UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

or

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

Commission file number: 001-16503

WILLIS GROUP HOLDINGS PUBLIC LIMITED COMPANY
(Exact name of registrant as specified in its charter)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

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

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

As of October 30, 2015 there were outstanding 180,214,332 ordinary shares, nominal value $0.000115 per share, of the Registrant.

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Certain Definitions

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

‘We’, ‘Us’, ‘Company’, ‘Group’, ‘Willis’, or ‘Our’	Willis Group Holdings and its subsidiaries.
‘Willis Group Holdings’ or ‘Willis Group Holdings plc’	Willis Group Holdings Public Limited Company, a company organized under the laws of Ireland.
‘shares’ or 'Willis ordinary shares'	The ordinary shares of Willis Group Holdings Public Limited Company, nominal value $0.000115 per share.
'Merger'	Pending merger between the Company and Towers Watson & Co.
'Merger Agreement'	Agreement and Plan of Merger, dated as of June 29, 2015 (as it may be amended from time to time), by and among Willis Group Holdings plc, Citadel Merger Sub Inc. and Towers Watson & Co.
'Merger Sub'	Citadel Merger Sub Inc., a Delaware corporation
'Towers Watson'	Towers Watson & Co., a Delaware corporation

FORWARD-LOOKING STATEMENTS

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

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

- the impact of any regional, national or global political, economic, business, competitive, market, environmental or regulatory conditions on our global business operations;
- the impact of current global economic conditions on our results of operations and financial condition, including as a result of those associated with the Eurozone, any insolvencies of or other difficulties experienced by our clients, insurance companies or financial institutions;
- our ability to implement and fully realize anticipated benefits of our new growth strategy and revenue generating initiatives;
- our ability to implement and realize anticipated benefits of any cost-savings or operational improvement initiative, including our ability to achieve expected savings and other benefits from the multi-year Operational Improvement Program as a result of unexpected costs or delays and demand on managerial, operational and administrative resources and/or macroeconomic factors affecting the program as well as the impact of the program on business processes and competitive dynamics;
- our ability to consummate transactions, including the proposed Towers Watson merger and the Gras Savoye acquisition;
- our ability to obtain requisite approvals and satisfy other conditions to the consummation of proposed transactions, including obtaining regulatory and shareholder approvals for the proposed Towers Watson transaction and regulatory approval for the Gras Savoye acquisition;
- our ability to successfully integrate our operations and employees with those of Towers Watson and any acquired business, including Gras Savoye and Miller Insurance Services LLP;
- our ability to realize any anticipated benefit of any acquisition or other transaction in which we may engage, including any revenue growth, operational efficiencies, synergies or cost savings;
- the potential impact of the consummation of the proposed Towers Watson transaction on relationships, including with employees, suppliers, customers and competitors;
- the diversion of management's time and attention while the Towers Watson transaction or Gras Savoye acquisition is pending;
- the federal income tax consequences of the Towers Watson transaction and the enactment of additional state, federal, and/or foreign regulatory and tax laws and regulations;
- volatility or declines in insurance markets and premiums on which our commissions are based, but which we do not control;
- our ability to compete in our industry;
- material changes in commercial property and casualty markets generally or the availability of insurance products or changes in premiums resulting from a catastrophic event, such as a hurricane;
- our ability to retain key employees and clients and attract new business, including at a time when Willis is pursuing various strategic initiatives;
- our ability to develop new products and services;
- the practical challenges and costs of complying with a wide variety of foreign laws and regulations and any related changes, given the global scope of our operations and those of any acquired business and the associated risks of non-compliance and regulatory enforcement action;
- our ability to develop and implement technology solutions and invest in innovative product offerings in an efficient and effective manner;
- fluctuations in our earnings as a result of potential changes to our valuation allowance(s) on our deferred tax assets;

- changes in the tax or accounting treatment of our operations and fluctuations in our tax rate;
- rating agency actions, including a downgrade to our credit rating, that could inhibit our ability to borrow funds or the pricing thereof and in certain circumstances cause us to offer to buy back some of our debt;
- our inability to exercise full management control over our associates;
- our ability to continue to manage our significant indebtedness;
- the timing or ability to carry out share repurchases and redemptions which is based on many factors, including market conditions, the Company's financial position, earnings, share price, capital requirements, and other investment opportunities (including mergers and acquisitions and related financings);
- the timing or ability to carry out refinancing or take other steps to manage our capital and the limitations in our long-term debt agreements that may restrict our ability to take these actions;
- any material fluctuations in exchange and interest rates that could adversely affect expenses and revenue;
- a significant decline in the value of investments that fund our pension plans or changes in our pension plan liabilities or funding obligations;
- our ability to receive dividends or other distributions in needed amounts from our subsidiaries;
- our involvement in and the results of any regulatory investigations, legal proceedings and other contingencies;
- our exposure to potential liabilities arising from errors and omissions and other potential claims against us;
- underwriting, advisory or reputational risks associated with our business;
- the interruption or loss of our information processing systems, data security breaches or failure to maintain secure information systems; and
- impairment of the goodwill in one of our reporting units, in which case we may be required to record significant charges to earnings.

The foregoing list of factors is not exhaustive and new factors may emerge from time to time that could also affect actual performance and results. For more information see the section entitled 'Risk Factors' included in Willis' Form 10-K for the year ended December 31, 2014 and our subsequent filings with the Securities and Exchange Commission. Copies are available online at http://www.sec.gov or www.willis.com.

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

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

PART I — FINANCIAL INFORMATION

Item 1 — Financial Statements

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
		(millions, except per share data)			
REVENUES					
Commissions and fees		$ 841	$ 808	$ 2,839	$ 2,828
Investment income		4	4	10	12
Other income		1	—	6	4
Total revenues		846	812	2,855	2,844
EXPENSES					
Salaries and benefits		(570)	(569)	(1,698)	(1,714)
Other operating expenses		(177)	(156)	(516)	(494)
Depreciation expense		(25)	(23)	(70)	(70)
Amortization of intangible assets	13	(23)	(13)	(53)	(38)
Restructuring costs	3	(24)	(17)	(93)	(20)
Total expenses		(819)	(778)	(2,430)	(2,336)
OPERATING INCOME		27	34	425	508
Other income (expense), net	4	9	(9)	26	(12)
Interest expense		(35)	(34)	(103)	(101)
INCOME (LOSS) BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES		1	(9)	348	395
Income tax benefit (expense)	5	112	(2)	37	(124)
INCOME (LOSS) BEFORE INTEREST IN EARNINGS OF ASSOCIATES		113	(11)	385	271
Interest in earnings of associates, net of tax		3	3	17	19
NET INCOME (LOSS)		116	(8)	402	290
Less: net loss (income) attributable to noncontrolling interests		1	1	(5)	(4)
NET INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS		$ 117	$ (7)	$ 397	$ 286
EARNINGS (LOSS) PER SHARE — BASIC AND DILUTED					
— Basic earnings (loss) per share	6	$ 0.65	$ (0.04)	$ 2.21	$ 1.60
— Diluted earnings (loss) per share	6	$ 0.64	$ (0.04)	$ 2.18	$ 1.57
CASH DIVIDENDS DECLARED PER SHARE		$ 0.31	$ 0.30	$ 0.93	$ 0.90

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
		(millions)			
Net income (loss)		$ 116	$ (8)	$ 402	$ 290
Other comprehensive (loss) income, net of tax:					
Foreign currency translation adjustments		(76)	(110)	(118)	(80)
Pension funding adjustment		20	41	233	42
Derivative instruments		(30)	(7)	(10)	(5)
Other comprehensive (loss) income, net of tax	17	(86)	(76)	105	(43)
Comprehensive income (loss)		30	(84)	507	247
Less: Comprehensive loss (income) attributable to noncontrolling interests		5	2	2	(3)
Comprehensive income (loss) attributable to Willis Group Holdings		$ 35	$ (82)	$ 509	$ 244

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

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	September 30, 2015		December 31, 2014	
		(millions, except share data)			
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		$	466	$	635
Accounts receivable, net			1,100		1,044
Fiduciary assets			10,509		8,948
Deferred tax assets			19		12
Other current assets	14		240		214
Total current assets			12,334		10,853
NON-CURRENT ASSETS					
Fixed assets, net			531		483
Goodwill	12		3,150		2,937
Other intangible assets, net	13		665		450
Investments in associates			171		169
Deferred tax assets			51		9
Pension benefits asset			700		314
Other non-current assets	14		211		220
Total non-current assets			5,479		4,582
TOTAL ASSETS		$	17,813	$	15,435
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Fiduciary liabilities		$	10,509	$	8,948
Deferred revenue and accrued expenses			520		619
Income taxes payable			21		33
Current portion of long-term debt	16		323		167
Deferred tax liabilities			20		21
Other current liabilities	15		488		444
Total current liabilities			11,881		10,232
NON-CURRENT LIABILITIES					
Long-term debt	16		2,248		2,142
Liability for pension benefits			285		284
Deferred tax liabilities			160		128
Provisions for liabilities			199		194
Other non-current liabilities	15		502		389
Total non-current liabilities			3,394		3,137
Total liabilities			15,275		13,369

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

	Note	September 30, 2015	December 31, 2014
		(millions, except share data)	
COMMITMENTS AND CONTINGENCIES	8		
REDEEMABLE NONCONTROLLING INTEREST		52	59
EQUITY			
Ordinary shares, $0.000115 nominal value; Authorized: 4,000,000,000; Issued 179,996,209 shares in 2015 and 178,701,479 shares in 2014		—	—
Ordinary shares, €1 nominal value; Authorized: 40,000; Issued 40,000 shares in 2015 and 2014		—	—
Preference shares, $0.000115 nominal value; Authorized: 1,000,000,000; Issued nil shares in 2015 and 2014		—	—
Additional paid-in capital		1,673	1,524
Retained earnings		1,677	1,530
Accumulated other comprehensive loss, net of tax	17	(954)	(1,066)
Treasury shares, at cost, 46,408 shares, $0.000115 nominal value, in 2015 and 2014 and 40,000 shares, €1 nominal value, in 2015 and 2014		(3)	(3)
Total Willis Group Holdings stockholders' equity		2,393	1,985
Noncontrolling interests		93	22
Total equity		2,486	2,007
TOTAL LIABILITIES AND EQUITY		$ 17,813	$ 15,435

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Nine months ended September 30, 2015	2014
		(millions)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		$ 402	$ 290
Adjustments to reconcile net income to total net cash provided by operating activities:			
Net gain on disposal of operations and fixed and intangible assets		(30)	—
Depreciation expense		70	70
Amortization of intangible assets	13	53	38
Amortization of cash retention awards		9	8
Net periodic income of defined benefit pension plans	7	(54)	(12)
Provision for doubtful debts		3	3
Net movement in deferred taxes		(71)	50
Excess tax benefits from share-based payment arrangements		(5)	(2)
Share-based compensation		46	42
Net gain on derivative instruments		(6)	(19)
Undistributed earnings of associates		(11)	(14)
Effect of exchange rate changes on net income		34	30
Change in operating assets and liabilities, net of effects from purchase of subsidiaries:			
Accounts receivable		(55)	(31)
Fiduciary assets		(1,109)	(635)
Fiduciary liabilities		1,109	635
Cash incentives paid		(413)	(375)
Funding of defined benefit pension plans		(93)	(80)
Other assets		(14)	12
Other liabilities		256	271
Movement on provisions		(8)	—
Net cash provided by operating activities		113	281
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on disposal of fixed and intangible assets		11	4
Additions to fixed assets		(100)	(81)
Additions to intangible assets		(11)	(3)
Acquisitions of operations, net of cash acquired		(293)	(47)
Payments to acquire other investments, net of distributions received		—	(8)
Proceeds on sale of operations, net of cash disposed		45	18
Net cash used in investing activities		(348)	(117)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	Note	Nine months ended September 30, 2015	Nine months ended September 30, 2014
		(millions)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from draw down of revolving credit facilities	16	420	—
Debt issuance costs		(1)	(3)
Repayments of debt	16	(159)	(11)
Repurchase of shares		(82)	(200)
Proceeds from issue of shares		95	106
Excess tax benefits from share-based payment arrangements		5	2
Dividends paid		(165)	(157)
Acquisition of noncontrolling interests		(5)	(4)
Dividends paid to noncontrolling interests		(14)	(16)
Net cash provided by (used in) financing activities		94	(283)
DECREASE IN CASH AND CASH EQUIVALENTS		(141)	(119)
Effect of exchange rate changes on cash and cash equivalents		(28)	(21)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		635	796
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 466	$ 656

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT 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, 2014	178,861	1,316	1,595	(3)	(693)	2,215	28	2,243	—	
Shares repurchased	(4,718)	—	(200)	—	—	(200)	—	(200)	—	
Net income	—	—	286	—	—	286	4	290	—	$ 290
Dividends	—	—	(160)	—	—	(160)	(16)	(176)	—	
Other comprehensive loss	—	—	—	—	(42)	(42)	(1)	(43)	—	$ (43)
Issue of shares under employee stock compensation plans and related tax benefits	3,233	113	—	—	—	113	—	113	—	
Share-based compensation	—	41	—	—	—	41	—	41	—	
Foreign currency translation	—	5	—	—	—	5	—	5	—	
Balance at September 30, 2014	177,376	1,475	1,521	(3)	(735)	2,258	15	2,273	—	
Balance at January 1, 2015	178,701	$ 1,524	$ 1,530	$ (3)	$ (1,066)	$ 1,985	$ 22	$ 2,007	$ 59	
Shares repurchased	(1,712)	—	(82)	—	—	(82)	—	(82)	—	
Net income	—	—	397	—	—	397	3	400	2	$ 402
Dividends	—	—	(168)	—	—	(168)	(10)	(178)	(5)	
Other comprehensive income	—	—	—	—	112	112	(3)	109	(4)	$ 105
Issue of shares under employee stock compensation plans and related tax benefits	3,007	100	—	—	—	100	—	100	—	
Share-based compensation	—	46	—	—	—	46	—	46	—	
Additional noncontrolling interests	—	(3)	—	—	—	(3)	81	78	—	
Foreign currency translation	—	6	—	—	—	6	—	6	—	
Balance at September 30, 2015	179,996	$ 1,673	$ 1,677	$ (3)	$ (954)	$ 2,393	$ 93	$ 2,486	$ 52	

(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.

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

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The Interim Financial Statements are unaudited but include all adjustments (consisting of normal recurring adjustments) which the Company's management considers necessary for a fair presentation of the financial position as of such dates and the operating results and cash flows for those periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed or omitted. However, the Company believes that the disclosures are adequate to make the information presented not misleading. The results of operations for the nine months ended September 30, 2015 may not necessarily be indicative of the operating results for the entire fiscal year.

These Interim Financial Statements should be read in conjunction with the Company's consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, cash flows and equity for each of the three years in the period ended December 31, 2014 included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 24, 2015 and the amended and dual dated financial statements filed on Form 8-K on August 21, 2015.

Recent Accounting Pronouncements to be adopted in Future Periods

In May 2014, the Financial Accounting Standards Board ('FASB') issued Accounting Standards Update ('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 fulfil a contract. The ASU was originally scheduled to become effective for the Company at the beginning of its 2017 fiscal year; early adoption was not initially permitted. However, in August 2015, the FASB issued ASU No. 2015-14 'Revenue from Contracts from Customers: Deferral of the Effective Date' deferring the effective date but permitting early adoption at the original effective date. Consequently, the guidance will now become mandatorily effective for the Company at the beginning of its 2018 fiscal year. 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. Adoption of this update is not expected to materially affect the Company's consolidated financial position, results of operations or cash flows.

2. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (Continued)

In April 2015, the FASB issued ASU No. 2015-03, 'Simplifying the Presentation of Debt Issuance Costs' which requires that debt issuance costs related to a note shall be reported in the balance sheet as a direct deduction from the face amount of that note and that amortization of debt issuance costs shall be reported as interest expense. The ASU becomes effective for the Company at the beginning of its 2016 fiscal year; early adoption is permitted. The Company is required to apply the new guidance retrospectively to all prior periods. In August 2015, the FASB issued the related ASU No. 2015-15, 'Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements' which states that the SEC staff would not object to an entity deferring and presenting debt issuance costs related to a line-of-credit arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. Adoption of these updates is expected to reduce the Company's 'Other assets' and reduce the Company's 'Debt', with no net effect on the Company's consolidated financial position and no effect on the consolidated results of operations or consolidated cash flows. Had the updates been adopted as of September 30, 2015, 'Other assets' and 'Debt' as of that date would each have been $13 million lower that the amounts reported.

In September 2015, the FASB issued ASU No. 2015-16, 'Simplifying the Accounting for Measurement-Period Adjustments' in relation to business combinations, which requires that an acquirer recognize adjustments to provisional amounts that are identified in the measurement period in the reporting period in which the adjustment amounts are determined. The ASU becomes effective for the Company at the beginning of the 2016 fiscal year; early adoption is permitted. The Company is required to apply the new guidance prospectively. Had the update been adopted as of September 30, 2015, the Company's consolidated financial position, results of operations and cash flows would not have been materially affected.

3. 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 Operational Improvement Program, which is expected to be completed by the end of 2017, include the following:

- Elimination or 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;
- lease consolidation in real estate and reductions in ratios of seats per employee and square footage of floor space per employee; and
- information technology systems simplification and rationalization.

The Company recognized restructuring costs of $24 million and $93 million in the three and nine months ended September 30, 2015 related to its Operational Improvement Program (three and nine months ended September 30, 2014: $17 million and $20 million).

3. RESTRUCTURING COSTS (Continued)

An analysis of the cost for restructuring recognized in the statement of operations by reportable segment is as follows. As discussed in Note 18 - '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. As a consequence the below tables have been recast to conform prior period amounts to the new segmental presentation:

	Willis North America	Willis International	Willis GB	Willis Capital, Wholesale & Reinsurance	Corporate & other	Total
			(millions)			
Three months ended September 30, 2015						
Termination benefits	$ 2	$ 1	$ —	$ 1	$ —	$ 4
Professional services and other	5	6	4	—	5	20
Total	$ 7	$ 7	$ 4	$ 1	$ 5	$ 24
Three months ended September 30, 2014						
Termination benefits	$ 2	$ 3	$ 8	$ —	$ —	$ 13
Professional services and other	—	—	1	—	3	$ 4
Total	$ 2	$ 3	$ 9	$ —	$ 3	$ 17

	Willis North America	Willis International	Willis GB	Willis Capital, Wholesale & Reinsurance	Corporate & other	Total
			(millions)			
Nine months ended September 30, 2015						
Termination benefits	$ 7	$ 4	$ 13	$ 7	$ 3	$ 34
Professional services and other	15	13	12	1	18	59
Total	$ 22	$ 17	$ 25	$ 8	$ 21	$ 93
Nine months ended September 30, 2014						
Termination benefits	$ 3	$ 3	$ 8	$ —	$ —	$ 14
Professional services and other	—	—	1	—	5	$ 6
Total	$ 3	$ 3	$ 9	$ —	$ 5	$ 20

3. RESTRUCTURING COSTS (Continued)

An analysis of the total cumulative restructuring costs recognized for the Operational Improvement Program from commencement to September 30, 2015 is as follows:

	Willis North America	Willis International	Willis GB	Willis Capital, Wholesale & Reinsurance	Corporate & other	Total
	(millions)					
2014						
Termination benefits	$ 3	$ 3	$ 9	$ 1	$ —	$ 16
Professional services and other	—	2	1	—	17	20
2015						
Termination benefits	$ 7	$ 4	$ 13	$ 7	$ 3	$ 34
Professional services and other	15	13	12	1	18	59
Total						
Termination benefits	$ 10	$ 7	$ 22	$ 8	$ 3	$ 50
Professional services and other	15	15	13	1	35	79
Total	$ 25	$ 22	$ 35	$ 9	$ 38	$ 129

At September 30, 2015 the Company's liability under the Operational Improvement Program is as follows:

	Termination benefits	Professional services and other	Total
		(millions)	
Balance at December 31, 2013	$ —	$ —	$ —
Charges incurred	16	20	36
Cash payments	(11)	(14)	(25)
Balance at December 31, 2014	5	6	11
Charges incurred	34	59	93
Cash payments	(20)	(62)	(82)
Balance at September 30, 2015	$ 19	$ 3	$ 22

4. OTHER INCOME (EXPENSE), NET

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(millions)			
Gain (loss) on disposal of operations	$ 14	$ —	$ 25	$ (1)
Impact of Venezuelan currency devaluation	(2)	—	(3)	(14)
Foreign exchange (losses) gains, net	(3)	(9)	4	3
Other income (expense), net	$ 9	$ (9)	$ 26	$ (12)

5. INCOME TAXES

The tables below reflect the components of the tax charge for the three and nine months ended September 30, 2015 and 2014 :

	Income before tax	Tax	Effective tax rate
	(millions, except percentages)		
Three months ended September 30, 2015			
Ordinary loss taxed at estimated annual effective tax rate	$ (13)	$ 3	21 %
Items where tax effect is treated discretely:			
Gain on disposal of operations	14	—	— %
Partial release of US valuation allowance	—	96	— %
Net adjustment in respect of prior periods	—	(1)	— %
Additional tax credit as a result of decrease in estimate of annual effective rate applied to ordinary income of the prior two quarters	—	14	— %
As reported	$ 1	$ 112	N/M
Three months ended September 30, 2014			
Ordinary loss taxed at estimated annual effective tax rate	$ (9)	$ 2	26 %
Items where tax effect is treated discretely:			
Additional tax charge as a result of increase in estimate of annual effective rate applied to ordinary income of the prior two quarters	—	(4)	— %
As reported	$ (9)	$ (2)	(20)%

	Income before tax	Tax	Effective tax rate
	(millions, except percentages)		
Nine months ended September 30, 2015			
Ordinary income taxed at estimated annual effective tax rate	$ 323	$ (66)	21 %
Items where tax effect is treated discretely:			
Gain on disposal of operations	25	(4)	16 %
Partial release of US valuation allowance	—	96	— %
Net adjustment in respect of prior periods	—	11	— %
As reported	$ 348	$ 37	(11)%
Nine months ended September 30, 2014			
Ordinary income taxed at estimated annual effective tax rate	$ 396	$ (104)	26 %
Items where tax effect is treated discretely:			
Loss on disposal of operations	(1)	(1)	(100)%
Incremental increase to US valuation allowance	—	(21)	— %
Net adjustment in respect of prior periods	—	2	— %
As reported	$ 395	$ (124)	31 %

5. INCOME TAXES (Continued)

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

The reported tax rate for the three months ended September 30, 2015 was impacted by a partial release of the US valuation allowance in the period. Excluding discrete items the tax rate on ordinary income was 21 percent which compares to 26 percent for the same period of 2014. During the quarter the Company was able to make a partial release of the valuation allowance it maintains against US deferred tax assets. The impact of the release was a $96 million reversal of the opening valuation allowance. There was also a $14 million reversal of the valuation allowance set up during the first two quarters, which was reflected as a tax credit arising from a decrease in the annual effective tax rate applied to the ordinary income of the prior two quarters.

