
Excess tax benefits from share-based payment arrangements		5	2	2
Dividends paid		(210)	(193)	(185)
Proceeds from sale of noncontrolling interests		—	—	3
Acquisition of noncontrolling interests		(4)	(4)	(39)
Dividends paid to noncontrolling interests		(17)	(10)	(11)
Net cash used in financing activities		(323)	(137)	(291)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(122)	304	62
Effect of exchange rate changes on cash and cash equivalents		(39)	(8)	2
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		796	500	436
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 635	$ 796	$ 500

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

Willis Group Holdings plc

CONSOLIDATED STATEMENTS OF EQUITY

	Shares outstanding	Ordinary shares and APIC (i)	Retained Earnings	Treasury Stock	AOCL (ii)	Total WGH shareholders' equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling interests (iii)	Total
	(thousands)	(millions)								
Balance at January 1, 2012	173,830	$ 1,073	$ 2,160	$ (3)	$ (744)	$ 2,486	$ 31	$ 2,517	$ —	
Shares repurchased	(2,797)	—	(100)	—	—	(100)	—	(100)	—	
Net (loss) income	—	—	(446)	—	—	(446)	13	(433)	—	$ (433)
Dividends	—	—	(187)	—	—	(187)	(11)	(198)	—	
Other comprehensive loss	—	—	—	—	(106)	(106)	—	(106)	—	$ (106)
Issue of shares under employee stock compensation plans and related tax benefits	2,122	50	—	—	—	50	—	50	—	
Issue of shares for acquisitions	24	1	—	—	—	1	—	1	—	
Share-based compensation	—	32	—	—	—	32	—	32	—	
Purchase of subsidiary shares from noncontrolling interests, net	—	(31)	—	—	—	(31)	(8)	(39)	—	
Additional noncontrolling interests	—	2	—	—	—	2	1	3	—	
Foreign currency translation	—	(2)	—	—	—	(2)	—	(2)	—	
Balance at December 31, 2012	173,179	1,125	1,427	(3)	(850)	1,699	26	1,725	—	
Net income	—	—	365	—	—	365	12	377	—	$ 377
Dividends	—	—	(197)	—	—	(197)	(10)	(207)	—	
Other comprehensive income	—	—	—	—	157	157	—	157	—	$ 157
Issue of shares under employee stock compensation plans and related tax benefits	5,682	153	—	—	—	153	—	153	—	
Share-based compensation	—	42	—	—	—	42	—	42	—	
Purchase of subsidiary shares from noncontrolling interests, net	—	(4)	—	—	—	(4)	—	(4)	—	
Balance at December 31, 2013	178,861	1,316	1,595	(3)	(693)	2,215	28	2,243	—	
Shares repurchased	(5,050)	—	(213)	—	—	(213)	—	(213)	—	
Net income	—	—	362	—	—	362	11	373	—	$ 373
Dividends	—	—	(214)	—	—	(214)	(17)	(231)	—	
Other comprehensive loss	—	—	—	—	(373)	(373)	(2)	(375)	(4)	$ (379)
Issue of shares under employee stock compensation plans and related tax benefits	4,854	146	—	—	—	146	—	146	—	
Issue of shares for acquisitions	36	1	—	—	—	1	—	1	—	
Share-based compensation	—	52	—	—	—	52	—	52	—	
Additional noncontrolling interests	—	—	—	—	—	—	2	2	63	
Foreign currency translation	—	9	—	—	—	9	—	9	—	
Balance at December 31, 2014	178,701	$ 1,524	$ 1,530	$ (3)	$ (1,066)	$ 1,985	$ 22	$ 2,007	$ 59	

(i) APIC means Additional Paid-In Capital

(ii) AOCL means Accumulated Other Comprehensive Loss, Net of Tax

(iii) In accordance with the requirements of Accounting Standards Codification 480-10-S99-3A we have determined that the noncontrolling interest in Max Matthiessen Holding AB should be disclosed as a redeemable noncontrolling interest and presented within mezzanine or temporary equity

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

Recent Accounting Pronouncements to be Adopted in Future Periods

In April 2014, the Financial Accounting Standards Board ('FASB') issued Accounting Standards Update ('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.

In June 2014, the FASB issued guidance on the accounting for stock compensation where share-based payment awards granted to employees required specific performance targets to be achieved in order for employees to become eligible to vest in the awards and such performance targets could be achieved after an employee completes the requisite service period. The amendment in this update requires a performance target that affects vesting and that could be achieved after the requisite service period to be treated as a performance condition. The guidance is applicable to the Company for interim and annual reporting periods beginning after December 15, 2015, although earlier adoption is permitted. The Company is currently assessing the impact that this standard will have on its consolidated financial statements.

Recent Accounting Pronouncements Adopted During the Period

In July 2013, the FASB issued 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.

The Company 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.

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

Significant Accounting Policies

These consolidated financial statements conform to accounting principles generally accepted in the United States of America (‘US GAAP’). Presented below are summaries of significant accounting policies followed in the preparation of the consolidated financial statements.

Certain reclassifications have been made to prior year amounts to conform to current year presentation. In particular, 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 now reported in a new Statement of Operations line item, 'Other income (expense), net', which is reported below the 'Operating income (loss)' line item. Prior period amounts have been reclassified to conform to this presentation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Willis Group Holdings and its subsidiaries, which are controlled through the ownership of a majority voting interest. Intercompany balances and transactions have been eliminated on consolidation.

Foreign Currency Translation

Transactions in currencies other than the functional currency of the entity are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are translated at the rates of exchange prevailing at the balance sheet date and the related transaction gains and losses are reported in the statements of operations. Certain intercompany loans are determined to be of a long-term investment nature. The Company records transaction gains and losses from remeasuring such loans as a component of other comprehensive income.

Upon consolidation, the results of operations of subsidiaries and associates whose functional currency is other than the US dollar are translated into US dollars at the average exchange rate and assets and liabilities are translated at year-end exchange rates. Translation adjustments are presented as a separate component of other comprehensive income in the financial statements and are included in net income only upon sale or liquidation of the underlying foreign subsidiary or associated company.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the dates of the financial statements and the reported amounts of revenues and expenses during the year. In the preparation of these consolidated financial statements, estimates and assumptions have been made by management concerning: the valuation of intangible assets and goodwill (including those acquired through business combinations); the selection of useful lives of fixed and intangible assets; impairment testing; provisions necessary for accounts receivable, commitments and contingencies and accrued liabilities; long-term asset returns, discount rates and mortality rates in order to estimate pension liabilities and pension expense; income tax valuation allowances; and other similar evaluations. Actual results could differ from the estimates underlying these consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of time deposits with original maturities of three months or less.

Fiduciary Assets and Fiduciary Liabilities

In its capacity as an insurance agent or broker, the Company collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurers; the Company also collects claims or refunds from insurers which it then remits to insureds.

Fiduciary Assets

Fiduciary assets comprise Fiduciary Receivables and Fiduciary Funds.

Willis Group Holdings plc

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

Fiduciary Receivables

Fiduciary receivables represent uncollected premiums from insureds and uncollected claims or refunds from insurers.

Fiduciary Funds

Fiduciary funds represent unremitted premiums received from insureds and unremitted claims or refunds received from insurers. Fiduciary funds are generally required to be kept in certain 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 insureds 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.

The period for which the Company holds such funds is dependent upon the date the insured remits the payment of the premium to the Company, or the date the Company receives refunds from the insurers, and the date the Company is required to forward such payment to the insurer, or insured, respectively.

In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. Such advances are made from fiduciary funds and are reflected in the accompanying consolidated balance sheets as fiduciary assets.

Fiduciary Liabilities

Fiduciary liabilities represent the obligations to remit fiduciary funds and fiduciary receivables to insurers or insureds.

Accounts Receivable

Accounts receivable are stated at estimated net realizable values. Allowances are recorded, when necessary, in an amount considered by management to be sufficient to meet probable future losses related to uncollectible accounts.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Expenditures for improvements are capitalized; repairs and maintenance are charged to expenses as incurred. Depreciation is computed using the straight-line method based on the estimated useful lives of assets.

Depreciation on buildings and long leaseholds is calculated over the lesser of 50 years or the lease term. Depreciation on leasehold improvements is calculated over the lesser of the useful life of the assets or the remaining lease term. Depreciation on furniture and equipment is calculated based on a range of 3 to 10 years. Freehold land is not depreciated.

Recoverability of Fixed Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. An impairment loss is recognized if the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. Recoverability is determined based on the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group. Long-lived assets and certain identifiable intangible assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Operating Leases

Rentals payable on operating leases are charged straight line to expenses over the lease term as the rentals become payable.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of businesses acquired over the fair value of identifiable net assets at the dates of acquisition. The Company reviews goodwill for impairment annually and whenever facts or circumstances indicate that the carrying amounts may not be recoverable. In testing for impairment, the fair value of each reporting unit is compared with its carrying value, including goodwill. If the carrying amount of a reporting unit exceeds its fair value, the amount of an

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

impairment loss, if any, is calculated by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill.

Acquired intangible assets are amortized over the following periods:

	Amortization basis	Expected life (years)
Acquired client relationships	In line with underlying cashflows	5 to 20
Acquired management contracts	Straight line	18
Other intangible assets	Straight line	3 to 10

Amortizable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Investments in Associates

Investments are accounted for using the equity method of accounting if the Company has the ability to exercise significant influence, but not control, over the investee. Significant influence is generally deemed to exist if the Company has an equity ownership in the voting stock of the investee between 20 and 50 percent, although other factors, such as representation on the Board of Directors and the impact of commercial arrangements, are considered in determining whether the equity method of accounting is appropriate. Under the equity method of accounting the investment is carried at cost of acquisition, plus the Company’s equity in undistributed net income since acquisition, less any dividends received since acquisition.

The Company periodically reviews its investments in associates for which fair value is less than cost to determine if the decline in value is other than temporary. If the decline in value is judged to be other than temporary, the cost basis of the investment is written down to fair value. The amount of any write-down is included in the statements of operations as a realized loss.

All other equity investments where the Company does not have the ability to exercise significant influence are accounted for by the cost method. Such investments are not publicly traded.

GS & Cie Groupe ('Gras Savoye') is the principal associate of the Company. It is France's leading insurance broker. The Company has a call option to purchase 100 percent of the capital of Gras Savoye, a decision on whether to exercise this or not will be taken by April 30, 2015, for exercise during 2016.

The carrying amount of the Gras Savoye investment as of December 31, 2014 includes interest bearing vendor loans and convertible bonds issued by Gras Savoye of $41 million and $106 million respectively (2013: $46 million and $110 million, respectively).

Derivative Financial Instruments

The Company uses derivative financial instruments for other than trading purposes to alter the risk profile of an existing underlying exposure. Interest rate swaps have been used to manage interest risk exposures. Forward foreign currency exchange contracts are used to manage currency exposures arising from future income and expenses. The fair values of derivative contracts are recorded in other assets and other liabilities. The effective portions of changes in the fair value of derivatives that qualify for hedge accounting as cash flow hedges are recorded in other comprehensive income. Amounts are reclassified from other comprehensive income into earnings when the hedged exposure affects earnings. If the derivative is designated as, and qualifies as, an effective fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are both recognized in earnings. The amount of hedge ineffectiveness recognized in earnings is based on the extent to which an offset between the fair value of the derivative and hedged item is not achieved. Changes in fair value of derivatives that do not qualify for hedge accounting, together with any hedge ineffectiveness on those that do qualify, are recorded in other operating expenses or interest expense as appropriate.

The Company evaluates whether its contracts include clauses or conditions which would be required to be separately accounted for at fair value as embedded derivatives.

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

Income Taxes

The Company recognizes deferred tax assets and liabilities for the estimated future tax consequences of events attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating and capital loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted rates in effect for the year in which the differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognized in the statement of operations in the period in which the change is enacted. Deferred tax assets are reduced through the establishment of a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realized. The Company adjusts valuation allowances to measure deferred tax assets at the amount considered realizable in future periods if the Company's facts and assumptions change. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations.

Positions taken in the Company's tax returns may be subject to challenge by the taxing authorities upon examination. The Company recognizes the benefit of uncertain tax positions in the financial statements when it is more likely than not that the position will be sustained on examination by the tax authorities upon lapse of the relevant statute of limitations, or when positions are effectively settled. The benefit recognized is the largest amount of tax benefit that is greater than 50 percent likely to be realized on settlement with the tax authority, assuming full knowledge of the position and all relevant facts. The Company adjusts its recognition of these uncertain tax benefits in the period in which new information is available impacting either the recognition or measurement of its uncertain tax positions. Such adjustments are reflected as increases or decreases to income taxes in the period in which they are determined.

The Company recognizes interest and penalties relating to unrecognized tax benefits within income taxes.

Provisions for Liabilities

The Company is subject to various actual and potential claims, lawsuits and other proceedings. The Company records liabilities for such contingencies including legal costs when it is probable that a liability has been incurred before the balance sheet date and the amount can be reasonably estimated. To the extent such losses can be recovered under the Company's insurance programs, estimated recoveries are recorded when losses for insured events are realized. Significant management judgment is required to estimate the amounts of such contingent liabilities and the related insurance recoveries. The Company analyzes its litigation exposure based on available information, including consultation with outside counsel handling the defense of these matters, to assess its potential liability. Contingent liabilities are not discounted.

Pensions

The Company has two principal defined benefit pension plans which cover approximately half of employees in the United States and United Kingdom. Both these plans are now closed to new entrants. New employees in the United Kingdom are offered the opportunity to join a defined contribution plan and in the United States are offered the opportunity to join a 401(k) plan. In addition to the Company's UK and US defined benefit pension plans, the Company has several smaller defined benefit pension plans in certain other countries in which it operates including a US non-qualified plan and an unfunded plan in the UK.. Elsewhere, pension benefits are typically provided through defined contribution plans.

Defined benefit plans

The net periodic cost of the Company's defined benefit plans are measured on an actuarial basis using the projected unit credit method and several actuarial assumptions the most significant of which are the discount rate and the expected long-term rate of return on plan assets. Other material assumptions include rates of participant mortality, the expected long-term rate of compensation and pension increases and rates of employee termination. Gains and losses occur when actual experience differs from actuarial assumptions. If such gains or losses exceed ten percent of the greater of plan assets or plan liabilities the Company amortizes those gains or losses over the average remaining service period or average remaining life expectancy as appropriate of the plan participants.

In accordance with US GAAP the Company records on the balance sheet the funded status of its pension plans based on the projected benefit obligation.

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

Defined contribution plans

Contributions to the Company’s defined contribution plans are recognized as they fall due. Differences between contributions payable in the year and contributions actually paid are shown as either other assets or other liabilities in the consolidated balance sheets.

Share-Based Compensation

The Company has equity-based compensation plans that provide for grants of restricted stock units and stock options to employees and non-employee directors of the Company who perform services for the Company.

The Company expenses all equity-based compensation on a straight-line basis over the requisite service period based upon the fair value of the award on the date of grant, the estimated achievement of any performance targets and anticipated staff retention. The awards under equity-based compensation are classified as equity and included as a component of equity on the Company’s consolidated balance sheets, as the ultimate payment of such awards will not be achieved through use of the Company’s cash or other assets.

Revenue Recognition

Revenue includes insurance commissions, fees for services rendered, certain commissions receivable from insurance carriers, investment income and other income.

Brokerage income and fees negotiated in lieu of brokerage are recognized at the later of the policy inception date or when the policy placement is complete. Commissions on additional premiums and adjustments are recognized when approved by or agreed between the parties and collectability is reasonably assured.

Fees for risk management and other services are recognized as the services are provided. Consideration for negotiated fee arrangements for an agreed period covering multiple insurance placements, the provision of risk management and/or other services are allocated to all deliverables on the basis of their relative selling prices. The Company establishes contract cancellation reserves where appropriate: at December 31, 2014, 2013 and 2012, such amounts were not material.

Investment income is recognized as earned.

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.

Change to Segmental Presentation

Effective from January 1, 2015, the Company changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments from three segments, known as Willis Global, Willis North America and Willis International, into four segments: Willis Capital, Wholesale and Reinsurance ('Willis CWR'); Willis North America; Willis International; and Willis GB.

The principal changes to the reporting units are as follows:

- Willis International and Willis North America remain largely unchanged except for certain specialty teams formerly included in Global which are now included in the geographic regions in which they are located.
- Willis Capital, Wholesale and Reinsurance comprises Willis Re, Willis Capital Markets & Advisory and the Company's wholesale business. In addition, it will also include a new unit called Willis Portfolio and Underwriting Services which were formerly included as part of the Global segment.
- The remaining component businesses previously included as part of the Global segment which includes the Company's UK retail business, facultative business and London specialty business, now form Willis GB.

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

Accordingly, Note 5 - 'Restructuring Costs'; Note 12 - 'Goodwill'; and Note 26 - 'Segment Information' have been recast to take into account these changes. The Financial Statement and Supplementary data has not however been updated for other subsequent events or information.

3. EMPLOYEES

The average number of persons, including Executive Directors, employed by the Company is as follows:

	Years ended December 31,		
	2014	2013	2012
Total average number of employees for the year	18,200	17,900	17,500

Salaries and benefits expense comprises the following:

	Years ended December 31,		
	2014	2013	2012
		(millions)	
Salaries and other compensation awards including amortization and write-off of cash retention awards of $10 million, $6 million and $416 million	$ 2,069	$ 1,953	$ 2,258
Share-based compensation	52	42	32
Severance costs	8	32	6
Social security costs	147	135	133
Retirement benefits — defined benefit plan (income) expense	(17)	(4)	2
Retirement benefits — defined contribution plan expense	55	49	44
Total salaries and benefits expense	$ 2,314	$ 2,207	$ 2,475

Severance Costs

Severance costs that have arisen in the normal course of business amounted to $8 million in the year ended December 31, 2014 (2013: $4 million; 2012: $6 million).

