COMPANY REGISTRATION NUMBER 07876075

Aon plc

Annual Report and Accounts

For the year ended 31 December 2014

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STRATEGIC REPORT

Strategy and Business Model

OVERVIEW

Aon plc's strategy is to be the preeminent professional service firm in the world, focused on the topics of risk and people. Aon plc (which may be referred to as "Aon," "the Company," "we," "us," or "our") is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resource consulting and outsourcing, delivering distinctive client value via innovative and effective risk management and workforce productivity solutions. Our predecessor, Aon Corporation, was incorporated in 1979 under the laws of Delaware. In 2012, we reincorporated in the U.K. and moved our corporate headquarters to London. As a result of this reorganization of our corporate structure, Aon plc became the publicly-held parent company of the Aon group. We sometimes refer to this transaction herein as the Redomestication. Moving our global headquarters to the U.K. has enhanced our focus on growth, product and broking innovations through Aon Broking, talent development and financial flexibility. The Redomestication is expected to continue to support our strategy and to deliver significant value to our shareholders.

We have approximately 69,000 employees and conduct our operations through various subsidiaries in more than 120 countries and sovereignties.

We serve clients through the following reportable segments:

- **Risk Solutions** acts as an advisor and insurance and reinsurance broker, helping clients manage their risks via consultation, as well as negotiation and placement of insurance risk with insurance carriers through our global distribution network.

- **HR Solutions** partners with organizations to solve their most complex human capital and related financial challenges in the areas of health, retirement and talent. We are dedicated to improve business performance and our client's employees experience by designing, implementing, communicating and administering a wide range of human capital, retirement, investment consulting, health care, compensation and talent management strategies.

Our clients are globally diversified and include all segments of the economy (individuals through personal lines, mid-market companies and large global companies) and almost every industry in the economy in over 120 countries and sovereignties globally. This diversification of our customer base provides stability in different economic scenarios that may affect specific industries, customer segments or geographies.

Over the last five years we have continued to focus our portfolio on higher margin, capital light professional services businesses that have high recurring revenue streams and strong free cash flow generation. Aon drives its capital allocation decision making process around return on invested capital ("ROIC"). This focus on ROIC, measured on a cash-on-cash basis, led to a number of significant portfolio changes, including exiting our insurance underwriting business and enhancing our capabilities in our Risk Solutions and HR Solutions businesses through the acquisition in October 2010 of Hewitt Associates, Inc. ("Hewitt"), one of the world's leading human resource consulting and outsourcing companies. Hewitt operates globally together with Aon's existing consulting and outsourcing operations under the Aon Hewitt brand in our HR Solutions segment.

In 2014, 65% of our consolidated total revenues were in Risk Solutions and 35% of our consolidated total revenues were in HR Solutions.

BUSINESS SEGMENTS

Risk Solutions

The Risk Solutions segment generated approximately 65% of our consolidated total revenues in 2014, and has approximately 32,000 employees worldwide. We provide risk and insurance, as well as reinsurance, brokerage and related services in this segment.

Principal Products and Services

We operate in this segment through two similar transactional product lines: retail brokerage and reinsurance brokerage. In addition, a key component of this business is our risk consulting services.

Retail brokerage encompasses our retail brokerage services, affinity products, managing general underwriting, placement, captive management services and data and analytics, such as our Global Risk Insight Platform ("GRIP"). Our Americas operations provide products and services to clients in North, Central and South America, the Caribbean, and Bermuda. Our

International operations in the U.K.; Europe, Middle East and Africa; and Asia Pacific offer these products and services to clients throughout the rest of the world.

Our employees draw upon our global network of resources, sophisticated data and analytics, and specialized expertise to deliver value to clients ranging from small and mid-sized businesses to multi-national corporations. We work with clients to identify their business needs and help them assess and understand their total cost of risk. Once we have gained an understanding of our clients' risk management needs, we seek to leverage our global network and implement a customized risk approach with local Aon resources. The outcome is intended to be a comprehensive risk solution provided locally and personally. The Aon Client Promise® enables our colleagues around the globe to describe, benchmark and price the value we deliver to clients in a unified approach, based on the ten most important criteria that our clients believe are critical to managing their total cost of risk.

Our knowledge and foresight, benchmarking and carrier knowledge are keys to providing professional services excellence. We intend to deliver superior value to clients and differentiation from competitors through our key Aon Broking initiatives, which positions us to provide our clients and insurers with additional market insight as well as new product offerings and facilities.

As a retail broker, we serve as an advisor to clients and facilitate a wide spectrum of risk management solutions for property liability, general liability, professional and directors' and officers' liability, workers' compensation, various healthcare products, as well as other exposures. Our business is comprised of several specialty areas structured around specific product and industry needs.

We offer specialized advice and services in such industries as technology, financial services, agribusiness, aviation, construction, health care and energy, among others. Through our global affinity business, we provide products for professional liability, life, disability income and personal lines for individuals, associations and businesses around the world.

In addition, we are a major provider of risk consulting services, including captive management, that provide our clients with alternative vehicles for managing risks that would be cost-prohibitive or unavailable in traditional insurance markets.

Our health and benefits consulting practice advises clients about structuring, funding, and administering employee benefit programs, which attract, retain, and motivate employees. Benefits consulting and brokerage includes health and welfare, executive benefits, workforce strategies and productivity, absence management, data-driven health, compliance, employee commitment, and elective benefits services.

Reinsurance brokerage offers sophisticated advisory services in program design and claim recoveries intended to enhance the risk/return characteristics of insurance policy portfolios, improve capital utilization, and evaluate and mitigate catastrophic loss exposures worldwide. An insurance or reinsurance company may seek reinsurance or other risk-transfer solutions on all or a portion of the risks it insures. To accomplish this, our reinsurance brokerage services use dynamic financial analysis and capital market alternatives, such as transferring catastrophe risk through securitization. Reinsurance brokerage also offers capital management transaction and advisory services.

We act as a broker or intermediary for all classes of reinsurance. We place two main types of property and casualty reinsurance: treaty reinsurance, which involves the transfer of a portfolio of risks, and facultative reinsurance, which entails the transfer of part or all of the coverage provided by a single insurance policy. We also place specialty lines such as professional liability, workers' compensation, accident, life and health.

We also provide actuarial, enterprise risk management, catastrophe management and rating agency advisory services. We have developed tools and models that help our clients understand the financial implications of natural and man-made catastrophes around the world. Aon Benfield Securities provides global capital management transaction and advisory services for insurance and reinsurance clients. In this capacity, Aon Benfield Securities is recognized as a leader in:

- the structuring, underwriting and trading of insurance-linked securities;
- the arrangement of financing for insurance and reinsurance companies, including Lloyd's syndicates; and
- providing advice on strategic and capital alternatives, including mergers and acquisitions.

In addition, our Inpoint business is a leading provider of consulting services to the insurance and reinsurance industry, helping carriers improve their performance to achieve growth and profitability.

Compensation

Our Risk Solutions segment generates revenues through commissions, fees from clients, and compensation from insurance and reinsurance companies for services we provide to them. Commission rates and fees vary depending upon several

factors, which may include the amount of premium, the type of insurance or reinsurance coverage provided, the particular services provided to a client, insurer or reinsurer, and the capacity in which we act. Payment terms are consistent with current industry practice.

We typically hold funds on behalf of clients as a result of premiums received from clients and claims due to clients that are in transit to and from insurers. These funds held on behalf of clients are generally invested in interest-bearing premium trust accounts and can fluctuate significantly depending on when we collect cash from our clients and when premiums are remitted to the insurance carriers. We earn interest on these accounts; however, the principal is segregated and not available for general operating purposes.

Competition

Our Risk Solutions business operates in an environment that is highly competitive and very fragmented, and we compete with other global insurance brokers, including Marsh & McLennan Companies, Inc. and Willis Group Holdings Public Limited Company, as well as numerous specialist, regional and local firms in almost every area of our business. We also compete with insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or agents; and with other businesses that do not fall into the categories above, including commercial and investment banks, accounting firms, and consultants that provide risk-related services and products.

Seasonality

Our Risk Solutions segment typically experiences higher revenues in the first and fourth calendar quarters of each year, primarily due to the timing of policy renewals.

HR Solutions

Our HR Solutions segment generated approximately 35% of our consolidated total revenues in 2014, and has approximately 31,000 employees worldwide with operations in the U.S., Canada, the U.K., Europe, South Africa, Latin America, and the Asia Pacific regions.