The reported tax rate for the nine months ended September 30, 2015 was minus 11 percent compared to 31 percent for the same period of 2014. The reported tax rate for the nine months ended September 30, 2015 was distorted by a partial release of the US valuation allowance in the period. Excluding discrete items the tax rate on ordinary income was 21 percent which compares to 26 percent for same period of 2014. The Company's tax rate differs from the US statutory income tax rate of 35 percent primarily due to income being subject to tax in numerous non-US jurisdictions with varying tax rates.

Various proposed changes to corporate taxes in the UK were announced in July 2015. The most notable change for the Company was the proposal to reduce the UK tax rate from 20 percent to 19 percent from April 1, 2017 and to 18 percent from April 1, 2020. This change, which is expected to be enacted during the fourth quarter of 2015, will be reflected in the measurement of UK deferred tax assets and liabilities in the period the change is enacted, with a corresponding deferred tax benefit or charge, which is not expected to be material. It is also expected that the proposed lower UK corporate tax rate applied to UK profits will reduce the net tax charge beginning in 2017 when the lower rates take effect.

The Company records valuation allowances against net deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized. Considering the Company’s recent US earnings experience, including income before tax in the first nine months ended September 30, 2015, and projections of future income, the Company was able to release a portion of the valuation allowance against its US deferred tax assets in the current quarter. The release has resulted in a $110 million recognition of deferred tax assets and a corresponding decrease to income tax expense for the three and nine months ended September 30, 2015. The Company’s remaining US valuation allowance, excluding that related to state separate taxes, is $61 million as at September 30, 2015. The timing and amount of any future valuation allowance release will depend on the level of profitability the Company is able to achieve.

6. EARNINGS PER SHARE

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

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

At September 30, 2015, there were 4.5 million (September 30, 2014: 5.8 million) time-based share options; and 1.9 million (September 30, 2014: 4.5 million) performance based options; and 3.3 million (September 30, 2014: 2.9 million) restricted share units outstanding.

Basic and diluted earnings per share are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
	(millions, except per share data)			
Net income (loss) attributable to Willis Group Holdings	$ 117	$ (7)	$ 397	$ 286
Basic average number of shares outstanding	180	178	180	179
Dilutive effect of potentially issuable shares	2	—	2	3
Diluted average number of shares outstanding	182	178	182	182
Basic earnings (loss) per share	$ 0.65	$ (0.04)	$ 2.21	$ 1.60
Dilutive effect of potentially issuable shares	(0.01)	—	(0.03)	(0.03)
Diluted earnings (loss) per share	$ 0.64	$ (0.04)	$ 2.18	$ 1.57

Options to purchase 1.5 million shares were not included in the computation of the dilutive effect of stock options for the three months ended September 30, 2015 because the effect was anti-dilutive (three months ended September 30, 2014: 10.3 million shares and 2.9 million restricted stock units).

Options to purchase 1.3 million shares were not included in the computation of the dilutive effect of stock options for the nine months ended September 30, 2015 because the effect was anti-dilutive (nine months ended September 30, 2014: 2.1 million shares).

7. PENSION PLANS

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

	Three months ended September 30,					
	UK Pension Benefits		US Pension Benefits		Other Pension Benefits	
	2015	2014	2015	2014	2015	2014
	(millions)					
Service cost	$ 7	$ 10	$ —	$ —	$ 2	$ 2
Interest cost	25	31	10	10	3	1
Expected return on plan assets	(56)	(54)	(14)	(13)	(4)	(2)
Amortization of unrecognized prior service gain	(5)	(2)	—	—	—	—
Amortization of unrecognized actuarial loss	9	12	3	1	—	—
Net periodic benefit (income) cost	$ (20)	$ (3)	$ (1)	$ (2)	$ 1	$ 1

	Nine months ended September 30,					
	UK Pension Benefits		US Pension Benefits		Other Pension Benefits	
	2015	2014	2015	2014	2015	2014
	(millions)					
Service cost	$ 25	$ 31	$ —	$ —	$ 3	$ 3
Interest cost	77	92	30	30	6	5
Expected return on plan assets	(169)	(162)	(43)	(40)	(6)	(5)
Amortization of unrecognized prior service gain	(13)	(3)	—	—	—	—
Amortization of unrecognized actuarial loss	27	33	9	4	—	—
Net periodic benefit (income) cost	$ (53)	$ (9)	$ (4)	$ (6)	$ 3	$ 3

During the nine months ended September 30, 2015, the Company made cash contributions of $76 million (2014: $61 million) into the UK defined benefit pension plan. In addition to this, a further payment of $7 million (2014: $9 million) was made in respect of employees’ salary sacrifice contributions.

Contributions to the UK defined benefit pension plan in 2015 are expected to total $93 million, of which approximately $17 million relates to ongoing contributions calculated as 15.9 percent of active plan members’ pensionable salaries, approximately $55 million relates to contributions towards funding the deficit and $21 million represents an exceptional contribution calculated at 10 percent of the $213 million share buyback program completed during 2014, as required under the current agreed schedule of contributions. In addition, for full year 2015, the Company expects to contribute approximately $9 million to the UK defined benefit pension plan related to employees’ salary sacrifice contributions.

During the nine months ended September 30, 2015 cash contributions of $nil and $10 million (2014: $2 million and $8 million) were made to the US plan and other defined benefit pension plans, respectively.

Contributions to the US and other defined benefit pension plans in 2015 are expected to total approximately $10 million and $14 million respectively.

Following the acquisition of Miller Insurance Services LLP as described in Note 11 - 'Acquisitions', the Miller Retirement Benefits Scheme is included within the other defined benefit pension plans.

7. PENSION PLANS (Continued)

Further contributions may be payable into the UK pension plan based on a profit share calculation (equal to 20 percent of EBITDA in excess of $900 million per annum as defined by the revised schedule of contributions) and an exceptional return calculation (equal to 10 percent of any exceptional returns made to shareholders, for example, share buybacks and special dividends). In respect of 2015, any such contributions will be paid in 2016 on finalization of the calculations. Aggregate contributions under the deficit funding contribution and the profit share calculation are capped at £312 million ($473 million) over the six-year period ended December 31, 2017.

The schedule of contributions is required to be renegotiated after three years or at any earlier time jointly agreed by the Company and the trustee. The Company is currently in negotiations with the plan's trustees to agree an updated schedule of contributions.

On March 6, 2015, the Company announced to members of the UK defined benefit pension plan that with effect from June 30, 2015, future salary increases would not be pensionable (the 'salary freeze'). The Company recognized the salary freeze as a plan amendment at the announcement date. The impact of the salary freeze is to reduce the plan's projected benefit obligation by approximately $215 million and create a prior service credit which is recognized in other comprehensive income and then amortized to the statement of operations over the remaining expected service life of active employees.

8. COMMITMENTS AND CONTINGENCIES

Contractual Obligations

Pensions

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

Operating Leases

The Company leases certain land, building and equipment under various operating lease commitments. The total amount of the minimum rent is expensed on a straight line basis over the term of the lease.

During the nine months ended September 30, 2015 the Company has entered into new operating lease arrangements, including assumed lease obligations related to acquisitions, with total lease commitments of approximately $148 million.

Towers Watson Merger

On June 30, 2015, we announced, jointly with Towers Watson, the signing of a definitive merger agreement, dated as of June 29, 2015, under which the companies will combine in an all-stock merger of equals. Based on the closing prices of Willis and Towers Watson common stock on June 29, 2015, the implied equity value of the transaction is approximately $18 billion. The transaction has been unanimously approved by the Board of Directors of each company and is currently expected to close by December 31, 2015, subject to customary closing conditions, including regulatory approvals and approval by both Willis shareholders and Towers Watson stockholders.

Other Contractual Obligations

In July 2010, the Company made a capital commitment of $25 million to Trident V Parallel Fund, LP. As of September 30, 2015, approximately $21 million of capital contributions had been made towards this commitment.

In May 2011, the Company made a capital commitment of $10 million to Dowling Capital Partners I, LP. As of September 30, 2015, approximately $7 million of capital contributions had been made towards this commitment.

Claims, Lawsuits and Other Proceedings

In the ordinary course of business, the Company is subject to various actual and potential claims, lawsuits, and other proceedings relating principally to alleged errors and omissions in connection with the placement of insurance and reinsurance.

8. COMMITMENTS AND CONTINGENCIES (Continued)

Similar to other corporations, the Company is also subject to a variety of other claims, including those relating to the Company's employment practices. Some of the claims, lawsuits and other proceedings seek damages in amounts which could, if assessed, be significant.

Errors and omissions claims, lawsuits, and other proceedings arising in the ordinary course of business are covered in part by professional indemnity or other appropriate insurance. The terms of this insurance vary by policy year and self-insured risks have increased significantly in recent years. Regarding self-insured risks, the Company has established provisions which are believed to be adequate in 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 and others, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on the Company's results of operations or cash flows in particular quarterly or annual periods.

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

Stanford Financial Group

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.

The 13 actions are as follows:

- *Troice, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:9-CV-1274-N, was filed on July 2, 2009 in the U.S. District Court for the Northern District of Texas against Willis Group Holdings plc, Willis of Colorado, Inc. and a Willis associate, among others. On April 1, 2011, plaintiffs filed the operative Third Amended Class Action Complaint individually and on behalf of a putative, worldwide class of Stanford investors, adding Willis Limited as a defendant and alleging claims under Texas statutory and common law and seeking damages in excess of $1 billion, punitive damages and costs. On May 2, 2011, the defendants filed motions to dismiss the Third Amended Class Action Complaint, arguing, *inter alia*, that the plaintiffs' claims are precluded by the Securities Litigation Uniform Standards Act of 1998 ('SLUSA').

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

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

  On October 28, 2011, the plaintiffs in *Troice* filed a notice of appeal to the U.S. Court of Appeals for the Fifth Circuit. Subsequently, *Troice*, *Roland* and a third action captioned *Troice, et al. v. Proskauer Rose LLP*, Civil Action No. 3:09-CV-01600-N, which also was dismissed on the grounds set forth in the *Roland* decision discussed above and on appeal

8. COMMITMENTS AND CONTINGENCIES (Continued)

to the U.S. Court of Appeals for the Fifth Circuit, were consolidated for purposes of briefing and oral argument. Following the completion of briefing and oral argument, on March 19, 2012, the Fifth Circuit reversed and remanded the actions. On April 2, 2012, the defendants-appellees filed petitions for rehearing en banc. On April 19, 2012, the petitions for rehearing en banc were denied. On July 18, 2012, defendants-appellees filed a petition for writ of certiorari with the United States Supreme Court regarding the Fifth Circuit's reversal in *Troice*. On January 18, 2013, the Supreme Court granted our petition. Opening briefs were filed on May 3, 2013 and the Supreme Court heard oral argument on October 7, 2013. On February 26, 2014, the Supreme Court affirmed the Fifth Circuit's decision.

On March 19, 2014, the plaintiffs in *Troice* filed a Motion to Defer Resolution of Motions to Dismiss, to Compel Rule 26(f) Conference and For Entry of Scheduling Order.

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

On September 16, 2014, the court (a) denied the plaintiffs' request to defer resolution of the defendants' motions to dismiss, but granted the plaintiffs' request to enter a scheduling order; (b) requested the submission of supplemental briefing by all parties on the defendants' motions to dismiss, which the parties submitted on September 30, 2014; and (c) entered an order setting a schedule for briefing and discovery regarding plaintiffs' motion for class certification, which schedule, among other things, provided for the submission of the plaintiffs' motion for class certification (following the completion of briefing and discovery) on April 20, 2015.

On December 15, 2014, the court granted in part and denied in part the defendants' motions to dismiss. On January 30, 2015, the defendants except Willis Group Holdings plc answered the Third Amended Class Action Complaint.

On April 20, 2015, the plaintiffs filed their motion for class certification, the defendants filed their opposition to plaintiffs' motion, and the plaintiffs filed their reply in further support of the motion. Pursuant to an agreed stipulation also filed with the court on April 20, 2015, the defendants on June 4, 2015 filed sur-replies in further opposition to the motion. The Court has not yet scheduled a hearing on the motion.

On June 19, 2015, Willis Group Holdings plc filed a motion to dismiss the complaint for lack of personal jurisdiction. The motion is scheduled to be fully briefed as of November 19, 2015.

- *Ranni v. Willis of Colorado, Inc., et al.*, C.A. No. 9-22085, was filed on July 17, 2009 against Willis Group Holdings plc and Willis of Colorado, Inc. in the U.S. District Court for the Southern District of Florida. The complaint was filed on behalf of a putative class of Venezuelan and other South American Stanford investors and alleges claims under Section 10(b) of the Securities Exchange Act of 1934 (and Rule 10b-5 thereunder) and Florida statutory and common law and seeks damages in an amount to be determined at trial. On October 6, 2009, *Ranni* was transferred, for consolidation or coordination with other Stanford-related actions (including *Troice*), to the Northern District of Texas by the U.S. Judicial Panel on Multidistrict Litigation (the 'JPML'). The defendants have not yet responded to the complaint in *Ranni*. On August 26, 2014, the plaintiff filed a notice of voluntary dismissal of the action without prejudice.

- *Canabal, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:9-CV-1474-D, was filed on August 6, 2009 against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate named as a defendant in *Troice*, among others, also in the Northern District of Texas. The complaint was filed individually and on behalf of a putative class of Venezuelan Stanford investors, alleged claims under Texas statutory and common law and sought damages in excess of $1 billion, punitive damages, attorneys' fees and costs. On December 18, 2009, the parties in *Troice* and *Canabal* stipulated to the consolidation of those actions (under the *Troice* civil action number), and, on December 31, 2009, the plaintiffs in *Canabal* filed a notice of dismissal, dismissing the action without prejudice.

- *Rupert, et al. v. Winter, et al.*, Case No. 2009C115137, was filed on September 14, 2009 on behalf of 97 Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under the Securities Act of 1933, Texas and Colorado

8. COMMITMENTS AND CONTINGENCIES (Continued)

statutory law and Texas common law and seeks special, consequential and treble damages of more than $300 million, attorneys' fees and costs. On October 20, 2009, certain defendants, including Willis of Colorado, Inc., (i) removed *Rupert* to the U.S. District Court for the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On April 1, 2010, the JPML issued a final transfer order for the transfer of *Rupert* to the Northern District of Texas. On January 24, 2012, the court remanded *Rupert* to Texas state court (Bexar County), but stayed the action until further order of the court. On August 13, 2012, the plaintiffs filed a motion to lift the stay, which motion was denied by the court on September 16, 2014. On October 10, 2014, the plaintiffs appealed the court's denial of their motion to lift the stay to the U.S. Court of Appeals for the Fifth Circuit. On January 5, 2015, the Fifth Circuit consolidated the appeal with the appeal in the *Rishmague, et ano. v. Winter, et al.* action discussed below, and the consolidated appeal, was fully briefed as of March 24, 2015. Oral argument on the consolidated appeal was held on September 2, 2015. On September 16, 2015, the Fifth Circuit affirmed. The defendants have not yet responded to the complaint in *Rupert*.

- *Casanova, et al. v. Willis of Colorado, Inc., et al.*, C.A. No. 3:10-CV-1862-O, was filed on September 16, 2010 on behalf of seven Stanford investors against Willis Group Holdings plc, Willis Limited, Willis of Colorado, Inc. and the same Willis associate, among others, also in the Northern District of Texas. The complaint alleges claims under Texas statutory and common law and seeks actual damages in excess of $5 million, punitive damages, attorneys' fees and costs. On February 13, 2015, the parties filed an Agreed Motion for Partial Dismissal pursuant to which they agreed to the dismissal of certain claims pursuant to the motion to dismiss decisions in the *Troice* action discussed above and the *Janvey* action discussed below. Also on February 13, 2015, the defendants except Willis Group Holdings plc answered the complaint in the *Casanova* action. On June 19, 2015, Willis Group Holdings plc filed a motion to dismiss the complaint for lack of personal jurisdiction. Plaintiffs have not opposed the motion.

- *Rishmague, et ano. v. Winter, et al.*, Case No. 2011CI2585, was filed on March 11, 2011 on behalf of two Stanford investors, individually and as representatives of certain trusts, against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Bexar County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks special, consequential and treble damages of more than $37 million and attorneys' fees and costs. On April 11, 2011, certain defendants, including Willis of Colorado, Inc., (i) removed *Rishmague* to the Western District of Texas, (ii) notified the JPML of the pendency of this related action and (iii) moved to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On August 8, 2011, the JPML issued a final transfer order for the transfer of *Rishmague* to the Northern District of Texas, where it is currently pending. On August 13, 2012, the plaintiffs joined with the plaintiffs in the *Rupert* action in their motion to lift the court's stay of the *Rupert* action. On September 9, 2014, the court remanded *Rishmague* to Texas state court (Bexar County), but stayed the action until further order of the court and denied the plaintiffs' motion to lift the stay. On October 10, 2014, the plaintiffs appealed the court's denial of their motion to lift the stay to the Fifth Circuit. On January 5, 2015, the Fifth Circuit consolidated the appeal with the appeal in the *Rupert* action, and the consolidated appeal was fully briefed as of March 24, 2015. Oral argument on the consolidated appeal was held on September 2, 2015. On September 16, 2015, the Fifth Circuit affirmed. The defendants have not yet responded to the complaint in *Rishmague*.

- *MacArthur v. Winter, et al.*, Case No. 2013-07840, was filed on February 8, 2013 on behalf of two Stanford investors against Willis Group Holdings plc, Willis of Colorado, Inc., Willis of Texas, Inc. and the same Willis associate, among others, in Texas state court (Harris County). The complaint alleges claims under Texas and Colorado statutory law and Texas common law and seeks actual, special, consequential and treble damages of approximately $4 million and attorneys' fees and costs. On March 29, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. (i) removed *MacArthur* to the U.S. District Court for the Southern District of Texas and (ii) notified the JPML of the pendency of this related action. On April 2, 2013, Willis of Colorado, Inc. and Willis of Texas, Inc. filed a motion in the Southern District of Texas to stay the action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. Also on April 2, 2013, the court presiding over *MacArthur* in the Southern District of Texas transferred the action to the Northern District of Texas for consolidation or coordination with the other Stanford-related actions. On September 29, 2014, the parties stipulated to the remand (to Texas state court (Harris County)) and stay of *MacArthur* until further order of the court

8. COMMITMENTS AND CONTINGENCIES (Continued)

(in accordance with the court's September 9, 2014 decision in *Rishmague* (discussed above)), which stipulation was "so ordered" by the court on October 14, 2014. The defendants have not yet responded to the complaint in *MacArthur*.

- *Florida suits:* On February 14, 2013, five lawsuits were filed against Willis Group Holdings plc, Willis Limited and Willis of Colorado, Inc. in Florida state court (Miami-Dade County) alleging violations of Florida common law. The five suits are: (1) *Barbar, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05666CA27, filed on behalf of 35 Stanford investors seeking compensatory damages in excess of $30 million; (2) *de Gadala-Maria, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05669CA30, filed on behalf of 64 Stanford investors seeking compensatory damages in excess of $83.5 million; (3) *Ranni, et ano. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05673CA06, filed on behalf of two Stanford investors seeking compensatory damages in excess of $3 million; (4) *Tisminesky, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05676CA09, filed on behalf of 11 Stanford investors seeking compensatory damages in excess of $6.5 million; and (5) *Zacarias, et al. v. Willis Group Holdings Public Limited Company, et al.*, Case No. 13-05678CA11, filed on behalf of 10 Stanford investors seeking compensatory damages in excess of $12.5 million. On June 3, 2013, Willis of Colorado, Inc. removed all five cases to the Southern District of Florida and, on June 4, 2013, notified the JPML of the pendency of these related actions. On June 10, 2013, the court in *Tisminesky* issued an order *sua sponte* staying and administratively closing that action pending a determination by the JPML as to whether it should be transferred to the Northern District of Texas for consolidation and coordination with the other Stanford-related actions. On June 11, 2013, Willis of Colorado, Inc. moved to stay the other four actions pending the JPML's transfer decision. On June 20, 2013, the JPML issued a conditional transfer order for the transfer of the five actions to the Northern District of Texas, the transmittal of which was stayed for seven days to allow for any opposition to be filed. On June 28, 2013, with no opposition having been filed, the JPML lifted the stay, enabling the transfer to go forward.

  On September 30, 2014, the court denied the plaintiffs' motion to remand in *Zacarias*, and, on October 3, 2014, the court denied the plaintiffs' motions to remand in *Tisminesky* and *de Gadala Maria*. On December 3, 2014 and March 3, 2015, the court granted the plaintiffs' motions to remand in *Barbar* and *Ranni*, respectively, remanded both actions to Florida state court (Miami-Dade County) and stayed both actions until further order of the court. On January 2, 2015 and April 1, 2015, the plaintiffs in *Barbar* and *Ranni*, respectively, appealed the court's December 3, 2014 and March 3, 2015 decisions to the Fifth Circuit. On April 22, 2015 and July 22, 2015, respectively, the Fifth Circuit dismissed the *Barbar* and *Ranni* appeals *sua sponte* for lack of jurisdiction. We believe the dismissals were in error and that appeals are likely to be reinstated.

  On April 1, 2015, the defendants except Willis Group Holdings plc filed motions to dismiss the complaints in *Zacarias*, *Tisminesky* and *de Gadala-Maria*. On June 19, 2015, Willis Group Holdings plc filed motions to dismiss the complaints in *Zacarias*, *Tisminesky* and *de Gadala-Maria* for lack of personal jurisdiction. On July 15, 2015, the court dismissed the complaint in *Zacarias* in its entirety with leave to replead within 21 days. On July 21, 2015, the court dismissed the complaints in *Tisminesky* and *de Gadala-Maria* in their entirety with leave to replead within 21 days. On August 6, 2015, the plaintiffs in *Zacarias*, *Tisminesky* and *de Gadala-Maria* filed amended complaints (in which, among other things, Willis Group Holdings plc was no longer named as a defendant). On September 11, 2015, the defendants filed motions to dismiss the amended complaints. The motions are scheduled to be fully briefed as of November 3, 2015. The defendants have not yet responded to the complaints in *Ranni* or *Barbar*.

- *Janvey, et al. v. Willis of Colorado, Inc., et al.*, Case No. 3:13-CV-03980-D, was filed on October 1, 2013 also in the Northern District of Texas against Willis Group Holdings plc, Willis Limited, Willis North America Inc., Willis of Colorado, Inc. and the same Willis associate. The complaint was filed (i) by Ralph S. Janvey, in his capacity as Court-Appointed Receiver for the Stanford Receivership Estate, and the Official Stanford Investors Committee (the 'OSIC') against all defendants and (ii) on behalf of a putative, worldwide class of Stanford investors against Willis North America Inc. Plaintiffs Janvey and the OSIC allege claims under Texas common law and the court's Amended Order Appointing Receiver, and the putative class plaintiffs allege claims under Texas statutory and common law. Plaintiffs seek actual damages in excess of $1 billion, punitive damages and costs. On November 15, 2013, plaintiffs filed the operative First Amended Complaint, which added certain defendants unaffiliated with Willis. On February 28, 2014, the defendants filed motions to dismiss the First Amended Complaint, which motions were granted in part and denied in part by the court on December 5, 2014. On December 22, 2014, Willis filed a motion to amend the court's

8. COMMITMENTS AND CONTINGENCIES (Continued)

December 5 order to certify an interlocutory appeal to the Fifth Circuit, and, on December 23, 2014, Willis filed a motion to amend and, to the extent necessary, reconsider the court's December 5 order. On January 16, 2015, the defendants answered the First Amended Complaint. On January 28, 2015, the court denied Willis's motion to amend the court's December 5 order to certify an interlocutory appeal to the Fifth Circuit. On February 4, 2015, the court granted Willis's motion to amend and, to the extent necessary, reconsider the December 5 order.