During the year ended December 31, 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 were eliminated.

4. SHARE-BASED COMPENSATION

On December 31, 2014, the Company had a number of open share-based compensation plans, which provide for the grant of time-based options and performance-based options, time-based restricted stock units and performance-based restricted stock units, and various other share-based grants to employees. All of the Company's share-based compensation plans under which any options, restricted stock units or other share-based grants are outstanding as at December 31, 2014 are described below. The compensation cost that has been recognized for those plans for the year ended December 31, 2014 was $52 million (2013: $42 million; 2012: $32 million). The total income tax benefit recognized in the statement of operations for share-based compensation arrangements for the year ended December 31, 2014 was $12 million (2013: $9 million; 2012: $9 million).

2012 Equity Incentive Plan

This plan, which was established on April 25, 2012, provides for the granting of incentive stock options, time-based or performance-based non-statutory stock options, share appreciation rights, restricted shares, time-based or performance-based restricted share units ('RSUs'), performance-based awards and other share-based grants or any combination thereof (collectively referred to as 'Awards') to employees, officers, directors and consultants ('Eligible Individuals') of the Company. The Board of Directors also adopted a sub-plan under the 2012 plan to provide an employee sharesave scheme in the United Kingdom.

There are 13,776,935 shares available for grant under this plan. In addition, shares subject to awards that were granted under the Willis Group Holdings 2008 Share Purchase and Option Plan, that terminate, expire or lapse for any reason will be made available for future Awards under this Plan. Options are exercisable on a variety of dates, including from the second, third, fourth or fifth anniversary of grant. Unless terminated sooner by the Board of Directors, the 2012 Plan will expire 10 years after the date of its adoption. That termination will not affect the validity of any grants outstanding at that date.

2008 Share Purchase and Option Plan

This plan, which was established on April 23, 2008, provides for the granting of time and performance-based options, restricted stock units and various other share-based grants at fair market value to employees of the Company. The 2008 plan was

4. SHARE-BASED COMPENSATION (Continued)

terminated as at April 25, 2012 and no further grants will be made under this plan. Any shares available for grant under the 2008 plan were included in the 2012 Equity Incentive Plan availability.

Options are exercisable on a variety of dates, including from the third, fourth or fifth anniversary of grant.

Employee Stock Purchase Plans

The Company adopted the Willis Group Holdings 2001 North America Employee Share Purchase Plan, which expired on May 31, 2011 and the Willis Group Holdings 2010 North America Employee Stock Purchase Plan, which expires on May 31, 2020. These plans provide certain eligible employees in the United States and Canada the ability to contribute payroll deductions to the purchase of Willis Group Holdings plc shares at the end of each offering period.

Option Valuation Assumptions

The fair value of each option is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. Expected volatility is based on historical volatility of the Company's stock. The Company uses the simplified method set out in Accounting Standard Codification ('ASC') 718-10-S99 to derive the expected term of options granted as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The risk-free rate for periods within the expected life of the option is based on the US Treasury yield curve in effect at the time of grant.

	Years ended December 31,		
	2014	2013	2012
Expected volatility	18.7%	24.7%	32.1%
Expected dividends	2.8%	2.6%	3.2%
Expected life (years)	4	4	5
Risk-free interest rate	1.3%	1.5%	0.9%

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4. SHARE-BASED COMPENSATION (Continued)

A summary of option activity under the plans at December 31, 2014, and changes during the year then ended is presented below:

(Options in thousands)	Options	Weighted Average Exercise Price(i)	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (millions)
Time-based stock options				
Balance, beginning of year	7,983	$ 35.95		
Granted	1,069	$ 41.00		
Exercised	(2,795)	$ 34.65		
Forfeited	(362)	$ 37.31		
Expired	(212)	$ 36.05		
Balance, end of year	5,683	$ 37.45	5 years	$ 42
Options vested or expected to vest at December 31, 2014	5,131	$ 37.41	5 years	$ 38
Options exercisable at December 31, 2014	2,712	$ 35.84	4 years	$ 24
Performance-based stock options				
Balance, beginning of year	5,260	$ 32.80		
Exercised	(1,201)	$ 29.46		
Forfeited	(392)	$ 33.86		
Balance, end of year	3,667	$ 33.78	3 years	$ 40
Options vested or expected to vest at December 31, 2014	3,376	$ 33.64	3 years	$ 38
Options exercisable at December 31, 2014	2,829	$ 32.81	3 years	$ 34

(i) Certain options are exercisable in pounds sterling and are converted to dollars using the exchange rate at December 31, 2014.

The weighted average grant-date fair value of time-based options granted during the year ended December 31, 2014 was $5.33 (2013: $7.74; 2012: $6.98). The total intrinsic value of options exercised during the year ended December 31, 2014 was $22 million (2013: $32 million; 2012: $8 million). At December 31, 2014 there was $15 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements under time-based stock option plans; that cost is expected to be recognized over a weighted average period of 2 years.

There were no performance-based options granted during the year ended December 31, 2014 or the year ended December 31, 2013. The weighted average grant-date fair value of performance-based options was $7.61 in the year ended December 31, 2012. The total intrinsic value of options exercised during the year ended December 31, 2014 was $15 million (2013: $14 million; 2012: $5 million). At December 31, 2014 there was $2 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements under performance-based stock option plans; that cost is expected to be recognized over a weighted-average period of 1 year.

4. SHARE-BASED COMPENSATION (Continued)

A summary of restricted stock unit activity under the Plans at December 31, 2014, and changes during the year then ended is presented below:

(Units awarded in thousands)	Shares		Weighted Average Grant Date Fair Value
Nonvested shares (restricted stock units)			
Balance, beginning of year	2,929	$	38.71
Granted	1,750	$	43.03
Vested	(858)	$	37.19
Forfeited	(327)	$	37.62
Balance, end of year	3,494	$	41.35

The total number of restricted stock units vested during the year ended December 31, 2014 was 857,603 shares at an average share price of $44.09 (2013: 873,670 shares at an average share price of $41.10; 2012: 408,005 shares at an average price of $35.82). At December 31, 2014 there was $109 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements under the plan; that cost is expected to be recognized over a weighted average period of 2 years.

Cash received from option exercises under all share-based payment arrangements for the year ended December 31, 2014 was $134 million (2013: $155 million; 2012: $53 million). The actual tax benefit recognized for the tax deductions from option exercises of the share-based payment arrangements totaled $20 million for the year ended December 31, 2014 (2013: $28 million; 2012: $8 million).

5. RESTRUCTURING COSTS

In April 2014, the Company announced a multi-year operational improvement program designed to strengthen the Company’s client service capabilities and to deliver future cost savings (hereinafter referred to as the Operational Improvement Program). The main elements of the program, which is expected to be completed by the end of 2017, 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 near-shore and off-shore centers 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 program is expected to deliver cost savings of at least $420 million through 2017 and annual cost savings of $300 million starting 2018. To achieve these cost savings, the company is expecting to incur cumulative costs, including capital expenditure, of approximately $410 million through the end of 2017.

The Company recognized restructuring costs of $36 million in the year ended December 31, 2014, related to its Operational Improvement Program.

5. RESTRUCTURING COSTS (Continued)

An analysis of the cost for restructuring recognized in the statement of operations in the year ended December 31, 2014, is as follows:

	Twelve months ended December 31, 2014					
	Willis North America	Willis International	Willis GB	Willis CWR	Corporate	Total
	(millions)					
Termination benefits	$ 3	$ 3	$ 9	$ 1	$ —	$ 16
Professional services and other	—	2	1	—	17	20
Total	$ 3	$ 5	$ 10	$ 1	$ 17	$ 36

As discussed in Note 2 - 'Basis of presentation and significant accounting policies', effective from January 1, 2015, the company changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments. As a consequence the above table has been recast to conform prior period amounts to the new segmental presentation.

At December 31, 2014, the Company's liability under the Operational Improvement Program is as follows:

	Termination Benefits	Professional Services and other	Total
	(millions)		
Balance at January 1, 2014	$ —	$ —	$ —
Charges incurred	16	20	36
Cash payments	(11)	(14)	(25)
Balance at December 31, 2014	$ 5	$ 6	$ 11

6. AUDITORS' REMUNERATION

An analysis of auditors' remuneration is as follows:

	Years ended December 31,		
	2014	2013	2012
	(millions)		
Audit of group consolidated financial statements	$ 5	$ 4	$ 4
Other assurance services	2	3	3
Other non-audit services	1	1	1
Total auditors' remuneration	$ 8	$ 8	$ 8

7. OTHER INCOME (EXPENSE), NET

Other income (expense), net consists of the following:

	Years ended December 31,		
	2014	2013	2012
		(millions)	
Gain (loss) on disposal of operations	$ 12	$ 2	$ (3)
Impact of Venezuelan currency devaluation	(14)	—	—
Foreign exchange gain	8	20	19
Other income (expense), net	$ 6	$ 22	$ 16

8. INCOME TAXES

An analysis of income from continuing operations before income taxes and interest in earnings of associates by location of the taxing jurisdiction is as follows:

	Years ended December 31,		
	2014	2013	2012
		(millions)	
Ireland	$ (65)	$ (52)	$ (47)
United States	92	(11)	(615)
United Kingdom	154	282	25
Other jurisdictions	337	280	300
Income (loss) from continuing operations before income taxes and interest in earnings of associates	$ 518	$ 499	$ (337)

The provision for income taxes by location of the taxing jurisdiction consisted of the following:

	Years ended December 31,		
	2014	2013	2012
		(millions)	
Current income taxes:			
US federal tax	$ (16)	$ 7	$ 3
US state and local taxes	7	3	1
UK corporation tax	29	28	2
Other jurisdictions	73	45	41
Total current taxes	93	83	47
Deferred taxes:			
US federal tax	30	10	(44)
US state and local taxes	10	1	(41)
Effect of US valuation allowance	5	2	113
UK corporation tax	24	17	27
Other jurisdictions	(3)	9	(1)
Total deferred taxes	66	39	54
Total income taxes	$ 159	$ 122	$ 101

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8. INCOME TAXES (Continued)

The reconciliation between US federal income taxes at the statutory rate and the Company's provision for income taxes on continuing operations is as follows:

	Years ended December 31,		
	2014	2013	2012
	(millions, except percentages)		
Income (loss) from continuing operations before income taxes and interest in earnings of associates	$ 518	$ 499	$ (337)
US federal statutory income tax rate	35%	35%	35%
Income tax expense at US federal tax rate	181	175	(118)
Adjustments to derive effective rate:			
Non-deductible expenditure	21	19	15
Tax impact of internal restructurings	—	11	—
Movement in provision for unrecognized tax benefits	1	(1)	6
Impairment of non-qualifying goodwill	—	—	137
Disposal of non-qualifying goodwill	11	—	—
Impact of change in tax rate on deferred tax balances	—	(4)	(3)
Adjustment in respect of prior periods	(2)	1	6
Non-deductible Venezuelan foreign exchange loss	5	—	—
Effect of foreign exchange and other differences	(4)	1	2
Changes in valuation allowances applied to deferred tax assets	7	—	114
Adjustments to eliminate the net tax effect of intra-group items	(30)	(30)	(31)
Tax differentials of foreign earnings:			
Foreign jurisdictions	(48)	(54)	(12)
US state taxes and local taxes	17	4	(15)
Provision for income taxes	$ 159	$ 122	$ 101

Willis Group Holdings plc is a non-trading holding company tax resident in Ireland where it is taxed at the statutory rate of 25%. The provision for income tax on continuing operations has been reconciled above to the US federal statutory tax rate of 35% due to significant operations in the US.

8. INCOME TAXES (Continued)

The significant components of deferred income tax assets and liabilities and their balance sheet classifications are as follows:

	December 31,	
	2014	2013
	(millions)	
Deferred tax assets:		
Accrued expenses not currently deductible	$ 133	$ 153
US state net operating losses	76	70
UK net operating losses	1	3
Other net operating losses	12	5
UK capital losses	39	43
Accrued retirement benefits	109	47
Deferred compensation	34	37
Stock options	22	25
Gross deferred tax assets	426	383
Less: valuation allowance	(280)	(196)
Net deferred tax assets	$ 146	$ 187
Deferred tax liabilities:		
Cost of intangible assets, net of related amortization	$ 149	$ 120
Cost of tangible assets, net of related amortization	38	44
Prepaid retirement benefits	62	56
Accrued revenue not currently taxable	25	23
Financial derivative transactions	—	3
Deferred tax liabilities	274	246
Net deferred tax (liability) asset	$ (128)	$ (59)

	December 31,	
	2014	2013
	(millions)	
Balance sheet classifications:		
Current:		
Deferred tax assets	$ 12	$ 15
Deferred tax liabilities	(21)	(25)
Net current deferred tax liabilities	(9)	(10)
Non-current:		
Deferred tax assets	9	7
Deferred tax liabilities	(128)	(56)
Net non-current deferred tax liabilities	(119)	(49)
Net deferred tax liabilities	$ (128)	$ (59)

As a result of certain realization requirements of ASC 718 Compensation - Stock Compensation, the Company recognized $8 million of previously unrecognized deferred tax assets that arose directly from tax deductions related to equity compensation greater than compensation recognized for financial reporting. Equity was increased by this $8 million as of December 31, 2014.

8. INCOME TAXES (Continued)

At December 31, 2014, the Company had valuation allowances of $280 million (2013: $196 million) to reduce its deferred tax assets to estimated realizable value. The valuation allowances at December 31, 2014, relate to deferred tax assets arising from UK capital loss carryforwards ($39 million) and other net operating losses ($10 million), which have no expiration date, and to the deferred tax assets in the United States ($231 million). Included within US deferred tax assets are assets of $76 million in respect of US state net operating losses. These losses will expire as follows: $8 million from 2015 to 2018, $17 million from 2019 to 2023 and $51 million from 2024 to 2034. Capital loss carryforwards can only be offset against future UK capital gains.

Description	Balance at beginning of year	Additions/ (releases) charged to costs and expenses	Other movements	Foreign exchange differences	Balance at end of year
			(millions)		
Year Ended December 31, 2014					
Deferred tax valuation allowance	$ 196	$ 17	$ 67	$ —	$ 280
Year Ended December 31, 2013					
Deferred tax valuation allowance	221	15	(40)	—	196
Year Ended December 31, 2012					
Deferred tax valuation allowance	102	110	12	(3)	221

The amount charged to tax expense in the table above differs from the effect of $7 million disclosed in the rate reconciliation primarily because the movement in this table includes effects of state taxes, which are disclosed separately in the rate reconciliation. The impact of Other movements is primarily recorded in other comprehensive income.

At December 31, 2014 the Company had deferred tax assets of $146 million (2013: $187 million), net of the valuation allowance. Management believes, based upon the level of historical taxable income and projections for future taxable income, it is more likely than not that the Company will realize the benefits of these deductible differences, net of the valuation allowance. However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised.

The Company recognizes deferred tax balances related to the undistributed earnings of subsidiaries when the Company expects that it will recover those undistributed earnings in a taxable manner, such as through receipt of dividends or sale of the investments. The Company does not, however, provide for income taxes on the unremitted earnings of certain other subsidiaries where, in management's opinion, such earnings have been indefinitely reinvested in those operations, or will be remitted either in a tax free liquidation or as dividends with taxes substantially offset by foreign tax credits. It is not practical to determine the amount of unrecognized deferred tax liabilities for temporary differences related to these investments.

Unrecognized tax benefits

Total unrecognized tax benefits as at December 31, 2014, totaled $19 million. During the next 12 months it is reasonably possible that the Company will recognize approximately $1 million of tax benefits related to the release of provisions for potential inter company pricing adjustments no longer required due to either settlement through negotiation or closure of the statute of limitations on assessment.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is as follows:

	2014	2013	2012
		(millions)	
Balance at January 1	$ 41	$ 37	$ 16
Reductions due to a lapse of the applicable statute of limitation	—	(5)	(3)
Increases for positions taken in current period	5	9	8
(Decreases) increases for positions taken in prior periods	(26)	—	16
Other movements	(1)	—	—
Balance at December 31	$ 19	$ 41	$ 37

8. INCOME TAXES (Continued)

$19 million of the unrecognized tax benefits at December 31, 2014 would, if recognized, favorably affect the effective tax rate in future periods.

The Company files tax returns in the various tax jurisdictions in which it operates. US tax returns have been filed timely. Although tax years 2008 and 2009 are closed, the IRS could make adjustments (but not assess additional tax) up to the amount of the net operating losses carried forward from those years. The Company extended the federal statute of limitations for assessment in the United States for the 2010 year until March 15, 2015.

All UK tax returns have been filed timely and are in the normal process of being reviewed, by HM Revenue & Customs. There are no material ongoing inquiries in relation to filed UK returns. In other tax jurisdictions the Company is currently not subject to any examinations for any year prior to 2004.

9. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing net income (loss) 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 issue of shares that then shared in the net income of the Company.

In periods where losses are reported the weighted average shares outstanding excludes potentially issuable shares described above, because their inclusion would be anti-dilutive.

For the year ended December 31, 2014, time-based and performance-based options to purchase 5.7 million and 3.7 million shares (2013: 8.0 million and 5.3 million; 2012: 10.2 million and 6.5 million), respectively, and 3.5 million restricted stock units (2013: 2.9 million; 2012: 2.5 million) were outstanding.