Principal Products and Services

We provide products and services in this segment primarily under the Aon Hewitt brand, which was formed in connection with the acquisition of Hewitt.

Our HR Solutions segment works to maximize the value of clients' human resources spending, increase employee productivity, and improve employee performance. Our approach addresses a trend towards more diverse workforces (demographics, nationalities, cultures and work/lifestyle preferences) that require more choices and flexibility among employers so that they can provide benefit options suited to individual needs.

We work with our clients to identify options in human resource outsourcing and process improvements. The primary areas where companies choose to use outsourcing services include benefits administration, core human resource processes, workforce and talent management.

HR Solutions offers a broad range of human capital services in the following practice areas:

Retirement specializes in providing global actuarial services, defined contribution consulting, pension de-risking, tax and ERISA consulting, and pension administration.

Compensation focuses on compensation advisory/counsel including: compensation planning design, executive reward strategies, salary survey and benchmarking, market share studies and sales force effectiveness assessments, with special expertise in the financial services and technology industries.

Strategic Human Capital delivers advice to complex global organizations on talent, change and organizational effectiveness issues, including talent strategy and acquisition, executive on-boarding, performance management, leadership assessment and development, communication strategy, workforce training and change management.

Investment consulting advises public and private companies, other institutions and trustees on developing and maintaining investment programs across a broad range of plan types, including defined benefit plans, defined contribution plans, endowments and foundations.

Benefits Administration applies our HR expertise primarily through defined benefit (pension), defined contribution (401 (k)), and health and welfare administrative services. We also provide other complementary services such as absence

management, flexible spending, dependent audit and participant advocacy. Our model replaces the resource-intensive processes once required to administer benefit plans with more efficient, effective and less costly solutions.

Exchanges is building and operating health care exchanges that provide employers with a cost effective alternative to traditional employee and retiree healthcare, while helping individuals select the insurance that best meets their needs.

Human Resource Business Process Outsourcing ("HR BPO") provides market-leading traditional and cloud based solutions to manage employee data; administer benefits, payroll and other human resources processes; and record and manage talent, workforce and other core HR process transactions.

Compensation

HR Solutions revenues are principally derived from fees paid by clients for advice and services. In addition, insurance companies pay us commissions for placing individual and group insurance contracts, primarily life, health and accident coverage, and pay us fees for consulting and other services that we provide to them. Payment terms are consistent with current industry practice.

Competition

Our HR Solutions business faces strong competition from other worldwide and national consulting companies, including Marsh & McLennan Companies, Inc. and Towers Watson & Co. as well as regional and local firms. Competitors include independent consulting firms and consulting organizations affiliated with accounting, information systems, technology and financial services firms, large financial institutions and pure play outsourcers. Some of our competitors provide administrative or consulting services as an adjunct to other primary services. We believe that we are one of the leading providers of human capital services in the world.

Seasonality

Due to buying patterns and delivery of certain products in the markets we serve, revenues tend to be highest in the fourth quarter of each fiscal year.

Licensing and Regulation

Our business activities are subject to licensing requirements and extensive regulation under the laws of countries in which we operate, as well as U.S. federal and state laws. See the discussion contained in the "Risk Factors" section within this Strategic Report for information regarding how actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our business.

Risk Solutions

Regulatory authorities in the countries or states in which the operating subsidiaries of our Risk Solutions segment conduct business may require individual or company licensing to act as producers, brokers, agents, third party administrators, managing general agents, reinsurance intermediaries, or adjusters.

Under the laws of most countries and states, regulatory authorities have relatively broad discretion with respect to granting, renewing and revoking producers', brokers' and agents' licenses to transact business in the country or state. The operating terms may vary according to the licensing requirements of the particular country or state, which may require, among other things that a firm operates in the country or state through a local corporation. In a few countries and states, licenses may be issued only to individual residents or locally owned business entities. In such cases, our subsidiaries either have such licenses or have arrangements with residents or business entities licensed to act in the country or state.

Our subsidiaries must comply with laws and regulations of the jurisdictions in which they do business. These laws and regulations are enforced by the Financial Conduct Authority ("FCA") in the U.K., by federal and state agencies in the U.S., and by various regulatory agencies and other supervisory authorities in other countries through the granting and revoking of licenses to do business, licensing of agents, monitoring of trade practices, policy form approval, limits on commission rates and mandatory remuneration disclosure requirements.

Insurance authorities in the U.K., U.S. and certain other jurisdictions in which our subsidiaries operate also have enacted laws and regulations governing the investment of funds, such as premiums and claims proceeds, held in a fiduciary capacity for others. These laws and regulations generally require the segregation of these fiduciary funds and limit the types of investments that may be made with them.

Further, certain of our business activities within the Risk Solutions segment are governed by other regulatory bodies, including investment, securities and futures licensing authorities. In the U.S., we use Aon Benfield Securities, Inc., a U.S.-

registered broker-dealer and investment advisor, member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation, and an indirect, wholly owned subsidiary of Aon, for capital management transaction and advisory services and other broker-dealer activities.

HR Solutions

Certain of the retirement-related consulting services provided by Aon Hewitt and its subsidiaries and affiliates are subject to the pension and financial laws and regulations of applicable jurisdictions, including oversight and/or supervision by the FCA in the U.K., the Securities and Exchange Commission ("SEC") in the U.S., and regulators in other countries. Aon Hewitt subsidiaries that provide investment advisory services are regulated by various U.S. federal authorities including the SEC and FINRA, as well as authorities on the state level. In addition, other services provided by Aon Hewitt and its subsidiaries and affiliates, such as trustee services and retirement and employee benefit program administrative services, are subject in various jurisdictions to pension, investment and securities and/or insurance laws and regulations and/or supervision by national regulators.

Clientele

Our clients operate in many businesses and industries throughout the world. No one client accounted for more than 1% of our consolidated total revenues in 2014. Additionally, we place insurance with many insurance carriers, none of which individually accounted for more than 10% of the total premiums we placed on behalf of our clients in 2014.

Segmentation of Activity by Type of Service and Geographic Area of Operation

Financial information relating to the types of services provided by us and the geographic areas of our operations is incorporated herein by reference to Note 17 "Segment Information" of the Notes to Consolidated Financial Statements in this report.

Employees

At December 31, 2014, we employed approximately 69,000 employees.

Information Concerning Forward-Looking Statements

This report and in reports we subsequently file or furnish and have previously filed or furnished with the SEC contains certain statements related to future results, or states our intentions, beliefs and expectations or predictions for the future which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations or forecasts of future events. They use words such as "anticipate," "believe," "estimate," "expect," "forecast," "project," "intend," "plan," "potential," and other similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would." You can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. For example, we may use forward-looking statements when addressing topics such as: market and industry conditions, including competitive and pricing trends; changes in our business strategies and methods of generating revenue; the development and performance of our services and products; changes in the composition or level of our revenues; our cost structure and the outcome of cost-saving or restructuring initiatives; the outcome of contingencies; dividend policy; the expected impact of acquisitions and dispositions; pension obligations; cash flow and liquidity; expected effective tax rate; future actions by regulators; and the impact of changes in accounting rules. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from either historical or anticipated results depending on a variety of factors. Potential factors, which may be revised or supplemented in subsequent reports filed or furnished with the SEC, that could impact results include:

- general economic and political conditions in different countries in which we do business around the world;
- changes in the competitive environment;
- fluctuations in exchange and interest rates that could influence revenue and expense;
- changes in global equity and fixed income markets that could affect the return on invested assets;
- changes in the funding status of our various defined benefit pension plans and the impact of any increased pension funding resulting from those changes;
- the level of our debt limiting financial flexibility;
- rating agency actions that could affect our ability to borrow funds;

- the effect of the change in global headquarters and jurisdiction of incorporation, including differences in the anticipated benefits;
- changes in estimates or assumptions on our financial statements;
- limits on our subsidiaries to make dividend and other payments to us;
- the impact of lawsuits and other contingent liabilities and loss contingencies arising from errors and omissions and other claims against us;
- the impact of, and potential challenges in complying with, legislation and regulation in the jurisdictions in which we operate, particularly given the global scope of our businesses and the possibility of conflicting regulatory requirements across jurisdictions in which we do business;
- the impact of any investigations brought by regulatory authorities in the U.S., U.K. and other countries;
- the impact of any inquiries relating to compliance with the U.S. Foreign Corrupt Practices Act and non-U.S. anti-corruption laws and with U.S. and non-U.S. trade sanctions regimes;
- failure to protect intellectual property rights or allegations that we infringe on the intellectual property rights of others;
- the effects of English law on our operating flexibility and the enforcement of judgments against us;
- the failure to retain and attract qualified personnel;
- international risks associated with our global operations;
- the effect of natural or man-made disasters;
- the potential of a system or network breach or disruption resulting in operational interruption or improper disclosure of personal data;
- our ability to develop and implement new technology;
- the damage to our reputation among clients, markets or third parties;
- the actions taken by third parties that preform aspects of our business operations and client services;
- the extent to which we manage certain risks created in connection with the various services, including fiduciary and investments and other advisory services and business process outsourcing services, among others, that we currently provide, or will provide in the future, to clients;
- our ability to grow, develop and integrate companies that it acquires or new lines of business;
- changes in commercial property and casualty markets, commercial premium rates or methods of compensation;
- changes in the health care system or our relationships with insurance carriers; and
- our ability to implement initiatives intended to yield cost savings and the ability to achieve those cost savings.