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

On January 26, 2015, the court entered an order setting a schedule for briefing and discovery regarding the plaintiffs' motion for class certification, which schedule, among other things, provided for the submission of the plaintiffs' motion for class certification (following the completion of briefing and discovery) on July 20, 2015. By letter dated March 4, 2015, the parties requested that the court consolidate the scheduling orders entered in *Troice* and *Janvey* to provide for a class certification submission date of April 20, 2015 in both cases. On March 6, 2015, the court entered an order consolidating the scheduling orders in *Troice* and *Janvey*, providing for a class certification submission date of April 20, 2015 in both cases, and vacating the July 20, 2015 class certification submission date in the original *Janvey* scheduling order.

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

Proposed Towers Watson Merger

Five putative class action complaints challenging the Merger were filed in the Court of Chancery for the State of Delaware, captioned *New Jersey Building Laborers' Statewide Annuity Fund v. Towers Watson & Co., et al.*, C.A. No. 11270-CB (filed on July 9, 2015), *Stein v. Towers Watson & Co., et al.*, C.A. No. 11271-CB (filed on July 9, 2015), *City of Atlanta Firefighters' Pension Fund v. Ganzi, et al.*, C.A. No. 11275-CB (filed on July 10, 2015), *Cordell v. Haley, et al.*, C.A. No. 11358-CB (filed on July 31, 2015), and *Mills v. Towers Watson & Co., et al.*, C.A. No. 11423-CB (filed on August 24, 2015). The *Stein* action was voluntarily dismissed on July 28, 2015. These complaints were filed by purported stockholders of Towers Watson on behalf of a putative class comprised of all Towers Watson stockholders and name as defendants Towers Watson, the members of its board of directors, Willis and Merger Sub. (The various named defendants, to the extent they are stockholders of Towers Watson, are excluded from the putative class.) The complaints generally allege that Towers Watson's directors breached their fiduciary duties to Towers Watson stockholders by agreeing to merge Towers Watson with Willis through an inadequate and unfair process, which led to inadequate and unfair consideration, and by agreeing to unfair deal protection devices, and that Willis and Merger Sub aided and abetted those alleged breaches. The complaints seek, among other things, to enjoin the Merger. On August 17, 2015, the court consolidated the first three filed actions (the fourth, *Mills*, had not yet been filed) and any other actions then pending or thereafter filed arising out of the same issues of fact under the caption *In re Towers Watson & Co. Stockholders Litigation*, Consolidated C.A. No. 11270-CB. Pursuant to the court's consolidation order, the plaintiffs in the first three filed actions were to designate one of their three complaints as the operative complaint or file a consolidated amended complaint, after which the parties would negotiate a schedule for the defendants to respond. On September 9, 2015, the plaintiffs in the consolidated action filed a verified consolidated amended complaint, which, among other things, added claims for alleged misstatements and omissions in the joint proxy statement/prospectus filed initially on August 27, 2015 in connection with the Merger. On September 17, 2015, they filed a motion for expedited proceedings and a motion for a preliminary injunction, which motions they voluntarily withdrew on October 19, 2015. The defendants have not yet responded to the complaint in the consolidated action.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Fair Value of Derivative Financial Instruments

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

Primary Risks Managed by Derivative Financial Instruments

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

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

Interest Rate Risk — Investment Income

As a result of the Company's operating activities, the Company 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.

During the nine months ended September 30, 2015, the Company, in order to manage interest rate risk arising from these financial assets, entered into interest rate swaps to receive a fixed rate of interest and pay a variable rate of interest. The use of interest rate contracts essentially converted groups of short-term variable rate investments to fixed rates. These derivatives were designated as hedging instruments and were for a total notional amount of $300 million.

Interest Rate Risk — Interest Expense

The Company's operations are financed principally by $1,906 million fixed rate senior notes maturing through 2043 and $248 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 with a credit period until April 28, 2016 and a repayment date of April 28, 2017, 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 only. As of September 30, 2015 $422 million (December 31, 2014: $nil) was drawn on these facilities.

The 7-year term loan facility bears interest at LIBOR plus 1.50% and 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. 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 16 — 'Debt'.

During three and nine months ended September 30, 2015, the Company had no derivative financial instruments that were designated as cash flow hedges of interest rate risk on interest expense.

Foreign Currency Risk

The Company's primary foreign exchange risks arise from the following:

- changes in the exchange rate between US dollars and Pounds sterling as the Company's London market operations earn the majority of their revenues in US dollars and incurs 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
- the translation into US dollars of the net income and net assets of its foreign subsidiaries, excluding the London market operations which are US dollar-denominated.

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

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

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

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

At September 30, 2015 and December 31, 2014, the majority of the Company's foreign currency contracts were designated as hedging instruments, those not designated as hedging instruments include certain Miller Insurance Services LLP foreign currency contracts and 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 Euros and Japanese yen. Foreign currency notional amounts are reported in US dollars translated at contracted exchange rates.

	Sell	Fair value
	(millions)	
US dollar	$ 976	$ (32)
Euro	191	19
Japanese yen	49	4

The above table includes forward contracts acquired as part of Miller Insurance Services LLP which are not designated as hedging instruments. At September 30, 2015, such contracts had a negative fair value of $2 million.

In addition to forward exchange contracts, the Company undertakes 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 September 30, 2015 and December 31, 2014 were immaterial.

The company also enters into foreign currency transactions in order to hedge certain intercompany loans. These derivatives were not designated as hedging instruments and as at September 30, 2015, had a total notional amount of $400 million (December 31, 2014: $352 million). In respect of these transactions, $1 million (December 31, 2014: $5 million) 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.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Derivative financial instruments

The table below presents the fair value of the Company's derivative financial instruments designated as hedging instruments and their balance sheet classification at September 30, 2015 and December 31, 2014:

Derivative financial instruments designated as hedging instruments:	Balance sheet classification	Fair value September 30, 2015	Fair value December 31, 2014
		(millions)	
Assets:			
Forward exchange contracts	Other assets	$ 25	$ 26
Interest rate swaps	Other assets	3	—
Total derivatives designated as hedging instruments		$ 28	$ 26
Liabilities:			
Forward exchange contracts	Other liabilities	$ 34	$ 21
Interest rate swaps	Other liabilities	—	—
Total derivatives designated as hedging instruments		$ 34	$ 21

The above table does not include the Miller Insurance Services LLP non designated forward contracts which had a fair value of negative $2 million .

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Cash Flow Hedges

The table below presents the effects of derivative financial instruments in cash flow hedging relationships on the consolidated statements of operations and the consolidated statements of equity for the three and nine months ended September 30, 2015 and 2014:

Derivatives in cash flow hedging relationships	Amount of gain (loss) recognized in OCI[(i)] on derivative (effective element)	Location of gain (loss) reclassified from accumulated OCI[(i)] into income (effective element)	Amount of gain (loss) reclassified from accumulated OCI[(i)] into income (effective element)	Location of gain (loss) recognized in income on derivative (ineffective hedges and ineffective element of effective hedges)	Amount of gain (loss) recognized in income on derivative (ineffective hedges and ineffective element of effective hedges)
	(millions)		(millions)		(millions)
Three months ended September 30, 2015					
Interest rate swaps	$ 2	Investment income	$ 1	Other operating expenses	$ —
Treasury locks	—	Interest expense	(1)	Interest expense	—
Forward exchange contracts	(44)	Other income (expense), net	5	Interest expense	1
Total	$ (42)		$ 5		$ 1
Three months ended September 30, 2014					
Interest rate swaps	$ —	Investment income	$ (2)	Other operating expenses	$ —
Treasury locks	—	Interest expense	—	Interest expense	—
Forward exchange contracts	(11)	Other income (expense), net	5	Interest expense	—
Total	$ (11)		$ 3		$ —
Nine months ended September 30, 2015					
Interest rate swaps	$ 2	Investment income	$ —	Other operating expenses	$ —
Treasury locks	—	Interest expense	(1)	Interest expense	—
Forward exchange contracts	(19)	Other income (expense), net	5	Interest expense	—
Total	$ (17)		$ 4		$ —
Nine months ended September 30, 2014					
Interest rate swaps	$ —	Investment income	$ (5)	Other operating expenses	$ —
Treasury locks	—	Interest expense	(1)	Interest expense	—
Forward exchange contracts	(12)	Other income (expense), net	12	Interest expense	(1)
Total	$ (12)		$ 6		$ (1)

Amounts above shown gross of tax.
(i) Other Comprehensive Income

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

At September 30, 2015, the Company estimates, based on current interest and exchange rates, there will be $2 million of net derivative gains on forward exchange rates, interest rate swaps, and treasury locks reclassified from accumulated comprehensive loss into earnings within the next twelve months as the forecasted transactions affect earnings.

9. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

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 may increase or decrease based on 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 September 30, 2015.

10. FAIR VALUE MEASUREMENT

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

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

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

The fair value of long-term debt instruments (excluding related fair value hedges) are based on quoted market values and are classified as Level 1 measurements, with the exception of the 7-year term loan facility and drawings under our $800 million revolving credit facility where fair value is determined using observable market data for similar debt instruments of comparable maturities (Level 2 measure).

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.

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.

10. FAIR VALUE MEASUREMENT (Continued)

	September 30, 2015			
	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	—	28	—	28
Total assets	$ —	$ 28	$ —	$ 28
Liabilities at fair value:				
Derivative financial instruments	—	36	—	36
Total liabilities	$ —	$ 36	$ —	$ 36

	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

Fair value information about financial instruments not measured at fair value on a recurring basis

The following table discloses the Company's financial instruments where the carrying amount and estimated fair value differ. 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.

	September 30, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	(millions)			
Liabilities:				
Current portion of long term debt	$ 323	$ 327	$ 167	$ 169
Long-term debt	2,248	2,387	2,142	2,327

11. ACQUISITIONS

During the period ended September 30, 2015 the Company made the following acquisitions in line with its strategy to invest in targeted acquisitions with a focus on earnings accretion, competitive position, and fit.

Miller Insurance Services LLP

On May 31, 2015, the Company completed the transaction to acquire an 85 percent interest in Miller Insurance Services LLP and its subsidiaries ('Miller'), a leading London wholesale specialist insurance broking firm, for total consideration of $401 million including cash consideration of $232 million.

Deferred consideration is payable at the end of the first, second and third anniversary of the acquisition. Contingent consideration is payable at the end of the third anniversary of the acquisition and is contingent on meeting EBITDA performance targets. The discounted fair value of the deferred and contingent consideration, based on best estimates, is $124 million and $29 million respectively.

As part of the transaction selected broking activities were transferred between existing Willis businesses and Miller and vice-versa. The transaction combined businesses of both Willis and Miller creating a platform for future growth and added further strength and depth to the Company's client proposition.

The Company recognized assets and liabilities acquired of $1,118 million and $844 million respectively. Included within the acquired assets are intangible assets of $227 million of which $213 million relates to client relationships with a weighted average useful economic life of 14 years, $14 million relates to trade names with a useful economic life of 15 years.

Goodwill of $187 million was recognized on the transaction.

The purchase price allocation as of the date of acquisition was based on a preliminary valuation and is subject to revision as more detailed analysis are completed and additional information about the value of assets acquired, liabilities assumed, and contingent consideration become available.

Other acquisitions

On April 1, 2015, the Company acquired 100 percent of the share capital of Carsa Consultores, Agente de Seguros y de Fianzas de CV and its group companies ('Carsa'), a leading insurance broker in Mexico. The Company paid initial cash consideration on closing and additional contingent consideration is payable after three years depending on future revenue achieved from the acquired businesses.

On May 27, 2015, the Company acquired the trade and assets of Evolution Benefits Consulting, Inc. ('Evolution'), a human capital practice in Pennsylvania. The Company paid initial cash consideration on closing and additional contingent consideration is payable in three years and is contingent on the future revenue growth of the acquired business.

On August 7, 2015, the Company completed the transaction to acquire 100 percent interest in Elite Risk Services, Taiwan for cash consideration on closing.

On August 19, 2015, the Company completed the transaction to acquire 100 percent interest in CKA Risk Solutions, Australia. The Company paid initial cash consideration on closing. Further deferred consideration is payable at the end of the first, second and third anniversary of the acquisition. Contingent consideration is payable at the end of the third anniversary of the acquisition and is contingent on specified performance targets for revenue growth over the three years prior to June 2018.

In aggregate, total consideration for these other acquisitions was $117 million representing:

- initial cash consideration paid on closing of $96 million; and
- discounted deferred and contingent consideration, based on best estimates, of $21 million.

In aggregate, the Company recognized assets and liabilities acquired of $61 million and $18 million, respectively. Included within the acquired assets are intangible assets relating to client relationships of $52 million with a weighted average useful economic life of 13 years.

11. ACQUISITIONS (Continued)

Goodwill in aggregate of $74 million was recognized on these other transaction based on the preliminary purchase price allocations.

The aggregate costs incurred and recognised within other operating expenses relating to the acquisitions above in the three and nine months ended September 30, 2015 was $14 million and $34 million respectively.

The amount of revenue and earnings, for all the acquisitions discussed above, included in the Company's consolidated income statement for the three and nine months ended September 30, 2015 was $38 million and nil and $51 million and nil, respectively.

Supplemental proforma results of operations have not been presented for Miller individually, or for all of the acquisitions described above in aggregate, because the effects were not material to consolidated results of operations.

12. GOODWILL

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

The Company is organized into four reporting units which are consistent with its operating segments: Willis GB, Willis Capital, Wholesale and Reinsurance, Willis North America and Willis International - see Note 18 - 'Segment Information' for detailed descriptions of the segments. 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 entity disposed of based on the relative fair value of that entity compared with the fair value of the reporting unit in which it is included.

The changes in the carrying amount of goodwill by segment for the nine months ended September 30, 2015 and the year ended December 31, 2014 are as follows:

	Willis GB (formerly Global)	Willis Capital, Wholesale & Reinsurance	Willis North America	Willis International	Total
Balance at January 1, 2014					
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
Purchase price allocation adjustments	—	—	—	1	1
Goodwill acquired during the period	—	187	11	64	262
Goodwill disposed of during the period	(2)	(1)	(10)	—	(13)
Foreign exchange	(2)	(4)	(2)	(29)	(37)
Balance at September 30, 2015					
Goodwill, gross	$ 551	$ 1,034	$ 1,511	$ 546	$ 3,642
Accumulated impairment losses	—	—	(492)	—	(492)
Goodwill, net	$ 551	$ 1,034	$ 1,019	$ 546	$ 3,150

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:

	September 30, 2015			December 31, 2014		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	(millions)					
Customer and marketing related:						
Client relationships	$ 936	$ (355)	$ 581	$ 689	$ (316)	$ 373
Management contracts	67	(4)	63	71	(1)	70
Other	26	(5)	21	11	(4)	7
Total amortizable intangible assets	$ 1,029	$ (364)	$ 665	$ 771	$ (321)	$ 450

The aggregate amortization of intangible assets for the nine months ended September 30, 2015 was $53 million (nine months ended September 30, 2014: $38 million) of which $23 million was recognized in the three months ended September 30, 2015 (three months ended September 30, 2014: $13 million). The estimated aggregate amortization of intangible assets for each of the next five years ended December 31 is as follows:

	Remainder of 2015	2016	2017	2018	2019	Thereafter	Total
	(millions)						
Amortization of intangible assets	$ 22	$ 82	$ 74	$ 68	$ 62	$ 357	$ 665

14. OTHER ASSETS

An analysis of other assets is as follows:

	September 30, 2015	December 31, 2014
	(millions)	
Other current assets		
Prepayments and accrued income	$ 86	$ 81
Income tax receivable	49	30
Deferred compensation plan assets	12	17
Derivatives	21	16
Other receivables	72	70
Total other current assets	$ 240	$ 214
Other non-current assets		
Deferred compensation plan assets	$ 109	$ 92
Accounts receivable, net	23	29
Other investments	28	29
Other receivables	51	70
Total other non-current assets	$ 211	$ 220
Total other assets	$ 451	$ 434

15. OTHER LIABILITIES

An analysis of other liabilities is as follows:

	September 30, 2015	December 31, 2014
	(millions)	
Other current liabilities		
Accounts payable	$ 149	$ 131
Accrued dividends payable	58	55
Derivatives	20	12
Deferred compensation plan liability	12	17
Contingent and deferred consideration on acquisition	58	8
Other payables	191	221
Total other current liabilities	$ 488	$ 444
Other non-current liabilities		
Incentives from lessors	$ 162	$ 171
Deferred compensation plan liability	109	92
Contingent and deferred consideration on acquisition	145	26
Derivatives	16	9
Other payables	70	91
Total other non-current liabilities	$ 502	$ 389
Total other liabilities	$ 990	$ 833

16. DEBT

Short-term debt and current portion of the long-term debt consists of the following:

	September 30, 2015	December 31, 2014
	(millions)	
Current portion of 7-year term loan facility expiring 2018	$ 23	$ 17
5.625% senior notes due 2015	—	148
Fair value adjustment on 5.625% senior notes due 2015	—	1
4.125% senior notes due 2016	299	—
3-year term loan facility expires 2015	1	1
	$ 323	$ 167

Long-term debt consists of the following:

	September 30, 2015	December 31, 2014
	(millions)	
7-year term loan facility expiring 2018	$ 225	$ 242
Revolving $800 million credit facility	422	—
4.125% senior notes due 2016	—	299
6.200% senior notes due 2017	394	394
7.000% senior notes due 2019	187	187
5.750% senior notes due 2021	497	497
4.625% senior notes due 2023	249	249
6.125% senior notes due 2043	274	274
	$ 2,248	$ 2,142

Term loan

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.

$800 million revolving credit facility

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

On February 27, 2015, Trinity Acquisition Limited, a wholly-owned subsidiary of Willis Group Holdings plc entered into an amendment to the $800 million revolving credit facility permitting Willis Securities, Inc. ('WSI'), another wholly-owned subsidiary of Willis Group Holdings plc, to incur up to $400 million of indebtedness under this facility for the purpose of investing in certain underwritten securities in the ordinary course of WSI's business.

As of September 30, 2015, $422 million was outstanding under the $800 million revolving credit facility (December 31, 2014: $nil).

WSI revolving credit facility

On March 3, 2014, WSI, entered into a $300 million revolving note and cash subordination agreement available for drawing from March 3, 2014 through March 3, 2015. At that time, the aggregate unpaid principal amount of all advances was repayable on or before March 3, 2016.

16. DEBT (Continued)

On April 28, 2014, WSI 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 credit period and the 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 and the repayment date was extended to April 28, 2016.

On February 27, 2015, WSI entered into a second amendment to the revolving note and cash subordination agreement. This amendment included all of the following: (i) the end date of the credit period was extended to April 28, 2016 and the repayment date was extended to April 28, 2017; (ii) WSI was permitted to incur up to $400 million in indebtedness under the $800 million revolving credit facility held by Trinity Acquisition Limited, and (iii) WSI will have the ability to borrow in Euro, Japanese yen and other approved currencies subject to a reserve for foreign currency fluctuation.

Proceeds under the credit facility will be used for regulatory capital purposes related to securities underwriting only, which will allow WSI 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.

As of September 30, 2015 $nil was outstanding under the $400 million WSI revolving credit facility (December 31, 2014: $nil).

17. COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income are as follows:

	Three months ended September 30,					
	2015			2014		
	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount
	(millions)					
Other comprehensive income:						
Foreign currency translation adjustments	$ (76)	$ —	$ (76)	$ (110)	$ —	$ (110)
Pension funding adjustments:						
Foreign currency translation on pension funding adjustments	19	(7)	12	43	(12)	31
Amortization of unrecognized actuarial loss	12	(1)	11	13	(2)	11
Amortization of unrecognized prior service gain	(5)	2	(3)	(2)	1	(1)
	26	(6)	20	54	(13)	41
Derivative instruments:						
Gain on interest rate swaps (effective element)	2	—	2	—	—	—
Interest rate swap reclassification adjustment	1	—	1	(2)	—	(2)
(Loss) gain on forward exchange contracts (effective element)	(44)	8	(36)	(11)	3	(8)
Forward exchange contracts reclassification adjustment	5	(1)	4	5	(2)	3
Treasury lock reclassification adjustment	(1)	—	(1)	—	—	—
	(37)	7	(30)	(8)	1	(7)
Other comprehensive (loss) income	(87)	1	(86)	(64)	(12)	(76)
Less: Other comprehensive loss attributable to noncontrolling interests	4	—	4	1	—	1
Other comprehensive (loss) income attributable to Willis Group Holdings	$ (83)	$ 1	$ (82)	$ (63)	$ (12)	$ (75)

	Nine months ended September 30,					
	2015			2014		
	Before tax amount	Tax	Net of tax amount	Before tax amount	Tax	Net of tax amount
	(millions)					
Other comprehensive income:						
Foreign currency translation adjustments	$ (118)	$ —	$ (118)	$ (80)	$ —	$ (80)
Pension funding adjustments:						
Foreign currency translation on pension funding adjustments	28	(8)	20	18	(5)	13
Net actuarial gain	25	(5)	20	—	—	—
Prior service gain	215	(43)	172	—	—	—
Amortization of unrecognized actuarial loss	36	(5)	31	37	(6)	31
Amortization of unrecognized prior service gain	(13)	3	(10)	(3)	1	(2)
	291	(58)	233	52	(10)	42
Derivative instruments:						
Gain on interest rate swaps (effective element)	2	—	2	—	—	—
Interest rate swap reclassification adjustment	—	—	—	(5)	1	(4)
(Loss) gain on forward exchange contracts (effective element)	(19)	4	(15)	(12)	3	(9)
Forward exchange contracts reclassification adjustment	5	(1)	4	12	(3)	9
Treasury lock reclassification adjustment	(1)	—	(1)	(1)	—	(1)
	(13)	3	(10)	(6)	1	(5)
Other comprehensive income (loss)	160	(55)	105	(34)	(9)	(43)
Less: Other comprehensive loss attributable to noncontrolling interests	7	—	7	1	—	1
Other comprehensive income (loss) attributable to Willis Group Holdings	$ 167	$ (55)	$ 112	$ (33)	$ (9)	$ (42)

17. COMPREHENSIVE INCOME (LOSS) (Continued)

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

	Net foreign currency translation adjustment	Pension funding adjustment	Net unrealized gain on derivative instruments	Total
		(millions)		
Balance at December 31, 2014	$ (191)	$ (893)	$ 18	$ (1,066)
Other comprehensive (loss) income before reclassifications	(111)	212	(13)	88
Amounts reclassified from accumulated other comprehensive loss	—	21	3	24
Net current-period other comprehensive (loss) income, net of tax and noncontrolling interests	(111)	233	(10)	112
Balance at September 30, 2015	$ (302)	$ (660)	$ 8	$ (954)

17. COMPREHENSIVE INCOME (LOSS) (Continued)

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

Details about accumulated other comprehensive loss components	Amount reclassified from accumulated other comprehensive loss		Affected line item in the statement of operations
	Three months ended September 30,		
	2015	2014	
	(millions)		
Gains and losses on cash flow hedges (Note 9)			
Interest rate swaps	$ 1	$ (2)	Investment income
Foreign exchange contracts	5	5	Other income (expense), net
Treasury lock	(1)	—	Interest expense
	5	3	Total before tax
Tax	(1)	(2)	
	$ 4	$ 1	Net of tax
Amortization of defined benefit pension items (Note 7)			
Prior service gain	$ (5)	$ (2)	Salaries and benefits
Net actuarial loss	12	13	Salaries and benefits
	7	11	Total before tax
Tax	1	(1)	
	$ 8	$ 10	Net of tax
Total reclassifications for the period	$ 12	$ 11	

Details about accumulated other comprehensive loss components	Amount reclassified from accumulated other comprehensive loss		Affected line item in the statement of operations
	Nine months ended September 30,		
	2015	2014	
	(millions)		
Gains and losses on cash flow hedges (Note 9)			
Interest rate swaps	$ —	$ (5)	Investment income
Foreign exchange contracts	5	12	Other income (expense), net
Treasury lock	(1)	(1)	Interest expense
	4	6	Total before tax
Tax	(1)	(2)	
	$ 3	$ 4	Net of tax
Amortization of defined benefit pension items (Note 7)			
Prior service gain	$ (13)	$ (3)	Salaries and benefits
Net actuarial loss	36	37	Salaries and benefits
	23	34	Total before tax
Tax	(2)	(5)	
	$ 21	$ 29	Net of tax
Total reclassifications for the period	$ 24	$ 33	

18. 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, formerly known as Willis Global, Willis North America and Willis International, into four: Willis GB; Willis Capital, Wholesale and Reinsurance ('Willis CWR'); Willis North America; and Willis International.