Basic and diluted earnings per share are as follows:

	Years ended December 31,		
	2014	2013	2012
	(millions, except per share data)		
Net income (loss) attributable to Willis Group Holdings	$ 362	$ 365	$ (446)
Basic weighted average number of shares outstanding	178	176	173
Dilutive effect of potentially issuable shares	3	3	—
Diluted weighted average number of shares outstanding	181	179	173
Basic earnings per share:			
Net income (loss) attributable to Willis Group Holdings shareholders	$ 2.03	$ 2.07	$ (2.58)
Dilutive effect of potentially issuable shares	(0.03)	(0.03)	—
Diluted earnings per share:			
Net income (loss) attributable to Willis Group Holdings shareholders	$ 2.00	$ 2.04	$ (2.58)

Options to purchase 2.4 million shares and 1.5 million restricted stock units for the year ended December 31, 2014, were not included in the computation of the dilutive effect of stock options because the effect was antidilutive (2013: 2.1 million shares and 1.3 million restricted stock units; 2012: 16.7 million shares and 2.5 million restricted stock units).

10. ACQUISITIONS

During the years ended December 31, 2014 and 2013 we made the following acquisitions in line with our strategy to invest in targeted acquisitions with a focus on earnings accretion, competitive position, and fit.

Max Matthiessen Holding AB

In the fourth quarter of 2014, the Company acquired 75.8 percent of Max Matthiessen Holding AB and subsidiaries (collectively referred to as Max Matthiessen), a leading employee benefits adviser in Sweden, for cash consideration of $204 million.

On acquisition the Company recognized acquired intangible assets of $134 million of which $56 million was in relation to client relationships and $76 million was in relation to fund management contracts, which are being amortized over 12 years and 18 years respectively. The remaining $2 million of intangible assets relate to the Max Matthiessen trade name and is being amortized over 4 years.

Goodwill of $139 million was recognized on the transaction.

Charles Monat Limited

In the second quarter of 2014, the Company acquired 100 percent of Charles Monat Limited and its subsidiaries (collectively referred to as Charles Monat), a life insurance solutions adviser to high net worth clients based in Hong Kong, for cash consideration of $59 million.

Additional consideration estimated at $29 million is payable in annual installments over the next 5 years, based on a multiple of EBITDA of the entities acquired, during the period from May 25, 2014 until September 2, 2019. This consideration has been assessed to have a fair value of $12 million at the date of acquisition.

On acquisition the Company recognized acquired intangible assets of $35 million of which $27 million was in respect of client relationships, which are being amortized over an expected life of 11 years. The remaining $8 million of intangible assets relate to carrier relationships and trade names and are both being amortized over 5 years.

Goodwill of $31 million was recognized on the transaction.

Prime Professions Ltd

In second quarter 2013, the Company acquired 100 percent of PPH Limited and its subsidiary Prime Professions Limited (together referred to as Prime Professions), a leading UK based professional indemnity insurance broker, for cash consideration of $29 million. Additional consideration of up to approximately $2 million is payable in 2015 based on the achievement of certain revenue targets.

In relation to the acquisition of Prime Professions, the Company recognized acquired intangible assets of $17 million of which $16 million was in respect of client relationships, which are being amortized over an expected life of 15 years. The remaining intangible assets relate to non-compete agreements and the Prime trade name which are being amortized over 8 years and 3 years, respectively.

Goodwill of $15 million was recognized on the transaction.

The aggregate costs incurred related to the above acquisitions for the year ended December 31, 2014 was $3 million (2013: $1 million)

In addition to the above acquisitions, the Company completed a number of smaller acquisitions during 2014 for aggregated consideration of $27 million and consequently recognised intangible assets of $16 million and goodwill of $14 million.

11. FIXED ASSETS, NET

An analysis of fixed asset activity for the years ended December 31, 2014 and 2013 are as follows:

	Land and buildings [i]	Leasehold improvements	Furniture and equipment	Total
	(millions)			
Cost: at January 1, 2013	$ 78	$ 227	$ 576	$ 881
Additions	10	22	80	112
Disposals	—	(7)	(43)	(50)
Foreign exchange	1	—	5	6
Cost: at December 31, 2013	89	242	618	949
Additions	7	25	84	116
Disposals	—	(12)	(29)	(41)
Foreign exchange	(3)	(10)	(31)	(44)
Cost: at December 31, 2014	$ 93	$ 245	$ 642	$ 980
Depreciation: at January 1, 2013	$ (32)	$ (75)	$ (306)	$ (413)
Depreciation expense provided	(3)	(18)	(73)	(94)
Disposals	—	6	36	42
Foreign exchange	(1)	—	(2)	(3)
Depreciation: at December 31, 2013	(36)	(87)	(345)	(468)
Depreciation expense provided	(4)	(20)	(68)	(92)
Disposals	—	10	28	38
Foreign exchange	2	4	19	25
Depreciation: at December 31, 2014	$ (38)	$ (93)	$ (366)	$ (497)
Net book value:				
At December 31, 2013	$ 53	$ 155	$ 273	$ 481
At December 31, 2014	$ 55	$ 152	$ 276	$ 483

[i] Included within land and buildings are assets held under capital leases: At December 31, 2014, cost and accumulated depreciation were $32 million and $8 million respectively (2013: $31 million and $6 million, respectively; 2012: $25 million and $4 million respectively). Depreciation in the year ended December 31, 2014 was $2 million (2013: $2 million; 2012: $1 million).

12. GOODWILL

Goodwill represents the excess of the cost of businesses acquired over the fair 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.

As discussed in Note 2 - 'Basis of presentation and significant accounting policies', effective from January 1, 2015, the Company changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments. As a consequence goodwill has been allocated to the new reporting units using a relative fair value approach.

The Company has determined that its reporting units are consistent with its operating segments: Willis GB; Willis Capital, Wholesale and Reinsurance ('Willis CWR'); Willis North America; and Willis International. 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 fair value of that entity compared to the fair value of the reporting unit in which it is included.

The changes in the carrying amount of goodwill by reporting unit for the years ended December 31, 2014 and 2013, are as follows:

	Willis GB	Willis Capital, Wholesale & Reinsurance	Willis North America	Willis International	Total
			(millions)		
Balance at January 1, 2013					
Goodwill, gross	$ 538	$ 850	$ 1,573	$ 358	$ 3,319
Accumulated impairment losses	—	—	(492)	—	(492)
Goodwill, net	538	850	1,081	358	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	—	—	(1)	—	(1)
Foreign exchange	2	1	—	8	11
Balance at December 31, 2013					
Goodwill, gross	555	851	1,557	367	3,330
Accumulated impairment losses	—	—	(492)	—	(492)
Goodwill, net	$ 555	$ 851	$ 1,065	$ 367	$ 2,838
Purchase price allocation adjustments	3	—	3	7	13
Goodwill acquired during the year	—	5	—	179	184
Goodwill disposed of during the year	—	—	(48)	—	(48)
Foreign exchange	(3)	(4)	—	(43)	(50)
Balance at December 31, 2014					
Goodwill, gross	555	852	1,512	510	3,429
Accumulated impairment losses	—	—	(492)	—	(492)
Goodwill, net	$ 555	$ 852	$ 1,020	$ 510	$ 2,937

Impairment Review

The Company reviews goodwill for impairment annually, or whenever events of circumstances indicate impairment may have occurred. In the first step of the impairment test, the fair value of each reporting unit is compared with its carrying value, including goodwill. If the carrying value of a reporting unit exceeds its fair value, the amount of an impairment loss, if any, is

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12. GOODWILL (Continued)

calculated in the second step of the impairment test by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill.

The Company's goodwill impairment test for 2014 has not resulted in an impairment charge (2013: $nil; 2012: $492 million).

In 2012, as a consequence of the Company's annual goodwill impairment test performed as of October 1, 2012, the Company concluded that a pre-tax impairment charge of $492 million was required to reduce the carrying value of the goodwill associated with the Company's Willis North America reporting unit. The Company used the income approach to measure the fair value of the North America reporting unit, which involved calculating the fair value of the reporting unit based on the present value of the estimated future cash flows. Cash flow projections were based on management's estimates of revenue growth rates and operating margins, taking into consideration industry and market conditions and the uncertainty related to the business's ability to execute on the projected cash flows. The discount rate used was based on the weighted-average cost of capital adjusted for the relevant risk associated with market participant expectations of characteristics of the reporting unit. The unobservable inputs included projected revenue growth rates, profitability and the market participant assumptions within the discount rate. The decline in the estimated fair value of the reporting unit resulted from lower projected revenue growth rates and profitability levels as well as an increase in the discount rate used to calculate discounted cash flows. As a consequence of the significance of unobservable inputs developed using company-specific information, the re-measurement of goodwill for this reporting unit is classified as a non-recurring level 3 fair value assessment.

13. OTHER INTANGIBLE ASSETS, NET

Other intangible assets are classified into the following categories:

- Client Relationships
- Management Contracts
- Other, including:
    - non-compete agreements
    - trade names
    - contract based, technology and other

The major classes of amortizable intangible assets are as follows:

	December 31, 2014			December 31, 2013		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(millions)					
Client relationships	$ 689	$ (316)	$ 373	$ 671	$ (326)	$ 345
Management contracts	71	(1)	70	—	—	—
Other	11	(4)	7	14	(6)	8
Total amortizable intangible assets	$ 771	$ (321)	$ 450	$ 685	$ (332)	$ 353

14. OTHER INTANGIBLE ASSETS, NET (Continued)

The aggregate amortization of intangible assets for the year ended December 31, 2014 was $54 million (2013: $55 million; 2012: $59 million). The estimated aggregate amortization of intangible assets for each of the next five years ended December 31 is as follows:

	(millions)
2015	$ 57
2016	51
2017	46
2018	41
2019	37
Thereafter	218
Total	$ 450

14. OTHER ASSETS

An analysis of other assets is as follows:

	December 31, 2014	December 31, 2013
	(millions)	
Other current assets		
Prepayments and accrued income	$ 81	$ 73
Income taxes receivable	30	32
Deferred compensation plan assets	17	26
Other receivables	86	66
Total other current assets	$ 214	$ 197
Other non-current assets		
Deferred compensation plan assets	$ 92	$ 88
Income taxes receivable	—	21
Accounts receivable, net	29	28
Other investments	29	19
Other receivables	70	50
Total other non-current assets	$ 220	$ 206
Total other assets	$ 434	$ 403

15. OTHER LIABILITIES

An analysis of other liabilities is as follows:

	December 31,	
	2014	2013
	(millions)	
Other current liabilities		
Accounts payable	$ 131	$ 123
Accrued dividends payable	55	51
Other taxes payable	44	51
Deferred compensation plan liability	17	26
Other payables	197	164
Total other current liabilities	$ 444	$ 415
Other non-current liabilities		
Incentives from lessors	$ 171	$ 183
Deferred compensation plan liability	92	89
Contingent or deferred consideration on acquisition	26	13
Accounts payable	14	6
Income taxes payable	15	40
Other payables	71	43
Total other non-current liabilities	$ 389	$ 374
Total other liabilities	$ 833	$ 789

16. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are stated at estimated net realizable values. The allowances shown below as at the end of each period, are recorded as the amounts considered by management to be sufficient to meet probable future losses related to uncollectible accounts.

Description	Balance at beginning of year	Additions/ (releases) charged to costs and expenses	Deductions / Other movements	Foreign exchange differences	Balance at end of year
			(millions)		
Year Ended December 31, 2014					
Allowance for doubtful accounts	$ 13	$ 4	$ (6)	$ 1	$ 12
Year Ended December 31, 2013					
Allowance for doubtful accounts	$ 14	$ 3	$ (4)	$ —	$ 13
Year Ended December 31, 2012					
Allowance for doubtful accounts	$ 13	$ 16	$ (15)	$ —	$ 14

17. PENSION PLANS

The Company maintains two principal defined benefit pension plans that cover approximately half of the Company's employees in the United States and United Kingdom. Both of these plans are now closed to new entrants and with effect from May 15, 2009, the Company closed the US defined benefit plan to future accrual. New employees in the United Kingdom are offered the opportunity to join a defined contribution plan and in the United States are offered the opportunity to join a 401(k) plan. In addition to the Company’s UK and US defined benefit pension plans, the Company has several smaller defined benefit pension plans in certain other countries in which it operates including a US non-qualified plan and an unfunded plan in the UK. Elsewhere, pension benefits are typically provided through defined contribution plans. It is the Company’s policy to fund pension costs as required by applicable laws and regulations.

At December 31, 2014, the Company recorded, on the Consolidated Balance Sheets:

- a pension benefit asset of $314 million (2013: $278 million) representing:
    - $314 million (2013: $276 million) in respect of the UK defined benefit pension plan; and
    - $nil (2013: $2 million) in respect of the international defined benefit pension plans.
- a total liability for pension benefits of $284 million (2013: $136 million) representing:
    - $245 million (2013: $107 million) in respect of the US defined benefit pension plan; and
    - $39 million (2013: $29 million) in respect of the international, US non-qualified and UK unfunded defined benefit pension plans.

17. PENSION PLANS (Continued)

UK and US defined benefit plans

The following schedules provide information concerning the Company's UK and US defined benefit pension plans as of and for the years ended December 31:

	UK Pension Benefits		US Pension Benefits	
	2014	2013	2014	2013
	(millions)			
Change in benefit obligation:				
Benefit obligation, beginning of year	$ 2,785	$ 2,582	$ 864	$ 958
Service cost	41	37	—	—
Interest cost	121	109	40	38
Employee contributions	2	2	—	—
Actuarial loss (gain)	390	79	183	(81)
Curtailment gain	(2)	—	—	—
Benefits paid	(85)	(78)	(36)	(51)
Foreign currency changes	(168)	54	—	—
Benefit obligations, end of year	3,084	2,785	1,051	864
Change in plan assets:				
Fair value of plan assets, beginning of year	3,061	2,716	757	708
Actual return on plan assets	520	255	65	60
Employee contributions	2	2	—	—
Employer contributions	91	100	20	40
Benefits paid	(85)	(78)	(36)	(51)
Foreign currency changes	(191)	66	—	—
Fair value of plan assets, end of year	3,398	3,061	806	757
Funded status at end of year	$ 314	$ 276	$ (245)	$ (107)
Components on the Consolidated Balance Sheets:				
Pension benefits asset	$ 314	$ 276	$ —	$ —
Liability for pension benefits	—	—	(245)	(107)

Amounts recognized in accumulated other comprehensive loss consist of:

	UK Pension Benefits		US Pension Benefits	
	2014	2013	2014	2013
	(millions)			
Net actuarial loss	$ 809	$ 815	$ 399	$ 233
Prior service gain	(20)	(24)	—	—

The accumulated benefit obligations for the Company's UK and US defined benefit pension plans were $3,017 million and $1,051 million, respectively (2013: $2,701 million and $864 million, respectively).

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17. PENSION PLANS (Continued)

The components of the net periodic benefit (income) cost and other amounts recognized in other comprehensive loss for the UK and US defined benefit plans are as follows:

	Years ended December 31,					
	UK Pension Benefits			US Pension Benefits		
	2014	2013	2012	2014	2013	2012
	(millions)					
Components of net periodic benefit (income) cost:						
Service cost	$ 41	$ 37	$ 35	$ —	$ —	$ —
Interest cost	121	109	108	40	38	41
Expected return on plan assets	(213)	(191)	(181)	(54)	(51)	(46)
Amortization of unrecognized prior service gain and curtailment gain	(4)	(5)	(6)	—	—	—
Amortization of unrecognized actuarial loss	42	45	39	6	9	8
Net periodic benefit (income) cost	$ (13)	$ (5)	$ (5)	$ (8)	$ (4)	$ 3
Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss):						
Net actuarial loss (gain)	$ 83	$ 15	$ 141	$ 172	$ (90)	$ 37
Amortization of unrecognized actuarial loss	(42)	(45)	(39)	(6)	(9)	(8)
Amortization of unrecognized prior service gain and curtailment gain	4	5	6	—	—	—
Curtailment gain	(2)	—	—	—	—	—
Total recognized in other comprehensive income (loss)	$ 43	$ (25)	$ 108	$ 166	$ (99)	$ 29
Total recognized in net periodic benefit cost and other comprehensive income (loss)	$ 30	$ (30)	$ 103	$ 158	$ (103)	$ 32

The estimated net loss and prior service cost for the UK and US defined benefit plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year are:

	UK Pension Benefits	US Pension Benefits
	(millions)	
Estimated net loss	$ 39	$ 11
Prior service gain	(3)	—

17. PENSION PLANS (Continued)

The following schedule provides other information concerning the Company's UK and US defined benefit pension plans:

	Years ended December 31,			
	UK Pension Benefits		US Pension Benefits	
	2014	2013	2014	2013
Weighted-average assumptions to determine benefit obligations:				
Discount rate	3.6%	4.4%	3.9%	4.8%
Rate of compensation increase	2.9%	3.2%	N/A	N/A
Weighted-average assumptions to determine net periodic benefit cost:				
Discount rate	4.4%	4.4%	4.8%	4.1%
Expected return on plan assets	7.0%	7.3%	7.3%	7.3%
Rate of compensation increase	3.2%	2.3%	N/A	N/A

The expected return on plan assets was determined on the basis of the weighted-average of the expected future returns of the various asset classes, using the target allocations shown below. The expected returns on UK plan assets are: UK and foreign equities 8.86 percent, debt securities 4.38 percent, hedge funds 8.38 percent and real estate 6.53 percent. The expected returns on US plan assets are: US and foreign equities 11.0 percent and debt securities 3.6 percent.

The Company's pension plan asset allocations based on fair values were as follows:

	Years ended December 31,			
	UK Pension Benefits		US Pension Benefits	
Asset Category	2014	2013	2014	2013
Equity securities	34%	36%	48%	52%
Debt securities	45%	38%	49%	46%
Hedge funds	14%	17%	—%	—%
Real estate	3%	3%	—%	—%
Cash	4%	6%	—%	—%
Other	—%	—%	3%	2%
Total	100%	100%	100%	100%

In the United Kingdom, the pension trustees, in consultation with the Company, maintain a diversified asset portfolio and this together with contributions made by the Company is expected to meet the pension scheme's liabilities as they become due. The UK plan's assets are divided into 13 separate portfolios according to asset class and managed by 10 investment managers. The broad target allocations are UK and foreign equities (36.5 percent), debt securities (43.5 percent), hedge funds (15 percent) and real estate (5 percent). In the United States, the Company's investment policy is to maintain a diversified asset portfolio, which together with contributions made by the Company is expected to meet the pension scheme's liabilities as they become due. The US plan's assets are currently invested in 18 funds representing most standard equity and debt security classes. The broad target allocations are US and foreign equities (50 percent) and debt securities (50 percent).