Any or all of our forward-looking statements may turn out to be inaccurate, and there are no guarantees about our performance. The factors identified above are not exhaustive. Aon and its subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Accordingly, readers should not place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statement that we may make from time to time, whether as a result of new information, future events or otherwise. Further information about factors that could materially affect Aon, including our results of operations and financial condition, is contained in the "Risk Factors" section of this Strategic Report.

Principal Risks and Uncertainties

RISK FACTORS

The risk factors set forth below reflect risks associated with existing and potential lines of business and contain "forward-looking statements" as discussed in the "Business" Section of this Strategic Report. Readers should consider them in addition to the other information contained in this report as our business, financial condition or results of operations could be adversely affected if any of these risks were to actually occur.

The following are risks related to our businesses specifically and the industries in which we operate generally that could adversely affect our business, financial condition and results of operations and cause our actual results to differ materially from those stated in the forward-looking statements in this document and elsewhere. These risks are not presented in order of importance or probability of occurrence.

Risks Relating to the Company Generally

Competitive Risks

An overall decline in economic activity could have a material adverse effect on the financial condition and results of operations of our businesses.

The demand for property and casualty insurance generally rises as the overall level of economic activity increases and generally falls as such activity decreases, affecting both the commissions and fees generated by our Risk Solutions business. The economic activity that impacts property and casualty insurance is most closely correlated with employment levels, corporate revenue and asset values. Downward fluctuations in the year-over-year insurance premium charged by insurers to protect against the same risk, referred to in the industry as softening of the insurance market, could adversely affect our Risk Solutions business as a significant portion of the earnings are determined as a percentage of premium charged to our clients. A growing number of insolvencies and consolidation associated with an economic downturn, especially insolvencies in the insurance industry, could adversely affect our brokerage business through the loss of clients, by hampering our ability to place insurance and reinsurance business. Also, error and omission claims against us, which we refer to as E&O claims, generally increase in economic downturns, also adversely affecting our brokerage business.

The results of our HR Solutions business are generally affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets these clients serve. Economic downturns in some markets may cause reductions in technology and discretionary spending by our clients, which may result in reductions in the growth of new business as well as reductions in existing business. If our clients become financially less stable, enter bankruptcy, liquidate their operations or consolidate, our revenues and/or collectability of receivables could be adversely affected. In addition, our revenues from many of our outsourcing contracts depend upon the number of our clients' employees or the number of participants in our clients' employee benefit plans and could be adversely affected by layoffs. We may also experience decreased demand for our services as a result of postponed or terminated outsourcing of human resources functions. Reduced demand for our services could increase price competition.

We face significant competitive pressures in each of our businesses.

We believe that competition in our Risk Solutions segment is based on service, product features, price, commission structure, financial strength, ability to access certain insurance markets and name recognition. In this regard, we compete with a large number of national, regional and local insurance companies and other financial services providers and brokers.

Our HR Solutions segment competes with a large number of independent firms and consulting organizations affiliated with accounting, information systems, technology and financial services firms around the world. Many of our competitors in this area are expanding the services they offer or reducing prices in an attempt to gain additional business. Additionally, some competitors have established, and are likely to continue to establish, cooperative relationships among themselves or with third parties to increase their ability to address client needs.

Our competitors may have greater financial, technical and marketing resources, larger customer bases, greater name recognition, stronger presence in certain geographies and more established relationships with their customers and suppliers than we have. In addition, new competitors, alliances among competitors or mergers of competitors could emerge and gain significant market share, and some of our competitors may have or may develop a lower cost structure, adopt more aggressive pricing policies or provide services that gain greater market acceptance than the services that we offer or develop. Large and well-capitalized competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete for skilled professionals, finance acquisitions, fund internal growth and compete for market share more effectively than we do. To respond to increased competition and pricing pressure, we may have to lower the cost of our services or decrease the level of service provided to clients, which could have an adverse effect on our financial condition or results of operations.

Financial Risks

We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows.

We face exposure to adverse movements in exchange rates of currencies other than our functional currency, the U.S. Dollar, as a significant portion of our business is located outside of the United States. These exposures may change over time, and they could have a material adverse impact on our financial results and cash flows. Our five largest non-U.S. Dollar exposures are the British Pound, Euro, Australian Dollar, Canadian Dollar and Indian Rupee; however, we also have exposures to other currencies which can have significant currency volatility. These currency exchange risks are present in both the translation of the financial results of our global subsidiaries into U.S. Dollars for our consolidated financial statements, as well as those of our operations that receive revenue and incur expenses other than in their respective local currencies which can reduce the profitability of our operations based on the direction the respective currencies' exchange rates move. A decrease in the value of certain currencies relative to other currencies could place us at a competitive disadvantage compared to our competitors that benefit to a greater degree from a specific exchange rate move and can, as a result, deliver services at a lower cost or receive greater revenues from such a transaction. Although we use various derivative financial instruments to help protect against adverse foreign exchange rate fluctuations, we cannot eliminate such risks, and, as a result, changes in exchange rates may adversely affect our results.

Changes in interest rates and deterioration of credit quality could reduce the value of our cash balances and investment portfolios and adversely affect our financial condition or results.

Operating funds available for corporate use were $768 million at December 31, 2014 and are reported in Cash and cash equivalents and Short-term investments. Funds held on behalf of clients and insurers were $4.0 billion at December 31, 2014 and are reported in Fiduciary assets. We also carry an investment portfolio of other long-term investments. As of December 31, 2014, these long-term investments had a carrying value of $143 million. Adverse changes in interest rates and counterparty credit quality, including default, could reduce the value of these funds and investments, thereby adversely affecting our financial condition or results. Higher interest rates could result in a higher discount rate used by investors to value our future cash flows thereby resulting in a lower valuation of the Company.

Our pension obligations could adversely affect our shareholders' equity, net income, cash flow and liquidity.

To the extent that the pension obligations associated with our major plans continue to exceed the fair value of the assets supporting those obligations, our financial position and results of operations may be adversely affected. In particular, lower interest rates and investment returns could result in the present value of plan liabilities increasing at a greater rate than the value of plan assets, resulting in higher unfunded positions in several of our major pension plans. In addition, the periodic revision of pension assumptions or variances of actual results from our assumptions can materially change the present value of expected future benefits, and therefore the funded status of the plans and resulting net periodic pension expense. As a result, we may experience future changes in the funded status of our plans that could require us to make additional cash contributions beyond those that have been estimated which could adversely affect shareholders' equity, net income, cash flow and liquidity.

The significance of our worldwide pension plans means that our pension contributions and expense are comparatively sensitive to various market and demographic factors. These factors include equity and bond market returns, the assumed interest rates we use to discount our pension liabilities, foreign exchange rates, rates of inflation, mortality assumptions, potential regulatory and legal changes and counterparty exposure from various investments and derivative contracts, including annuities. Variations in any of these factors could cause significant changes to our financial position and results of operations from year to year.

We currently plan to contribute approximately $220 million to our major pension plans in 2015, although we may elect to contribute more. Total cash contributions to these pension plans in 2014 were $316 million, which was a decrease of $207 million compared to 2013.