The changes to the operating and reportable 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 CWR includes Willis Re, Willis Capital Markets & Advisory and the Company's wholesale business. In addition, it also includes a new unit called Willis Portfolio and Underwriting Services; and
- 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.

The prior period comparatives have been retrospectively reclassified to take into account these changes.

For internal reporting and segmental reporting, the following items for which segmental management are not held accountable are excluded from segmental expenses:

(i) costs of the holding company;
(ii) costs of Group functions, leadership and projects;
(iii) non-servicing elements of the defined benefit pension schemes cost (income); and
(iv) corporate restructuring costs associated with the Operational Improvement Program.

The accounting policies of the segments are consistent with those described in Note 2 — ‘Basis of Presentation and Significant Accounting Policies’ of the Company’s audited financial statements included as Item 8 on Form 8-K filed with the Securities and Exchange Commission on August 21, 2015.

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.

18. SEGMENT INFORMATION (Continued)

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

	Three months ended September 30, 2015					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Segment operating income
	(millions)					
Willis GB	$ 139	$ 2	$ —	$ 141	$ 7	$ 24
Willis Capital, Wholesale and Reinsurance	183	—	1	184	13	9
Willis North America	308	1	—	309	17	34
Willis International	211	1	—	212	9	(12)
Total Segments	841	4	1	846	46	55
Corporate and Other [i]	—	—		—	2	(28)
Total Consolidated	$ 841	$ 4	$ 1	$ 846	$ 48	$ 27

	Three months ended September 30, 2014					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Segment operating income
	(millions)					
Willis GB	$ 148	$ 1	$ —	$ 149	$ 7	$ 21
Willis Capital, Wholesale and Reinsurance	144	1	—	145	4	9
Willis North America	321	1	—	322	17	45
Willis International	195	1	—	196	6	(10)
Total Segments	808	4	—	812	34	65
Corporate and Other [i]	—	—	—	—	2	(31)
Total Consolidated	$ 808	$ 4	$ —	$ 812	$ 36	$ 34

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

	Three months ended September 30,	
	2015	2014
	(millions)	
Costs of the holding company	$ (2)	$ —
Merger and acquisition costs	(10)	—
Costs related to Group functions, leadership and projects	(40)	(41)
Non-servicing elements of defined benefit pensions	29	13
Operational Improvement Program [a]	(5)	(3)
Total Corporate and Other	$ (28)	$ (31)

(a) Restructuring costs relating to the Operational Improvement Program. See Note 3 — 'Restructuring Costs', above.

18. SEGMENT INFORMATION (Continued)

	Nine months ended September 30, 2015					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Segment operating income
	(millions)					
Willis GB	$ 451	$ 4	$ —	$ 455	$ 19	$ 84
Willis Capital, Wholesale and Reinsurance	669	2	1	672	21	198
Willis North America	978	1	5	984	49	144
Willis International	741	3	—	744	28	77
Total Segments	2,839	10	6	2,855	117	503
Corporate and Other (i)	—	—	—	—	6	(78)
Total Consolidated	$ 2,839	$ 10	$ 6	$ 2,855	$ 123	$ 425

	Nine months ended September 30, 2014					
	Commissions and fees	Investment income	Other income	Total revenues	Depreciation and amortization	Segment operating income
	(millions)					
Willis GB	$ 485	$ 4	$ 3	$ 492	$ 22	$ 100
Willis Capital, Wholesale and Reinsurance	639	3	—	642	9	240
Willis North America	998	1	1	1,000	53	175
Willis International	706	4	—	710	18	97
Total Segments	2,828	12	4	2,844	102	612
Corporate and Other (i)	—	—	—	—	6	(104)
Total Consolidated	$ 2,828	$ 12	$ 4	$ 2,844	$ 108	$ 508

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

	Nine months ended September 30,	
	2015	2014
	(millions)	
Costs of the holding company	$ (6)	$ (7)
Merger and acquisition costs	(13)	—
Costs related to Group functions, leadership and projects	(120)	(127)
Non-servicing elements of defined benefit pensions	82	40
Operational Improvement Program (a)	(21)	(5)
Other	—	(5)
Total Corporate and Other	$ (78)	$ (104)

(a) Restructuring charge relating to the Operational Improvement Program. See Note 3 — 'Restructuring Costs', above.

18. SEGMENT INFORMATION (Continued)

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

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
	(millions)			
Total consolidated operating income	$ 27	$ 34	$ 425	$ 508
Other income (expense), net	9	(9)	26	(12)
Interest expense	(35)	(34)	(103)	(101)
Income (loss) before income taxes and interest in earnings of associates	$ 1	$ (9)	$ 348	$ 395

19. TOWERS WATSON MERGER

On June 30, 2015, the Company announced jointly with Towers Watson the signing of a definitive merger agreement, dated as of June 29, 2015, under which the companies will combine in an all-stock merger of equals. Based on the closing prices of Willis ordinary shares and Towers Watson common stock on June 29, 2015, the implied equity value of the transaction is approximately $18 billion. The transaction has been unanimously approved by the Board of Directors of each company and is currently expected to close by December 31, 2015 subject to customary closing conditions, including regulatory approvals, and approval by Willis shareholders and Towers Watson stockholders.

20. SUBSEQUENT EVENTS

On October 1, 2015, the Company announced it is selling a 16.9% interest in Miller to BB&T Corporation, a top 5 US insurance intermediary. This reduces Willis' interest in Miller from 85% to 68.1%.

On October 6, 2015, the Company acquired PMI Health Group, a UK-based independent broker that provides employee healthcare and risk management services.

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

Willis North America had $148 million senior notes outstanding that were issued on July 1, 2005 that were subsequently repaid on July 1, 2015 and has $394 million of senior notes outstanding issued on March 28, 2007 and $187 million of senior notes issued on September 29, 2009.

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

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

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

Presented below is condensed consolidating financial information for:

- (i) Willis Group Holdings, which is a guarantor, on a parent company only basis;
- (ii) the Other Guarantors, which are all 100 percent directly or indirectly owned subsidiaries of the parent and are all direct or indirect parents of the issuer;
- (iii) the Issuer, Willis North America;
- (iv) Other, which are the non-guarantor subsidiaries, on a combined basis;
- (v) Consolidating adjustments; and
- (vi) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the unaudited condensed consolidating balance sheets as of September 30, 2015 of Willis Group Holdings, the Other Guarantors and the Issuer.

The entities included in the Other Guarantors column as of September 30, 2015 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition Limited, and Willis Group Limited.

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

Unaudited Condensed Consolidating Statement of Operations

	Three months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 6	$ 835	$ —	$ 841
Investment income	—	1	—	3	—	4
Other income	—	—	—	1	—	1
Total revenues	—	1	6	839	—	846
EXPENSES						
Salaries and benefits	—	(1)	(18)	(551)	—	(570)
Other operating expenses	(2)	(24)	(13)	(138)	—	(177)
Depreciation expense	—	(1)	(4)	(20)	—	(25)
Amortization of intangible assets	—	—	—	(23)	—	(23)
Restructuring costs	—	(3)	—	(21)		(24)
Total expenses	(2)	(29)	(35)	(753)	—	(819)
OPERATING (LOSS) INCOME	(2)	(28)	(29)	86	—	27
Other income (expense), net	—	2	—	8	(1)	9
Income from group undertakings	—	58	66	33	(157)	—
Expenses due to group undertakings	—	(8)	(53)	(96)	157	—
Interest expense	(11)	(10)	(9)	(5)	—	(35)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(13)	14	(25)	26	(1)	1
Income tax benefit	—	4	8	100	—	112
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(13)	18	(17)	126	(1)	113
Interest in earnings of associates, net of tax	—	3	—	—	—	3
Equity account for subsidiaries	130	112	106	—	(348)	—
NET INCOME	117	133	89	126	(349)	116
Less: Net loss attributable to noncontrolling interests	—	—	—	1	—	1
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 117	$ 133	$ 89	$ 127	$ (349)	$ 117

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 35	$ 51	$ 92	$ 54	$ (202)	$ 30
Less: comprehensive loss attributable to noncontrolling interests	—	—	—	5	—	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 35	$ 51	$ 92	$ 59	$ (202)	$ 35

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

Unaudited Condensed Consolidating Statement of Operations

	Three months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 2	$ 806	$ —	$ 808
Investment income	—	—	—	4	—	4
Total revenues	—	—	2	810	—	812
EXPENSES						
Salaries and benefits	—	—	(23)	(546)	—	(569)
Other operating expenses	(4)	(19)	(12)	(121)	—	(156)
Depreciation expense	—	(1)	(4)	(18)	—	(23)
Amortization of intangible assets	—	—	—	(13)	—	(13)
Restructuring costs	—	—	(2)	(15)	—	(17)
Total expenses	(4)	(20)	(41)	(713)	—	(778)
OPERATING (LOSS) INCOME	(4)	(20)	(39)	97	—	34
Other (expense) income, net	(10)	5	—	(4)	—	(9)
Income from group undertakings	—	52	61	23	(136)	—
Expenses due to group undertakings	—	(9)	(43)	(84)	136	—
Interest expense	(11)	(8)	(11)	(4)	—	(34)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(25)	20	(32)	28	—	(9)
Income tax benefit (expense)	—	4	11	(17)	—	(2)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(25)	24	(21)	11	—	(11)
Interest in earnings of associates, net of tax	—	3	—	—	—	3
Equity account for subsidiaries	18	(10)	—	—	(8)	—
NET (LOSS) INCOME	(7)	17	(21)	11	(8)	(8)
Less: Net loss attributable to noncontrolling interests	—	—	—	1	—	1
NET (LOSS) INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (7)	$ 17	$ (21)	$ 12	$ (8)	$ (7)

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive loss	$ (82)	$ (55)	$ (20)	$ (41)	$ 114	$ (84)
Less: comprehensive loss attributable to noncontrolling interests	—	—	—	2	—	2
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (82)	$ (55)	$ (20)	$ (39)	$ 114	$ (82)

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

Unaudited Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 10	$ 2,829	$ —	$ 2,839
Investment income	—	1	—	9	—	10
Other income	—	—	—	6	—	6
Total revenues	—	1	10	2,844	—	2,855
EXPENSES						
Salaries and benefits	(1)	(1)	(60)	(1,636)	—	(1,698)
Other operating expenses	(11)	(79)	(24)	(402)	—	(516)
Depreciation expense	—	(4)	(12)	(54)	—	(70)
Amortization of intangible assets	—	—	—	(53)	—	(53)
Restructuring costs	—	(17)	(13)	(63)	—	(93)
Total expenses	(12)	(101)	(109)	(2,208)	—	(2,430)
OPERATING (LOSS) INCOME	(12)	(100)	(99)	636	—	425
Other (expense) income, net	(8)	2	—	32	—	26
Income from group undertakings	—	168	178	82	(428)	—
Expenses due to group undertakings	—	(23)	(142)	(263)	428	—
Interest expense	(32)	(28)	(31)	(12)	—	(103)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(52)	19	(94)	475	—	348
Income tax benefit (expense)	—	21	30	(14)	—	37
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(52)	40	(64)	461	—	385
Interest in earnings of associates, net of tax	—	7	—	10	—	17
Equity account for subsidiaries	449	398	202	—	(1,049)	—
NET INCOME	397	445	138	471	(1,049)	402
Less: Net income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 397	$ 445	$ 138	$ 466	$ (1,049)	$ 397

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 509	$ 559	$ 147	$ 600	$ (1,308)	$ 507
Less: comprehensive loss attributable to noncontrolling interests	—	—	—	2	—	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 509	$ 559	$ 147	$ 602	$ (1,308)	$ 509

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

Unaudited Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ —	$ 6	$ 2,822	$ —	$ 2,828
Investment income	—	—	—	12	—	12
Other income	—	—	—	4	—	4
Total revenues	—	—	6	2,838	—	2,844
EXPENSES						
Salaries and benefits	(1)	—	(59)	(1,654)	—	(1,714)
Other operating expenses	(13)	(63)	(48)	(370)	—	(494)
Depreciation expense	—	(3)	(13)	(54)	—	(70)
Amortization of intangible assets	—	—	—	(38)	—	(38)
Restructuring costs	—	(2)	(2)	(16)	—	(20)
Total expenses	(14)	(68)	(122)	(2,132)	—	(2,336)
OPERATING (LOSS) INCOME	(14)	(68)	(116)	706	—	508
Other (expense) income, net	(11)	(223)	—	(8)	230	(12)
Income from group undertakings	—	168	189	77	(434)	—
Expenses due to group undertakings	—	(25)	(135)	(274)	434	—
Interest expense	(32)	(26)	(34)	(9)	—	(101)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(57)	(174)	(96)	492	230	395
Income tax benefit (expense)	—	15	29	(168)	—	(124)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(57)	(159)	(67)	324	230	271
Interest in earnings of associates, net of tax	—	8	—	11	—	19
Equity account for subsidiaries	343	487	118	—	(948)	—
NET INCOME	286	336	51	335	(718)	290
Less: Net income attributable to noncontrolling interests	—	—	—	(4)	—	(4)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 286	$ 336	$ 51	$ 331	$ (718)	$ 286

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 244	$ 297	$ 55	$ 316	$ (665)	$ 247
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(3)	—	(3)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 244	$ 297	$ 55	$ 313	$ (665)	$ 244

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

Unaudited Condensed Consolidating Balance Sheet

	As of September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 1	$ 3	$ —	$ 462	$ —	$ 466
Accounts receivable, net	—	—	6	1,094	—	1,100
Fiduciary assets	—	—	—	10,509	—	10,509
Deferred tax assets	—	—	—	19	—	19
Other current assets	2	49	33	192	(36)	240
Amounts due from group undertakings	3,493	1,191	823	1,366	(6,873)	—
Total current assets	3,496	1,243	862	13,642	(6,909)	12,334
NON-CURRENT ASSETS						
Investments in subsidiaries	—	3,371	935	—	(4,306)	—
Fixed assets, net	—	20	36	475	—	531
Goodwill	—	—	—	3,150	—	3,150
Other intangible assets, net	—	—	—	665	—	665
Investments in associates	—	142	—	29	—	171
Deferred tax assets	—	—	—	51	—	51
Pension benefits asset	—	—	—	700	—	700
Other non-current assets	2	7	2	200	—	211
Non-current amounts due from group undertakings	—	518	778	—	(1,296)	—
Total non-current assets	2	4,058	1,751	5,270	(5,602)	5,479
TOTAL ASSETS	$ 3,498	$ 5,301	$ 2,613	$ 18,912	$ (12,511)	$ 17,813
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 10,509	$ —	$ 10,509
Deferred revenue and accrued expenses	1	5	28	486	—	520
Income taxes payable	—	—	—	57	(36)	21
Current portion of long-term debt	300	22	—	1	—	323
Deferred tax liabilities	—	—	—	20	—	20
Other current liabilities	61	6	12	409	—	488
Amounts due to group undertakings	—	4,488	1,583	802	(6,873)	—
Total current liabilities	362	4,521	1,623	12,284	(6,909)	11,881

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

Unaudited Condensed Consolidating Balance Sheet (continued)

	As of September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NON-CURRENT LIABILITIES						
Investments in subsidiaries	246	—	—	—	(246)	—
Long-term debt	497	1,170	581	—	—	2,248
Liabilities for pension benefits	—	—	—	285	—	285
Deferred tax liabilities	—	—	—	160	—	160
Provisions for liabilities	—	—	—	199	—	199
Other non-current liabilities	—	—	16	486	—	502
Non-current amounts due to group undertakings	—	—	518	778	(1,296)	—
Total non-current liabilities	743	1,170	1,115	1,908	(1,542)	3,394
TOTAL LIABILITIES	$ 1,105	$ 5,691	$ 2,738	$ 14,192	$ (8,451)	$ 15,275
REDEEMABLE NONCONTROLLING INTEREST	—	—	—	52	—	52
EQUITY						
Total Willis Group Holdings stockholders’ equity	2,393	(390)	(125)	4,575	(4,060)	2,393
Noncontrolling interests	—	—	—	93	—	93
Total equity	2,393	(390)	(125)	4,668	(4,060)	2,486
TOTAL LIABILITIES AND EQUITY	$ 3,498	$ 5,301	$ 2,613	$ 18,912	$ (12,511)	$ 17,813

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

Condensed Consolidating Balance Sheet

	As of 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
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

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

Condensed Consolidating Balance Sheet (continued)

	As of 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

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (16)	$ 96	$ 5	$ 28	$ —	$ 113
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	—	11	—	11
Additions to fixed assets	—	(5)	(6)	(89)	—	(100)
Additions to intangible assets	—	—	—	(11)	—	(11)
Acquisitions of operations, net of cash acquired	—	—	—	(293)	—	(293)
Proceeds from disposal of operations, net of cash disposed	—	—	—	45	—	45
Proceeds from intercompany investing activities	160	49	82	149	(440)	—
Repayments of intercompany investing activities	—	(268)	—	(269)	537	—
Intercompany investing in subsidiaries	—	(274)	—	—	274	—
Net cash provided by (used in) investing activities	160	(498)	76	(457)	371	(348)
CASH FLOWS FROM FINANCING ACTIVITIES						
Net proceeds from draw down of revolving credit facility	—	420	—	—	—	420
Debt issuance costs	—	—	—	(1)	—	(1)
Repayments of debt	—	(11)	(148)	—	—	(159)
Repurchase of shares	(82)	—	—	—	—	(82)
Proceeds from issue of shares	95	—	—	274	(274)	95
Excess tax benefits from share-based payment arrangements	—	—	—	5	—	5
Dividends paid	(165)	—	—	—	—	(165)
Acquisition of noncontrolling interests	—	—	—	(5)	—	(5)
Dividends paid to noncontrolling interests	—	—	—	(14)	—	(14)
Proceeds from intercompany financing activities	—	202	67	268	(537)	—
Repayments of intercompany financing activities	—	(208)	—	(232)	440	—
Net cash (used in) provided by financing activities	(152)	403	(81)	295	(371)	94
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8)	1	—	(134)	—	(141)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(28)	—	(28)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9	2	—	624	—	635
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1	$ 3	$ —	$ 462	$ —	$ 466

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (39)	$ 264	$ 96	$ 209	$ (249)	$ 281
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	1	4	(1)	4
Additions to fixed assets	—	(7)	(8)	(67)	1	(81)
Additions to intangible assets	—	—	—	(3)	—	(3)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(47)	—	(47)
Payments to acquire other investments	—	—	—	(8)	—	(8)
Proceeds from sale of operations, net of cash disposed	—	—	—	18	—	18
Proceeds from intercompany investing activities	291	—	120	347	(758)	—
Repayments of intercompany investing activities	—	(94)	—	(58)	152	—
Net cash provided by (used in) investing activities	291	(101)	113	186	(606)	(117)
CASH FLOWS FROM FINANCING ACTIVITIES						
Debt issuance costs	—	—	—	(3)	—	(3)
Repayments of debt	—	(11)	—	—	—	(11)
Repurchase of shares	(200)	—	—	—	—	(200)
Proceeds from issue of shares	106	—	—	—	—	106
Excess tax benefits from share-based payment arrangements	—	—	—	2	—	2
Dividends paid	(157)	—	—	(249)	249	(157)
Acquisition of noncontrolling interests	—	(4)	—	—	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(16)	—	(16)
Proceeds from intercompany financing activities	—	58	—	94	(152)	—
Repayments of intercompany financing activities	—	(207)	(209)	(342)	758	—
Net cash used in financing activities	(251)	(164)	(209)	(514)	855	(283)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	(1)	—	(119)	—	(119)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(21)	—	(21)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	3	—	790	—	796
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4	$ 2	$ —	$ 650	$ —	$ 656

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

On March 17, 2011, the Company issued senior notes totaling $800 million in a registered public offering. These debt securities are issued by Willis Group Holdings ('Holdings Debt Securities') and are guaranteed by certain of the Company's subsidiaries. Therefore, the Company is providing the unaudited condensed consolidating financial information below. The following wholly owned subsidiaries (directly or indirectly) 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, Willis Group Limited, and Willis North America (the 'Guarantors').

The guarantor structure described above differs from the guarantor structure associated with the senior notes issued by Willis North America (the 'Willis North America Debt Securities') (and for which unaudited condensed consolidating financial information is presented in Note 21) in that Willis Group Holdings is the Parent Issuer and Willis North America is a subsidiary guarantor.

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

The condensed consolidating financial information for the following entities is presented below:

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

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

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

(iv) Consolidating adjustments; and

(v) the Consolidated Company.

The equity method has been used for investments in subsidiaries in the unaudited condensed consolidating balance sheets as of September 30, 2015 of Willis Group Holdings and the Guarantors.

The entities included in the Guarantors column as of September 30, 2015 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, TA I Limited, Trinity Acquisition Limited, Willis Group Limited, and Willis North America.