Fair Value Hierarchy

The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value:

- 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.

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17. PENSION PLANS (Continued)

The following tables present, at December 31, 2014 and 2013, for each of the fair value hierarchy levels, the Company's UK pension plan assets that are measured at fair value on a recurring basis.

	UK Pension Plan			
December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
		(millions)		
Equity securities:				
US equities	$ 565	$ 185	$ —	$ 750
UK equities	234	15	—	249
Other equities	26	124	—	150
Fixed income securities:				
US Government bonds	81	2	—	83
UK Government bonds	783	6	—	789
Other Government bonds	3	3	99	105
UK corporate bonds	—	103	—	103
Other corporate bonds	113	33	—	146
Derivatives	—	293	—	293
Real estate	—	—	124	124
Cash and cash equivalents	124	13	—	137
Other investments:				
Hedge funds	—	—	487	487
Other	—	(18)	—	(18)
Total	$ 1,929	$ 759	$ 710	$ 3,398

	UK Pension Plan			
December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
		(millions)		
Equity securities:				
US equities	$ 659	$ 81	$ —	$ 740
UK equities	239	17	—	256
Other equities	40	63	—	103
Fixed income securities:				
US Government bonds	31	—	—	31
UK Government bonds	656	—	—	656
Other Government bonds	7	—	100	107
UK corporate bonds	75	—	—	75
Other corporate bonds	151	—	—	151
Derivatives	—	154	—	154
Real estate	—	—	92	92
Cash and cash equivalents	163	—	—	163
Other investments:				
Hedge funds	—	28	477	505
Other	—	28	—	28
Total	$ 2,021	$ 371	$ 669	$ 3,061

17. PENSION PLANS (Continued)

The UK plan's real estate investment comprises UK property and infrastructure investments which are valued by the fund manager taking into account cost, independent appraisals and market based comparable data. The UK plan's hedge fund investments are primarily invested in various 'fund of funds' and are valued based on net asset values calculated by the fund and are not publicly available. Liquidity is typically monthly and is subject to liquidity of the underlying funds. The UK plan's Other Government Bonds investments are primarily invested in investment-grade emerging and developed market government bonds. Funds are valued on a net asset value basis, with the underlying bond instruments being valued using bid-side, clean pricing from approved pricing vendors. Prices are not publicly available.

The following tables present, at December 31, 2014 and 2013, for each of the fair value hierarchy levels, the Company's US pension plan assets that are measured at fair value on a recurring basis.

	US Pension Plan			
December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
		(millions)		
Equity securities:				
US equities	$ 115	$ 117	$ —	$ 232
Non US equities	110	44	—	154
Fixed income securities:				
US Government bonds	—	72	—	72
US corporate bonds	—	171	—	171
International fixed income securities	59	42	—	101
Municipal & Non US government bonds	—	32	—	32
Other investments:				
Mortgage backed securities	—	16	—	16
Other	20	8	—	28
Total	$ 304	$ 502	$ —	$ 806

	US Pension Plan			
December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**
		(millions)		
Equity securities:				
US equities	$ 120	$ 125	$ —	$ 245
Non US equities	116	33	—	149
Fixed income securities:				
US Government bonds	—	55	—	55
US corporate bonds	—	151	—	151
International fixed income securities	58	42	—	100
Municipal & Non US government bonds	—	30	—	30
Other investments:				
Mortgage backed securities	—	12	—	12
Other	9	6	—	15
Total	$ 303	$ 454	$ —	$ 757

17. PENSION PLANS (Continued)

Equity securities comprise:

- ordinary shares and preferred shares which are valued using quoted market prices; and
- pooled investment vehicles which are valued at their net asset values as calculated by the investment manager and typically have daily or weekly liquidity.

Fixed income securities comprise US, UK and other Government Treasury Bills, loan stock, index linked loan stock and UK and other corporate bonds which are typically valued using quoted market prices. Certain of these investments are classified as Level 2 investments on the basis that the assets are valued at their net asset values calculated by the investment manager and liquidity is not daily.

Level 3 investments

As a result of the inherent limitations related to the valuations of the Level 3 investments, due to the unobservable inputs of the underlying funds, the estimated fair value may differ significantly from the values that would have been used had a market for those investments existed.

The following table summarizes the changes in the UK pension plan's Level 3 assets for the years ended December 31, 2014 and 2013:

	UK Pension Plan Level 3 (millions)
Balance at January 1, 2013	$ 507
Purchases, sales, issuances and settlements, net	121
Unrealized and realized gains relating to instruments still held at end of year	29
Foreign exchange	12
Balance at December 31, 2013	$ 669
Purchases, sales, issuances and settlements, net	40
Unrealized and realized gains relating to instruments still held at end of year	24
Foreign exchange	(23)
Balance at December 31, 2014	$ 710

In 2015, the Company expects to make contributions to the UK plan of approximately $96 million and $10 million to the US plan. In addition, approximately $10 million will be paid in 2015 into the UK defined benefit plan related to employee's salary sacrifice contributions.

The following benefit payments, which reflect expected future service, as appropriate, are estimated to be paid by the UK and US defined benefit pension plans:

Expected future benefit payments	UK Pension Benefits	US Pension Benefits
	(millions)	
2015	83	41
2016	84	43
2017	87	46
2018	89	49
2019	92	51
2019-2023	505	284

17. PENSION PLANS (Continued)

Willis North America has a 401(k) plan covering all eligible employees of Willis North America and its subsidiaries. The plan allows participants to make pre-tax contributions which the Company, at its discretion may match. The Company did not make any matching contributions in any year presented other than for former HRH employees whose contributions were matched up to 75 percent under the terms of the acquisition. All investment assets of the plan are held in a trust account administered by independent trustees. The Company's 401(k) matching contributions for 2014 were $15 million (2013: $15 million; 2012: $10 million), matching contributions were increased 1 percent during 2013.

Other defined benefit pension plans

In addition to the Company's UK and US defined benefit pension plans, the Company has several smaller defined benefit pension plans in certain other countries in which it operates together with a non-qualified defined benefit pension plan in the United States and an unfunded defined benefit pension plan in the United Kingdom.

For disclosure purposes these smaller additional US and UK plans are combined with the Company's other defined benefit pension plans in the tables below.

In total, a $39 million net pension benefit liability (2013: $27 million) has been recognized in respect of these other schemes.

The following schedules provide information concerning the Company's international, US non-qualified and UK unfunded defined benefit pension plans:

	Other defined benefit plans	
	2014	2013
	(millions)	
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 195	$ 180
Service cost	3	3
Interest cost	7	7
Actuarial loss (gain)	38	(5)
Benefits paid	(9)	(6)
Reclassification from other non-current liabilities (i)	—	10
Foreign currency changes	(24)	6
Benefit obligations, end of year	210	195
Change in plan assets:		
Fair value of plan assets, beginning of year	168	150
Actual return on plan assets	25	9
Employer contributions	11	10
Benefits paid	(9)	(6)
Foreign currency changes	(24)	5
Fair value of plan assets, end of year	171	168
Funded status at end of year	$ (39)	$ (27)
Components on the Consolidated Balance Sheets:		
Pension benefits asset	$ —	$ 2
Liability for pension benefits	$ (39)	$ (29)

(i) Represents the transfer in of the benefit obligation for UK unfunded plan from non-current other liabilities.

Amounts recognized in accumulated other comprehensive loss consist of a net actuarial loss of $42 million (2013: $27 million).

17. PENSION PLANS (Continued)

The accumulated benefit obligation for the Company's other defined benefit pension plans was $203 million (2013: $191 million).

The components of the net periodic benefit cost and other amounts recognized in other comprehensive loss for the other defined benefit pension plans are as follows:

	Other defined benefit plans		
	2014	2013	2012
	(millions)		
Components of net periodic benefit cost:			
Service cost	$ 3	$ 3	$ 3
Interest cost	7	7	7
Expected return on plan assets	(6)	(6)	(6)
Amortization of unrecognized actuarial loss	—	1	—
Net periodic benefit cost	$ 4	$ 5	$ 4
Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss):			
Amortization of unrecognized actuarial loss	$ —	$ (1)	$ —
Net actuarial loss (gain)	19	(8)	25
Total recognized in other comprehensive loss (income)	19	(9)	25
Total recognized in net periodic benefit cost and other comprehensive loss (income)	$ 23	$ (4)	$ 29

The estimated net loss for the other defined benefit pension plans that will be amortized from accumulated other comprehensive loss into net periodic benefit cost over the next fiscal year is $1 million.

The following schedule provides other information concerning the Company's other defined benefit pension plans:

	Other defined benefit plans	
	2014	2013
Weighted-average assumptions to determine benefit obligations:		
Discount rate	2.00% - 3.60%	3.30% - 4.40%
Rate of compensation increase	2.00% - 3.50%	2.00% - 2.50%
Weighted-average assumptions to determine net periodic benefit cost:		
Discount rate	3.30% - 4.40%	2.50% - 4.40%
Expected return on plan assets	2.00% - 4.66%	2.00% - 4.66%
Rate of compensation increase	2.00% - 2.50%	2.00% - 2.50%

The determination of the expected long-term rate of return on the other defined benefit plan assets is dependent upon the specific circumstances of each individual plan. The assessment may include analyzing historical investment performance, investment community forecasts and current market conditions to develop expected returns for each asset class used by the plans.

The Company's other defined benefit pension plan asset allocations at December 31, 2014 based on fair values were as follows:

17. PENSION PLANS (Continued)

	Other defined benefit plans	
Asset Category	2014	2013
Equity securities	24%	35%
Debt securities	40%	39%
Real estate	3%	3%
Derivatives	13%	14%
Other	20%	9%
Total	100%	100%

The investment policies for the international plans vary by jurisdiction but are typically established by the local pension plan trustees, where applicable, and seek to maintain the plans' ability to meet liabilities of the plans as they fall due and to comply with local minimum funding requirements.

Fair Value Hierarchy

The following tables present, at December 31, 2014 and 2013, for each of the fair value hierarchy levels, the Company's other defined benefit pension plan assets that are measured at fair value on a recurring basis.

	Other defined benefit plans			
December 31, 2014	Level 1	Level 2	Level 3	Total
	(millions)			
Equity securities:				
US equities	$ 18	$ —	$ —	$ 18
UK equities	4	—	—	4
Overseas equities	18	—	—	18
Fixed income securities:				
Other Government bonds	65	—	—	65
Corporate bonds	4	—	—	4
Derivative instruments	—	23	—	23
Real estate	—	—	6	6
Cash	11	—	—	11
Other investments:				
Other investments	14	—	8	22
Total	$ 134	$ 23	$ 14	$ 171

17. PENSION PLANS (Continued)

December 31, 2013	Other defined benefit plans Level 1	Level 2	Level 3	Total
	(millions)			
Equity securities:				
US equities	$ 29	$ —	$ —	$ 29
UK equities	5	—	—	5
Overseas equities	26	—	—	26
Fixed income securities:				
Other Government bonds	61	—	—	61
Corporate bonds	4	—	—	4
Derivative instruments	—	23	—	23
Real estate	—	—	5	5
Cash	8	—	—	8
Other investments:				
Other investments	—	—	7	7
Total	$ 133	$ 23	$ 12	$ 168

Equity securities comprise:

- ordinary shares which are valued using quoted market prices; and
- unit linked funds which are valued at their net asset values as calculated by the investment manager and typically have daily liquidity.

Fixed income securities include overseas Government bonds which are typically valued using quoted market prices and derivative instruments which are valued using an income approach typically using swap curves as an input.

Real estate investment comprises overseas property and infrastructure investments which are valued by fund managers taking into account cost, independent appraisals and market based comparable data.

Assets classified as Level 3 investments did not materially change during the year ended December 31, 2014.

In 2015, the Company expects to contribute $10 million to the other defined benefit pension plans.

The following benefit payments, which reflect expected future service, as appropriate, are estimated to be paid by the other defined benefit pension plans:

Expected future benefit payments	Other defined benefit plans Pension Benefits
	(millions)
2015	$ 5
2016	6
2017	6
2018	6
2019	6
2019-2023	32

18. DEBT

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

	December 31, 2014	December 31, 2013
	(millions)	
Current portion of 7-year term loan facility expires 2018	$ 17	$ 15
5.625% senior notes due 2015	148	—
Fair value adjustment on 5.625% senior notes due 2015	1	—
3-year term loan facility expires 2015	1	—
	$ 167	$ 15

Long-term debt consists of the following:

	December 31, 2014	December 31, 2013
	(millions)	
7-year term loan facility expires 2018	$ 242	$ 259
5.625% senior notes due 2015	—	148
Fair value adjustment on 5.625% senior notes due 2015	—	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	497	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
	$ 2,142	$ 2,311

Guarantees

All direct obligations under the 5.625%, 6.200% and 7.000% senior notes are guaranteed by Willis Group Holdings, Willis Netherlands B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition Limited and Willis Group Limited.

All direct obligations under the 4.625% and 6.125% senior notes are guaranteed by Willis Group Holdings, Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Willis North America Inc. and Willis Group Limited.

All direct obligations under the 4.125% and 5.750% senior notes are guaranteed by Trinity Acquisition Limited, Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Willis North America Inc. and Willis Group Limited.

Term loans and revolving credit facilities

On July 23, 2013 the Company entered into an amendment to its existing credit facilities to extend both the amount of financing and the maturity date of the facilities. As a result of this amendment, the Company's revolving credit facility was increased from $500 million to $800 million. The maturity date on both the revolving credit facility and the $300 million term loan was extended to July 23, 2018, from December 16, 2016, respectively. At the amendment date the Company owed $281 million on the term loan and there was no change to this amount as a result of the refinancing.

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. In 2014, the Company made $15 million of mandatory

18. DEBT (Continued)

repayments against this 7-year term loan. Drawings under the $800 million revolving credit facility bear interest at LIBOR plus 1.50%. These margins apply while the Company’s debt rating remains BBB-/Baa3. As of December 31, 2014 $nil was outstanding under this revolving credit facility (December 31, 2013: $nil).

The agreements relating to the Company's 7-year term loan facility expiring 2018 and the revolving $800 million credit facility contain requirements to maintain maximum levels of consolidated funded indebtedness in relation to consolidated EBITDA and minimum level of consolidated EBITDA to consolidated cash interest expense, subject to certain adjustments. In addition, the agreements relating to the Company's credit facilities and senior notes include, in the aggregate covenants relating to the delivery of financial statements, reports and notices, limitations on liens, limitations on sales and other disposals of assets, limitations on indebtedness and other liabilities, limitations on sale and leaseback transactions, limitations on mergers and other fundamental changes, maintenance of property, maintenance of insurance, nature of business, compliance with applicable laws, maintenance of corporate existence and rights, payment of taxes and access to information and properties. At December 31, 2014, the Company was in compliance with all covenants.

On March 3, 2014, Willis Securities, Inc., a wholly-owned indirect subsidiary of Willis Group Holdings plc, entered into a $300 million revolving note and cash subordination agreement available for drawing from March 3, 2014 through March 3, 2015.
The aggregate unpaid principal amount of all advances is repayable on or before March 3, 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. As of December 31, 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 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.

Senior Notes

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.

The Company incurred total losses on extinguishment of debt of $60 million during the year ended December 31, 2013. This was made up of a tender premium of $65 million, the write-off of unamortized debt issuance costs of $2 million and a credit for the reduction of the fair value adjustment on 5.625% senior notes due 2015 of $7 million.

Lines of credit

The Company also has available $3 million (2013: $4 million) in lines of credit, of which $1 million was drawn as of December 31, 2014 (2013: $nil).

18. DEBT (Continued)

Analysis of interest expense

The following table shows an analysis of the interest expense for the years ended December 31:

	Year ended December 31,		
	2014	2013	2012
		(millions)	
5.625% senior notes due 2015	$ 8	$ 12	$ 12
4.125% senior notes due 2016	13	13	13
6.200% senior notes due 2017	25	33	38
7.000% senior notes due 2019	14	18	21
5.750% senior notes due 2021	30	29	29
4.625% senior notes due 2023	11	4	—
6.125% senior notes due 2043	16	6	—
7-year term loan facility expires 2018	5	6	6
Revolving $800 million credit facility	3	2	1
Revolving $400 million credit facility	4	—	—
Other	6	3	8
Total interest expense	$ 135	$ 126	$ 128

19. PROVISIONS FOR LIABILITIES

An analysis of movements on provisions for liabilities is as follows:

	Claims, lawsuits and other proceedings[(i)]	Other provisions[(ii)]	Total
		(millions)	
Balance at January 1, 2013	$ 152	$ 28	$ 180
Net provisions made during the year	28	6	34
Balances transferred in during the year [(iii)]	—	13	13
Utilized in the year	(17)	(6)	(23)
Foreign currency translation adjustment	1	1	2
Balance at December 31, 2013	$ 164	$ 42	$ 206
Net provisions made during the year	19	5	24
Balances transferred in during the year [(iv)]	—	5	5
Utilized in the year	(31)	(3)	(34)
Foreign currency translation adjustment	(4)	(3)	(7)
Balance at December 31, 2014	$ 148	$ 46	$ 194

(i) The claims, lawsuits and other proceedings provision includes E&O cases which represents management's assessment of liabilities that may arise from asserted and unasserted claims for alleged errors and omissions that arise in the ordinary course of the Group's business. Where some of the potential liability is recoverable under the Group's external insurance arrangements, the full assessment of the liability is included in the provision with the associated insurance recovery shown separately as an asset.