We have debt outstanding that could adversely affect our financial flexibility.

As of December 31, 2014, we had total consolidated debt outstanding of approximately $5.6 billion. The level of debt outstanding could adversely affect our financial flexibility by reducing our ability to use cash from operations for other purposes, including working capital, dividends to shareholders, share repurchases, acquisitions, capital expenditures and general corporate purposes. We also bear risk at the time debt matures.

As of December 31, 2014, we had two primary committed credit facilities outstanding: our $400 million U.S. credit facility expiring in March 2017 (the "2017 Facility") and our €650 million ($792 million based on exchange rates at December 31, 2014) European credit facility expiring in October 2015 (the "2015 Facility"). On February 2, 2015, we replaced

our 2015 Facility with a new $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). Each of these facilities was intended to support our commercial paper obligations and our general working capital needs. In addition, each of these facilities included customary representations, warranties and covenants, including financial covenants that require us to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly. At December 31, 2014, we had no borrowings under, and were in compliance with these financial covenants and all other covenants contained in, the 2015 Facility and 2017 Facility.

A substantial portion of our outstanding debt, including certain intercompany debt obligations, contains financial and other covenants. The terms of these covenants may limit our ability to obtain, or increase the costs of obtaining, additional financing to fund working capital, capital expenditures, additional acquisitions or general corporate requirements. This in turn may have the impact of reducing our flexibility to respond to changing business and economic conditions, thereby placing us at a relative disadvantage compared to competitors that have less indebtedness (or fewer or less onerous covenants associated with such indebtedness) and making us more vulnerable to general adverse economic and industry conditions.

If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. Additionally, we may not be able to effect such actions or refinance any of our debt, if necessary, on commercially reasonable terms, or at all.

A decline in the credit ratings of our senior debt and commercial paper may adversely affect our borrowing costs, access to capital, and financial flexibility.

A downgrade in the credit ratings of our senior debt and commercial paper could increase our borrowing costs, reduce or eliminate our access to capital, and reduce our financial flexibility. Our senior debt ratings at December 31, 2014 were A- with a stable outlook (Standard & Poor's), BBB+ with a stable outlook (Fitch, Inc), and Baa2 with a stable outlook (Moody's Investor Services). Our commercial paper ratings were A-2 (S&P), F-2 (Fitch) and P-2 (Moody's). During 2014, Moody's Investor Services changed their outlook from positive to stable.

Real or anticipated changes in our credit ratings, which could result from any number of factors (including the modification by a credit rating agency of the criteria or methodology it applies to particular issuers), will generally affect any trading market for, or trading value of, our securities.

The economic and political conditions of the countries and regions in which we operate could have an adverse impact on our business, financial condition, operating results, liquidity and prospects for growth.

Our operations in countries undergoing political change or experiencing economic instability are subject to uncertainty and risks that could materially adversely affect our business. These risks include, particularly in emerging markets, the possibility we would be subject to undeveloped or evolving legal systems, unstable governments and economies, and potential governmental actions affecting the flow of goods, services and currency. Furthermore, seemingly nationally or regionally localized political and economic changes could have a wider, negative impact on our businesses that expands beyond our operations in the immediately affected jurisdiction. The continued concerns regarding the ability of certain European countries to service their outstanding debt have given rise to instability in the global credit and financial markets. This instability has in turn led to questions regarding the future viability of the Euro as the common currency for the area as various scenarios could result in some countries choosing to return to their former local currencies in an effort to regain control over their domestic economies and monetary policies. This uncertainty has had a dampening effect on growth potential in Europe, and if it deteriorates, may have a material negative impact on our European business as well as that of our clients. Further, any development that has the effect of devaluing or replacing the Euro could meaningfully reduce the value of our assets or profitability denominated in that currency, potentially result in charges to our statement of operations and reduce the usefulness of liquidity alternatives denominated in that currency such as our multicurrency U.S. credit facility. We also deposit some of our cash, including cash held in a fiduciary capacity, with certain European financial institutions. While we continuously monitor and manage exposures associated with those deposits, to the extent the uncertainty surrounding economic stability in Europe and the future viability of the Euro suddenly and adversely impacts those financial institutions, some or all of those cash deposits could be at risk.

The benefits of our Redomestication may not be realized or may be offset in whole or in part by factors that we do not control.

There can be no assurance that all of the goals of our Redomestication will be achievable, particularly as the achievement of the benefits are, in many important respects, subject to factors that we do not control. These factors would include such

things as the reactions of third parties with whom we enter into contracts and do business and the reactions of investors, analysts, and U.K. and U.S. taxing and other authorities.

Our effective tax rates and the benefits from our Redomestication are also subject to a variety of other factors, many of which are beyond our ability to control, such as changes in the rate of economic growth in the U.K. and the U.S. and other countries, the financial performance of our business in various jurisdictions, currency exchange rate fluctuations (especially as between the British pound and the U.S. dollar), and significant changes in trade, monetary or fiscal policies of the U.K. or the U.S., including changes in interest rates. The impact of these factors, individually and in the aggregate, is difficult to predict, in part because the occurrence of the events or circumstances described in such factors may be (and, in fact, often seem to be) interrelated, and the impact to us of the occurrence of any one of these events or circumstances could be compounded or, alternatively, reduced, offset, or more than offset, by the occurrence of one or more of the other events or circumstances described in such factors.

On September 4, 2013, we received from the Internal Revenue Service ("IRS") an executed Closing Agreement pursuant to which the Company and the IRS agreed that the merger (pursuant to which the Redomestication occurred) did not cause Aon plc to be treated as a U.S. domestic corporation for federal tax purposes. This agreement substantially reduced the risk that actions taken to date might cause Aon plc to be treated as a U.S. domestic corporation for federal tax purposes under the current tax statute and regulations. However, the United States Congress, the IRS, the United Kingdom Parliament or U.K. tax authorities may enact new statutory or regulatory provisions that could adversely affect our status as a non-U.S. corporation, or otherwise adversely affect our anticipated global tax position. Retroactive statutory or regulatory actions have occurred in the past, and there can be no assurance that any such provisions, if enacted or promulgated, would not have retroactive application to us, the Redomestication or any subsequent actions. Our net income and cash flow would be reduced if we were to be subject to U.S. corporate income tax as a domestic corporation. In addition, any future amendments to the current income tax treaties between the United Kingdom and other jurisdictions (including the United States), or any new statutory or regulatory provisions that might limit our ability to take advantage of any such treaties, could subject us to increased taxation.

Our global effective tax rate is subject to a variety of different factors, which could create volatility in that rate, expose us to greater than anticipated tax liabilities and cause us to adjust previously recognized tax assets and liabilities.

We are subject to income taxes in the U.K., U.S. and many other jurisdictions. As a result, our global effective tax rate from period to period can be affected by many factors, including changes in tax legislation, our global mix of earnings, the tax characteristics of our income, the transfer pricing of revenues and costs, acquisitions and dispositions and the portion of the income of non-U.S. subsidiaries that we expect to remit to the U.S. Significant judgment is required in determining our worldwide provision for income taxes, and our determination of our tax liability is always subject to review by applicable tax authorities.

We believe that our Redomestication and related transactions should support our ability to maintain a competitive global tax rate because the U.K. has implemented a dividend exemption system that generally does not subject non-U.K. earnings to U.K. tax when such earnings are repatriated to the U.K. in the form of dividends from non-U.K. subsidiaries. This should allow us to optimize our capital allocation and deploy efficient fiscal structures. However, we cannot provide any assurances as to what our tax rate will be in any period because of, among other things, uncertainty regarding the nature and extent of our business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions, as well as changes in U.S. and other tax laws, treaties and regulations. Our actual global tax rate may vary from our expectation and that variance may be material. Additionally, the tax laws of the U.K. and other jurisdictions could change in the future, and such changes could cause a material change in our tax rate.

We also could be subject to future audits conducted by foreign and domestic tax authorities, and the resolution of such audits could impact our tax rate in future periods, as would any reclassification or other matter (such as changes in applicable accounting rules) that increases the amounts we have provided for income taxes in our consolidated financial statements. There can be no assurance that we would be successful in attempting to mitigate the adverse impacts resulting from any changes in law, audits and other matters. Our inability to mitigate the negative consequences of any changes in the law, audits and other matters could cause our global tax rate to increase, our use of cash to increase and our financial condition and results of operations to suffer.