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

Unaudited Condensed Consolidating Statement of Operations

	Three months ended September 30, 2015				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ 6	$ 835	$ —	$ 841
Investment income	—	1	3	—	4
Other income	—	—	1	—	1
Total revenues	—	7	839	—	846
EXPENSES					
Salaries and benefits	—	(19)	(551)	—	(570)
Other operating expenses	(2)	(37)	(138)	—	(177)
Depreciation expense	—	(5)	(20)	—	(25)
Amortization of intangible assets	—	—	(23)	—	(23)
Restructuring costs	—	(3)	(21)	—	(24)
Total expenses	(2)	(64)	(753)	—	(819)
OPERATING (LOSS) INCOME	(2)	(57)	86	—	27
Other income (expense), net	—	2	8	(1)	9
Income from group undertakings	—	97	33	(130)	—
Expenses due to group undertakings	—	(34)	(96)	130	—
Interest expense	(11)	(19)	(5)	—	(35)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(13)	(11)	26	(1)	1
Income tax benefit	—	12	100	—	112
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(13)	1	126	(1)	113
Interest in earnings of associates, net of tax	—	3	—	—	3
Equity account for subsidiaries	130	129	—	(259)	—
NET INCOME	117	133	126	(260)	116
Less: Net loss attributable to noncontrolling interests	—	—	1	—	1
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 117	$ 133	$ 127	$ (260)	$ 117

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2015				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive income	$ 35	$ 51	$ 54	$ (110)	$ 30
Less: comprehensive loss attributable to noncontrolling interests	—	—	5	—	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 35	$ 51	$ 59	$ (110)	$ 35

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

Unaudited Condensed Consolidating Statement of Operations

	Three months ended September 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ 2	$ 806	$ —	$ 808
Investment income	—	—	4	—	4
Total revenues	—	2	810	—	812
EXPENSES					
Salaries and benefits	—	(23)	(546)	—	(569)
Other operating expenses	(4)	(31)	(121)	—	(156)
Depreciation expense	—	(5)	(18)	—	(23)
Amortization of intangible assets	—	—	(13)	—	(13)
Restructuring costs	—	(2)	(15)	—	(17)
Total expenses	(4)	(61)	(713)	—	(778)
OPERATING (LOSS) INCOME	(4)	(59)	97	—	34
Other (expense) income, net	(10)	5	(4)	—	(9)
Income from group undertakings	—	86	23	(109)	—
Expenses due to group undertakings	—	(25)	(84)	109	—
Interest expense	(11)	(19)	(4)	—	(34)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(25)	(12)	28	—	(9)
Income tax benefit (expense)	—	15	(17)	—	(2)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(25)	3	11	—	(11)
Interest in earnings of associates, net of tax	—	3	—	—	3
Equity account for subsidiaries	18	11	—	(29)	—
NET (LOSS) INCOME	(7)	17	11	(29)	(8)
Less: Net loss attributable to noncontrolling interests	—	—	1	—	1
NET (LOSS) INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (7)	$ 17	$ 12	$ (29)	$ (7)

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive income	$ (82)	$ (55)	$ (41)	$ 94	$ (84)
Less: comprehensive loss attributable to noncontrolling interests	—	—	2	—	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (82)	$ (55)	$ (39)	$ 94	$ (82)

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

Unaudited Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2015				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ 10	$ 2,829	$ —	$ 2,839
Investment income	—	1	9	—	10
Other income	—	—	6	—	6
Total revenues	—	11	2,844	—	2,855
EXPENSES					
Salaries and benefits	(1)	(61)	(1,636)	—	(1,698)
Other operating expenses	(11)	(103)	(402)	—	(516)
Depreciation expense	—	(16)	(54)	—	(70)
Amortization of intangible assets	—	—	(53)	—	(53)
Restructuring costs	—	(30)	(63)	—	(93)
Total expenses	(12)	(210)	(2,208)	—	(2,430)
OPERATING (LOSS) INCOME	(12)	(199)	636	—	425
Other (expense) income, net	(8)	2	32	—	26
Income from group undertakings	—	264	82	(346)	—
Expenses due to group undertakings	—	(83)	(263)	346	—
Interest expense	(32)	(59)	(12)	—	(103)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(52)	(75)	475	—	348
Income tax benefit (expense)	—	51	(14)	—	37
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(52)	(24)	461	—	385
Interest in earnings of associates, net of tax	—	7	10	—	17
Equity account for subsidiaries	449	462	—	(911)	—
NET INCOME	397	445	471	(911)	402
Less: Net income attributable to noncontrolling interests	—	—	(5)	—	(5)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 397	$ 445	$ 466	$ (911)	$ 397

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2015				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive income	$ 509	$ 559	$ 600	$ (1,161)	$ 507
Less: comprehensive loss attributable to noncontrolling interests	—	—	2	—	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 509	$ 559	$ 602	$ (1,161)	$ 509

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

Unaudited Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
REVENUES					
Commissions and fees	$ —	$ 6	$ 2,822	$ —	$ 2,828
Investment income	—	—	12	—	12
Other income	—	—	4	—	4
Total revenues	—	6	2,838	—	2,844
EXPENSES					
Salaries and benefits	(1)	(59)	(1,654)	—	(1,714)
Other operating expenses	(13)	(111)	(370)	—	(494)
Depreciation expense	—	(16)	(54)	—	(70)
Amortization of intangible assets	—	—	(38)	—	(38)
Restructuring costs	—	(4)	(16)	—	(20)
Total expenses	(14)	(190)	(2,132)	—	(2,336)
OPERATING (LOSS) INCOME	(14)	(184)	706	—	508
Other (expense) income, net	(11)	(223)	(8)	230	(12)
Income from group undertakings	—	275	77	(352)	—
Expenses due to group undertakings	—	(78)	(274)	352	—
Interest expense	(32)	(60)	(9)	—	(101)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(57)	(270)	492	230	395
Income tax benefit (expense)	—	44	(168)	—	(124)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(57)	(226)	324	230	271
Interest in earnings of associates, net of tax	—	8	11	—	19
Equity account for subsidiaries	343	554	—	(897)	—
NET INCOME	286	336	335	(667)	290
Less: Net income attributable to noncontrolling interests	—	—	(4)	—	(4)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 286	$ 336	$ 331	$ (667)	$ 286

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
Comprehensive income	$ 244	$ 297	$ 316	$ (610)	$ 247
Less: comprehensive income attributable to noncontrolling interests	—	—	(3)	—	(3)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 244	$ 297	$ 313	$ (610)	$ 244

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

Unaudited Condensed Consolidating Balance Sheet

	As of September 30, 2015				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 1	$ 3	$ 462	$ —	$ 466
Accounts receivable, net	—	6	1,094	—	1,100
Fiduciary assets	—	—	10,509	—	10,509
Deferred tax assets	—	—	19	—	19
Other current assets	2	82	192	(36)	240
Amounts due from group undertakings	3,493	752	1,366	(5,611)	—
Total current assets	3,496	843	13,642	(5,647)	12,334
NON-CURRENT ASSETS					
Investments in subsidiaries	—	4,431	—	(4,431)	—
Fixed assets, net	—	56	475	—	531
Goodwill	—	—	3,150	—	3,150
Other intangible assets, net	—	—	665	—	665
Investments in associates	—	142	29	—	171
Deferred tax assets	—	—	51	—	51
Pension benefits asset	—	—	700	—	700
Other non-current assets	2	9	200	—	211
Non-current amounts due from group undertakings	—	778	—	(778)	—
Total non-current assets	2	5,416	5,270	(5,209)	5,479
TOTAL ASSETS	$ 3,498	$ 6,259	$ 18,912	$ (10,856)	$ 17,813
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Fiduciary liabilities	$ —	$ —	$ 10,509	$ —	$ 10,509
Deferred revenue and accrued expenses	1	33	486	—	520
Income taxes payable	—	—	57	(36)	21
Current portion of long-term debt	300	22	1	—	323
Deferred tax liabilities	—	—	20	—	20
Other current liabilities	61	18	409	—	488
Amounts due to group undertakings	—	4,809	802	(5,611)	—
Total current liabilities	362	4,882	12,284	(5,647)	11,881

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

Unaudited Condensed Consolidating Balance Sheet (continued)

	As of September 30, 2015				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
NON-CURRENT LIABILITIES					
Investments in subsidiaries	246	—	—	(246)	—
Long-term debt	497	1,751	—	—	2,248
Liabilities for pension benefits	—	—	285	—	285
Deferred tax liabilities	—	—	160	—	160
Provisions for liabilities	—	—	199	—	199
Other non-current liabilities	—	16	486	—	502
Non-current amounts due to group undertakings	—	—	778	(778)	—
Total non-current liabilities	743	1,767	1,908	(1,024)	3,394
TOTAL LIABILITIES	$ 1,105	$ 6,649	$ 14,192	$ (6,671)	$ 15,275
REDEEMABLE NONCONTROLLING INTEREST	—	—	52	—	52
EQUITY					
Total Willis Group Holdings stockholders' equity	2,393	(390)	4,575	(4,185)	2,393
Noncontrolling interests	—	—	93	—	93
Total equity	2,393	(390)	4,668	(4,185)	2,486
TOTAL LIABILITIES AND EQUITY	$ 3,498	$ 6,259	$ 18,912	$ (10,856)	$ 17,813

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

Condensed Consolidating Balance Sheet

	As of 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
Current portion of 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

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

Condensed Consolidating Balance Sheet (continued)

	As of 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

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2015				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
			(millions)		
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (16)	$ 101	$ 28	$ —	$ 113
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	—	11	—	11
Additions to fixed assets	—	(11)	(89)	—	(100)
Additions to intangible assets	—	—	(11)	—	(11)
Acquisitions of operations, net of cash acquired	—	—	(293)	—	(293)
Proceeds from disposal of operations, net of cash disposed	—	—	45	—	45
Proceeds from intercompany investing activities	160	131	149	(440)	—
Repayments of intercompany investing activities	—	(268)	(269)	537	—
Intercompany investing in subsidiaries	—	(274)	—	274	—
Net cash provided by (used in) investing activities	160	(422)	(457)	371	(348)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from draw down of revolving credit facility	—	420	—	—	420
Debt issuance costs	—	—	(1)	—	(1)
Repayments of debt	—	(159)	—	—	(159)
Repurchase of shares	(82)	—	—	—	(82)
Proceeds from issue of shares	95	—	274	(274)	95
Excess tax benefits from share-based payment arrangement	—	—	5	—	5
Dividends paid	(165)	—	—	—	(165)
Acquisition of noncontrolling interests	—	—	(5)	—	(5)
Dividends paid to noncontrolling interests	—	—	(14)	—	(14)
Proceeds from intercompany financing activities	—	269	268	(537)	—
Repayments of intercompany financing activities	—	(208)	(232)	440	—
Net cash (used in) provided by financing activities	(152)	322	295	(371)	94
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8)	1	(134)	—	(141)
Effect of exchange rate changes on cash and cash equivalents	—	—	(28)	—	(28)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9	2	624	—	635
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1	$ 3	$ 462	$ —	$ 466

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2014				
	Willis Group Holdings - the Parent Issuer	The Guarantors	Other	Consolidating adjustments	Consolidated
	(millions)				
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (39)	$ 360	$ 209	$ (249)	$ 281
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds on disposal of fixed and intangible assets	—	1	4	(1)	4
Additions to fixed assets	—	(15)	(67)	1	(81)
Additions to intangible assets	—	—	(3)	—	(3)
Acquisitions of subsidiaries, net of cash acquired	—	—	(47)	—	(47)
Payments to acquire other investments	—	—	(8)	—	(8)
Proceeds from disposal of operations, net of cash disposed	—	—	18	—	18
Proceeds from intercompany investing activities	291	120	347	(758)	—
Repayments of intercompany investing activities	—	(94)	(58)	152	—
Net cash provided by (used in) investing activities	291	12	186	(606)	(117)
CASH FLOWS FROM FINANCING ACTIVITIES					
Debt issuance costs	—	—	(3)	—	(3)
Repayments of debt	—	(11)	—	—	(11)
Repurchase of shares	(200)	—	—	—	(200)
Proceeds from issue of shares	106	—	—	—	106
Excess tax benefits from share-based payment arrangement	—	—	2	—	2
Dividends paid	(157)	—	(249)	249	(157)
Acquisition of noncontrolling interests	—	(4)	—	—	(4)
Dividends paid to noncontrolling interests	—	—	(16)	—	(16)
Proceeds from intercompany financing activities	—	58	94	(152)	—
Repayments of intercompany financing activities	—	(416)	(342)	758	—
Net cash used in financing activities	(251)	(373)	(514)	855	(283)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	(1)	(119)	—	(119)
Effect of exchange rate changes on cash and cash equivalents	—	—	(21)	—	(21)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	3	790	—	796
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4	$ 2	$ 650	$ —	$ 656

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

Trinity Acquisition Limited 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.

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

The condensed consolidating financial information for the following entities is presented below:

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

(ii) the Other Guarantors, which are wholly owned subsidiaries (directly or indirectly) of the parent. Willis Netherlands B.V, Willis Investment UK Holdings Limited, and TA 1 Limited are all direct or indirect parents of the issuer, and Willis Group Limited and Willis North America, Inc. are direct or indirect wholly owned subsidiaries of 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 as of September 30, 2015 of Willis Group Holdings, the Other Guarantors, and the Issuer.

The entities included in the Other Guarantors column as of September 30, 2015 are Willis Netherlands Holdings B.V., Willis Investment UK Holdings Limited, Willis North America, TA I Limited, and Willis Group Limited.

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

Unaudited Condensed Consolidating Statement of Operations

	Three months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 6	$ —	$ 835	$ —	$ 841
Investment income	—	1	—	3	—	4
Other income	—	—	—	1	—	1
Total revenues	—	7	—	839	—	846
EXPENSES						
Salaries and benefits	—	(19)	—	(551)	—	(570)
Other operating expenses	(2)	(37)	—	(138)	—	(177)
Depreciation expense	—	(5)	—	(20)	—	(25)
Amortization of intangible assets	—	—	—	(23)	—	(23)
Restructuring costs	—	(3)	—	(21)	—	(24)
Total expenses	(2)	(64)	—	(753)	—	(819)
OPERATING (LOSS) INCOME	(2)	(57)	—	86	—	27
Other income (expense), net	—	2	—	8	(1)	9
Income from group undertakings	—	96	24	33	(153)	—
Expenses due to group undertakings	—	(58)	1	(96)	153	—
Interest expense	(11)	(9)	(10)	(5)	—	(35)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(13)	(26)	15	26	(1)	1
Income tax benefit (expense)	—	14	(2)	100	—	112
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(13)	(12)	13	126	(1)	113
Interest in earnings of associates, net of tax	—	3	—	—	—	3
Equity account for subsidiaries	130	142	114	—	(386)	—
NET INCOME	117	133	127	126	(387)	116
Less: Net loss attributable to noncontrolling interests	—	—	—	1	—	1
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 117	$ 133	$ 127	$ 127	$ (387)	$ 117

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 35	$ 51	$ 48	$ 54	$ (158)	$ 30
Less: comprehensive loss attributable to noncontrolling interests	—	—	—	5	—	5
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 35	$ 51	$ 48	$ 59	$ (158)	$ 35

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

Unaudited Condensed Consolidating Statement of Operations

	Three months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 2	$ —	$ 806	$ —	$ 808
Investment income	—	—	—	4	—	4
Total revenues	—	2	—	810	—	812
EXPENSES						
Salaries and benefits	—	(23)	—	(546)	—	(569)
Other operating expenses	(4)	(31)	—	(121)	—	(156)
Depreciation expense	—	(5)	—	(18)	—	(23)
Amortization of intangible assets	—	—	—	(13)	—	(13)
Restructuring costs	—	(2)	—	(15)	—	(17)
Total expenses	(4)	(61)	—	(713)	—	(778)
OPERATING (LOSS) INCOME	(4)	(59)	—	97	—	34
Other (expense) income, net	(10)	5	—	(4)	—	(9)
Income from group undertakings	—	90	24	23	(137)	—
Expenses due to group undertakings	—	(45)	(8)	(84)	137	—
Interest expense	(11)	(10)	(9)	(4)	—	(34)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(25)	(19)	7	28	—	(9)
Income tax benefit (expense)	—	16	(1)	(17)	—	(2)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(25)	(3)	6	11	—	(11)
Interest in earnings of associates, net of tax	—	3	—	—	—	3
Equity account for subsidiaries	18	17	(4)	—	(31)	—
NET (LOSS) INCOME	(7)	17	2	11	(31)	(8)
Less: Net loss attributable to noncontrolling interests	—	—	—	1	—	1
NET (LOSS) INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (7)	$ 17	$ 2	$ 12	$ (31)	$ (7)

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Three months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ (82)	$ (55)	$ (58)	$ (41)	$ 152	$ (84)
Less: comprehensive loss attributable to noncontrolling interests	—	—	—	2	—	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ (82)	$ (55)	$ (58)	$ (39)	$ 152	$ (82)

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

Unaudited Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 10	$ —	$ 2,829	$ —	$ 2,839
Investment income	—	1	—	9	—	10
Other income	—	—	—	6	—	6
Total revenues	—	11	—	2,844	—	2,855
EXPENSES						
Salaries and benefits	(1)	(61)	—	(1,636)	—	(1,698)
Other operating expenses	(11)	(103)	—	(402)	—	(516)
Depreciation expense	—	(16)	—	(54)	—	(70)
Amortization of intangible assets	—	—	—	(53)	—	(53)
Restructuring costs	—	(30)	—	(63)	—	(93)
Total expenses	(12)	(210)	—	(2,208)	—	(2,430)
OPERATING (LOSS) INCOME	(12)	(199)	—	636	—	425
Other (expense) income, net	(8)	2	—	32	—	26
Income from group undertakings	—	276	69	82	(427)	—
Expenses due to group undertakings	—	(151)	(13)	(263)	427	—
Interest expense	(32)	(30)	(29)	(12)	—	(103)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(52)	(102)	27	475	—	348
Income tax benefit (expense)	—	56	(5)	(14)	—	37
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(52)	(46)	22	461	—	385
Interest in earnings of associates, net of tax	—	7	—	10	—	17
Equity account for subsidiaries	449	484	375	—	(1,308)	—
NET INCOME	397	445	397	471	(1,308)	402
Less: Net income attributable to noncontrolling interests	—	—	—	(5)	—	(5)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 397	$ 445	$ 397	$ 466	$ (1,308)	$ 397

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 509	$ 559	$ 522	$ 600	$ (1,683)	$ 507
Less: comprehensive loss attributable to noncontrolling interests	—	—	—	2	—	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 509	$ 559	$ 522	$ 602	$ (1,683)	$ 509

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

Unaudited Condensed Consolidating Statement of Operations

	Nine months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
REVENUES						
Commissions and fees	$ —	$ 6	$ —	$ 2,822	$ —	$ 2,828
Investment income	—	—	—	12	—	12
Other income	—	—	—	4	—	4
Total revenues	—	6	—	2,838	—	2,844
EXPENSES						
Salaries and benefits	(1)	(59)	—	(1,654)	—	(1,714)
Other operating expenses	(13)	(111)	—	(370)	—	(494)
Depreciation expense	—	(16)	—	(54)	—	(70)
Amortization of intangible assets	—	—	—	(38)	—	(38)
Restructuring costs	—	(4)	—	(16)	—	(20)
Total expenses	(14)	(190)	—	(2,132)	—	(2,336)
OPERATING (LOSS) INCOME	(14)	(184)	—	706	—	508
Other (expense) income, net	(11)	(223)	—	(8)	230	(12)
Income from group undertakings	—	293	69	77	(439)	—
Expenses due to group undertakings	—	(143)	(22)	(274)	439	—
Interest expense	(32)	(33)	(27)	(9)	—	(101)
(LOSS) INCOME BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	(57)	(290)	20	492	230	395
Income tax benefit (expense)	—	48	(4)	(168)	—	(124)
(LOSS) INCOME BEFORE INTEREST IN EARNINGS OF ASSOCIATES	(57)	(242)	16	324	230	271
Interest in earnings of associates, net of tax	—	8	—	11	—	19
Equity account for subsidiaries	343	570	253	—	(1,166)	—
NET INCOME	286	336	269	335	(936)	290
Less: Net income attributable to noncontrolling interests	—	—	—	(4)	—	(4)
NET INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 286	$ 336	$ 269	$ 331	$ (936)	$ 286

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

Unaudited Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
Comprehensive income	$ 244	$ 297	$ 241	$ 316	$ (851)	$ 247
Less: comprehensive income attributable to noncontrolling interests	—	—	—	(3)	—	(3)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 244	$ 297	$ 241	$ 313	$ (851)	$ 244

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

Unaudited Condensed Consolidating Balance Sheet

	As of September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 1	$ 3	$ —	$ 462	$ —	$ 466
Accounts receivable, net	—	6	—	1,094	—	1,100
Fiduciary assets	—	—	—	10,509	—	10,509
Deferred tax assets	—	—	—	19	—	19
Other current assets	2	91	2	192	(47)	240
Amounts due from group undertakings	3,493	903	1,075	1,366	(6,837)	—
Total current assets	3,496	1,003	1,077	13,642	(6,884)	12,334
NON-CURRENT ASSETS						
Investments in subsidiaries	—	4,404	3,116	—	(7,520)	—
Fixed assets, net	—	56	—	475	—	531
Goodwill	—	—	—	3,150	—	3,150
Other intangible assets, net	—	—	—	665	—	665
Investments in associates	—	142	—	29	—	171
Deferred tax assets	—	—	—	51	—	51
Pension benefits asset	—	—	—	700	—	700
Other non-current assets	2	2	7	200	—	211
Non-current amounts due from group undertakings	—	778	518	—	(1,296)	—
Total non-current assets	2	5,382	3,641	5,270	(8,816)	5,479
TOTAL ASSETS	$ 3,498	$ 6,385	$ 4,718	$ 18,912	$ (15,700)	$ 17,813
LIABILITIES AND STOCKHOLDERS' EQUITY						
CURRENT LIABILITIES						
Fiduciary liabilities	$ —	$ —	$ —	$ 10,509	$ —	$ 10,509
Deferred revenue and accrued expenses	1	33	—	486	—	520
Income taxes payable	—	—	11	57	(47)	21
Current portion of long-term debt	300	—	22	1	—	323
Deferred tax liabilities	—	—	—	20	—	20
Other current liabilities	61	14	4	409	—	488
Amounts due to group undertakings	—	5,613	422	802	(6,837)	—
Total current liabilities	362	5,660	459	12,284	(6,884)	11,881

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

Unaudited Condensed Consolidating Balance Sheet (continued)

	As of September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NON-CURRENT LIABILITIES						
Investments in subsidiaries	246	—	—	—	(246)	—
Long-term debt	497	581	1,170	—	—	2,248
Liabilities for pension benefits	—	—	—	285	—	285
Deferred tax liabilities	—	—	—	160	—	160
Provisions for liabilities	—	—	—	199	—	199
Other non-current liabilities	—	16	—	486	—	502
Non-current amounts due to group undertakings	—	518	—	778	(1,296)	—
Total non-current liabilities	743	1,115	1,170	1,908	(1,542)	3,394
TOTAL LIABILITIES	$ 1,105	$ 6,775	$ 1,629	$ 14,192	$ (8,426)	$ 15,275
REDEEMABLE NONCONTROLLING INTEREST	—	—	—	52	—	52
EQUITY						
Total Willis Group Holdings stockholders' equity	2,393	(390)	3,089	4,575	(7,274)	2,393
Noncontrolling interests	—	—	—	93	—	93
Total equity	2,393	(390)	3,089	4,668	(7,274)	2,486
TOTAL LIABILITIES AND EQUITY	$ 3,498	$ 6,385	$ 4,718	$ 18,912	$ (15,700)	$ 17,813

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

Condensed Consolidating Balance Sheet

	As of 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
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

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

Condensed Consolidating Balance Sheet (continued)