(ii) The 'Other' category includes amounts relating to vacant property provisions of $4 million (2013: $10 million).

(iii) Provisions held in the UK for ongoing post placement services, long term disability and legal claims all previously recognized within Deferred Revenue and Accrued Expenses were transferred to Provisions for Liabilities during 2013.

(iv) Provisions held in the UK for dilapidation on UK properties all previously recognized within Deferred Revenue and Accrued Expenses were transferred to Provisions for Liabilities during 2014.

20. COMMITMENTS AND CONTINGENCIES

The Company's contractual obligations as at December 31, 2014 are presented below:

Obligations (iii)	Total	2015	2016-2017	2018-2019	After 2019
			Payments due by (millions)		
7-year term loan facility expires 2018	$ 259	$ 17	$ 45	$ 197	$ —
Interest on term loan	14	4	8	2	—
Revolving $800 million credit facility commitment fees	7	2	4	1	—
Revolving $400 million credit facility commitment fees	2	1	1	—	—
5.625% senior notes due 2015	148	148	—	—	—
4.125% senior notes due 2016	300	—	300	—	—
6.200% senior notes due 2017	394	—	394	—	—
7.000% senior notes due 2019	187	—	—	187	—
5.750% senior notes due 2021	500	—	—	—	500
4.625% senior notes due 2023	250	—	—	—	250
6.125% senior notes due 2043	275	—	—	—	275
Interest on senior notes	896	112	173	137	474
Total debt and related interest	3,232	284	925	524	1,499
Operating leases(i)	1,181	128	221	175	657
Pensions	346	116	190	40	—
Other contractual obligations(ii)	143	10	40	43	50
Acquisition liabilities	51	8	27	16	—
Total contractual obligations	$ 4,953	$ 546	$ 1,403	$ 798	$ 2,206

(i) Presented gross of sublease income.

(ii) Other contractual obligations include capital lease commitments, put option obligations and investment fund capital call obligations, the timing of which are included at the earliest point they may fall due.

(iii) The above excludes $19 million of liabilities for unrecognized tax benefits as the Company is unable to reasonably predict the timing of settlement of these liabilities.

Debt obligations and facilities

The Company's debt and related interest obligations at December 31, 2014 are shown in the above table.

Mandatory repayments of debt over the next 12 months include expiration of the 3-year term loan facility expiring 2015, maturity of the 5.625% senior notes due 2015 and the scheduled repayment of the current portion of the Company's 7-year term loan. The Company also has the right, at its option, to prepay indebtedness under the credit facility without further penalty and to redeem the senior notes by paying a 'make-whole' premium as provided under the applicable debt instrument.

20. COMMITMENTS AND CONTINGENCIES (Continued)

Operating leases

The Company leases certain land, buildings and equipment under various operating lease arrangements. Original non-cancellable lease terms typically are between 10 and 20 years and may contain escalation clauses, along with options that permit early withdrawal. The total amount of the minimum rent is expensed on a straight-line basis over the term of the lease.

As of December 31, 2014, the aggregate future minimum rental commitments under all non-cancellable operating lease agreements are as follows:

	Gross rental commitments	Rentals from subleases	Net rental commitments
		(millions)	
2015	$ 128	$ (13)	$ 115
2016	115	(13)	102
2017	106	(12)	94
2018	91	(7)	84
2019	84	(5)	79
Thereafter	657	(10)	647
Total	$ 1,181	$ (60)	$ 1,121

The Company leases its main London building under a 25-year operating lease, which expires in 2032. The Company's contractual obligations in relation to this commitment included in the table above total $645 million (2013: $719 million). Annual rentals are $36 million (2013: $36 million) per year and the Company has subleased approximately 29 percent (2013: 29 percent) of the premises under leases up to 15 years. The amounts receivable from subleases, included in the table above, total $51 million (2013: $66 million; 2012: $76 million).

Rent expense amounted to $134 million for the year ended December 31, 2014 (2013: $141 million; 2012: $135 million). The Company's rental income from subleases was $13 million for the year ended December 31, 2014 (2013: $15 million; 2012: $17 million).

Pensions

Contractual obligations for the Company's pension plans reflect the contributions the Company expects to make over the next five years into the US, UK and Other defined benefit plans. These contributions are based on current funding positions and may increase or decrease dependent on the future performance of the plans.

In the United Kingdom, the Company is required to agree a funding strategy for the UK defined benefit plan with the plan's trustees. In March 2012, the Company agreed to a revised schedule of contributions towards on-going accrual of benefits and deficit funding contributions the Company will make to the UK plan over the six years ended December 31, 2017. Contributions in each of the next three years would total approximately $75 million, of which approximately $19 million relates to on-going contributions calculated as 15.9 percent of active plan members' pensionable salary and approximately $56 million that relates to contributions towards the funding deficit.

In addition, based on this agreement, further contributions would 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). The Company expects to make an exceptional return contribution of $21 million during 2015 as a result of share buyback activity during 2014. Aggregate contributions under the deficit funding contribution and the profit share calculation are capped at £312 million ($486 million) over the six years ended December 31, 2017.

We are currently negotiating a new funding arrangement which we are required to do every three years, which may further change the contributions we are required to make during 2015 and beyond.

An additional amount of approximately $10 million will be paid annually into the UK defined benefit plan related to employee's salary sacrifice contributions.

The total contracted contributions for all plans in 2015 are expected to be approximately $116 million, excluding approximately $10 million in respect of the salary sacrifice contributions.

Willis Group Holdings plc

20. COMMITMENTS AND CONTINGENCIES (Continued)

Guarantees

Guarantees issued by certain of Willis Group Holdings' subsidiaries with respect to the senior notes and revolving credit facilities are discussed in Note 18 — Debt.

Certain of Willis Group Holdings' subsidiaries have given the landlords of some leasehold properties occupied by the Company in the United Kingdom and the United States guarantees in respect of the performance of the lease obligations of the subsidiary holding the lease. The operating lease obligations subject to such guarantees amounted to $756 million and $828 million at December 31, 2014 and 2013, respectively. The capital lease obligations subject to such guarantees amounted to $11 million as at December 31, 2014 (2013: $11 million).

In addition, the Company has given guarantees to bankers and other third parties relating principally to letters of credit amounting to $20 million and $11 million at December 31, 2014 and 2013, respectively. Willis Group Holdings also guarantees certain of its UK and Irish subsidiaries' obligations to fund the UK and Irish defined benefit plans.

Other contractual obligations

For certain subsidiaries and associates, the Company has the right to purchase shares (a call option) from co-shareholders at various dates in the future. In addition, the co-shareholders of certain subsidiaries and associates have the right to sell their shares (a put option) to the Company at various dates in the future. Generally, the exercise price of such put options and call options is formula-based (using revenues and earnings) and is designed to reflect fair value. Based on current projections of profitability and exchange rates and assuming the put options are exercised, the potential amount payable from these options is not expected to exceed $72 million (2013: $12 million).

In July 2010, the Company made a capital commitment of $25 million to Trident V Parallel Fund, LP, an investment fund managed by Stone Point Capital. This replaced a capital commitment of $25 million that had been made to Trident V, LP in December 2009. As at December 31, 2014 there have been approximately $22 million of capital contributions.

In May 2011, the Company made a capital commitment of $10 million to Dowling Capital Partners I, LP. As at December 31, 2014 there had been approximately $7 million of capital contributions.

Other contractual obligations at December 31, 2014, also include certain capital lease obligations totaling $64 million (2013: $63 million), primarily in respect of the Company's Nashville property.

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.

The material actual or potential claims, lawsuits, and other proceedings, of which the Company is currently aware, are as follows:

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 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.

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

20. COMMITMENTS AND CONTINGENCIES (Continued)

believed to be adequate in the light of current information and legal advice, and the Company adjusts such provisions from time to time according to developments. These provisions have been recognized in other operating expenses to the extent that losses are deemed probable and reasonably estimable. Matters that are not probable or reasonably estimable have not been provided for and the Company does not believe a reasonable possible range of losses, for these matters, can be estimated.

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.

21. ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX

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

	December 31, 2014			December 31, 2013			December 31, 2012		
	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount
	(millions)								
Other comprehensive (loss) income:									
Foreign currency translation adjustments	$ (183)	$ —	$ (183)	$ 20	$ —	$ 20	$ 46	$ —	$ 46
Pension funding adjustments:									
Foreign currency translation on pension funding adjustments	49	(12)	37	(15)	5	(10)	(31)	9	(22)
Net actuarial (loss) gain	(274)	19	(255)	83	2	85	(203)	36	(167)
Amortization of unrecognized actuarial loss	48	(8)	40	55	(9)	46	47	(9)	38
Amortization of unrecognized prior service gain and curtailment gain	(4)	1	(3)	(5)	1	(4)	(6)	1	(5)
Curtailment gain	2	—	2	—	—	—	—	—	—
	(179)	—	(179)	118	(1)	117	(193)	37	(156)
Derivative instruments:									
Gain on interest rate swaps (effective element)	—	—	—	—	—	—	3	(1)	2
Interest rate reclassification adjustment	(5)	1	(4)	(5)	1	(4)	(5)	1	(4)
(Loss) gain on forward exchange contracts (effective element)	(31)	6	(25)	10	(2)	8	11	(2)	9
Forward exchange contract reclassification adjustment	16	(3)	13	1	—	1	(4)	1	(3)
Gain on treasury lock (effective element)	—	—	—	19	(4)	15	—	—	—
Treasury lock reclassification adjustment	(1)	—	(1)	—	—	—	—	—	—
	(21)	4	(17)	25	(5)	20	5	(1)	4
Other comprehensive (loss) income	(383)	4	(379)	163	(6)	157	(142)	36	(106)
Less: Other comprehensive loss attributable to noncontrolling interests	6	—	6	—	—	—	—	—	—
Other comprehensive (loss) income attributable to Willis Group Holdings	$ (377)	$ 4	$ (373)	$ 163	$ (6)	$ 157	$ (142)	$ 36	$ (106)

21. ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX (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, December 31, 2011	$ (80)	$ (675)	$ 11	$ (744)
Other comprehensive income (loss) before reclassifications	46	(189)	11	(132)
Amounts reclassified from accumulated other comprehensive income	—	33	(7)	26
Net current year other comprehensive income (loss), net of tax and noncontrolling interests	46	(156)	4	(106)
Balance, December 31, 2012	$ (34)	$ (831)	$ 15	$ (850)
Other comprehensive income before reclassifications	20	75	23	118
Amounts reclassified from accumulated other comprehensive income	—	42	(3)	39
Net current year other comprehensive income, net of tax and noncontrolling interests	20	117	20	157
Balance, December 31, 2013	$ (14)	$ (714)	$ 35	$ (693)
Other comprehensive loss before reclassifications	(177)	(216)	(25)	(418)
Amounts reclassified from accumulated other comprehensive income	—	37	8	45
Net current year other comprehensive loss, net of tax and noncontrolling interests	(177)	(179)	(17)	(373)
Balance, December 31, 2014	$ (191)	$ (893)	$ 18	$ (1,066)

Willis Group Holdings plc

21. ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX (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
	Years ended December 31,			
	2014	2013	2012	
	(millions)			
Gains and losses on cash flow hedges (Note 24)				
Interest rate swaps	$ (5)	$ (5)	$ (5)	Investment income
Foreign exchange contracts	16	1	(4)	Other income (expense), net
Treasury lock	(1)	—	—	Interest expense
	10	(4)	(9)	Total before tax
Tax	(2)	1	2	
	$ 8	$ (3)	$ (7)	Net of tax
Amortization of defined benefit pension items (Note 17)				
Prior service gain and curtailment gain	$ (4)	$ (5)	$ (6)	Salaries and benefits
Net actuarial loss	48	55	47	Salaries and benefits
	44	50	41	Total before tax
Tax	(7)	(8)	(8)	
	$ 37	$ 42	$ 33	Net of tax
Total reclassifications for the period	$ 45	$ 39	$ 26	

22. EQUITY AND NONCONTROLLING INTEREST

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

	Years ended December 31,		
	2014	2013	2012
	(millions)		
Net income (loss) attributable to Willis Group Holdings	$ 362	$ 365	$ (446)
Transfers from noncontrolling interest:			
Decrease in Willis Group Holdings' paid-in capital for purchase of noncontrolling interest	—	(4)	(31)
Increase in Willis Group Holdings' paid-in capital for sale of noncontrolling interest	—	—	2
Net transfers from noncontrolling interest	—	(4)	(29)
Change from net income (loss) attributable to Willis Group Holdings and transfers from noncontrolling interests	$ 362	$ 361	$ (475)

23. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

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

	Years Ended December 31,		
	2014	2013	2012
	(millions)		
Supplemental disclosures of cash flow information:			
Cash payments for income taxes, net	$ 88	$ 61	$ 63
Cash payments for interest	123	117	118
Supplemental disclosures of non-cash investing and financing activities:			
Write-off of unamortized debt issuance costs	$ —	$ (2)	$ —
Write-back of fair value adjustment on 5.625% senior notes due 2015	—	7	—
Assets acquired under capital leases	3	7	2
Deferred payments on acquisitions of subsidiaries	10	2	4
Acquisitions:			
Fair value of assets acquired	$ 296	$ 47	$ 23
Less:			
Liabilities assumed	107	30	3
Cash acquired	57	1	—
Net assets acquired, net of cash acquired	$ 132	$ 16	$ 20

24. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Fair value of derivative financial instruments

In addition to the note below, see Note 25 - Fair Value Measurements 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 holds Fiduciary funds. 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.

Through the fourth quarter of 2011, in order to manage interest rate risk relating to Fiduciary funds, the Company entered 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. During the second quarter 2012, the Company closed out its legacy position relating to such instruments. The fair value of these swaps at the close out date was $16 million, representing a cash settlement amount on termination. In connection with the terminated swaps, the Company retained a gain of $15 million in accumulated other comprehensive income. This gain is being reclassified into earnings in line with the forecasted swap transactions. The Company expects approximately $1 million of the gain to be recognized in the consolidated statement of operations in 2015.

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24. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

At December 31, 2014 and 2013, the Company had no derivative financial instruments that were designated as cash flow hedges of interest rate risk in 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 $259 million under a 7-year term loan facility. The Company has access to (i) $800 million under a revolving credit facility expiring July 23, 2018, (ii) $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 (iii) $22 million under two further revolving credit facilities, of which $20 million is also only available for specific regulatory purposes. As of December 31, 2014 $nil (2013: $nil) was drawn on these facilities.

The 7-year term loan facility bears interest at LIBOR plus 1.50% and drawings under the revolving credit facility bear interest at LIBOR plus 1.50%. 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. The fixed rate senior notes bear interest at various rates as detailed in Note 18 — 'Debt'.

During the year ended December 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 had 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.

During the year ended December 31, 2013, the Company closed out the above interest rate swaps and received a cash settlement of $13 million on termination.

To hedge against the potential variability in benchmark interest rates in advance of the anticipated debt issuance, the Company entered into two short-term treasury locks during the three months ended June 30, 2013. These were closed out during the three months ended September 30, 2013 following the issue of the new senior notes described in Note 18 - '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 at that date. 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, the Company recognized a $2 million gain in interest expense in the year ended December 31, 2013 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:

- to the extent that forecast Pound sterling expenses exceed Pound 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

24. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

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 whilst 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 December 31, 2014 and 2013, the Company's foreign currency contracts were all designated as hedging instruments except for 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.

	December 31,	
	Sell 2014[(i)]	Sell 2013
	(millions)	
US dollar	$ 678	$ 303
Euro	186	97
Japanese yen	51	35

(i) Forward exchange contracts range in maturity from 2015 to 2017.

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 December 31, 2014 and 2013 were immaterial.

During the year ended December 31, 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 $352 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 an equivalent gain has been recognized in other income (expense), net, for the period.

In addition during the year ended December 31, 2014, in order to hedge the Company's exposure relating to the purchase price consideration for acquiring a 75.8 percent holding in Max Matthiessen AB, the Company entered into a series of forward exchange contracts. As a result of these transactions the Company recognized a $14 million expense in other income (expense), net, and an equivalent reduction to cash and cash equivalents in the year.

24. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Derivative financial instruments

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

Derivative financial instruments designated as hedging instruments:	Balance sheet classification	Fair value December 31, 2014	Fair value December 31, 2013
		(millions)	
Assets:			
Forward exchange contracts	Other assets	26	23
Total derivatives designated as hedging instruments		$ 26	$ 23
Liabilities:			
Forward exchange contracts	Other liabilities	21	2
Total derivatives designated as hedging instruments		$ 21	$ 2

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 years ended December 31, 2014, 2013 and 2012:

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)
Year Ended December 31, 2014					
Interest rate swaps	$ —	Investment income	$ (5)	Other income (expense), net	$ —
Treasury locks	—	Interest expense	(1)	Interest expense	—
Forward exchange contracts	(31)	Other income (expense), net	16	Interest expense	(1)
Total	$ (31)		$ 10		$ (1)
Year Ended December 31, 2013					
Interest rate swaps	$ —	Investment income	$ (5)	Other income (expense), net	$ —
Treasury locks	19	Interest expense	—	Interest expense	2
Forward exchange contracts	10	Other income (expense), net	1	Interest expense	1
Total	$ 29		$ (4)		$ 3
Year Ended December 31, 2012					
Interest rate swaps	$ 3	Investment income	$ (5)	Other income (expense), net	$ —
Forward exchange contracts	11	Other income (expense), net	(4)	Interest expense	1
Total	$ 14		$ (9)		$ 1

Amounts above shown gross of tax.

(i) OCI means 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 rate 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.

24. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

At December 31, 2014 the Company estimates there will be $7 million of net derivative gains reclassified from accumulated comprehensive income into earnings within the next twelve months as the forecasted transactions affect earnings.

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, fiduciary funds, 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 December 31, 2014.