Changes in our accounting estimates and assumptions could negatively affect our financial position and results of operations.

We prepare our consolidated financial statements in accordance with U.S. GAAP. These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of our financial statements. We are also required to make certain judgments that affect the reported amounts of revenues and expenses during each reporting period. We periodically evaluate our estimates and

assumptions including, but not limited to, those relating to restructuring, pensions, recoverability of assets including customer receivables, contingencies, share-based payments, income taxes and estimates and assumptions used for our long term outsourcing contracts. We base our estimates on historical experience and various assumptions that we believe to be reasonable based on specific circumstances. These assumptions and estimates involve the exercise of judgment and discretion, which may evolve over time in light of operational experience, regulatory direction, developments in accounting principles and other factors. Actual results could differ from these estimates, or changes in assumptions, estimates or policies or the developments in the business or the application of accounting principles related to long-term contracts may change our initial estimates of future contract results, which could materially affect the Consolidated Statements of Income, Comprehensive Income, Financial Position, Shareholders' Equity and Cash Flows.

We may be required to record goodwill or other long-lived asset impairment charges, which could result in a significant charge to earnings.

Under generally accepted accounting principles, we review our long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is assessed for impairment at least annually. Factors that may be considered in assessing whether goodwill or intangible assets may not be recoverable include a decline in our share price or market capitalization, reduced estimates of future cash flows and slower growth rates in our industry. We may experience unforeseen circumstances that adversely affect the value of our goodwill or intangible assets and trigger an evaluation of the recoverability of the recorded goodwill and intangible assets. Future goodwill or other long-lived asset impairment charges could materially impact our consolidated financial statements.

We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries.

Our principal assets are the shares of capital stock and indebtedness of our subsidiaries. We rely on dividends, interest and other payments from these subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligation, paying dividends to shareholders, repurchasing ordinary shares and corporate expenses. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that these subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions or other circumstances that could restrict the ability of our subsidiaries to pay dividends. In addition, due to differences in tax rates, repatriation of funds from certain countries into the U.K. through the U.S. could have unfavorable tax ramifications for us. Furthermore, no assurance can be given that our subsidiaries may be able to make timely payments to us in order for us to meet our obligations.

Legal and Regulatory Risks

We are subject to E&O claims against us as well as other contingencies and legal proceedings, some of which, if determined unfavorably to us, could have a material adverse effect on the financial condition or results of operations of a business line or the Company as a whole.

We assist our clients with various matters, including placing of insurance and reinsurance coverage and handling related claims, consulting on various human resources matters, providing actuarial services, investment consulting and asset management services, and outsourcing various human resources functions. E&O claims against us may allege our potential liability for damages arising from these services. E&O claims could include, for example, the failure of our employees or sub agents, whether negligently or intentionally, to place coverage correctly or notify carriers of claims on behalf of clients or to provide insurance carriers with complete and accurate information relating to the risks being insured, the failure to give error-free advice in our consulting business or the failure to correctly execute transactions in the human resources outsourcing business. It is not always possible to prevent and detect errors and omissions, and the precautions we take may not be effective in all cases. In addition, we are subject to other types of claims, litigation and proceedings in the ordinary course of business, which along with E&O claims, may seek damages, including punitive damages, in amounts that could, if awarded, have a material adverse impact on the Company's financial position, earnings, and cash flows. In addition to potential liability for monetary damages, such claims or outcomes could harm our reputation or divert management resources away from operating our business.

We have historically purchased, and intend to continue to purchase, insurance to cover E&O claims and other insurance to provide protection against certain losses that arise in such matters. However, we have exhausted or materially depleted our coverage under some of the policies that protect us for certain years and, consequently, are self-insured or materially self-insured for some historical claims. Accruals for these exposures, and related insurance receivables, when applicable, have been provided to the extent that losses are deemed probable and are reasonably estimable. These accruals and receivables are adjusted from time to time as developments warrant, and may also be adversely affected by disputes we may have with our insurers over coverage. Amounts related to settlement provisions are recorded in Other general expenses in the Consolidated

Statements of Income. Discussion of some of these claims, lawsuits, and proceedings are contained in the notes to the consolidated financial statements.

The ultimate outcome of these claims, lawsuits and proceedings cannot be ascertained, and liabilities in indeterminate amounts may be imposed on us. It is possible that future Statements of Financial Position, results of operations or cash flows for any particular quarterly or annual period could be materially affected by an unfavorable resolution of these matters.

In addition, we provide a variety of guarantees and indemnifications to our customers and others. The maximum potential amount of future payments represents the notional amounts that could become payable under the guarantees and indemnifications if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or other methods. Any anticipated payment amounts under guarantees and indemnifications that are deemed to be probable and reasonably estimable are included in our consolidated financial statements. These amounts may not represent actual future payments, if any, for these guarantees and indemnifications.

Our businesses are subject to extensive governmental regulation, which could reduce our profitability, limit our growth, or increase competition.

Our businesses are subject to extensive legal and regulatory oversight throughout the world, including the U.K. Companies Act and the rules and regulations promulgated by the FCA, the U.S. securities laws and the rules and regulations promulgated by the SEC, and a variety of other laws, rules and regulations addressing, among other things, licensing, data privacy and protection, wage-and-hour standards, employment and labor relations, anti-competition, anti-corruption, currency, reserves, government contracting and the amount of local investment with respect to our operations in certain countries. This legal and regulatory oversight could reduce our profitability or limit our growth by increasing the costs of legal and regulatory compliance; by limiting or restricting the products or services we sell, the markets we enter, the methods by which we sell our products and services, or the prices we can charge for our services, and the form of compensation we can accept from our clients, carriers and third parties; or by subjecting our businesses to the possibility of legal and regulatory actions or proceedings.

The global nature of our operations increases the complexity and cost of compliance with laws and regulations, including training and employee expenses, adding to our cost of doing business. In addition, many of these laws and regulations may have differing or conflicting legal standards across jurisdictions, increasing further the complexity and cost of compliance. In emerging markets and other jurisdictions with less developed legal systems, local laws and regulations may not be established with sufficiently clear and reliable guidance to provide us adequate assurance that we are operating our business in a compliant manner with all required licenses or that our rights are otherwise protected. In addition, certain laws and regulations, such as the Foreign Corrupt Practices Act ("FCPA") and the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act ("FATCA") in the U.S. and the Bribery Act of 2010 ("U.K. Bribery Act") in the U.K., impact our operations outside of the legislating country by imposing requirements for the conduct of overseas operations, and in a number of cases, requiring compliance by foreign subsidiaries.

For example, FATCA has resulted in, and will likely continue to result in, increased compliance costs. FATCA requires certain of our subsidiaries, affiliates and other entities to obtain valid FATCA documentation from payees prior to remitting certain payments to such payees. In the event we do not obtain valid FATCA documents, we may be obliged to withhold a portion of such payments. This obligation is shared with our customers and clients who may fail to comply, in whole or in part. In such circumstances, we may incur FATCA compliance costs including withholding taxes, interest and penalties. In addition, regulatory initiatives and changes in the regulations and guidance promulgated under FATCA may increase our costs of operations, and could adversely affect the market for our services as intermediaries, which could adversely affect our operations, results of operations and financial condition.

In addition to the complexity of the laws and regulations themselves, the development of new laws and regulations, changes in application or interpretation of laws and regulations and our continued operational changes and development into new jurisdictions and new service offerings also increases our legal and regulatory compliance complexity as well as the type of governmental oversight to which we may be subject. These changes in laws and regulations could mandate significant and costly changes to the way we implement our services and solutions or could impose additional licensure requirements or costs to our operations and services. Furthermore, as we enter new jurisdictions or lines of businesses and other developments in our services, we may become subject to additional types of laws and policies and governmental oversight and supervision such as those applicable to the financial lending or other service institutions.

In all jurisdictions, the applicable laws and regulations are subject to amendment or interpretation by regulatory authorities. Generally, such authorities are vested with relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, we may have a license revoked, be unable to obtain new licenses and be

precluded or temporarily suspended from carrying on or developing some or all of our activities or otherwise fined or penalized in a given jurisdiction. No assurances can be given that our business can further develop or continue to be conducted in any given jurisdiction as it has been conducted in the past.