	As of 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

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2015					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (16)	$ 93	$ 8	$ 28	$ —	$ 113
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	—	—	11	—	11
Additions to fixed assets	—	(11)	—	(89)	—	(100)
Additions to intangible assets	—	—	—	(11)	—	(11)
Acquisitions of operations, net of cash acquired	—	—	—	(293)	—	(293)
Proceeds from disposal of operations, net of cash disposed	—	—	—	45	—	45
Proceeds from intercompany investing activities	160	131	—	149	(440)	—
Repayments of intercompany investing activities	—	—	(268)	(269)	537	—
Intercompany investing in subsidiaries	—	(274)	—	—	274	—
Net cash provided by (used in) investing activities	160	(154)	(268)	(457)	371	(348)
CASH FLOWS FROM FINANCING ACTIVITIES						
Net proceeds from draw down of revolving credit facility	—	—	420	—	—	420
Debt issuance costs	—	—	—	(1)	—	(1)
Repayments of debt	—	(148)	(11)	—	—	(159)
Repurchase of shares	(82)	—	—	—	—	(82)
Proceeds from issue of shares	95	—	—	274	(274)	95
Excess tax benefits from share-based payment arrangements	—	—	—	5	—	5
Dividends paid	(165)	—	—	—	—	(165)
Acquisition of noncontrolling interests	—	—	—	(5)	—	(5)
Dividends paid to noncontrolling interests	—	—	—	(14)	—	(14)
Proceeds from intercompany financing activities	—	269	—	268	(537)	—
Repayments of intercompany financing activities	—	(59)	(149)	(232)	440	—
Net cash (used in) provided by financing activities	(152)	62	260	295	(371)	94
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8)	1	—	(134)	—	(141)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(28)	—	(28)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9	2	—	624	—	635
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1	$ 3	$ —	$ 462	$ —	$ 466

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

Unaudited Condensed Consolidating Statement of Cash Flows

	Nine months ended September 30, 2014					
	Willis Group Holdings	The Other Guarantors	The Issuer	Other	Consolidating adjustments	Consolidated
	(millions)					
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (39)	$ 350	$ 10	$ 209	$ (249)	$ 281
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on disposal of fixed and intangible assets	—	1	—	4	(1)	4
Additions to fixed assets	—	(15)	—	(67)	1	(81)
Additions to intangible assets	—	—	—	(3)	—	(3)
Acquisitions of subsidiaries, net of cash acquired	—	—	—	(47)	—	(47)
Payments to acquire other investments	—	—	—	(8)	—	(8)
Proceeds from disposal of operations, net of cash disposed	—	—	—	18	—	18
Proceeds from intercompany investing activities	291	120	—	347	(758)	—
Repayments of intercompany investing activities	—	(94)	—	(58)	152	—
Net cash provided by (used in) investing activities	291	12	—	186	(606)	(117)
CASH FLOWS FROM FINANCING ACTIVITIES						
Debt issuance costs	—	—	—	(3)	—	(3)
Repayments of debt	—	—	(11)	—	—	(11)
Repurchase of shares	(200)	—	—	—	—	(200)
Proceeds from issue of shares	106	—	—	—	—	106
Excess tax benefits from share-based payment arrangements	—	—	—	2	—	2
Dividends paid	(157)	—	—	(249)	249	(157)
Acquisition of noncontrolling interests	—	(4)	—	—	—	(4)
Dividends paid to noncontrolling interests	—	—	—	(16)	—	(16)
Proceeds from intercompany financing activities	—	57	1	94	(152)	—
Repayments of intercompany financing activities	—	(416)	—	(342)	758	—
Net cash used in financing activities	(251)	(363)	(10)	(514)	855	(283)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	(1)	—	(119)	—	(119)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(21)	—	(21)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3	3	—	790	—	796
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 4	$ 2	$ —	$ 650	$ —	$ 656

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

This discussion includes references to non-GAAP financial measures as defined in 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.

Please see 'Non-GAAP financial measures' below for further discussion of our underlying and organic non-GAAP financial measures.

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

EXECUTIVE SUMMARY

Business Overview

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

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 provides health, welfare and human resources consulting, and brokerage services.

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

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.

In 2014 we noted a continuation of the trend of growing complexity in the reinsurance market and a softening of prices, 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 2015 we continue to see an easing of both reinsurance and primary insurance rates across most lines of business, although the rate of decline varies significantly by market and geography, and the marketplace continues to both favor and offer opportunities for the buyers of (re)insurance. Markets clearly continue to face significant over-capacity and competitive pricing conditions, and overall underwriting margins remain under substantial pressure. Although we are beginning to see the return of more normal market conditions, these challenging and uneven market conditions may result in quarterly volatility in actual financial performance in comparison to our 2015 strategic and financial goals.

In the face of this challenging economic 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 four segments 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 third quarter 2015 GAAP financial results:

- Total revenues of $846 million increased by $34 million, or 4.2 percent, compared with the third quarter of 2014. The increase comprised a $55 million positive impact from acquisitions and disposals and organic growth of $27 million, offset by $48 million adverse foreign currency movements.
- Total expenses of $819 million increased by $41 million, or 5.3 percent, compared with the third quarter of 2014.
- Operating margin decreased 100 basis points to 3.2 percent from 4.2 percent in the third quarter of 2014.
- Net income attributable to Willis Group Holdings was $117 million, or $0.64 per diluted share, an increase of $124 million, or $0.68 per diluted share, from the $7 million net loss, or $0.04 per diluted share, in the third quarter of 2014.
- Cash provided by operating activities was $106 million, a decrease of $23 million from $129 million of cash provided by operating activities in the third quarter of 2014.

Our third quarter 2015 non-GAAP financial measures were as follows:

- Underlying total revenues of $846 million increased $82 million, or 10.7 percent, compared with the third quarter of 2014. Organic total revenues increased $27 million, or 3.6 percent.
- Underlying commissions and fees increased 10.5 percent and organic commissions and fees increased 3.3 percent, compared with the third quarter of 2014, led by strong growth in Willis International and Willis CWR.
- Underlying total expenses of $780 million increased $73 million, or 10.3 percent, compared with the third quarter of 2014. Organic total expenses increased $7 million, or 1.0 percent.
- Organic operating margin increased 240 basis points to 9.3 percent from 6.9 percent in the third quarter of 2014.
- Organic spread, that is the difference between organic commissions and fees growth of 3.3 percent and organic total expense growth of 1.0 percent, was 230 basis points in the third quarter of 2015.

The following is a summary of our GAAP financial results for the nine months ended September 30, 2015:

- Total revenues of $2,855 million increased by $11 million, or 0.4 percent, compared with the first nine months of 2014. The results included $176 million adverse movements in foreign exchange; $114 million positive impact from acquisitions and disposals; and organic growth of $73 million.
- Total expenses of $2,430 million increased by $94 million, or 4.0 percent, compared with the first nine months of 2014.
- Operating margin decreased 300 basis points to 14.9 percent from 17.9 percent in the first nine months of 2014.
- Net income attributable to Willis Group Holdings was $397 million, or $2.18 per diluted share, an increase of $111 million, or $0.61 per diluted share, from the $286 million, or $1.57 per diluted share, in the first nine months of 2014.
- Cash provided in operating activities was $113 million, a decrease of $168 million from $281 million of cash provided by operating activities in the first nine months of 2014.

Our non-GAAP financial measures for the nine months ended September 30, 2015 were as follows:

- Underlying total revenues of $2,855 million increased $187 million, or 7.0 percent, compared with the first nine months of 2014. Organic total revenues increased $73 million, or 2.8 percent.
- Underlying commissions and fees increased 7.0 percent and organic commissions and fees increased 2.8 percent, compared with the first nine months of 2014.
- Underlying total expenses of $2,301 million increased $143 million, or 6.6 percent, compared with the first nine months of 2014. Excluding the net $132 million increase from acquisition and disposals, organic total expenses increased $11 million, or 0.5 percent.
- Organic operating margin increased 180 basis points to 20.5 percent from 18.7 percent in the first nine months of 2014.
- Organic spread, that is the difference between organic commission and fee growth of 2.8 percent and organic total expense growth of 0.5 percent, was 230 basis points in the first nine months of 2015.

Towers Watson Merger

On June 30, 2015, we announced, jointly with Towers Watson, the signing of a definitive merger agreement, dated as of June 29, 2015, under which the companies will combine in an all-stock merger of equals. Based on the closing prices of Willis ordinary shares and Towers Watson common stock on June 29, 2015, the implied equity value of the transaction is approximately $18 billion. The transaction has been unanimously approved by the Board of Directors of each company and is currently expected to close by December 31, 2015, subject to customary closing conditions, including regulatory approvals and approval by Willis shareholders and Towers Watson stockholders.

The combination of Towers Watson and Willis, if completed, will create an integrated global advisory, broking and solutions provider to serve a broad range of clients in existing and new business lines.

Acquisitions and Disposals

We continue to successfully deliver on our measured acquisition strategy which is focused on high quality, specialized firms with leading market positions, and continues to contribute to the Company's overall growth rate. Revenues from acquisitions over the past twelve months, which include Miller Insurance Services and Max Matthiessen, have increased total revenues by $160 million in the first nine months of 2015 compared with the first nine months of 2014. Additionally, businesses acquired (net of disposals) over the past twelve months contributed approximately $26 million to EBITDA in the first nine months of 2015.

The following are the acquisitions completed during the first nine months of 2015:

- On August 19, 2015, the Company completed the transaction to acquire a 100 percent interest in CKA Risk Solutions, Australia.
- On August 7, 2015, the Company completed the transaction to acquire a 100 percent interest in Elite Risk Services, Taiwan.
- On May 31, 2015, the Company completed the transaction to acquire an 85 percent interest in Miller Insurance Services LLP and its subsidiaries, a leading London wholesale specialist insurance broking firm.
- On May 27, 2015, the Company acquired the trade and assets of Evolution Benefits Consulting, Inc., a human capital practice in Pennsylvania.
- On April 1, 2015, the Company acquired 100 percent of the share capital of Carsa Consultores, Agente de Seguros y de Fianzas de CV and its group companies, a leading insurance broker in Mexico.
- On April 22, 2015, the Company announced that it has made a firm offer to acquire the remaining 70 percent of Gras Savoye that it currently does not own for approximately €550 million (approximately $592 million), which includes the repayment of outstanding third party debt.

- Further to this, on June 25, 2015 Willis entered into a Share Purchase Agreement with Astorg Partners and the other shareholders of Gras Savoye. The transaction, which is subject to regulatory approval, is expected to close on or around December 31, 2015.

During the nine months ended September 30, 2015, we have disposed of a number of low growth non-strategic operations from Willis North America, Willis CWR and Willis GB and consequently recognized pre-tax gains on disposal of $14 million and $25 million, respectively, in the three and nine months ended September 30, 2015.

Operational Improvement Program

Overview

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 or elimination of approximately 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;
- 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 was expecting to deliver cumulative cost savings of at least $420 million through 2017 and annual cost savings of approximately $300 million starting in 2018. However, due to strong execution against the overall strategy to date, the Company has increased its expectations for cost savings from the program. The annual cost savings expected to be generated by the end of the 2017 are now expected to be $325 million and the cumulative savings are now expected to be $490 million through the end of the program.

Actual cost savings of approximately $11 million were achieved in 2014 and the estimated revised phasing of future cost savings is as follows: at least $80 million in 2015, approximately $150 million in 2016, and approximately $250 million in 2017. The estimated cost savings are before any potential reinvestment for future growth.

To achieve these savings, the Company now expects to incur restructuring charges amounting to approximately $440 million through the end of 2017. Program spend in 2014 was $36 million, with approximately $140 million expected for 2015 and the balance of approximately $265 million expected to be incurred in 2016 and 2017.

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 75 percent of the annualized 2018 savings would come from role relocation and reduction, and about 25 percent of the savings from real estate, information technology and other areas.

Third quarter 2015 update

In the third quarter of 2015, the Company recognized restructuring costs of $24 million related to the Operational Improvement Program.

The $24 million restructuring costs incurred included:

- $7 million in Willis North America, comprising $2 million of termination benefits and $5 million of professional services and other program costs;
- $7 million in Willis International, comprising $1 million of termination benefits and $6 million of professional services and other program costs;
- $1 million in Willis CWR, comprising mainly termination benefits;
- $4 million in Willis GB, comprising mainly professional services and other program costs; and

- $5 million in Corporate and other, comprising mainly professional services and other program costs.

First nine months 2015 update

In the first nine months of 2015 the Company recognized restructuring costs of $93 million related to the Operational Improvement Program bringing the total program to date restructuring costs to $129 million since commencement in April 2014.

The $93 million restructuring costs incurred included:

- $22 million in Willis North America, comprising $7 million of termination benefits and $15 million of professional services and other program costs;
- $17 million in Willis International, including $4 million of termination benefits and $13 million of professional services and other program costs;
- $8 million in Willis CWR, comprising $7 million of termination benefits and $1 million of professional services and other program costs;
- $25 million in Willis GB, including $13 million of termination benefits and $12 million of professional services and other program costs; and
- $21 million in Corporate and other, including $3 million of termination benefits and $18 million of professional services and other program costs.

We generated savings of $63 million in the first nine months of 2015, from actions taken in both 2014 and 2015, bringing the cumulative program-to-date savings to $74 million.

UK defined benefit pension scheme

The schedule of contributions is required to be renegotiated after three years or at any earlier time jointly agreed by the Company and the trustee. The Company is currently in negotiations with the plan's trustees to agree an updated schedule of contributions.

On March 6, 2015, the Company announced to members of the UK defined benefit pension plan that, with effect from June 30, 2015, future salary increases would not be pensionable (the 'salary freeze'). The Company has recognized the salary freeze as a plan amendment at the announcement date. The impact of the salary freeze is to reduce the plan's projected benefit obligation by approximately $215 million and create a prior service credit which is recognized in Other Comprehensive Income and then amortized to the Income Statement over the remaining expected service life of active employees.

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 and (re)insurance 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 risk and human capital and benefits service that the client needs. We call this team-based way of working ‘Connecting Willis’.

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

  - Regional and local market expertise;
  - Industry and product specialist capabilities;
  - Global placement knowledge and data; and
  - Cutting-edge analytics to address evolving risks.
- Strategic mergers and acquisitions that add geographic reach, industry expertise, new product offerings, and analytic capabilities.
- 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.
- 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.

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

If the proposed merger with Towers Watson is successfully closed, we expect the Willis strategy to be enhanced by allowing the combined organization to leverage its joint capabilities to better service middle market, large corporate, and multinational clients. We expect this will accelerate revenue growth through: distributing the Towers Watson private exchange solution through Willis' North America middle market client base; leveraging Towers Watson's strong relationships with large corporates to expand Willis' market share in the large accounts segment; and growing Towers Watson's health and benefits offering across the 84 countries in which Willis operates today.

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 methods of calculating these measures may differ from those used by other companies and therefore comparability may be limited. These financial measures should be viewed in addition to, not in lieu of, these condensed consolidated financial statements for the three and nine months ended September 30, 2015.

Underlying measures

Our underlying non-GAAP measures are calculated by excluding restructuring costs relating to the Operational Improvement Program, the impact of the Venezuelan Bolivar devaluation, gains (losses) on disposal of operations, changes in deferred tax valuation allowances and, from the second quarter 2015, merger and acquisition ('M&A') transaction-related costs, as relevant, from total revenues, total expenses, salaries and benefits, other operating expenses, operating income, net income, and diluted earnings per share, the most directly comparable GAAP measures. As a result of excluding merger and acquisition transaction-related costs from the third quarter 2015, prior periods, third and fourth quarter 2014, and first quarter 2015 underlying non-GAAP measures have been restated.

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

Organic measures

Our organic non-GAAP measures are calculated by further excluding the twelve-month impact from acquisitions and disposals from our underlying measures.

Non-GAAP financial measures for the three months ended September 30, 2015:

As set out in the tables below, underlying operating income increased $9 million, or 15.8 percent, to $66 million in the third quarter of 2015 compared to $57 million in the third quarter of 2014. Underlying operating margin at 7.8 percent in the third quarter of 2015 was up 30 basis points compared with the third quarter of 2014, while the third quarter of 2015 underlying net income was $25 million, $9 million higher than in the third quarter of 2014. Underlying earnings per diluted share were $0.14 in the third quarter of 2015, compared with $0.09 in the third quarter of 2014.

As set out in the tables below, organic operating income increased $20 million, or 38.5 percent, to $72 million in the third quarter of 2015 compared to $52 million in the third quarter of 2014. Organic operating margin at 9.3 percent in the third quarter of 2015 was up 240 basis points compared with the third quarter of 2014.

Non-GAAP financial measures for the nine months ended September 30, 2015:

As set out in the tables below, underlying operating income increased $44 million, or 8.6 percent, to $554 million in the first nine months of 2015 compared with $510 million in the first nine months of 2014. Underlying operating margin at 19.4 percent in the first nine months of 2015 was up 30 basis points compared with the first nine months of 2014, while first nine months of 2015 underlying net income was $366 million, $42 million higher than in the first nine months of 2014. Underlying earnings per diluted share were $2.01 in the first nine months of 2015, compared with $1.78 in the first nine months of 2014.

As set out in the tables below, organic operating income increased $62 million, or 12.7 percent, to $552 million in the first nine months of 2015 compared with $490 million in the first nine months of 2014. Organic operating margin at 20.5 percent in the first nine months of 2015 was up 180 basis points compared with the first nine months of 2014.

A reconciliation of reported total expenses, salaries and benefits and other operating expenses, 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, for the three months ended September 30, 2015 and 2014, is as follows (in millions except percentages):

	Salaries and benefits		Other operating expenses		Total expenses	
	2015	2014	2015	2014	2015	2014
Expenses, GAAP basis	$ 570	$ 569	$ 177	$ 156	$ 819	$ 778
Excluding:						
Restructuring costs	—	—	—	—	(24)	(17)
M&A transaction-related costs [b]	(1)	—	(14)	(2)	(15)	(2)
Foreign currency movements [a]	—	(37)	—	(12)	—	(52)
Underlying expenses	$ 569	$ 532	$ 163	$ 142	$ 780	$ 707
Less: net expenses from acquisitions and disposals	(44)	(7)	(17)	(3)	(75)	(9)
Organic expenses	$ 525	$ 525	$ 146	$ 139	$ 705	$ 698

(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.

(b) From the second quarter 2015, the definition of underlying measures was modified to exclude the impact from M&A transaction-related costs. Prior period results, which include $7 million of such expenses in the first quarter of 2015 and $2 million in the third quarter of 2014 have been restated. Full year results will also be presented in line with the updated definition.

A reconciliation of reported total expenses, salaries and benefits and other operating expenses, 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, for the nine months ended September 30, 2015 and 2014, is as follows (in millions except percentages):

	Salaries and benefits		Other operating expenses		Total expenses	
	2015	2014	2015	2014	2015	2014
Expenses, GAAP basis	$ 1,698	$ 1,714	$ 516	$ 494	$ 2,430	$ 2,336
Excluding:						
Restructuring costs	—	—	—	—	(93)	(20)
M&A transaction-related costs [b]	(2)	—	(34)	(2)	(36)	(2)
Foreign currency movements [a]	—	(116)	—	(35)	—	(156)
Underlying expenses	$ 1,696	$ 1,598	$ 482	$ 457	$ 2,301	$ 2,158
Less: net expenses from acquisitions and disposals	(101)	(20)	(33)	(4)	(158)	(26)
Organic expenses	$ 1,595	$ 1,578	$ 449	$ 453	$ 2,143	$ 2,132

(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.

(b) From the second quarter 2015, the definition of underlying measures was modified to exclude the impact from M&A transaction-related costs. Prior period results, which include $7 million of such expenses in the first quarter of 2015 and $2 million in the third quarter of 2014, have been restated. Full year results will also be presented in line with the updated definition.

A reconciliation of reported operating income, the most directly comparable GAAP measure, to underlying and organic operating income for the three and nine months ended September 30, 2015 is as follows (in millions, except percentages):

	Three months ended September 30, 2015	Three months ended September 30, 2014	% Change[c]	Nine months ended September 30, 2015	Nine months ended September 30, 2014	% Change[c]
Total revenues, GAAP basis	$ 846	$ 812	4.2	$ 2,855	$ 2,844	0.4
Excluding:						
Foreign currency movements [a]	—	(48)		—	(176)	
Underlying total revenues	$ 846	$ 764	10.7	$ 2,855	$ 2,668	7.0
Less: net revenue from acquisitions and disposals	69	14		160	46	
Organic total revenues	$ 777	$ 750	3.6	$ 2,695	$ 2,622	2.8
Operating income, GAAP basis	$ 27	$ 34	(20.6)	$ 425	$ 508	(16.3)
Excluding:						
M&A transaction-related costs [b]	15	2		36	2	
Restructuring costs	24	17		93	20	
Foreign currency movements [a]	—	4		—	(20)	
Underlying operating income	$ 66	$ 57	15.8	$ 554	$ 510	8.6
Less: net operating loss (income) from acquisitions and disposals	6	(5)		(2)	(20)	
Organic operating income	$ 72	$ 52	38.5	$ 552	$ 490	12.7
Operating margin, GAAP basis, or operating income as a percentage of total revenues	3.2%	4.2%		14.9%	17.9%	
Underlying operating margin, or underlying operating income as a percentage of underlying total revenues	7.8%	7.5%		19.4%	19.1%	
Organic operating margin, or organic operating income as a percentage of organic total revenues	9.3%	6.9%		20.5%	18.7%	

(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.

(b) From the second quarter of 2015, the definition of underlying measures was modified to exclude the impact from M&A transaction-related costs. Prior period results, which include $7 million of such expenses in the first quarter of 2015 and $2 million in the third quarter of 2014, have been restated. Full year results will also be presented in line with the updated definition. Full year results will also be presented in line with the updated definition.

(c) Percentages may differ due to rounding.

A reconciliation of reported net income attributable to Willis Group Holdings plc, the most directly comparable GAAP measure, to organic and underlying EBITDA, for the three and nine months ended September 30, 2015, is as follows (in millions, except per share data):

	Three months ended September 30,		% Change[c]	Nine months ended September 30,		% Change[c]
	2015	2014		2015	2014	
Net income (loss) attributable to Willis Group Holdings plc	$ 117	$ (7)	n/m	$ 397	$ 286	38.8
Add back:						
Net (losses) income attributable to noncontrolling interests	(1)	(1)		5	4	
Interest in earnings of associates, net of tax	(3)	(3)		(17)	(19)	
Income taxes	(112)	2		(37)	124	
Interest expense	35	34		103	101	
Other (income) expense, net	(9)	9		(26)	12	
Depreciation	25	23		70	70	
Amortization	23	13		53	38	
M&A transaction-related costs [b]	15	2		36	2	
Restructuring costs	24	17		93	20	
Foreign currency movements [a]	—	1		—	(25)	
Underlying EBITDA	$ 114	$ 90	26.7	$ 677	$ 613	10.4
Less: net EBITDA from acquisitions and disposals	(8)	(4)		(26)	(22)	
Organic EBITDA	$ 106	$ 86	23.3	$ 651	$ 591	10.2

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

(b) From the second quarter of 2015, the definition of underlying measures was modified to exclude the impact from M&A transaction-related costs. Prior period results, which include $7 million of such expenses in the first quarter of 2015 and $2 million in the third quarter of 2014, have been restated. Full year results will also be presented in line with the updated definition.

(c) Percentages may differ due to rounding.