25. FAIR VALUE MEASUREMENTS

The Company has categorized its assets and liabilities that are measured at fair value on a recurring and non-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 related fair value hedges)-Fair values are based on quoted market values and so 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. Such financial instruments are classified as Level 2 in the fair value hierarchy.

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25. FAIR VALUE MEASUREMENTS (Continued)

Financial instruments measured at fair value on a 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.

	December 31, 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:				
Derivative financial instruments	—	26	—	26
Total assets	$ —	$ 26	$ —	$ 26
Liabilities at fair value:				
Derivative financial instruments	$ —	$ 21	$ —	$ 21
Total liabilities	$ —	$ 21	$ —	$ 21

	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:				
Derivative financial instruments	—	23	—	23
Total assets	$ —	$ 23	$ —	$ 23
Liabilities at fair value:				
Derivative financial instruments	$ —	$ 2	$ —	$ 2
Total liabilities	$ —	$ 2	$ —	$ 2

Fair value information about financial instruments not measured at fair value

The following table presents the carrying values and estimated fair values of the Company's financial instruments not measured at fair value. 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.

25. FAIR VALUE MEASUREMENTS (Continued)

	December 31,			
	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	(millions)			
Assets:				
Cash and cash equivalents	$ 635	$ 635	$ 796	$ 796
Fiduciary funds (included within Fiduciary assets)	$ 1,888	$ 1,888	$ 1,662	$ 1,662
Liabilities:				
Current portion of long-term debt	$ 167	$ 169	$ 15	$ 15
Long-term debt	2,142	2,327	2,311	2,444

Financial instruments measured at fair value on a non-recurring basis

The remeasurement of goodwill is classified as non-recurring level 3 fair value assessment due to the significance of unobservable inputs developed using company-specific information, see Note 12 - Goodwill.

26. SEGMENT INFORMATION

Effective from January 1, 2015, the Company changed the way it manages and reports operating results, resulting in a change in the Company's operating and reportable segments from three segments, known as Willis Global, Willis North America and Willis International, into four segments: Willis Capital, Wholesale and Reinsurance ('Willis CWR'); Willis North America; Willis International; and Willis GB which are described below.

The principal changes to the reporting segments are as follows:

- Willis International and Willis North America remain largely unchanged except for certain specialty teams formerly included in Global which are now included in the geographic regions in which they are located.
- Willis Capital, Wholesale and Reinsurance comprises Willis Re, Willis Capital Markets & Advisory and the Company's wholesale business. In addition, it will also include a new unit called Willis Portfolio Underwriting Services.
- Te remaining component businesses previously included as part of the Global segment which include the Company's UK retail business, facultative business and London specialty business, now form Willis GB.

Accordingly, the Segment Information has been recast to take into account these changes.

Our Willis GB business provides specialist brokerage and consulting services to both clients based in Great Britain, and those worldwide requiring access to the London insurance market, arising from specific industries, activities and risk. This segment includes the following business units: Property & Casualty; Financial Lines; Transport; and Rail Networks.

Willis CWR includes: Willis Re; Willis Capital Markets & Advisory; Willis' wholesale business; and Willis Portfolio and Underwriting Services.

Willis North America and Willis International comprise our retail and specialty operations, outside of Great Britain, and 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 provide health, welfare, and human resources consulting, and brokerage services.

The Company uses segment operating income (loss) to measure segment performance. The Company does not allocate all expenses that form part of total expenses in the consolidated statements of operations to its operating segments because management does not include this information in its measurement of the performance of those segments. Because of this unallocated expense, the operating income (loss) of each reporting segment does not reflect the operating income (loss) reporting segment would report as a stand-alone business.

The accounting policies of the segments are consistent with those described in Note 2 - 'Basis of Presentation and Significant Accounting Policies'.

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.

26. SEGMENT INFORMATION (Continued)

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

	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Operating income (loss)
				(millions)		
Year Ended December 31, 2014						
Willis GB	$ 662	$ 4	$ 3	$ 669	$ 31	$ 148
Willis Capital, Wholesale and Reinsurance	749	5	12	766	12	224
Willis North America	1,318	1	4	1,323	68	232
Willis International	1,038	6	—	1,044	26	195
Total segments	3,767	16	19	3,802	137	799
Corporate and other[(i)]	—	—	—	—	9	(152)
Total consolidated	$ 3,767	$ 16	$ 19	$ 3,802	$ 146	$ 647
Year Ended December 31, 2013						
Willis GB	$ 665	$ 1	$ —	$ 666	$ 31	$ 180
Willis Capital, Wholesale and Reinsurance	716	5	—	721	11	221
Willis North America	1,304	2	7	1,313	76	205
Willis International	948	7	—	955	22	181
Total segments	3,633	15	7	3,655	140	787
Corporate and other[(i)]	—	—	—	—	9	(124)
Total consolidated	$ 3,633	$ 15	$ 7	$ 3,655	$ 149	$ 663
Year Ended December 31, 2012						
Willis GB	$ 629	$ —	$ —	$ 629	$ 28	$ 203
Willis Capital, Wholesale and Reinsurance	691	7	—	698	10	221
Willis North America	1,244	3	4	1,251	75	221
Willis International	894	8	—	902	22	168
Total segments	3,458	18	4	3,480	135	813
Corporate and other[(i)]	—	—	—	—	3	(1,038)
Total consolidated	$ 3,458	$ 18	$ 4	$ 3,480	$ 138	$ (225)

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

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26. SEGMENT INFORMATION (Continued)

	Years ended December 31,		
	2014	2013	2012
	(millions)		
Costs of the holding company	$ (13)	$ (10)	$ (4)
Costs related to Group functions, leadership and projects	(171)	(102)	(108)
Non-servicing elements of defined benefit pension	53	42	38
Significant legal and regulatory settlements managed centrally	(2)	(6)	(6)
Restructuring costs relating to the Operational Improvement Program	(17)	—	—
Additional incentive accrual for change in remuneration policy	—	—	(252)
Write-off of unamortized cash retention awards debtor	—	—	(200)
Goodwill impairment charge	—	—	(492)
India joint venture settlement	—	—	(11)
Insurance recovery	—	—	10
Write-off of uncollectible accounts receivable balance in Chicago	—	—	(13)
Expense Reduction Initiative	—	(46)	—
Fees related to the extinguishment of debt	—	(1)	—
Other	(2)	(1)	—
Total Corporate and Other	$ (152)	$ (124)	$ (1,038)

The following table reconciles total consolidated operating income (loss), as disclosed in the operating segment tables above, to consolidated income from continuing operations before income taxes and interest in earnings of associates.

	Years ended December 31,		
	2014	2013	2012
	(millions)		
Total consolidated operating income (loss)	$ 647	$ 663	$ (225)
Other (expense) income, net	6	22	16
Loss on extinguishment of debt	—	(60)	—
Interest expense	(135)	(126)	(128)
Income (loss) before income taxes and interest in earnings of associates	$ 518	$ 499	$ (337)

The Company does not currently provide asset information by reportable segment as it does not routinely evaluate the total asset position by segment.

26. SEGMENT INFORMATION (Continued)

Segment revenue by product is as follows:

	Years ended December 31,														
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
	Willis GB			Willis CWR			Willis North America			Willis International			Total		
	(millions)														
Commissions and fees:															
Retail insurance services	$ 184	$ 185	$ 189	$ 90	$ 89	$ 82	$ 1,244	$ 1,233	$ 1,175	$ 1,016	$ 926	$ 874	$ 2,534	$ 2,433	$ 2,320
Specialty insurance services	478	480	440	659	627	609	74	71	69	22	22	20	1,233	1,200	1,138
Total commissions and fees	662	665	629	749	716	691	1,318	1,304	1,244	1,038	948	894	3,767	3,633	3,458
Investment income	4	1	—	5	5	7	1	2	3	6	7	8	16	15	18
Other income	3	—	—	12	—	—	4	7	4	—	—	—	19	7	4
Total Revenues	$ 669	$ 666	$ 629	$ 766	$ 721	$ 698	$ 1,323	$ 1,313	$ 1,251	$ 1,044	$ 955	$ 902	$ 3,802	$ 3,655	$ 3,480

None of the Company's customers represented more than 10 percent of the Company's consolidated commissions and fees for the years ended December 31, 2014, 2013 and 2012.

Information regarding the Company's geographic locations is as follows:

	Years Ended December 31,		
	2014	2013	2012
	(millions)		
Commissions and fees[(i)]			
UK	$ 1,027	$ 1,026	$ 980
US	1,592	1,549	1,484
Other[(ii)]	1,148	1,058	994
Total	$ 3,767	$ 3,633	$ 3,458

	December 31,	
	2014	2013
	(millions)	
Fixed assets		
UK	$ 232	$ 233
US	193	203
Other[(ii)]	58	45
Total	$ 483	$ 481

(i) Commissions and fees are attributed to countries based upon the location of the subsidiary generating the revenue.

(ii) Other than in the United Kingdom and the United States, the Company does not conduct business in any country in which its commissions and fees and or fixed assets exceed 10 percent of consolidated commissions and fees and or fixed assets, respectively.

Willis Group Holdings plc

27. SUBSIDIARY UNDERTAKINGS

The Company has investments in the following subsidiary undertakings which principally affect the net income or net assets of the Group.

Subsidiary name	Country of registration	Class of share	Percentage ownership
Holding companies			
TAI Limited	England and Wales	Ordinary shares	100%
Trinity Acquisition Limited	England and Wales	Ordinary shares	100%
Willis Faber Limited	England and Wales	Ordinary shares	100%
Willis Group Limited	England and Wales	Ordinary shares	100%
Willis Investment UK Holdings Limited	England and Wales	Ordinary shares	100%
Willis Netherlands Holdings B.V.	Netherlands	Ordinary shares	100%
Willis Europe B.V.	England and Wales	Ordinary shares	100%
Insurance broking companies			
Willis HRH, Inc.	USA	Common shares	100%
Willis Limited	England and Wales	Ordinary shares	100%
Willis North America, Inc.	USA	Common shares	100%
Willis Re, Inc.	USA	Common shares	100%

28. 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 are 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 Limited (previously registered as 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.

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 condensed consolidating balance sheets for the year ended December 31, 2014 of Willis Group Holdings, the Other Guarantors and the Issuer.

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 8	$ 3,759	$ —	$ 3,767
Investment income	—	—	—	16	—	16
Other income	—	—	—	19	—	19
Total revenues	—	—	8	3,794	—	3,802
EXPENSES						
Salaries and benefits	(1)	—	(81)	(2,232)	—	(2,314)
Other operating expenses	(16)	(95)	(38)	(510)	—	(659)
Depreciation expense	—	(4)	(17)	(71)	—	(92)
Amortization of intangible assets	—	—	—	(54)	—	(54)
Restructuring costs	—	(11)	(3)	(22)	—	(36)
Total expenses	(17)	(110)	(139)	(2,889)	—	(3,155)
OPERATING (LOSS) INCOME	(17)	(110)	(131)	905	—	647
Other (expense) income, net	(15)	(220)	—	11	230	6
Income from Group undertakings	—	221	313	102	(636)	—
Expenses due to Group undertakings	—	(33)	(179)	(424)	636	—
Interest expense	(43)	(35)	(45)	(12)	—	(135)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(75)	(177)	(42)	582	230	518
Income taxes	—	25	24	(208)	—	(159)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(75)	(152)	(18)	374	230	359
Interest in earnings of associates, net of tax	—	10	—	4	—	14
Equity account for subsidiaries	437	570	76	—	(1,083)	—
NET INCOME	362	428	58	378	(853)	373
Less: Net loss attributable to noncontrolling interests	—	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 362	$ 428	$ 58	$ 367	$ (853)	$ 362

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive (loss) income	$ (11)	$ 69	$ (110)	$ 49	$ (3)	$ (6)
Less: Comprehensive income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
Comprehensive (loss) income attributable to Willis Group Holdings	$ (11)	$ 69	$ (110)	$ 44	$ (3)	$ (11)

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 8	$ 3,625	$ —	$ 3,633
Investment income	—	—	—	15	—	15
Other income	—	—	—	7	—	7
Total revenues	—	—	8	3,647	—	3,655
EXPENSES						
Salaries and benefits	(1)	—	(103)	(2,103)	—	(2,207)
Other operating expenses	(5)	(69)	(163)	(399)	—	(636)
Depreciation expense	—	(3)	(20)	(71)	—	(94)
Amortization of intangible assets	—	—	—	(55)	—	(55)
Total expenses	(6)	(72)	(286)	(2,628)	—	(2,992)
OPERATING (LOSS) INCOME	(6)	(72)	(278)	1,019	—	663
Other income (expense), net	5	(4)	—	31	(10)	22
Income from Group undertakings	—	191	364	86	(641)	—
Expenses due to Group undertakings	(10)	(34)	(141)	(456)	641	—
Loss on extinguishment of debt	—	—	(60)	—	—	(60)
Interest expense	(42)	(16)	(63)	(5)	—	(126)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(53)	65	(178)	675	(10)	499
Income taxes	—	23	—	(145)	—	(122)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(53)	88	(178)	530	(10)	377
Interest in earnings of associates, net of tax	—	9	—	(9)	—	—
Equity account for subsidiaries	418	320	150	—	(888)	—
NET INCOME (LOSS)	365	417	(28)	521	(898)	377
Less: Net income attributable to noncontrolling interests	—	—	—	(12)	—	(12)
NET INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 365	$ 417	$ (28)	$ 509	$ (898)	$ 365

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 522	$ 565	$ 74	$ 636	$ (1,263)	$ 534
Less: Comprehensive income attributable to noncontrolling interests	—	—	—	(12)	—	(12)
Comprehensive income attributable to Willis Group Holdings	$ 522	$ 565	$ 74	$ 624	$ (1,263)	$ 522

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ —	$ 3,458	$ —	$ 3,458
Investment income	—	—	1	17	—	18
Other income	—	—	—	4	—	4
Total revenues	—	—	1	3,479	—	3,480
EXPENSES						
Salaries and benefits	(2)	—	(96)	(2,377)	—	(2,475)
Other operating expenses	(6)	(80)	(78)	(436)	—	(600)
Depreciation expense	—	(1)	(15)	(63)	—	(79)
Amortization of intangible assets	—	—	—	(59)	—	(59)
Goodwill impairment charge	—	—	—	(492)	—	(492)
Total expenses	(8)	(81)	(189)	(3,427)	—	(3,705)
OPERATING (LOSS) INCOME	(8)	(81)	(188)	52	—	(225)
Other income (expense), net	2	(2)	(1)	17	—	16
Income from Group undertakings	—	201	316	111	(628)	—
Expenses due to Group undertakings	—	(67)	(147)	(414)	628	—
Interest expense	(43)	(7)	(70)	(8)	—	(128)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(49)	44	(90)	(242)	—	(337)
Income taxes	—	31	34	(166)	—	(101)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(49)	75	(56)	(408)	—	(438)
Interest in earnings of associates, net of tax	—	8	—	(3)	—	5
Equity account for subsidiaries	(397)	(480)	(172)	—	1,049	—
NET LOSS	(446)	(397)	(228)	(411)	1,049	(433)
Less: Net income attributable to noncontrolling interests	—	—	—	(13)	—	(13)
NET LOSS ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (446)	$ (397)	$ (228)	$ (424)	$ 1,049	$ (446)

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive loss	$ (552)	$ (494)	$ (263)	$ (519)	$ 1,289	$ (539)
Less: Comprehensive income attributable to noncontrolling interests	—	—	—	(13)	—	(13)
Comprehensive loss attributable to Willis Group Holdings	$ (552)	$ (494)	$ (263)	$ (532)	$ 1,289	$ (552)

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

Condensed Consolidating Balance Sheet

	As at December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 9	$ 2	$ —	$ 624	$ —	$ 635
Accounts receivable, net	—	—	4	1,040	—	1,044
Fiduciary assets	—	—	—	8,948	—	8,948
Deferred tax assets	—	—	—	12	—	12
Other current assets	1	27	10	205	(29)	214
Amounts due from Group undertakings	3,674	924	1,057	1,114	(6,769)	—
Total current assets	3,684	953	1,071	11,943	(6,798)	10,853
NON-CURRENT ASSETS						
Investments in subsidiaries	—	2,536	721	—	(3,257)	—
Fixed assets, net	—	20	42	421	—	483
Goodwill	—	—	—	2,937	—	2,937
Other intangible assets, net	—	—	—	450	—	450
Investments in associates	—	147	—	22	—	169
Deferred tax assets	—	—	—	9	—	9
Pension benefits asset	—	—	—	314	—	314
Other non-current assets	3	8	2	207	—	220
Non-current amounts due from Group undertakings	—	518	740	—	(1,258)	—
Total non-current assets	3	3,229	1,505	4,360	(4,515)	4,582
TOTAL ASSETS	$ 3,687	$ 4,182	$ 2,576	$ 16,303	$ (11,313)	$ 15,435
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 8,948	$ —	$ 8,948
Deferred revenue and accrued expenses	1	4	30	584	—	619
Income taxes payable	—	—	7	55	(29)	33
Short-term debt and current portion of long-term debt	—	17	149	1	—	167
Deferred tax liabilities	—	—	—	21	—	21
Other current liabilities	67	11	46	320	—	444
Amounts due to Group undertakings	—	4,374	1,499	896	(6,769)	—
Total current liabilities	68	4,406	1,731	10,825	(6,798)	10,232
NON-CURRENT LIABILITIES						
Investments in subsidiaries	838	—	—	—	(838)	—
Long-term debt	796	765	581	—	—	2,142
Liabilities for pension benefits	—	—	—	284	—	284
Deferred tax liabilities	—	—	—	128	—	128
Provisions for liabilities	—	—	—	194	—	194
Other non-current liabilities	—	—	17	372	—	389
Non-current amounts due to Group undertakings	—	—	518	740	(1,258)	—
Total non-current liabilities	1,634	765	1,116	1,718	(2,096)	3,137
TOTAL LIABILITIES	$ 1,702	$ 5,171	$ 2,847	$ 12,543	$ (8,894)	$ 13,369