In addition, new regulatory or industry developments could create an increase in competition that could adversely affect us. These developments include:

- the selling of insurance by insurance companies directly to insureds;
- changes in our business compensation model as a result of regulatory actions or changes;
- the establishment of programs in which state-sponsored entities provide property insurance in catastrophe prone areas or other alternative types of coverage;
- changes in regulations relating to health and welfare plans, defined contribution and defined benefit plans, and investment consulting and asset management;
- additional regulations promulgated by the FCA in the U.K., or other regulatory bodies in jurisdictions in which we operate; or
- additional requirements respecting data privacy and data usage in jurisdictions in which we operate that may increase our costs of compliance and potentially reduce the manner in which data can be used by us to develop or further our product offerings.

Changes in the regulatory scheme, or even changes in how existing regulations are interpreted, could have an adverse impact on our results of operations by limiting revenue streams or increasing costs of compliance. Likewise, increased government involvement in the insurance or reinsurance markets could curtail or replace our opportunities and negatively affect our results of operations and financial condition.

With respect to our Risk Solutions segment, our business' regulatory oversight generally also includes the licensing of insurance brokers and agents, managing general agency or managing general underwriting operations and third party administrators and the regulation of the handling and investment of client funds held in a fiduciary capacity. Our continuing ability to provide insurance brokering and third party administration in the jurisdictions in which we currently operate depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions. Also, we can be affected indirectly by the governmental regulation and supervision of insurance companies. For instance, if we are providing or managing general underwriting services for an insurer, we may have to contend with regulations affecting our client. Further, regulation affecting the insurance companies with whom our brokers place business can affect how we conduct those operations.

Services provided in our HR Solutions segment are also the subject of ever-evolving government regulation, either because the services provided to or businesses conducted by our clients are regulated directly or because third parties upon whom we rely to provide services to clients are regulated, thereby indirectly impacting the manner in which we provide services to those clients. In particular, our health care exchange business depends upon the private sector of the United States insurance system, its role in financing health care delivery, and insurance carriers' use of, and payment of commissions to, agents, brokers and other organizations to market and sell individual and family health insurance products and plans. Uncertainty regarding, or any changes to, state or federal law, or the interpretation of such law by applicable regulatory agencies, including the effects of health care reform by the U.S. government, could delay client adoption of our healthcare exchanges, impair our ability to retain clients who have adopted our healthcare exchanges or cause insurance carriers to alter or eliminate the products and plans that they offer or attempt to move members into new products or plans for which we receive lower commissions. In addition, more generally within our HR Solutions segment, changes in laws, government regulations or the way those regulations are interpreted in the jurisdictions in which we operate could affect the viability, value, use or delivery of benefits and human resources programs, including changes in regulations relating to health and welfare (such as medical) plans, defined contribution (such as 401(k)) plans, defined benefit (such as pension) plans or payroll delivery, may adversely affect the demand for, or profitability of, our services.

If we violate the laws and regulation to which we are subject, we could be subject to fines, penalties or criminal sanctions and could be prohibited from conducting business in one or more countries. There can be no assurance that our employees, contractors or agents will not violate these laws and regulations, causing an adverse effect on our operations and financial condition.

In addition, our businesses and operations are subject to heightened regulatory oversight and scrutiny, which may lead to additional regulatory investigations or enforcement actions. As regulators and other government agencies continue to examine the operations of the Company and its subsidiaries, there is no assurance that consent orders or other enforcement actions will not be issued by them in the future. These and other initiatives from national, state and local officials may subject the Company to judgments, settlements, fines or penalties, or cause the Company to be required to restructure its operations and activities, all of which could lead to reputational issues, or higher operational costs, thereby adversely affecting our business, financial condition or operating results.

Failure to protect our intellectual property rights, or allegations that we have infringed on the intellectual property rights of others, could harm our reputation, ability to compete effectively and financial condition.

To protect our intellectual property rights, we rely on a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements and other contractual arrangements with our affiliates, clients, strategic partners and others. However, the protective steps that we take may be inadequate to deter misappropriation of our proprietary information. In addition, we may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Further, effective trademark, copyright, patent and trade secret protection may not be available in every country in which we offer our services or competitors may develop products similar to our products that do not conflict with our related intellectual property rights. Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively.

In addition, to protect or enforce our intellectual property rights, we may initiate litigation against third parties, such as infringement suits or interference proceedings. Third parties may assert intellectual property rights claims against us, which may be costly to defend, could require the payment of damages and could limit our ability to use or offer certain technologies, products or other intellectual property. Any intellectual property claims, with or without merit, could be expensive, take significant time and divert management's attention from other business concerns. Successful challenges against us could require us to modify or discontinue our use of technology or business processes where such use is found to infringe or violate the rights of others, or require us to purchase licenses from third parties, any of which could adversely affect our business, financial condition and operating results.

As a result of increased shareholder approval requirements, we have less flexibility as an English public limited company with respect to certain aspects of capital management.

English law imposes some restrictions on certain corporate actions by which previously, as a Delaware corporation, we were not constrained. For example, English law provides that a board of directors may only allot, or issue, securities with the prior authorization of shareholders, such authorization being up to the aggregate nominal amount of shares and for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. This authorization will need to be renewed by our shareholders periodically. Our articles of association authorize the allotment of additional shares and such authorization is effective until March 29, 2017. Renewal of such authorization will be sought periodically.

English law also generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the articles of association, or shareholders in general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years as specified in the articles of association or relevant shareholder resolution. This exclusion would need to be renewed by our shareholders periodically. Our articles of association exclude preemptive rights and such exclusion is effective until March 29, 2017. Renewal of such exclusion will be sought periodically.

English law also generally prohibits a company from repurchasing its own shares by way of "off market purchases" without the prior approval of our shareholders. Such approval lasts for a maximum period of up to five years. Our shares are traded on the NYSE, which is not a recognized investment exchange in the U.K. Consequently, any repurchase of our shares is currently considered an "off market purchase." Renewal of this authorization will be sought periodically.

The enforcement of civil liabilities against us may be more difficult.

Because we are a public limited company incorporated under English law, investors could experience more difficulty enforcing judgments obtained against us in U.S. courts than would have been the case for U.S. judgments obtained against Aon Corporation. In addition, it may be more difficult (or impossible) to bring some types of claims against us in courts in England than it would be to bring similar claims against a U.S. company in a U.S. court.

We are a public limited company incorporated under the laws of England and Wales. Therefore, it may not be possible to effect service of process upon us within the United States in order to enforce judgments of U.S. courts against us based on the civil liability provisions of the U.S. federal securities laws.

There is doubt as to the enforceability in England and Wales, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities solely based on the U.S. federal securities laws. The English courts will, however, treat any amount payable by us under the U.S. judgment as a debt and new proceedings can be commenced in the English courts to enforce this debt against us. The following criteria must be satisfied in order for the English court to enforce the debt created by the U.S. judgment:

- the U.S. judgment must be for a debt or definite sum of money;
- the U.S. judgment must be final and conclusive;

- the U.S. court must, in the circumstances of the case, have had jurisdiction according to the English rules of private international law;
- the U.S. judgment must not have been obtained by fraud;
- the enforcement of the U.S. judgment must not be contrary to U.K. public policy; and
- the proceedings in which the U.S. judgment was obtained must not have been conducted contrary to the rules of natural justice.

Operational and Commercial Risks

Our success depends on our ability to retain and attract experienced and qualified personnel, including our senior management team and other professional personnel.

We depend, in material part, upon the members of our senior management team who possess extensive knowledge and a deep understanding of our business and our strategy. The unexpected loss of services of any of our senior executive officers could have a disruptive effect adversely impacting our ability to manage our business effectively and execute our business strategy. Competition for experienced professional personnel is intense, and we are constantly working to retain and attract these professionals. If we cannot successfully do so, our business, operating results and financial condition could be adversely affected.

Our global operations expose us to various international risks that could adversely affect our business.

Our operations are conducted globally. Accordingly, we are subject to legal, economic and market risks associated with operating in, and sourcing from, foreign countries, including:

- difficulties in staffing and managing our foreign offices, including due to unexpected wage inflation or job turnover, and the increased travel, infrastructure and legal and compliance costs associated with multiple international locations;
- hyperinflation in certain foreign countries;
- imposition or increase of investment and other restrictions by foreign governments;
- longer payment cycles;
- greater difficulties in accounts receivable collection;
- insufficient demand for our services in foreign jurisdictions;
- ability to execute effective and efficient cross-border sourcing of services on behalf of our clients;
- restrictions on the import and export of technologies; and
- trade barriers.