A reconciliation of reported net income attributable to Willis Group Holdings plc, and reported earnings per diluted share, the most directly comparable GAAP measures, to underlying net income and underlying earnings per diluted share, for the three and nine months ended September 30, 2015, is as follows (in millions, except per share data):

				Per diluted share		
	Three months ended September 30,			Three months ended September 30,		
	2015	2014	% Change[d]	2015	2014	% Change[c]
Net income (loss) attributable to Willis Group Holdings plc, GAAP basis	$ 117	$ (7)	n/m	$ 0.64	$ (0.04)	n/m
Excluding:						
M&A transaction-related costs, net of tax [b]	13	2		0.07	0.01	
Restructuring costs, net of tax	17	14		0.09	0.08	
Net gain on disposal of operations, net of tax	(14)	—		(0.07)	—	
Venezuelan currency devaluation, net of tax	2	—		0.01	—	
Deferred tax valuation allowance [c]	(110)	—		(0.60)	—	
Foreign currency movements [a]	—	7		—	0.04	
Underlying net income	$ 25	$ 16	56.3	$ 0.14	$ 0.09	55.6
Average diluted shares outstanding, GAAP basis	182	178				

(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.

(b) From the second quarter 2015, the definition of underlying measures was modified to exclude the impact from M&A transaction-related costs. Prior period results, which include $7 million of such expenses in the first quarter of 2015 and $2 million in the third quarter of 2014, have been restated. Full year results will also be presented in line with the updated definition.

(c) In the third quarter 2015 there was a partial release of the valuation allowance the Group holds against its US deferred tax assets. The release comprises the reversal of the brought forward valuation allowance ($96 million) and a reversal of the valuation allowance set up during the first two quarters of 2015 ($14 million).

(d) Percentages may differ due to rounding.

	Nine months ended September 30,			Per diluted share Nine months ended September 30,		
	2015	2014	% Change[(d)]	2015	2014	% Change[(c)]
Net income attributable to Willis Group Holdings plc, GAAP basis	$ 397	$ 286	38.8	$ 2.18	$ 1.57	38.9
Excluding:						
M&A transaction-related costs, net of tax [(b)]	30	2		0.16	0.01	
Restructuring costs, net of tax	67	16		0.37	0.09	
Net (gain) loss on disposal of operations, net of tax	(21)	2		(0.12)	0.01	
Venezuelan currency devaluation, net of tax	3	13		0.02	0.07	
Deferred tax valuation allowance [(c)]	(110)	21		(0.60)	0.12	
Foreign currency movements [(a)]	—	(16)		—	(0.09)	
Underlying net income	$ 366	$ 324	13.0	$ 2.01	$ 1.78	12.9
Average diluted shares outstanding, GAAP basis	182	182				

(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.

(b) From the second quarter of 2015, the definition of underlying measures was modified to exclude the impact from M&A transaction-related costs. Prior period results, which include $7 million of such expenses in the first quarter of 2015 and $2 million in the third quarter of 2014, have been restated. Full year results will also be presented in line with the updated definition.

(c) In the third quarter 2015 there was a partial release of the valuation allowance the Group holds against its US deferred tax assets. The release comprises the reversal of the brought forward valuation allowance ($96 million) and a reversal of the valuation allowance set up during the first two quarters of 2015 ($14 million)

(d) Percentages may differ due to rounding.

REVIEW OF CONSOLIDATED RESULTS

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

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
REVENUES				
Commissions and fees	$ 841	$ 808	$ 2,839	$ 2,828
Investment income	4	4	10	12
Other income	1	—	6	4
Total revenues	846	812	2,855	2,844
EXPENSES				
Salaries and benefits	(570)	(569)	(1,698)	(1,714)
Other operating expenses	(177)	(156)	(516)	(494)
Depreciation expense	(25)	(23)	(70)	(70)
Amortization of intangible assets	(23)	(13)	(53)	(38)
Restructuring costs	(24)	(17)	(93)	(20)
Total expenses	(819)	(778)	(2,430)	(2,336)
OPERATING INCOME	27	34	425	508
Other income (expense), net	9	(9)	26	(12)
Interest expense	(35)	(34)	(103)	(101)
INCOME (LOSS) BEFORE INCOME TAXES AND INTEREST IN EARNINGS OF ASSOCIATES	1	(9)	348	395
Income taxes	112	(2)	37	(124)
INCOME (LOSS) BEFORE INTEREST IN EARNINGS OF ASSOCIATES	113	(11)	385	271
Interest in earnings of associates, net of tax	3	3	17	19
NET INCOME (LOSS)	116	(8)	402	290
Less: net (income) loss attributable to noncontrolling interests	1	1	(5)	(4)
NET INCOME (LOSS) ATTRIBUTABLE TO WILLIS GROUP HOLDINGS	$ 117	$ (7)	$ 397	$ 286
Salaries and benefits as a percentage of total revenues	67.4%	70.1%	59.5%	60.3%
Other operating expenses as a percentage of total revenues	20.9%	19.2%	18.1%	17.4%
Operating margin (operating income as a percentage of total revenues)	3.2%	4.2%	14.9%	17.9%
Diluted earnings per share	$ 0.64	$ (0.04)	$ 2.18	$ 1.57
Average diluted number of shares outstanding	182	178	182	182

Revenues

Total revenues for the Group and commissions and fees by segment for the three and nine months ended September 30, 2015 and 2014 are shown below (millions, except percentages):

				Attributable to:			
Three months ended September 30,	2015	2014	% Change (b)	Foreign currency translation	Underlying growth	Acquisitions and disposals	Organic commissions and fees growth (a)
Willis GB	$ 139	$ 148	(6.1)%	(5.4)%	(0.7)%	— %	(0.7)%
Willis Capital, Wholesale, and Reinsurance	183	144	27.1 %	(5.5)%	32.6 %	23.8 %	8.8 %
Willis North America	308	321	(4.0)%	(0.2)%	(3.8)%	(3.8)%	— %
Willis International	211	195	8.2 %	(21.2)%	29.4 %	20.8 %	8.6 %
Commissions and fees	$ 841	$ 808	4.1 %	(6.4)%	10.5 %	7.2 %	3.3 %
Investment income	4	4	— %				
Other income	1	—	n/m				
Total revenues	$ 846	$ 812	4.2 %				

				Attributable to:			
Nine months ended September 30,	2015	2014	% Change (b)	Foreign currency translation	Underlying growth	Acquisitions and disposals	Organic commissions and fees growth (a)
Willis GB	$ 451	$ 485	(7.0)%	(5.7)%	(1.3)%	(0.6)%	(0.7)%
Willis Capital, Wholesale, and Reinsurance	669	639	4.7 %	(4.6)%	9.3 %	7.5 %	1.8 %
Willis North America	978	998	(2.0)%	(0.3)%	(1.7)%	(4.2)%	2.5 %
Willis International	741	706	5.0 %	(20.8)%	25.8 %	18.8 %	7.0 %
Commissions and fees	$ 2,839	$ 2,828	0.4 %	(6.6)%	7.0 %	4.2 %	2.8 %
Investment income	10	12	(16.7)%				
Other income	6	4	50.0 %				
Total revenues	$ 2,855	$ 2,844	0.4 %				

(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.

(b) Percentages may differ due to rounding.

Third quarter 2015

Revenues of $846 million for the third quarter of 2015 were $34 million, or 4.2 percent, higher than in the third quarter of 2014. This was primarily due to the favorable net impact of acquisitions and disposals and organic growth, partially offset by the adverse impact of foreign exchange.

Total commissions and fees for the third quarter of 2015 were $841 million, up $33 million or 4.1 percent, from $808 million in the third quarter of 2014. Excluding the $47 million adverse impact of foreign exchange, underlying growth in commissions and fees was $80 million, or 10.5 percent. Organic commissions and fees growth, which further excludes the impact of acquisitions and disposals, was 3.3 percent.

The $47 million adverse impact from foreign exchange was primarily due to the significant period-over-period weakening of a number of currencies, most significantly the Euro, Pound sterling and Brazilian real, against the US dollar.

Willis GB reported a 6.1 percent decline in commissions and fees compared with the third quarter of 2014. Excluding the adverse 5.4 percent impact from foreign currency movements, organic commissions and fees decreased by 0.7 percent.

Willis CWR reported 27.1 percent growth in commissions and fees compared with the third quarter of 2014. Excluding the adverse 5.5 percent impact from foreign currency movements and the favorable 23.8 percent impact from acquisitions and disposals, organic commissions and fees growth was 8.8 percent.

Willis North America reported a 4.0 percent decline in commissions and fees compared with the third quarter of 2014. The disposal of certain low-growth and non-strategic businesses during the last twelve months adversely impacted commissions and fees by 3.8 percent, and foreign currency movements had a 0.2 percent adverse impact compared with the third quarter of 2014. Excluding those factors, Willis North America's organic commissions and fees remained unchanged.

Willis International reported 8.2 percent growth in commissions and fees compared with the first quarter of 2014. This included a 20.8 percent favorable impact from acquisitions completed during the last twelve months, primarily due to Max Matthiessen, which was partially offset by the 21.2 percent adverse impact from foreign currency movements, as a number of currencies significantly weakened against the US dollar. Excluding those factors, organic commissions and fees growth was 8.6 percent.

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

Investment income was $4 million in the third quarter of 2015 compared with $4 million in the third quarter of 2014.

First nine months 2015

Revenues of $2,855 million for the first nine months of 2015 were $11 million, or 0.4 percent, higher than in the first nine months of 2014. This was primarily due to the favorable net impact from acquisitions and disposals and organic growth, partially offset by the adverse impact of foreign exchange.

Total commissions and fees for the first nine months of 2015 were $2,839 million, up $11 million, or 0.4 percent, from $2,828 million in the first nine months of 2014. Excluding the $175 million adverse impact of foreign exchange, underlying growth in commissions and fees was $186 million, or 7.0 percent. Organic commissions and fees growth, which further excludes a favorable 4.2 percent impact from acquisitions and disposals, was 2.8 percent.

The $175 million adverse impact from foreign currency movements was due primarily to the significant period-over-period weakening of a number of currencies, most significantly the Euro, Pound sterling, Australian dollar and Brazilian real, against the US dollar.

Willis GB reported a 7.0 percent decline in commissions and fees compared with the first nine months of 2014. Excluding the 5.7 percent adverse impact from foreign exchange and adverse 0.6 percent impact from acquisitions and disposals, organic commissions and fees declined 0.7 percent.

Willis CWR reported 4.7 percent growth in commissions and fees compared with the first nine months of 2014. Excluding the adverse 4.6 percent impact from foreign exchange and the favorable 7.5 percent impact from acquisitions and disposals, organic commissions and fees growth was 1.8 percent.

Willis North America reported a 2.0 percent decline in commissions and fees. The disposal of certain low growth and non-strategic businesses during the last twelve months adversely impacted commissions and fees growth by 4.2 percent and foreign exchange had a 0.3 percent adverse impact compared with the first nine months of 2014.

Willis International reported 5.0 percent growth in commissions and fees which included an 18.8 percent favorable impact from acquisitions completed during the last twelve months, primarily due to Max Matthiessen, and organic growth of 7.0 percent, that was partially offset by the 20.8 percent adverse impact from foreign exchange, as a number of currencies significantly weakened against the US dollar.

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

Investment income was $10 million in the first nine months of 2015 compared with $12 million in the first nine months of 2014.

Salaries and Benefits

Third quarter 2015

Salaries and benefits of $570 million for the third quarter of 2015 were $1 million, or 0.2 percent, higher than in the third quarter of 2014. Excluding $1 million of M&A transaction-related costs and $37 million favorable impact from foreign exchange movements, underlying salaries and benefits increased by $37 million, or 7.0 percent, compared with the third quarter of 2014.

The $37 million increase in underlying salaries and benefits was primarily due to a $37 million net increase from acquisitions and disposals, with modest growth in salaries offset by lower charges for incentives and decreased defined benefit pension scheme net periodic income.

First nine months 2015

Salaries and benefits of $1,698 million for the first nine months of 2015 were $16 million, or 0.9 percent, lower than in the first nine months of 2014. Excluding $2 million of M&A transaction-related costs and $116 million favorable impact of foreign currency movements, underlying salaries and benefits increased by $98 million, or 6.1 percent, compared with the first nine months of 2014.

The $98 million increase in underlying salaries and benefits includes an $81 million net increase from acquisitions and disposals. The remaining $17 million increase was primarily driven by modest growth in salaries, including mandatory pay increases in Willis International, offset by lower charges for incentives and increased defined benefit pension scheme net periodic income.

Other Expenses

Third quarter 2015

Other operating expenses increased by $21 million, or 13.5 percent, compared with the third quarter of 2014. Excluding a $12 million increase in M&A transaction-related costs, offset by a $12 million favorable impact of foreign currency movements, underlying other operating expenses increased $21 million or 14.8 percent compared with the third quarter of 2014.

The $21 million, or 14.8 percent, increase in underlying other operating expenses includes a $14 million net increase from acquisitions and disposals and increased system costs and E&O expense, partially offset by cost management activities.

Depreciation expense was $25 million in the third quarter of 2015 compared with $23 million in the third quarter of 2014.

Amortization of intangible assets was $23 million in third quarter of 2015 compared with $13 million in the third quarter of 2014; the $10 million increase reflects the amortization of intangibles acquired as part of acquisitions completed during the past twelve months, partially offset by lower amortization of HRH acquisition related intangibles.

Restructuring costs were $24 million in the third quarter of 2015 compared with $17 million in the third quarter of 2014. See the 'Operational Improvement Program' section above for further details.

First nine months 2015

Other operating expenses increased by $22 million, or 4.5 percent, compared with the first nine months of 2014. Excluding a $32 million increase in M&A transaction-related costs, offset by a $35 million favorable impact of foreign currency movements, underlying other operating expenses increased $25 million, or 5.5 percent.

The $25 million, or 5.5 percent, increase in underlying other operating expenses is primarily due to a $29 million net increase from acquisitions and disposals partially offset by lower professional fees and the impact of cost management initiatives.

Depreciation expense was $70 million in the first nine months of 2015 compared with $70 million in the first nine months of 2014.

Amortization of intangible assets was $53 million in the first nine months of 2015 compared with $38 million in the first nine months of 2014; the $15 million increase reflects the amortization of intangibles acquired as part of acquisitions completed during the past twelve months.

Restructuring costs were $93 million in the first nine months of 2015 compared with $20 million in the first nine months of 2014. See the 'Operational Improvement Program' section above for further details.

Other income (expense), net

Other income (expense), net in the third quarter of 2015 was net income of $9 million compared with $9 million net expense in the third quarter of 2014. The $18 million favorable movement compared with the third quarter of 2014 is primarily due to $14 million gains recognized following the disposal of certain low-growth non-strategic businesses and lower foreign exchange losses, partially offset by the $2 million expense associated for the devaluation of the Venezuelan Bolivar.

Other income (expense), net in first nine months of 2015 was a net income of $26 million compared with $12 million net expense in first nine months of 2014. The $38 million favorable movement compared with the first nine months of 2014 is primarily due to an increase of $26 million in net gains recognized following the disposal of certain low-growth non-strategic businesses and an $11 million favorable movement in the pre-tax expense recognised for the devaluations of the Venezuelan Bolivar.

Interest Expense

Interest expense in the third quarter of 2015 was $35 million, compared with $34 million in the third quarter of 2014.

Interest expense in the first nine months of 2015 was $103 million, compared with the $101 million in the first nine months of 2014.

Income Taxes

The reported tax rate for the three months ended September 30, 2015 was impacted by a partial release of the US valuation allowance in the period. After excluding the impacts of the partial release of the valuation allowance, M&A transaction-related costs, restructuring costs, net gains on disposal of operations and charges associated with the Venezuelan currency devaluations, the underlying tax rate for the quarter was approximately 25 percent.

The third quarter underlying tax rate of 25 percent compares to 50 percent in the third quarter of 2014. The higher underlying rate in the prior year was driven primarily by a $4 million charge associated with a minor increase in the estimate of the annual effective tax rate applied to ordinary income of the prior two quarters. The underlying tax rate for the first nine months of 2015 was 22% compared to 25% for the same period in 2014.

The Company records valuation allowances against net deferred tax assets based on whether it is more likely than not that the deferred tax assets will be realized. Considering the Company's recent US earnings experience, including income before tax for the first nine months ended September 30, 2015, and projections of future income, the Company was able to release a portion of the valuation allowance against its US deferred tax assets in the current quarter. The release has resulted in a $110 million recognition of deferred tax assets and a corresponding decrease to income tax expense for the three and nine months ended September 30, 2015. The release of the valuation allowance comprised the release of the opening balance of $96 million and a reversal of $14 million of valuation allowance set up in the first two quarters. The Company's remaining US valuation allowance, excluding that related to state separate taxes, is $61 million as at September 30, 2015.

Interest in Earnings of Associates

Interest in earnings of associates, net of tax, was $3 million in the third quarter of 2015, compared with $3 million in the third quarter of 2014.

Interest in earnings of associates, net of tax, was $17 million in the first nine months of 2015 compared with $19 million in the first nine months of 2014. The $2 million decrease was primarily due to adverse foreign exchange resulting from the weakening of the Euro against the dollar.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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

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

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

Our principal short-term uses of liquidity and capital resources are operating expenses, capital expenditures, dividends to shareholders, funding our acquisition strategy, principal amount of outstanding notes, borrowing under our seven-year term loan and revolving credit facilities, funding defined benefit pension plans and the repurchase of shares.

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

As at September 30, 2015, cash and cash equivalents were $466 million, a decrease of $169 million compared with December 31, 2014.

The $169 million decrease is primarily due to $293 million of cash used to make acquisitions, net of cash acquired, $165 million payment of dividends declared in 2014 and 2015, $159 million repayment of debt, $100 million additions to fixed assets (primarily related to leasehold improvements and information technology projects), $82 million cash used to repurchase shares and $28 million adverse impact from foreign currency movements, being in excess of $113 million of cash provided by operating activities, $95 million cash proceeds from share issues following employee option exercises, $420 million drawdown of revolving credit facilities and $45 million proceeds from disposal of operations, net of cash disposed.

Included within cash and cash equivalents as at September 30, 2015 is a proportion held for regulatory capital adequacy requirements, including $84 million held within our regulated UK entities.

Net cash provided by operating activities was $113 million in the first nine months of 2015, a reduction of $168 million from the $281 million of net cash provided by operating activities in the first nine months of 2014.

Additional funds provided in the first nine months of 2015 included $45 million from the sales of our Omaha and Denver retail operations, from Willis North America; our Miller Hong Kong operations, from Willis CWR; and our niche classic car business, Preston operations and Dundee, Scotland retail operations, from Willis GB.

As at September 30, 2015, there was $422 million drawn down on our revolving credit facilities (December 31, 2014: $nil). In total $1,431 million has been drawn down and $1,009 million has subsequently been repaid on these facilities during the nine months ended September 30, 2015.

The primary uses of funds during the first nine months of 2015 include $293 million of payments of consideration, net of cash acquired, for acquisitions made in the current and prior years and $93 million of cash contributions, including employees' salary sacrifice contributions, to our defined benefit schemes.

The Company suspended its previously authorized buyback program on June 30, 2015, pending the completion of the Merger with Towers Watson. During 2015 the Company bought back approximately 1,710,000 shares for a total cost of $82 million, of its intended $175 million 2015 buy back program, 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, which includes our undrawn revolving credit facilities, to meet our cash needs for the next twelve months including the funding required to complete the acquisitions of Gras Savoye and the repayment of senior notes due. Nevertheless, we expect to incur further debt or borrow under a credit facility in order to finance the Gras Savoye transaction.

The impact of movements in debt and EBITDA in the first nine months of 2015 had a positive impact on the interest coverage ratio and a negative 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 September 30, 2015 and December 31, 2014 were as follows (millions, except percentages):

	September 30, 2015	December 31, 2014
Long-term debt	$ 2,248	$ 2,142
Current portion of long-term debt	323	167
Total debt	$ 2,571	$ 2,309
Total Willis Group Holdings stockholder’s equity	$ 2,393	$ 1,985
Capitalization ratio	51.8%	53.8%

At September 30, 2015 the only mandatory debt repayment falling due over the next 12 months is $299 million outstanding on our 4.125 percent senior notes, and scheduled repayments totaling $24 million on our 7-year and 3-year term loans.

Summary consolidated cash flow information (millions):

	Nine months ended September 30,	
	2015	2014
Cash flows from operating activities		
Net cash provided by operating activities	$ 113	$ 281
Cash flows from investing activities		
Net cash used in investing activities	(348)	(117)
Cash flows from financing activities		
Net cash provided by (used in) financing activities	94	(283)
Decrease in cash and cash equivalents	(141)	(119)
Effect of exchange rate changes on cash and cash equivalents	(28)	(21)
Cash and cash equivalents, beginning of period	635	796
Cash and cash equivalents, end of period	$ 466	$ 656

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

Consolidated Cash Flow for first nine months of 2015 compared with first nine months of 2014

Operating Activities

Net cash provided by operating activities in the first nine months of 2015 was $113 million and represents a $168 million decrease from the $281 million net cash provided by operating activities in the first nine months of 2014.

The $113 million net cash from operating activities included net income of $402 million, $38 million of non-cash adjustments to reconcile net income to cash used in operating activities, and $327 million of negative working capital movements. The $327 million negative movement in working capital includes $413 million cash payments of incentives, primarily relating to 2014, $93 million of defined benefit pension funding, which includes salary sacrifice contributions, and other negative working capital movements related to acquisitions and the Operational Improvement Program.

The $168 million decrease in cash from operating activities was largely due to: higher cash outflow for incentives; higher contributions into the UK defined benefit pension scheme, due to the exceptional contributions paid in respect of the 2014 share repurchase; and increase in working capital from growth in the business and timing of cash collections.

Investing Activities

Net cash used in investing activities in the first nine months of 2015 was $348 million. This included capital expenditure of $100 million, and cash payments of $293 million for acquisitions, net of cash acquired. This was partially offset by proceeds from the disposal of operations of $45 million, net of cash disposed.

Net cash used in investing activities in the first nine months of 2014 was $117 million. This was primarily due to capital expenditure of $81 million and cash used to purchase subsidiaries and other investments of $55 million. This was partially offset by $22 million cash received from the sale of operations, net of cash disposed, and fixed and intangible assets.

Financing Activities

Net cash provided by financing activities in the first nine months of 2015 was $94 million, primarily due to $420 million drawings on the revolving credit facility and $95 million from the issue of shares, partially offset by total dividends paid, including dividends paid to noncontrolling interests, of $179 million, repurchase of shares of $82 million, and $159 million of mandatory repayments against the term loan and settlement of senior debt in July 2015.

Net cash used in financing activities in the first nine months of 2014 was $283 million primarily due to total dividends paid, including dividends paid to noncontrolling interests, of $173 million, repurchase of shares of $200 million and $11 million of mandatory repayments against the term loan. This was partially offset by cash receipts of $106 million from the issue of shares.

Fiduciary Funds

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

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

As of September 30, 2015, we had fiduciary funds of $2.5 billion, compared with $1.9 billion at December 31, 2014.

Share Buybacks

The Company suspended its previously authorized buyback program on June 30, 2015, pending the completion of the Merger with Towers Watson. During 2015 the Company bought back approximately 1,710,000 shares for a total cost of $82 million of its intended $175 million 2015 buy back program to offset the increase in shares outstanding resulting from the exercise of employee stock options.