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

Condensed Consolidating Balance Sheet

	As at December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REDEEMABLE NONCONTROLLING INTEREST	—	—	—	59	—	59
EQUITY						
Total Willis Group Holdings stockholders' equity	1,985	(989)	(271)	3,679	(2,419)	1,985
Noncontrolling interests	—	—	—	22	—	22
Total equity	1,985	(989)	(271)	3,701	(2,419)	2,007
TOTAL LIABILITIES AND EQUITY	$ 3,687	$ 4,182	$ 2,576	$ 16,303	$ (11,313)	$ 15,435

Willis Group Holdings plc

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

Condensed Consolidating Balance Sheet

	As at 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 by 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 by 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

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

Condensed Consolidating Balance Sheet

	As at 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

Willis Group Holdings plc

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (35)	$ 387	$ 265	$ 212	$ (352)	$ 477
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	1	6	(1)	6
Additions to fixed assets	—	(9)	(10)	(95)	1	(113)
Additions to intangibles assets	—	—	—	(4)	—	(4)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(241)	—	(241)
Payments to acquire other investments	—	—	—	(10)	—	(10)
Proceeds from sale of operations, net of cash disposed	—	—	—	86	—	86
Proceeds from intercompany investing activities	361	—	120	435	(916)	—
Repayments of intercompany investing activities	—	(53)	(131)	(46)	230	—
Additional investment in subsidiaries	(31)	—	—	—	31	—
Net cash provided by (used in) investing activities	330	(62)	(20)	131	(655)	(276)
CASH FLOWS FROM FINANCING ACTIVITIES						
Debt issuance costs	—	—	—	(3)	—	(3)
Repayments of debt	—	(15)	—	—	—	(15)
Repurchase of shares	(213)	—	—	—	—	(213)
Proceeds from issue of shares	134	—	—	31	(31)	134
Excess tax benefits from share-based payment arrangements	—	—	—	5	—	5
Dividends paid	(210)	—	—	(352)	352	(210)
Acquisition of noncontrolling interests	—	(4)	—	—	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(17)	—	(17)
Proceeds from intercompany financing activities	—	46	4	180	(230)	—
Repayments of intercompany financing activities	—	(353)	(249)	(314)	916	—
Net cash used in financing activities	(289)	(326)	(245)	(470)	1,007	(323)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6	(1)	—	(127)	—	(122)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(39)	—	(39)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3	3	—	790	—	796
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9	$ 2	$ —	$ 624	$ —	$ 635

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4	$ 125	$ 7	$ 662	$ (237)	$ 561
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	3	9	—	12
Additions to fixed assets	—	(7)	(11)	(94)	—	(112)
Additions to intangible assets	—	—	—	(7)	—	(7)
Acquisitions of subsidiaries, net of cash acquired	—	(237)	(230)	(30)	467	(30)
Payments to acquire other investments	—	—	—	(7)	—	(7)
Proceeds from sale of associates	—	—	—	4	—	4
Proceeds from sale of operations, net of cash disposed	—	—	230	257	(467)	20
Proceeds from intercompany investing activities	383	211	36	60	(690)	—
Repayments of intercompany investing activities	(347)	(442)	(120)	(780)	1,689	—
Net cash provided by (used in) investing activities	36	(475)	(92)	(588)	999	(120)
CASH FLOWS FROM FINANCING ACTIVITIES						
Senior notes issued	—	522	—	—	—	522
Debt issuance costs	—	(8)	—	—	—	(8)
Repayments of debt	—	(15)	(521)	—	—	(536)
Tender premium on extinguishment of senior notes	—	—	(65)	—	—	(65)
Proceeds from issue of shares	155	—	—	—	—	155
Excess tax benefits from share-based payment arrangements	—	—	—	2	—	2
Dividends paid	(193)	—	(230)	(7)	237	(193)
Acquisition of noncontrolling interests	—	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(10)	—	(10)
Proceeds from intercompany financing activities	—	321	901	467	(1,689)	—
Repayments of intercompany financing activities	—	(467)	—	(223)	690	—
Net cash (used in) provided by financing activities	(38)	353	85	225	(762)	(137)
INCREASE IN CASH AND CASH EQUIVALENTS	2	3	—	299	—	304
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(8)	—	(8)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1	—	—	499	—	500
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3	$ 3	$ —	$ 790	$ —	$ 796

Willis Group Holdings plc

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (23)	$ 1,504	$ (44)	$ (97)	$ (815)	$ 525
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	—	5	—	5
Additions to fixed assets	—	(7)	(19)	(109)	—	(135)
Additions to intangible assets	—	—	—	(2)	—	(2)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(33)	—	(33)
Payments to acquire other investments	—	—	—	(7)	—	(7)
Proceeds from intercompany investing activities	256	216	44	1,230	(1,746)	—
Repayments of intercompany investing activities	—	(318)	(10)	(81)	409	—
Net cash provided by (used in) investing activities	256	(109)	15	1,003	(1,337)	(172)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayments of debt	—	(15)	—	—	—	(15)
Proceeds from issue of other debt	—	1	—	—	—	1
Repurchase of shares	(100)	—	—	—	—	(100)
Proceeds from issue of shares	53	—	—	—	—	53
Excess tax benefits from share-based payment arrangements	—	—	—	2	—	2
Dividends paid	(185)	—	—	(815)	815	(185)
Proceeds from sale of noncontrolling interest	—	—	—	3	—	3
Acquisition of noncontrolling interests	—	—	—	(39)	—	(39)
Dividends paid to noncontrolling interests	—	—	—	(11)	—	(11)
Cash received on intercompany financing activities	—	81	—	328	(409)	—
Cash paid on intercompany financing activities	—	(1,462)	(134)	(150)	1,746	—
Net cash used in financing activities	(232)	(1,395)	(134)	(682)	2,152	(291)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	—	(163)	224	—	62
Effect of exchange rate changes on cash and cash equivalents	—	—	—	2	—	2
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	—	163	273	—	436
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1	$ —	$ —	$ 499	$ —	$ 500

29. 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 were issued by Willis Group Holdings (‘Holdings Debt Securities’) and are guaranteed by certain of the Company’s subsidiaries. Therefore, the Company is providing the 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 Limited (previously registered as 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 condensed consolidating financial information is presented in Note 30) in that Willis Group Holdings is the Parent Issuer and Willis North America is a subsidiary guarantor.

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 condensed consolidating balance sheets for the year ended December 31, 2014 of Willis Group Holdings and the Guarantors.

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2014				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ 8	$ 3,759	$ —	$ 3,767
Investment income	—	—	16	—	16
Other income	—	—	19	—	19
Total revenues	—	8	3,794	—	3,802
EXPENSES					
Salaries and benefits	(1)	(81)	(2,232)	—	(2,314)
Other operating expenses	(16)	(133)	(510)	—	(659)
Depreciation expense	—	(21)	(71)	—	(92)
Amortization of intangible assets	—	—	(54)	—	(54)
Restructuring expenses	—	(14)	(22)	—	(36)
Total expenses	(17)	(249)	(2,889)	—	(3,155)
OPERATING (LOSS) INCOME	(17)	(241)	905	—	647
Other (expense) income, net	(15)	(220)	11	230	6
Income from Group undertakings	—	424	102	(526)	—
Expenses due to Group undertakings	—	(102)	(424)	526	—
Interest expense	(43)	(80)	(12)	—	(135)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(75)	(219)	582	230	518
Income taxes	—	49	(208)	—	(159)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(75)	(170)	374	230	359
Interest in earnings of associates, net of tax	—	10	4	—	14
Equity account for subsidiaries	437	588	—	(1,025)	—
NET INCOME	362	428	378	(795)	373
Less: Net income attributable to noncontrolling interests	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 362	$ 428	$ 367	$ (795)	$ 362

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2014				
	Willis Group Holdings—the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive (loss) income	$ (11)	$ 69	$ 49	$ (113)	$ (6)
Less: Comprehensive income attributable to noncontrolling interests	—	—	(5)	—	(5)
Comprehensive (loss) income attributable to Willis Group Holdings	$ (11)	$ 69	$ 44	$ (113)	$ (11)

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2013				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ 8	$ 3,625	$ —	$ 3,633
Investment income	—	—	15	—	15
Other income	—	—	7	—	7
Total revenues	—	8	3,647	—	3,655
EXPENSES					
Salaries and benefits	(1)	(103)	(2,103)	—	(2,207)
Other operating expenses	(5)	(232)	(399)	—	(636)
Depreciation expense	—	(23)	(71)	—	(94)
Amortization of intangible assets	—	—	(55)	—	(55)
Total expenses	(6)	(358)	(2,628)	—	(2,992)
OPERATING (LOSS) INCOME	(6)	(350)	1,019	—	663
Other income (expense), net	5	(4)	31	(10)	22
Income from Group undertakings	—	466	86	(552)	—
Expenses due to Group undertakings	(10)	(86)	(456)	552	—
Loss on extinguishment of debt	—	(60)	—	—	(60)
Interest expense	(42)	(79)	(5)	—	(126)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(53)	(113)	675	(10)	499
Income taxes	—	23	(145)	—	(122)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(53)	(90)	530	(10)	377
Interest in earnings of associates, net of tax	—	9	(9)	—	—
Equity account for subsidiaries	418	498	—	(916)	—
NET INCOME	365	417	521	(926)	377
Less: Net income attributable to noncontrolling interests	—	—	(12)	—	(12)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 365	$ 417	$ 509	$ (926)	$ 365

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2013				
	Willis Group Holdings—the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive income	$ 522	$ 565	$ 636	$ (1,189)	$ 534
Less: Comprehensive income attributable to noncontrolling interests	—	—	(12)	—	(12)
Comprehensive income attributable to Willis Group Holdings	$ 522	$ 565	$ 624	$ (1,189)	$ 522

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2012				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
REVENUES					
Commissions and fees	$ —	$ —	$ 3,458	$ —	$ 3,458
Investment income	—	1	17	—	18
Other income	—	—	4	—	4
Total revenues	—	1	3,479	—	3,480
EXPENSES					
Salaries and benefits	(2)	(96)	(2,377)	—	(2,475)
Other operating expenses	(6)	(158)	(436)	—	(600)
Depreciation expense	—	(16)	(63)	—	(79)
Amortization of intangible assets	—	—	(59)	—	(59)
Goodwill impairment charge	—	—	(492)	—	(492)
Total expenses	(8)	(270)	(3,427)	—	(3,705)
OPERATING (LOSS) INCOME	(8)	(269)	52	—	(225)
Other income (expense), net	2	(3)	17	—	16
Income from Group undertakings	—	409	111	(520)	—
Expenses due to Group undertakings	—	(106)	(414)	520	—
Interest expense	(43)	(77)	(8)	—	(128)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(49)	(46)	(242)	—	(337)
Income taxes	—	65	(166)	—	(101)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(49)	19	(408)	—	(438)
Interest in earnings of associates, net of tax	—	8	(3)	—	5
Equity account for subsidiaries	(397)	(424)	—	821	—
NET LOSS	(446)	(397)	(411)	821	(433)
Less: Net income attributable to noncontrolling interests	—	—	(13)	—	(13)
NET LOSS ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (446)	$ (397)	$ (424)	$ 821	$ (446)

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2012				
	Willis Group Holdings—the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive loss	$ (552)	$ (494)	$ (519)	$ 1,026	$ (539)
Less: Comprehensive income attributable to noncontrolling interests	—	—	(13)	—	(13)
Comprehensive loss attributable to Willis Group Holdings	$ (552)	$ (494)	$ (532)	$ 1,026	$ (552)

Willis Group Holdings plc

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

Condensed Consolidating Balance Sheet

	As at December 31, 2014				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 9	$ 2	$ 624	$ —	$ 635
Accounts receivable, net	—	4	1,040	—	1,044
Fiduciary assets	—	—	8,948	—	8,948
Deferred tax assets	—	—	12	—	12
Other current assets	1	37	205	(29)	214
Amounts due from group undertakings	3,674	731	1,114	(5,519)	—
Total current assets	3,684	774	11,943	(5,548)	10,853
NON-CURRENT ASSETS					
Investments in subsidiaries	—	3,528	—	(3,528)	—
Fixed assets, net	—	62	421	—	483
Goodwill	—	—	2,937	—	2,937
Other intangible assets, net	—	—	450	—	450
Investments in associates	—	147	22	—	169
Deferred tax assets	—	—	9	—	9
Pension benefits asset	—	—	314	—	314
Other non-current assets	3	10	207	—	220
Non-current amounts due from group undertakings	—	740	—	(740)	—
Total non-current assets	3	4,487	4,360	(4,268)	4,582
TOTAL ASSETS	$ 3,687	$ 5,261	$ 16,303	$ (9,816)	$ 15,435
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Fiduciary liabilities	$ —	$ —	$ 8,948	$ —	$ 8,948
Deferred revenue and accrued expenses	1	34	584	—	619
Income taxes payable	—	7	55	(29)	33
Short-term debt and current portion on long-term debt	—	166	1	—	167
Deferred tax liabilities	—	—	21	—	21
Other current liabilities	67	57	320	—	444
Amounts due to group undertakings	—	4,623	896	(5,519)	—
Total current liabilities	68	4,887	10,825	(5,548)	10,232
NON-CURRENT LIABILITIES					
Investments in subsidiaries	838	—	—	(838)	—
Long-term debt	796	1,346	—	—	2,142
Liabilities for pension benefits	—	—	284	—	284
Deferred tax liabilities	—	—	128	—	128
Provisions for liabilities	—	—	194	—	194
Other non-current liabilities	—	17	372	—	389
Non-current amounts due to group undertakings	—	—	740	(740)	—
Total non-current liabilities	1,634	1,363	1,718	(1,578)	3,137
TOTAL LIABILITIES	$ 1,702	$ 6,250	$ 12,543	$ (7,126)	$ 13,369

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

Condensed Consolidating Balance Sheet

	As at December 31, 2014				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REDEEMABLE NONCONTROLLING INTEREST	—	—	59	—	59
EQUITY					
Total Willis Group Holdings stockholders’ equity	1,985	(989)	3,679	(2,690)	1,985
Noncontrolling interests	—	—	22	—	22
Total equity	1,985	(989)	3,701	(2,690)	2,007
TOTAL LIABILITIES AND EQUITY	$ 3,687	$ 5,261	$ 16,303	$ (9,816)	$ 15,435

Willis Group Holdings plc

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

Condensed Consolidating Balance Sheet

	As at 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 from 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 from 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

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

Condensed Consolidating Balance Sheet

	As at 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

Willis Group Holdings plc

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2014				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (35)	$ 652	$ 212	$ (352)	$ 477
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	1	6	(1)	6
Additions to fixed assets	—	(19)	(95)	1	(113)
Additions to intangibles assets	—	—	(4)	—	(4)
Acquisitions of subsidiaries, net of cash acquired	—	—	(241)	—	(241)
Payments to acquire other investments	—	—	(10)	—	(10)
Proceeds from disposal of operations, net of cash disposed	—	—	86	—	86
Proceeds from intercompany investing activities	361	120	435	(916)	—
Repayments of intercompany investing activities	—	(180)	(46)	226	—
Additional investment in subsidiaries	(31)	—	—	31	—
Net cash provided by (used in) investing activities	330	(78)	131	(659)	(276)
CASH FLOWS FROM FINANCING ACTIVITIES					
Debt issuance costs	—	—	(3)	—	(3)
Repayments of debt	—	(15)	—	—	(15)
Repurchase of shares	(213)	—	—	—	(213)
Proceeds from the issue of shares	134	—	31	(31)	134
Excess tax benefits from share-based payment arrangements	—	—	5	—	5
Dividends paid	(210)	—	(352)	352	(210)
Acquisition of noncontrolling interests	—	(4)	—	—	(4)
Dividends paid to noncontrolling interests	—	—	(17)	—	(17)
Proceeds from intercompany financing activities	—	46	180	(226)	—
Repayments of intercompany financing activities	—	(602)	(314)	916	—
Net cash used in financing activities	(289)	(575)	(470)	1,011	(323)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6	(1)	(127)	—	(122)
Effect of exchange rate changes on cash and cash equivalents	—	—	(39)	—	(39)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3	3	790	—	796
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9	$ 2	$ 624	$ —	$ 635

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2013				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 4	$ (98)	$ 662	$ (7)	$ 561
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	3	9	—	12
Additions to fixed assets	—	(18)	(94)	—	(112)
Additions to intangible assets	—	—	(7)	—	(7)
Acquisitions of subsidiaries, net of cash acquired	—	(237)	(30)	237	(30)
Payments to acquire other investments	—	—	(7)	—	(7)
Proceeds from sale of associates	—	—	4	—	4
Proceeds from sale of operations, net of cash disposed	—	—	257	(237)	20
Proceeds from intercompany investing activities	383	223	60	(666)	—
Repayments of intercompany investing activities	(347)	(120)	(780)	1,247	—
Net cash provided by (used in) investing activities	36	(149)	(588)	581	(120)
CASH FLOWS FROM FINANCING ACTIVITIES					
Senior notes issued	—	522	—	—	522
Debt issuance costs	—	(8)	—	—	(8)
Repayments of debt	—	(536)	—	—	(536)
Tender premium on extinguishment of senior notes	—	(65)	—	—	(65)
Proceeds from the issue of shares	155	—	—	—	155
Excess tax benefits from share-based payment arrangements	—	—	2	—	2
Dividends paid	(193)	—	(7)	7	(193)
Acquisition of noncontrolling interests	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	(10)	—	(10)
Proceeds from intercompany financing activities	—	780	467	(1,247)	—
Repayments of intercompany financing activities	—	(443)	(223)	666	—
Net cash (used in) provided by financing activities	(38)	250	225	(574)	(137)
INCREASE IN CASH AND CASH EQUIVALENTS	2	3	299	—	304
Effect of exchange rate changes on cash and cash equivalents	—	—	(8)	—	(8)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1	—	499	—	500
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3	$ 3	$ 790	$ —	$ 796

Willis Group Holdings plc

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2012				
	Willis Group Holdings — the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (23)	$ 1,460	$ (97)	$ (815)	$ 525
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	—	5	—	5
Additions to fixed assets	—	(26)	(109)	—	(135)
Additions to intangible assets	—	—	(2)	—	(2)
Acquisitions of subsidiaries, net of cash acquired	—	—	(33)	—	(33)
Payments to acquire other investments	—	—	(7)	—	(7)
Proceeds from intercompany investing activities	256	150	1,230	(1,636)	—
Repayments of intercompany investing activities	—	(328)	(81)	409	—
Net cash provided by (used in) investing activities	256	(204)	1,003	(1,227)	(172)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of debt	—	(15)	—	—	(15)
Proceeds from the issue of other debt	—	1	—	—	1
Repurchase of shares	(100)	—	—	—	(100)
Proceeds from issue of shares	53	—	—	—	53
Excess tax benefits from share-based payment arrangements	—	—	2	—	2
Dividends paid	(185)	—	(815)	815	(185)
Proceeds from sale of noncontrolling interest	—	—	3	—	3
Acquisition of noncontrolling interests	—	—	(39)	—	(39)
Dividends paid to noncontrolling interests	—	—	(11)	—	(11)
Proceeds from intercompany financing activities	—	81	328	(409)	—
Repayments of intercompany financing activities	—	(1,486)	(150)	1,636	—
Net cash used in financing activities	(232)	(1,419)	(682)	2,042	(291)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	(163)	224	—	62
Effect of exchange rate changes on cash and cash equivalents	—	—	2	—	2
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	163	273	—	436
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1	$ —	$ 499	$ —	$ 500

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

Trinity Acquisition Limited (previously registered as 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 Limited is the issuer and not a subsidiary guarantor, and Willis North America, Inc. is a subsidiary guarantor.