The occurrence of natural or man-made disasters could result in declines in business and increases in claims that could adversely affect our financial condition and results of operations.

We are exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods and tornadoes, and pandemic health events, as well as man-made disasters, including acts of terrorism, military actions and cyber-terrorism. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man-made disaster could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas. They could also result in reduced underwriting capacity, making it more difficult for our Risk Solutions professionals to place business. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations.

A natural or man-made disaster also could disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us. In addition, a disaster could adversely affect the value of the assets in our investment portfolio. Finally, a natural or man-made disaster could increase the incidence or severity of E&O claims against us.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability.

Our operations are dependent upon our ability to protect our personnel, offices and technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breaches, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of existing, new or upgraded computer systems, telecommunications and other related systems and operations. In events like these, while our operational size, the multiple locations from which we operate, and our existing back-up systems provide us with some degree of flexibility, we still can experience near-term operational challenges with regard to particular areas of our operations. We

could potentially lose access to key executives and personnel, client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster recovery scenario.

We regularly assess and take steps to improve upon our existing business continuity plans and key management succession. However, a disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability.

We rely on complex information technology systems and networks to operate our business. Any significant system or network disruption due to a breach in the security of our information technology systems could have a negative impact on our reputation, operations, sales and operating results.

We rely on the efficient, uninterrupted and secure operation of complex information technology systems and networks, some of which are within the company and some are outsourced. All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including but not limited to cyber-attacks, computer viruses and security breaches. We have from time to time experienced cybersecurity breaches, such as computer viruses, unauthorized parties gaining access to our information technology systems and similar incidents, which to date have not had a material impact on our business. If we are unable to efficiently and effectively maintain and upgrade our system safeguards we may incur unexpected costs and certain of our systems may become more vulnerable to unauthorized access. In the future, these types of incidents could result in intellectual property or other confidential information being lost or stolen, including client, employee or company data. In addition, we may not be able to detect breaches in our information technology systems or assess the severity or impact of a breach in a timely manner.

We have implemented various measures to manage our risks related to system and network security and disruptions, but a security breach or a significant and extended disruption in the functioning of our information technology systems could damage our reputation and cause us to lose clients, adversely impact our operations, sales and operating results and require us to incur significant expense to address and remediate or otherwise resolve such issues. Additionally, in order to maintain the level of security, service and reliability that our clients require, we may be required to make significant additional investments in our online methods of delivering our services.

Improper disclosure of confidential, personal or proprietary data could result in regulatory scrutiny, legal liability or harm our reputation.

One of our significant responsibilities is to maintain the security and privacy of our employees' and clients' confidential and proprietary information and, in the case of our HR Solutions clients, confidential information about clients' employees compensation, medical information and other personally identifiable information. We maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information. Nonetheless, we cannot eliminate the risk of human error or inadequate safeguards against employee or vendor malfeasance or cyber-attacks that could result in improper access to or disclosure of confidential, personal or proprietary information. Such access or disclosure could harm our reputation and subject us to liability under our contracts and laws and regulations that protect personal data, resulting in increased costs or loss of revenue. Furthermore, our clients may not be receptive to services delivered through our information technology systems and networks due to concerns regarding transaction security, user privacy, the reliability and quality of internet service and other reasons. The release of confidential information as a result of a security breach could also lead to litigation or other proceedings against us by affected individuals or business partners, or by regulators, and the outcome of such proceedings, which could include penalties or fines, could have a significant negative impact on our business.

In many jurisdictions, including in the European Union and the United States, we are subject to laws and regulations relating to the collection, use, retention, security and transfer of this information. These laws and regulations are frequently changing and are becoming increasingly complex and sometimes conflict among the various jurisdictions and countries in which we provide services both in terms of substance and in terms of enforceability. This makes compliance challenging and expensive. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace. Further, regulatory initiatives in the area of data protection are more frequently including provisions allowing authorities to impose substantial fines and penalties, and therefore, failure to comply could also have a significant financial impact.

Our business performance and growth plans could be negatively affected if we are not able to effectively apply technology in driving value for our clients through technology-based solutions or gain internal efficiencies through the effective application of technology and related tools. Conversely, investments in innovative product offerings may fail to yield sufficient return to cover their investments.

Our success depends, in part, on our ability to develop and implement technology solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and client preferences. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis, and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop new technologies in our business requires us to incur significant expenses. If we cannot offer new technologies as quickly as our competitors or if our competitors develop more cost-effective technologies, it could have a material adverse effect on our ability to obtain and complete client engagements. For example, we have invested significantly in the development of GRIP, a repository of global insurance placement information, which we use to drive results for our clients in the insurance placement process. Our competitors are developing competing databases, and their success in this space may impact our ability to differentiate our services to our clients through the use of unique technological solutions. Likewise, we have invested significantly in our HR BPO business and platform. Innovations in software, cloud computing or other technologies that alter how these services are delivered could significantly undermine our investment in this business if we are slow or unable to take advantage of these developments.

We are continually developing and investing in innovative and novel service offerings that we believe will address needs that we identify in the markets. Nevertheless, for those efforts to produce meaningful value, we are reliant on a number of other factors, some of which our outside of our control. For example, our HR Solutions segment has invested substantial time and resources in launching health care exchanges under the belief that these exchanges will serve a useful role in helping corporations and individuals in the U.S. manage their growing health care expenses. In order for these exchanges to be successful, health care insurers and corporate and individual participants have to deem them suitable, and whether those parties will find them suitable will be subject to their own particular circumstances.

If our clients or third parties are not satisfied with our services, we may face additional cost, loss of profit opportunities and damage to our reputation or legal liability.

We depend, to a large extent, on our relationships with our clients and our reputation for high-quality brokering, risk management and HR solutions, so that we can understand our clients' needs and deliver solutions and services that are tailored to satisfy these needs. If a client is not satisfied with our services, it may be more damaging to our business than to other businesses and could cause us to incur additional costs and impair profitability. Many of our clients are businesses that band together in industry groups and/or trade associations and actively share information among themselves about the quality of service they receive from their vendors. Accordingly, poor service to one client may negatively impact our relationships with multiple other clients. Moreover, if we fail to meet our contractual obligations, we could be subject to legal liability or loss of client relationships.

The nature of much of our work, especially our actuarial services in our HR Solutions business, involves assumptions and estimates concerning future events, the actual outcome of which we cannot know with certainty in advance. Similarly, in our investment consulting business, we may be measured based on our track record regarding judgments and advice on investments that are susceptible to influences unknown at the time the advice was given. In addition, we could make computational, software programming or data entry or management errors. A client may nonetheless claim it suffered losses due to reliance on our consulting advice. And, in addition to the risks of liability exposure and increased costs of defense and insurance premiums, claims arising from our professional services may produce publicity that could hurt our reputation and business and adversely affect our ability to secure new business.

Damage to our reputation could have a material adverse effect on our business.

Our reputation is a key asset of the Company. We advise our clients on and provide services related to a wide range of subjects and our ability to attract and retain clients is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters or others could erode trust and confidence and damage our reputation among existing and potential clients, which could make it difficult for us to attract new clients and maintain existing ones as mentioned above. Negative public opinion could also result from actual or alleged conduct by us or those currently or formerly associated with us in any number of activities or circumstances, including operations, regulatory compliance, and the use and protection of data and systems, satisfaction of client expectations, and from actions taken by regulators or others in response to such conduct. This damage to our reputation could further affect the confidence of our clients, rating agencies, regulators, stockholders and the other parties in a wide range of transactions that are important to our business having a material adverse effect on our business, financial condition and operating results.

We rely on third parties to perform key functions of our business operations and to provide services to our clients. These third parties may act in ways that could harm our business.

We rely on third parties, and in some cases subcontractors, to provide services, data and information such as technology, information security, fund transfer, data processing, and administration and support functions that are critical to the operations of our business. These third parties include correspondents, agents and other brokerage and intermediaries, insurance markets, data providers, plan trustees, payroll service providers, software and system vendors, health plan providers, investment managers and providers of human resource functions such as recruiters and trainers, among others. As we do not fully control the actions of these third parties, we are subject to the risk that their decisions may adversely impact us and replacing these service providers could create significant delay and expense. A failure by the third parties to comply with service level agreement or regulatory or legal requirements, in a high quality and timely manner, particularly during periods of our peak demand for their services, could result in economic and reputational harm to us. In addition, these third parties face their own technology, operating, business and economic risks, and any significant failures by them, including the improper use or disclosure of our confidential client, employee, or company information, could cause harm to our reputation. An interruption in or the cessation of service by any service provider as a result of systems failures, capacity constraints, financial difficulties or for any other reason could disrupt our operations, impact our ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from clients and/or employees, damage to our reputation and harm to our business.