Dividends

In October 2015, we declared a quarterly cash dividend of $0.31 per share. This represents an increase of 3.3 percent on the third quarter of 2014 dividend of $0.30 per share. The dividend is payable on or around December 2, 2015 to shareholders of record at November 18, 2015.

Cash dividends paid in the first nine months of 2015 were $165 million compared with $157 million in first nine months of 2014. The $8 million increase is driven by the period-over-period increase in dividend per share and the higher number of shares issued and outstanding.

REVIEW OF SEGMENTAL RESULTS

We organize our business into four segments: Willis GB, Willis CWR, Willis North America, and Willis International.

As discussed in the 'Executive Summary' above, effective from January 1, 2015 the Company changed the way it manages and reports operating results, resulting in a change in the Company's reportable segments from three reportable segments, formerly known as Willis Global, Willis North America and Willis International, into four reportable segments: Willis CWR, Willis North America, Willis International, and Willis GB.

The changes to the reportable segments units included:

- Willis International and Willis North America remained largely unchanged except for certain specialty teams formerly included in Global which are included in the geographic regions in which they are located;
- Willis CWR includes Willis Re, Willis Capital Markets & Advisory and the Company's wholesale business. In addition, it also includes a new unit called Willis Portfolio and Underwriting Services which includes all of the Company's activities that provide these services; and
- Willis GB includes the Company's UK retail business, facultative business and London Specialty business.

The 2014 comparatives have been retrospectively reclassified to take into account these changes.

The following table is a summary of our operating results by segment for the three and nine months ended September 30, 2015 and 2014 (millions, except percentages):

	Three months ended September 30,					
	2015			2014		
	Revenues	Operating income (loss)	Operating margin	Revenues	Operating income (loss)	Operating margin
Willis GB	$ 141	$ 24	17.0 %	$ 149	$ 21	14.1 %
Willis Capital, Wholesale and Reinsurance	184	9	4.9 %	145	9	6.2 %
Willis North America	309	34	11.0 %	322	45	14.0 %
Willis International	212	(12)	(5.7)%	196	(10)	(5.1)%
Total Segments	846	55	6.5 %	812	65	8.0 %
Corporate & Other	—	(28)	n/a	—	(31)	n/a
Total Consolidated	$ 846	$ 27	3.2 %	$ 812	$ 34	4.2 %

	Nine months ended September 30,					
	2015			2014		
	Revenues	Operating income (loss)	Operating margin	Revenues	Operating income (loss)	Operating margin
Willis GB	$ 455	$ 84	18.5 %	$ 492	$ 100	20.3 %
Willis Capital, Wholesale and Reinsurance	672	198	29.5 %	642	240	37.4 %
Willis North America	984	144	14.6 %	1,000	175	17.5 %
Willis International	744	77	10.3 %	710	97	13.7 %
Total Segments	2,855	503	17.6 %	2,844	612	21.5 %
Corporate & Other	—	(78)	n/a	—	(104)	n/a
Total Consolidated	$ 2,855	$ 425	14.9 %	$ 2,844	$ 508	17.9 %

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 the components of Willis GB's revenues, and its organic commissions and fees growth, operating income, and margin for the three and nine months ended September 30, 2015 and 2014 (millions, except percentages):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Commissions and fees	$ 139	$ 148	$ 451	$ 485
Investment income	2	1	4	4
Other income [(a)]	—	—	—	3
Total revenues	$ 141	$ 149	$ 455	$ 492
Operating income	$ 24	$ 21	$ 84	$ 100
Organic commissions and fees decline [(b)]	(0.7)%	(5.1)%	(0.7)%	(1.2)%
Operating margin [(c)]	17.0 %	14.1 %	18.5 %	20.3 %

(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.

(c) Percentages may differ due to rounding.

Revenues

Third quarter 2015

Commissions and fees of $139 million were $9 million, or 6.1 percent, lower compared with the third quarter of 2014.

Organic commissions and fees decline, which excludes a 5.4 percent adverse impact of foreign currency movements, was 0.7 percent compared with the third quarter of 2014.

The 0.7 percent decline in organic commissions and fees reflects timing differences in certain businesses and high-single digit declines in Transport and Retail, partially offset by low-single digit growth in Property & Casualty and high-single digit growth in Financial Lines. The turnaround efforts in this segment remain on track as management continues to work to re-engineer the cost base while effectively serving large and medium sized corporate clients.

The adverse foreign currency movements were primarily due to the weakening of the Euro and Pound sterling against the US dollar.

First nine months 2015

Commissions and fees of $451 million were $34 million, or 7.0 percent, lower compared with the first nine months of 2014.

Organic commissions and fees decline, which excludes a 5.7 percent adverse impact from foreign currency movements and a 0.6 percent adverse impact from acquisitions and disposals, was 0.7 percent compared with the first nine months of 2014.

The 0.7 percent decline in organic commissions and fees was due to high-single digit declines in Retail Networks, primarily due to the renegotiated revenue terms with our commercial network partners and declining performance in our insolvency business, partially offset by high single-digit growth in Financial Lines.

The adverse foreign currency movements were primarily due to the weakening of the Euro and Pound sterling against the US dollar.

Expenses

Third quarter 2015

Total expenses of $117 million were $11 million, or 8.6 percent, lower compared with the third quarter of 2014.

Underlying total expenses, which exclude $7 million of favorable foreign currency movements and a $5 million decrease in restructuring costs related to the Operational Improvement Program, increased $1 million, or 0.9 percent, compared with the third quarter of 2014.

The $1 million, or 0.9 percent, increase in underlying total expenses was primarily due to lower salaries and benefits, due to savings from the Operational Improvement Program, and lower other operating expenses as a consequence of cost management initiatives, offset by a change in timing of recognition of incentives charges in 2015 reflecting the growth in organic operating income in the first nine months of the year. Excluding this impact, GB expenses reduced by mid single digits in the quarter.

The favorable foreign currency movements were primarily due to the weakening of the Pound sterling against the US dollar.

See the 'Operational Improvement Program' section above for further details of the restructuring costs.

First nine months 2015

Total expenses of $371 million were $21 million, or 5.4 percent, lower compared with the first nine months of 2014.

Underlying total expenses, which exclude $24 million of favorable foreign currency movements and a $16 million increase in restructuring costs related to the Operational Improvement Program, decreased $13 million, or 3.6 percent. The $13 million, or 3.6 percent, decrease in underlying total expenses was due to lower salaries and benefits and other operating expenses and reflects savings from the Operational Improvement Program and the impact of cost management initiatives.

The favorable foreign currency movements were primarily due to the weakening of the Pound sterling against the US dollar.

Please see the 'Operational Improvement Program' Section above for further details of the restructuring costs.

Operating margin

Operating margin was 17.0 percent in the third quarter of 2015, up 290 basis points from 14.1 percent in the third quarter of 2014.

Operating margin was 18.5 percent in the first nine months of 2015, down 180 basis points from 20.3 percent in the first nine months of 2014.

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 the components of Willis CWR's revenues, and its organic commissions and fees growth, operating income, and margin for the three and nine months ended September 30, 2015 and 2014 (millions, except percentages):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Commissions and fees	$ 183	$ 144	669	$ 639
Investment income	—	1	2	3
Other income [(a)]	1	—	1	—
Total revenues	$ 184	$ 145	$ 672	$ 642
Operating income	$ 9	$ 9	198	240
Organic commissions and fees growth [(b)]	8.8%	3.6%	1.8%	4.6%
Operating margin [(c)]	4.9%	6.2%	29.5%	37.4%

(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.

(c) Percentages may differ due to rounding.

Revenues

Third quarter 2015

Commissions and fees of $183 million in third quarter of 2015, were $39 million, or 27.1 percent, higher compared with the third quarter of 2014.

Organic commissions and fees growth, which excludes a 5.5 percent adverse impact from foreign currency movements, and a 23.8 percent favorable impact from acquisitions and disposals, was 8.8 percent compared with the third quarter of 2014.

The 8.8 percent growth in organic commissions and fees was primarily due to new business wins in Willis Capital Markets & Advisory and low-single digit growth in Willis Re, primarily coming from North America.

The 23.8 percent favorable impact from acquisitions and disposals was primarily due to the acquisitions of SurePoint Re and Miller Insurance Services, LLP completed during the past twelve months.

The adverse foreign currency movements were primarily due to the weakening of the Euro and Pound sterling against the US dollar.

First nine months 2015

Commissions and fees of $669 million in first nine months of 2015, were $30 million, or 4.7 percent, higher compared with the first nine months of 2014.

Organic commissions and fees growth, which excludes a 4.6 percent adverse impact from foreign currency movements, and a 7.5 percent favorable impact from acquisitions and disposals, was 1.8 percent compared with the first nine months of 2014. The adverse foreign currency movements were primarily due to the weakening of the Euro and Pound sterling against the US dollar.

Expenses

Third quarter 2015

Total expenses of $175 million were $39 million, or 28.7 percent, higher compared with the third quarter of 2014. Organic total expenses, which exclude a $42 million year-over-year net increase from acquisitions and disposals, $6 million of favorable foreign currency movements, and a $1 million increase in restructuring costs related to the Operational Improvement Program, increased $2 million, or 1.6 percent, compared with the third quarter of 2014.

The $2 million increase was due to higher salary and benefit expense, resulting from investments made in 2014 and annual pay increases, talent retention and higher business development expenses.

The favorable foreign currency movements were primarily due to the weakening of the Pound sterling against the US dollar.

See the 'Operational Improvement Program' section above for further details of the restructuring costs.

First nine months 2015

Total expenses of $474 million were $72 million, or 17.9 percent, higher compared with the first nine months of 2014.

Organic total expenses, which exclude $58 million year-on-year net increase from acquisitions and disposals; $16 million of favorable foreign currency movements; $11 million of M&A transaction-related costs; and a $8 million increase in restructuring costs related to Operational Improvement Program, increased by $11 million, or 2.9 percent.

The $11 million increase was due to: a higher salary and benefit expense, resulting from investments made in 2014, annual pay increases, and higher charges for incentives; and higher business development expenses.

The favorable foreign currency movements were primarily due to the weakening of the Pound sterling against the US dollar.

See the 'Operational Improvement Program' section above for further details of the restructuring costs.

Operating margin

Operating margin was 4.9 percent in the third quarter of 2015, down 130 basis points from 6.2 percent in the third quarter of 2014.

Operating margin was 29.5 percent in the first nine months of 2015, down 790 basis points from 37.4 percent in the first nine months of 2014.

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 the components of Willis North America's revenues, and its organic commissions and fees growth, operating income, and margin for the three and nine months ended September 30, 2015 and 2014 (millions, except percentages):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Commissions and fees	$ 308	$ 321	$ 978	$ 998
Investment income	1	1	1	1
Other income [(a)]	—	—	5	1
Total revenues	$ 309	$ 322	$ 984	$ 1,000
Operating income	$ 34	$ 45	$ 144	$ 175
Organic commissions and fees growth [(b)]	—%	4.2%	2.5%	4.3%
Operating margin [(c)]	11.0%	14.0%	14.6%	17.5%

(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.

(c) Percentages may differ due to rounding.

Revenues

Third quarter 2015

Commissions and fees of $308 million were $13 million, or 4.0 percent, lower compared with the third quarter of 2014.

Organic commissions and fees, which excludes a 3.8 percent adverse impact from acquisitions and disposals, were flat compared with the third quarter of 2014. Low to mid-single digit growth in most regions was offset by a modest decline in the Midwest and Western regions compared to the third quarter of 2014 as a result of timing differences compared to the prior year in certain business lines, with certain sales shifting into the fourth quarter, most notably Healthcare. Strength in Construction, FINEX and M&A business was offset by moderation in Transportation and Natural Resources. The Human Capital Practice produced low-single digit organic growth as compared to the third quarter of 2014.

The 3.8 percent adverse impact from acquisitions and disposals was primarily due to the disposal of certain low-growth non-strategic businesses during the past twelve months.

First nine months 2015

Commissions and fees of $978 million were $20 million, or 2.0 percent, lower compared with the first nine months of 2014.

Organic commissions and fees growth, which excludes a 4.2 percent adverse impact from acquisitions and disposals and a 0.3 percent adverse impact from foreign currency movements, was 2.5 percent.

The 2.5 percent organic growth in commissions and fees was driven by mid-single digit growth in the Northeast and Atlantic and regions partially offset by declines in the South and West regions.

The 4.2 percent adverse impact from acquisitions and disposals was primarily due to the disposal of certain low-growth non-strategic businesses during the past twelve months.

Expenses

Third quarter 2015

Total expenses of $275 million were $2 million, or 0.7 percent, lower compared with the third quarter of 2014.

Underlying total expenses, which exclude a $5 million increase in restructuring costs related to the Operational Improvement Program, decreased $7 million, or 2.6 percent, compared with the third quarter of 2014.

The $7 million, or 2.6 percent, decrease in underlying total expenses was primarily due to increased producer compensation and sign-on bonuses, and higher corporate allocations partially offset by lower salaries, due to divestitures, and a reduction to severance expense.

See the 'Operational Improvement Program' Section above for further details of the restructuring costs.

First nine months 2015

Total expenses of $840 million were $15 million, or 1.8 percent, higher compared with the first nine months of 2014.

Underlying total expenses, which exclude a $19 million increase in restructuring costs related to the Operational Improvement Program, and $3 million favorable foreign currency movements, were $1 million, or 0.1 percent, lower compared with the first nine months of 2014.

The $1 million or 0.1 percent, decrease in underlying total expenses was due to higher producer compensation and sign-on bonuses, and higher corporate allocations partially offset by lower salaries, due to divestitures, and a reduction to severance expense.

See the 'Operational Improvement Program' section above for further details of the restructuring costs.

Operating margin

Operating margin was 11.0 percent in the third quarter of 2015, down 300 basis points from 14.0 percent in the third quarter of 2014.

Operating margin was 14.6 percent in the first nine months of 2015, down 290 basis points from 17.5 percent in the first nine months of 2014.

Willis International

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

The following table sets out the components of Willis International's revenues, and its organic commissions and fees growth, operating income, and margin for the three and nine months ended September 30, 2015 and 2014 (millions, except percentages):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Commissions and fees	$ 211	$ 195	$ 741	$ 706
Investment income	1	1	3	4
Total revenues	$ 212	$ 196	$ 744	$ 710
Operating (loss) income	$ (12)	$ (10)	$ 77	$ 97
Organic commissions and fees growth [(a)]	8.6 %	5.6 %	7.0%	6.4%
Operating margin [(b)]	(5.7)%	(5.1)%	10.3%	13.7%

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

(b) Percentages may differ due to roundings.

Revenues

Third quarter 2015

Commissions and fees of $211 million were $16 million, or 8.2 percent, higher compared with the third quarter of 2014.

Organic commissions and fees growth, which excludes a 20.8 percent positive impact from acquisitions and disposals, most significantly Max Matthiessen, and a 21.2 percent adverse impact from foreign currency movements, was 8.6 percent.

The 8.6 percent increase in organic commissions and fees was driven by growth in all regions, with the exception of CEEMEA, primarily due to a decline in Russia. Latin America saw strong-double digit growth. Western Europe performed well with mid-single digit growth. Asia grew modestly as overall strength was partially offset by year over year declines in China.

The adverse foreign currency movements were primarily due to the weakening of a number of currencies, including the Euro, Swedish Krona, Australian dollar and certain Latin American currencies, against the US dollar.

First nine months 2015

Commissions and fees of $741 million were $35 million, or 5.0 percent, higher compared with the first nine months of 2014.

Organic commissions and fees growth, which excludes an 18.8 percent positive impact from acquisitions and disposals, and a 20.8 percent adverse impact from foreign currency movements, was 7.0 percent.

The 7.0 percent increase in organic commissions and fees was primarily driven by double digit growth in Latin America, high-single digit growth in Asia and low-single digit growth in Western Europe and Central and Eastern Europe.

Growth in Latin America was driven by strong growth in Brazil, Argentina, and Colombia and growth in Asia was driven by strong new business growth in China and growth in our Global Wealth Solution business in the region.

The 18.8 percent positive impact from acquisitions and disposals is primarily due to acquisitions completed during the past twelve months including, Max Matthiessen and the IFG pension and advisory business.

Expenses

Third quarter 2015

Total expenses of $224 million were $18 million, or 8.7 percent, higher compared with the third quarter of 2014.

Underlying total expenses, which exclude $35 million favorable foreign currency movements, a $4 million increase in restructuring costs related to the Operational Improvement Program, and $4 million M&A transaction-related costs, increased $45 million or 26.9 percent.

The $45 million, or 26.9 percent, increase in underlying total expenses includes a $31 million year-over-year net increase from acquisitions and disposals. The remaining $14 million increase was primarily due to increased salary and benefits resulting from annual pay reviews, including mandatory pay rises in certain Latin American countries.

The favorable foreign currency movements were primarily due to the weakening of multiple currencies against the US dollar.

See the 'Operational Improvement Program' section above for further details of the restructuring costs.

First nine months 2015

Total expenses of $667 million were $54 million, or 8.8 percent, higher compared with the first nine months of 2014.

Underlying total expenses, which exclude $100 million favorable foreign currency movements, a $14 million increase in restructuring costs related to the Operational Improvement Program, and $11 million M&A transaction-related costs increased $129 million or 25.3 percent compared with the first nine months of 2014.

The $129 million, or 25.3 percent, increase in underlying total expenses includes a $98 million year-over-year net increase from acquisitions and disposals. The remaining $31 million increase was primarily due to increased salary and benefits resulting from annual pay reviews, including mandatory pay rises in certain Latin American countries, and investments in growth businesses.

The favorable foreign currency movements were primarily due to the weakening of multiple currencies against the US dollar.

See the 'Operational Improvement Program' section above for further details of the restructuring costs.

Operating margin

Operating margin was (5.7) percent in the third quarter of 2015, down 60 basis points from (5.1) percent in the third quarter of 2014.

Operating margin was 10.3 percent in the first nine months of 2015, down 340 basis points from 13.7 percent in the first nine months of 2014.

Corporate & Other

For internal reporting and segmental reporting, items for which segmental management are not held responsible are included within ‘Corporate & Other’.

The Corporate & Other operating result comprises the following (millions):

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Costs of the holding company	$ (2)	$ —	$ (6)	$ (7)
Merger and acquisition costs	(10)	—	(13)	—
Costs related to group functions, leadership and projects	(40)	(41)	(120)	(127)
Non-servicing elements of defined benefit pensions	29	13	82	40
Restructuring costs [a]	(5)	(3)	(21)	(5)
Other	—	—	—	(5)
Total Corporate & Other	$ (28)	$ (31)	$ (78)	$ (104)

[a] See 'Operational Improvement Program' section above.

Third quarter 2015

Corporate & Other expenses were $3 million lower in the third quarter of 2015 compared with the third quarter of 2014.

The $3 million reduction in expenses was primarily due to a higher defined benefit pension credit, offset by costs associated with the proposed integration with Towers Watson and increased restructuring costs incurred related to the 'Operational Improvement program' which is discussed further in the section above.

First nine months 2015

Corporate & Other expenses were $26 million lower in the first nine months of 2015 compared with the first nine months of 2014.

The $26 million reduction in expenses was primarily due to a higher defined benefit pension credit and a reduction to the costs of group functions, leadership and projects, partially offset by costs associated with the proposed integration with Towers Watson and increased restructuring costs incurred related to the 'Operational Improvement program' which is discussed further in the section above.

CRITICAL ACCOUNTING ESTIMATES

The accounting estimates or assumptions that management considers to be the most important to the presentation of our financial condition or operating performance are discussed in the Company's audited financial statements included as Item 8 on Form 8-K filed with the Securities and Exchange Commission on August 21, 2015.

There were no significant additions or changes to these assumptions in the three months ended September 30, 2015.

CONTRACTUAL OBLIGATIONS

On June 30, 2015, we announced, jointly with Towers Watson, the signing of a definitive merger agreement, dated as of June 29, 2015, under which the companies will combine in an all-stock merger of equals. Based on the closing prices of Willis and Towers Watson common stock on June 29, 2015, the implied equity value of the transaction is approximately $18 billion. The transaction has been unanimously approved by the Board of Directors of each company and is currently expected to close by December 31, 2015, subject to customary closing conditions, including regulatory approvals and approval by Willis shareholders and Towers Watson stockholders.

There have been no other material changes to our contractual obligations since December 31, 2014, except contractual, planned payments during third quarter of 2015 and except as discussed in Note 8 - 'Commitments and contingencies' and Note 16 - 'Debt'.

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 I, Item 1 of this report and incorporated herein by reference.

OFF BALANCE SHEET TRANSACTIONS

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

Item 3 — Quantitative and Qualitative Disclosures about Market Risk

There has been no material change with respect to market risk from that described in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4 — Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of September 30, 2015, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Group Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(e). Based upon that evaluation, the Chief Executive Officer and the Group Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in ensuring that the information required to be included in the Company's periodic SEC filings is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to them as appropriate to allow for timely decisions regarding required disclosure.

There have been no changes in the Company's internal controls over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1 — Legal Proceedings

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

Item 1A — Risk Factors

For a discussion of the potential risks or uncertainties, please see 'Risk Factors' in the Company's 2014 Form 10-K and subsequent filings filed with the Securities and Exchange Commission and in the Registration Statement on Form S-4 (as amended) declared effective by the Securities and Exchange Commission on October 13, 2015. In addition, please see 'Forward-Looking Statements' herein. There have been no material changes to such risk factors.

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

During the quarter ended September 30, 2015, no shares were issued by the Company without registration under the Securities Act of 1933, as amended.

The Company suspended its share buyback program on June 30, 2015, pending the completion of the Merger with Towers Watson. On a trade date basis, the Company made no repurchases during the three months ended September 30, 2015.

Item 3 — Defaults Upon Senior Securities

None.

Item 4 — Mine Safety Disclosures

Not applicable.

Item 5 — Other Information

None.

Item 6 — Exhibits

31.1	Certification Pursuant to Rule 13a-14(a)*
31.2	Certification Pursuant to Rule 13a-14(a)*
32.1	Certification Pursuant to 18 U.S.C. Section 1350*
32.2	Certification Pursuant to 18 U.S.C. Section 1350*
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WILLIS GROUP HOLDINGS PLC
(REGISTRANT)

By: /s/ John Greene

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

Dated: November 5, 2015

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, Dominic Casserley, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2015 of Willis Group Holdings plc (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: November 5, 2015

By: /s/ Dominic Casserley

Dominic Casserley

Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)

I, John Greene, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2015 of Willis Group Holdings plc (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the Company’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter (the Company’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting; and
5. The Company’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company’s auditors and the audit committee of the Company’s board of directors (or persons performing the equivalent functions):
   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize and report financial information; and
   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting.

Date: November 5, 2015

By: /s/ John Greene

John Greene

Group Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, of Willis Group Holdings plc (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Dominic Casserley, Chief Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, certify that:

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

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

Date: November 5, 2015

By: /s/ Dominic Casserley

Dominic Casserley

Chief Executive Officer

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended September 30, 2015, of Willis Group Holdings plc (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Greene, Group Chief Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, certify that:

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

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

Date: November 5, 2015

By: /s/ John Greene

John Greene

Group Chief Financial Officer

(Principal Financial and Accounting Officer)

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