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 Holdings B.V, Willis Investment UK Holdings Limited and TA I Limited are all direct or indirect parents of the issuer and Willis Group Limited and Willis North America Inc., are 100 percent directly or indirectly owned subsidiaries or the issuer;

(iii) Trinity Acquisition Limited, 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 of Willis Group Holdings, the Other Guarantors and the Issuer.

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 8	$ —	$ 3,759	$ —	$ 3,767
Investment income	—	—	—	16	—	16
Other income	—	—	—	19	—	19
Total revenues	—	8	—	3,794	—	3,802
EXPENSES						
Salaries and benefits	(1)	(81)	—	(2,232)	—	(2,314)
Other operating expenses	(16)	(133)	—	(510)	—	(659)
Depreciation expense	—	(21)	—	(71)	—	(92)
Amortization of intangible assets	—	—	—	(54)	—	(54)
Restructuring expenses	—	(14)	—	(22)	—	(36)
Total expenses	(17)	(249)	—	(2,889)	—	(3,155)
OPERATING (LOSS) INCOME	(17)	(241)	—	905	—	647
Other (expense) income, net	(15)	(220)	—	11	230	6
Income from Group undertakings	—	450	91	102	(643)	—
Expenses due to Group undertakings	—	(190)	(29)	(424)	643	—
Interest expense	(43)	(44)	(36)	(12)	—	(135)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(75)	(245)	26	582	230	518
Income taxes	—	54	(5)	(208)	—	(159)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(75)	(191)	21	374	230	359
Interest in earnings of associates, net of tax	—	10	—	4	—	14
Equity account for subsidiaries	437	609	314	—	(1,360)	—
NET INCOME	362	428	335	378	(1,130)	373
Less: Net income attributable to noncontrolling interests	—	—	—	(11)	—	(11)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 362	$ 428	$ 335	$ 367	$ (1,130)	$ 362

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive (loss) income	$ (11)	$ 69	$ (5)	$ 49	$ (108)	$ (6)
Less: Comprehensive income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
Comprehensive (loss) income attributable to Willis Group Holdings	$ (11)	$ 69	$ (5)	$ 44	$ (108)	$ (11)

Willis Group Holdings plc

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 8	$ —	$ 3,625	$ —	$ 3,633
Investment income	—	—	—	15	—	15
Other income	—	—	—	7	—	7
Total revenues	—	8	—	3,647	—	3,655
EXPENSES						
Salaries and benefits	(1)	(103)	—	(2,103)	—	(2,207)
Other operating expenses	(5)	(231)	(1)	(399)	—	(636)
Depreciation expense	—	(23)	—	(71)	—	(94)
Amortization of intangible assets	—	—	—	(55)	—	(55)
Total expenses	(6)	(357)	(1)	(2,628)	—	(2,992)
OPERATING (LOSS) INCOME	(6)	(349)	(1)	1,019	—	663
Other income (expense), net	5	(4)	—	31	(10)	22
Income from Group undertakings	—	491	68	86	(645)	—
Expenses due to Group undertakings	(10)	(153)	(26)	(456)	645	—
Loss on extinguishment of debt	—	(60)	—	—	—	(60)
Interest expense	(42)	(61)	(18)	(5)	—	(126)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(53)	(136)	23	675	(10)	499
Income taxes	—	29	(6)	(145)	—	(122)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(53)	(107)	17	530	(10)	377
Interest in earnings of associates, net of tax	—	9	—	(9)	—	—
Equity account for subsidiaries	418	515	344	—	(1,277)	—
NET INCOME	365	417	361	521	(1,287)	377
Less: Net income attributable to noncontrolling interests	—	—	—	(12)	—	(12)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 365	$ 417	$ 361	$ 509	$ (1,287)	$ 365

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 522	$ 565	$ 504	$ 636	$ (1,693)	$ 534
Less: Comprehensive income attributable to noncontrolling interests	—	—	—	(12)	—	(12)
Comprehensive income attributable to Willis Group Holdings	$ 522	$ 565	$ 504	$ 624	$ (1,693)	$ 522

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

Condensed Consolidating Statement of Operations

	Year Ended December 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ —	$ 3,458	$ —	$ 3,458
Investment income	—	1	—	17	—	18
Other income	—	—	—	4	—	4
Total revenues	—	1	—	3,479	—	3,480
EXPENSES						
Salaries and benefits	(2)	(96)	—	(2,377)	—	(2,475)
Other operating expenses	(6)	(158)	—	(436)	—	(600)
Depreciation expense	—	(16)	—	(63)	—	(79)
Amortization of intangible assets	—	—	—	(59)	—	(59)
Goodwill impairment	—	—	—	(492)	—	(492)
Total expenses	(8)	(270)	—	(3,427)	—	(3,705)
OPERATING (LOSS) INCOME	(8)	(269)	—	52	—	(225)
Other income (expense), net	2	(4)	1	17	—	16
Income from Group undertakings	—	436	79	111	(626)	—
Expenses due to Group undertakings	—	(185)	(27)	(414)	626	—
Interest expense	(43)	(69)	(8)	(8)	—	(128)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(49)	(91)	45	(242)	—	(337)
Income taxes	—	76	(11)	(166)	—	(101)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(49)	(15)	34	(408)	—	(438)
Interest in earnings of associates, net of tax	—	8	—	(3)	—	5
Equity account for subsidiaries	(397)	(390)	(461)	—	1,248	—
NET LOSS	(446)	(397)	(427)	(411)	1,248	(433)
Less: Net income attributable to noncontrolling interests	—	—	—	(13)	—	(13)
NET LOSS ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (446)	$ (397)	$ (427)	$ (424)	$ 1,248	$ (446)

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

Condensed Consolidating Statement of Comprehensive Income

	Year Ended December 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive loss	$ (552)	$ (494)	$ (528)	$ (519)	$ 1,554	$ (539)
Less: Comprehensive income attributable to noncontrolling interests	—	—	—	(13)	—	(13)
Comprehensive loss attributable to Willis Group Holdings	$ (552)	$ (494)	$ (528)	$ (532)	$ 1,554	$ (552)

Willis Group Holdings plc

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

Condensed Consolidating Balance Sheet

	As at December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 9	$ 2	$ —	$ 624	$ —	$ 635
Accounts receivable, net	—	4	—	1,040	—	1,044
Fiduciary assets	—	—	—	8,948	—	8,948
Deferred tax assets	—	—	—	12	—	12
Other current assets	1	41	1	205	(34)	214
Amounts due from group undertakings	3,674	1,154	797	1,114	(6,739)	—
Total current assets	3,684	1,201	798	11,943	(6,773)	10,853
NON-CURRENT ASSETS						
Investments in subsidiaries	—	3,478	2,578	—	(6,056)	—
Fixed assets, net	—	62	—	421	—	483
Goodwill	—	—	—	2,937	—	2,937
Other intangible assets, net	—	—	—	450	—	450
Investments in associates	—	147	—	22	—	169
Deferred tax assets	—	—	—	9	—	9
Pension benefits asset	—	—	—	314	—	314
Other non-current assets	3	2	8	207	—	220
Non-current amounts due from group undertakings	—	740	518	—	(1,258)	—
Total non-current assets	3	4,429	3,104	4,360	(7,314)	4,582
TOTAL ASSETS	$ 3,687	$ 5,630	$ 3,902	$ 16,303	$ (14,087)	$ 15,435
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 8,948	$ —	$ 8,948
Deferred revenue and accrued expenses	1	34	—	584	—	619
Income taxes payable	—	7	5	55	(34)	33
Short-term debt and current portion of long-term debt	—	149	17	1	—	167
Deferred tax liabilities	—	—	—	21	—	21
Other current liabilities	67	46	11	320	—	444
Amounts due to group undertakings	—	5,267	576	896	(6,739)	—
Total current liabilities	68	5,503	609	10,825	(6,773)	10,232
NON-CURRENT LIABILITIES						
Investments in subsidiaries	838	—	—	—	(838)	—
Long-term debt	796	581	765	—	—	2,142
Liabilities for pension benefits	—	—	—	284	—	284
Deferred tax liabilities	—	—	—	128	—	128
Provisions for liabilities	—	—	—	194	—	194
Other non-current liabilities	—	17	—	372	—	389
Non-current amounts due to group undertakings	—	518	—	740	(1,258)	—
Total non-current liabilities	1,634	1,116	765	1,718	(2,096)	3,137
TOTAL LIABILITIES	$ 1,702	$ 6,619	$ 1,374	$ 12,543	$ (8,869)	$ 13,369

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

Condensed Consolidating Balance Sheet

	As at December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REDEEMABLE NONCONTROLLING INTEREST	—	—	—	59	—	59
EQUITY						
Total Willis Group Holdings stockholders' equity	1,985	(989)	2,528	3,679	(5,218)	1,985
Noncontrolling interests	—	—	—	22	—	22
Total equity	1,985	(989)	2,528	3,701	(5,218)	2,007
TOTAL LIABILITIES AND EQUITY	$ 3,687	$ 5,630	$ 3,902	$ 16,303	$ (14,087)	$ 15,435

Willis Group Holdings plc

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

Condensed Consolidating Balance Sheet

	As at 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

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

Condensed Consolidating Balance Sheet

	As at 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

Willis Group Holdings plc

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (35)	$ 781	$ 181	$ 212	$ (662)	$ 477
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	1	—	6	(1)	6
Additions to fixed assets	—	(19)	—	(95)	1	(113)
Additions to intangible assets	—	—	—	(4)	—	(4)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(241)	—	(241)
Payments to acquire other investments	—	—	—	(10)	—	(10)
Proceeds from sale of operations, net of cash disposed	—	—	—	86	—	86
Proceeds from intercompany investing activities	361	120	—	435	(916)	—
Repayments of intercompany investing activities	—	(180)	(4)	(46)	230	—
Additional investment in subsidiaries	(31)	—	—	—	31	—
Net cash provided by (used in) investing activities	330	(78)	(4)	131	(655)	(276)
CASH FLOWS FROM FINANCING ACTIVITIES						
Debt issuance costs	—	—	—	(3)	—	(3)
Repayments of debt	—	—	(15)	—	—	(15)
Repurchase of shares	(213)	—	—	—	—	(213)
Proceeds from issue of shares	134	—	—	31	(31)	134
Excess tax benefits from share-based payment arrangement	—	—	—	5	—	5
Dividends paid	(210)	(155)	(155)	(352)	662	(210)
Acquisition of noncontrolling interests	—	(4)	—	—	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(17)	—	(17)
Proceeds from intercompany financing activities	—	50	—	180	(230)	—
Repayments of intercompany financing activities	—	(595)	(7)	(314)	916	—
Net cash used in financing activities	(289)	(704)	(177)	(470)	1,317	(323)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6	(1)	—	(127)	—	(122)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(39)	—	(39)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3	3	—	790	—	796
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9	$ 2	$ —	$ 624	$ —	$ 635

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2013					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4	$ 399	$ 63	$ 662	$ (567)	$ 561
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	3	—	9	—	12
Additions to fixed assets	—	(18)	—	(94)	—	(112)
Additions to intangible assets	—	—	—	(7)	—	(7)
Acquisitions of subsidiaries, net of cash acquired	—	(237)	—	(30)	237	(30)
Payments to acquire other investments	—	—	—	(7)	—	(7)
Proceeds from sale of associates	—	—	—	4	—	4
Proceeds from sale of operations, net of cash disposed	—	—	—	257	(237)	20
Proceeds from intercompany investing activities	383	160	132	60	(735)	—
Repayments of intercompany investing activities	(347)	(120)	(442)	(780)	1,689	—
Net cash provided by (used in) investing activities	36	(212)	(310)	(588)	954	(120)
CASH FLOWS FROM FINANCING ACTIVITIES						
Senior notes issued	—	—	522	—	—	522
Debt issuance costs	—	—	(8)	—	—	(8)
Repayments of debt	—	(521)	(15)	—	—	(536)
Tender premium on extinguishment of senior notes	—	(65)	—	—	—	(65)
Proceeds from issue of shares	155	—	—	—	—	155
Excess tax benefits from share-based payment arrangement	—	—	—	2	—	2
Dividends paid	(193)	(230)	(330)	(7)	567	(193)
Acquisition of noncontrolling interests	—	—	—	(4)	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(10)	—	(10)
Proceeds from intercompany financing activities	—	1,075	147	467	(1,689)	—
Repayments of intercompany financing activities	—	(443)	(69)	(223)	735	—
Net cash (used in) provided by financing activities	(38)	(184)	247	225	(387)	(137)
INCREASE IN CASH AND CASH EQUIVALENTS	2	3	—	299	—	304
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(8)	—	(8)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1	—	—	499	—	500
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3	$ 3	$ —	$ 790	$ —	$ 796

Willis Group Holdings plc

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

Condensed Consolidating Statement of Cash Flows

	Year Ended December 31, 2012					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (23)	$ 2,393	$ 1,356	$ (97)	$ (3,104)	$ 525
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	—	5	—	5
Additions to fixed assets	—	(26)	—	(109)	—	(135)
Additions to intangible assets	—	—	—	(2)	—	(2)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(33)	—	(33)
Payments to acquire other investments	—	—	—	(7)	—	(7)
Proceeds from intercompany investing activities	256	176	78	1,230	(1,740)	—
Repayments of intercompany investing activities	—	(197)	(131)	(81)	409	—
Net cash provided by (used in) investing activities	256	(47)	(53)	1,003	(1,331)	(172)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayments of debt	—	(4)	(11)	—	—	(15)
Proceeds from issue of other debt	—	—	1	—	—	1
Repurchase of shares	(100)	—	—	—	—	(100)
Proceeds from issue of shares	53	—	—	—	—	53
Excess tax benefits from share-based payment arrangements	—	—	—	2	—	2
Dividends paid	(185)	(1,220)	(1,069)	(815)	3,104	(185)
Proceeds from sale of noncontrolling interests	—	—	—	3	—	3
Acquisition of noncontrolling interests	—	—	—	(39)	—	(39)
Dividends paid to noncontrolling interests	—	—	—	(11)	—	(11)
Proceeds from intercompany financing activities	—	81	—	328	(409)	—
Repayments of intercompany financing activities	—	(1,366)	(224)	(150)	1,740	—
Net cash used in financing activities	(232)	(2,509)	(1,303)	(682)	4,435	(291)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	(163)	—	224	—	62
Effect of exchange rate changes on cash and cash equivalents	—	—	—	2	—	2
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	163	—	273	—	436
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1	$ —	$ —	$ 499	$ —	$ 500

31. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for 2014 and 2013 were as follows:

	Three Months Ended			
	March 31,	June 30,	September 30,	December 31,
	(millions, except per share data)			
2014				
Total revenues	$ 1,097	$ 935	$ 812	$ 958
Total expenses	(771)	(787)	(778)	(819)
Net income (loss)	250	48	(8)	83
Net income (loss) attributable to Willis Group Holdings	246	47	(7)	76
Earnings per share				
— Basic	$ 1.37	$ 0.26	$ (0.04)	$ 0.43
— Diluted	$ 1.35	$ 0.26	$ (0.04)	$ 0.42
2013				
Total revenues	$ 1,051	$ 890	$ 795	$ 919
Total expenses	(770)	(723)	(725)	(774)
Net income (loss)	223	107	(27)	74
Net income (loss) attributable to Willis Group Holdings	219	105	(27)	68
Earnings per share				
— Basic	$ 1.27	$ 0.60	$ (0.15)	$ 0.38
— Diluted	$ 1.24	$ 0.59	$ (0.15)	$ 0.37

32. SUBSEQUENT EVENTS

In January, 2015 the Company reached an agreement to acquire a majority interest in Miller Insurance Services LLP, a leading London-based wholesale specialist. The transaction is subject to customary closing conditions and regulatory approval and is expected to close in the second quarter of 2015.