Our business is exposed to risks associated with the handling of client funds.

Our Risk Solutions business collects premiums from insureds and, after deducting commissions, remits the premiums to the respective insurers. We also collect claims or refunds from insurers on behalf of insureds, which are remitted to the insureds. Similarly, part of our HR Solutions' outsourcing business handles payroll processing for several of our clients. Consequently, at any given time, we may be holding and managing funds of our clients and, in the case of HR Solutions, their employees, while payroll is being processed. This function creates a risk of loss arising from, among other things, fraud by employees or third parties, execution of unauthorized transactions or errors relating to transaction processing. We are also potentially at risk in the event the financial institution in which we hold these funds suffers any kind of insolvency or liquidity event. The occurrence of any of these types of events in connection with this function could cause us financial loss and reputational harm.

In connection with the implementation of our corporate strategy, we face risks associated with the acquisition or disposition of businesses, the entry into new lines of business, the integration of acquired businesses and the growth and development of these businesses.

In pursuing our corporate strategy, we may acquire other businesses, or dispose of or exit businesses we currently own. The success of this strategy is dependent upon our ability to identify appropriate acquisition and disposition targets, negotiate transactions on favorable terms, complete transactions and, in the case of acquisitions, successfully integrate such acquisitions into our existing businesses. If acquisitions are made, there can be no assurance that we will realize the anticipated benefits of such acquisitions, including, but not limited to, revenue growth, operational efficiencies or expected synergies. If we dispose of or otherwise exit certain businesses, there can be no assurance that we will not incur certain disposition related charges, or that we will be able to reduce overhead related to the divested assets.

From time to time, either through acquisitions or internal development, we enter lines of business or offer new products and services within existing lines of business. These new lines of business or new products and services present the Company with additional risks, particularly in instances where the markets are not fully developed. Such risks include the investment of significant time and resources; the possibility that these efforts will be not be successful; the possibility that marketplace does not accept our products or services, or that we are unable to retain clients that adopt our new products or services; and the risk of additional liabilities associated with these efforts. In addition, many of the businesses that we acquire and develop will likely have significantly smaller scales of operations prior to the implementation of our growth strategy. If we are not able to manage the growing complexity of these businesses, including improving, refining or revising our systems and operational practices, and enlarging the scale and scope of the businesses, our business may be adversely affected. Other risks include developing knowledge of and experience in the new business, recruiting professionals and developing and capitalizing on new relationships with experienced market participants. External factors, such as compliance with new or revised regulations, competitive alternatives and shifting market preferences may also impact the successful implementation of a new line of business. Failure to manage these risks in the acquisition or development of new businesses could materially and adversely affect our business, results of operations and financial condition.

Risks relating Primarily to our Risk Solutions Segment

Results in our Risk Solutions segment may fluctuate due to many factors, including cyclical or permanent changes in the insurance and reinsurance markets outside of our control.

Results in our Risk Solutions segment have historically been affected by significant fluctuations arising from uncertainties and changes in the industries in which we operate. A significant portion of our revenue consists of commissions paid to us out of the premiums that insurers and reinsurers charge our clients for coverage. We have no control over premium rates, and our revenues and profitability are subject to change to the extent that premium rates fluctuate or trend in a particular direction. The potential for changes in premium rates is significant, due to pricing cyclicality in the commercial insurance and reinsurance markets.

In addition to movements in premium rates, our ability to generate premium-based commission revenue may be challenged by:

- the growing availability of alternative methods for clients to meet their risk-protection needs, including a greater willingness on the part of corporations to "self-insure," the use of so-called "captive" insurers, and the advent of capital markets-based solutions and other alternative capital sources for traditional insurance and reinsurance needs that increase market capacity, increase competition and put pressure on pricing;
- fluctuation in the need for insurance as the economic downturn continues, as clients either go out of business or scale back their operations, and thus reduce the amount of insurance, they procure;
- the level of compensation, as a percentage of premium, that insurance carriers are willing to compensate brokers for placement activity;
- the growing desire of clients to move away from variable commission rates and instead compensate brokers based upon flat fees, which can negatively impact us as fees are not generally indexed for inflation and do not automatically increase with premium as does commission-based compensation; and
- competition from insurers seeking to sell their products directly to consumers without the involvement of an insurance broker.

In addition, our increasing focus on new product offerings within the Risk Solutions space exposes us to additional risks. For example, GRIP is a relatively new and historically untested offering; it may fail to catch on within the insurance industry or conversely, if successful, may face increasing pressure from competitors who develop competing offerings. As our business, like the economy as a whole, becomes more technology focused, the speed at which our products are subject to challenge or becoming outdated is consistently increasing.

Our results may be adversely affected by changes in the mode of compensation in the insurance industry.

Since the Attorney General of New York brought charges against members of the insurance brokerage community in 2004, there has been uncertainty concerning longstanding methods of compensating insurance brokers. Given that the insurance brokerage industry has faced scrutiny from regulators in the past over its compensation practices, it is possible that those regulators may choose to revisit the same or other practices in the future. If they do so, compliance with new regulations along with any sanctions that might be imposed for past practices deemed improper could have an adverse impact on our future results of operations and inflict significant reputational harm on our business.

Risks relating Primarily to our HR Solutions Segment

The profitability of our outsourcing and consulting engagements with clients may not meet our expectations due to unexpected costs, cost overruns, early contract terminations, unrealized assumptions used in our contract bidding process or the inability to maintain our prices.

In our HR Solutions segment, our profitability is highly dependent upon our ability to control our costs and improve our efficiency. As we adapt to change in our business, adapt to the regulatory environment, enter into new engagements, acquire additional businesses and take on new employees in new locations, we may not be able to manage our large, diverse and changing workforce, control our costs or improve our efficiency.

Most new outsourcing arrangements undergo an implementation process whereby our systems and processes are customized to match a client's plans and programs. The cost of this process is estimated by us and often partially funded by our clients. If our actual implementation expense exceeds our estimate or if the ongoing service cost is greater than anticipated, the client contract may be less profitable than expected.

Even though outsourcing clients typically sign long-term contracts, some of these contracts may be terminated at any time, with or without cause, by our client upon 90 to 360 days written notice. Our outsourcing clients are generally required to

pay a termination fee; however, this amount may not be sufficient to offset the costs we incurred in connection with the implementation and system set-up or fully compensate us for the profit we would have received if the contract had not been cancelled. A client may choose to delay or terminate a current or anticipated project as a result of factors unrelated to our work product or progress, such as the business or financial condition of the client or general economic conditions. When any of our engagements are terminated, we may not be able to eliminate associated ongoing costs or redeploy the affected employees in a timely manner to minimize the impact on profitability. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could have an adverse effect on our profit margin.

Our profit margin, and therefore our profitability, is largely a function of the rates we are able to charge for our services and the staffing costs for our personnel. Accordingly, if we are not able to maintain the rates we charge for our services or appropriately manage the staffing costs of our personnel, we may not be able to sustain our profit margin and our profitability will suffer. The prices we are able to charge for our services are affected by a number of factors, including competitive factors, cost of living adjustment provisions, the extent of ongoing clients' perception of our ability to add value through our services and general economic conditions. Our profitability in providing HR BPO services is largely based on our ability to drive cost efficiencies during the term of our contracts for such services. If we cannot drive suitable cost efficiencies, our profit margins will suffer.

We might not be able to achieve the cost savings required to sustain and increase our profit margins in our HR Solutions business.

We provide our outsourcing services over long terms for variable or fixed fees that generally are less than our clients' historical costs to provide for themselves the services we contract to deliver. Also, clients' demand for cost reductions may increase over the term of the agreement. As a result, we bear the risk of increases in the cost of delivering HR outsourcing services to our clients, and our margins associated with particular contracts will depend on our ability to control our costs of performance under those contracts and meet our service commitments cost-effectively. Over time, some of our operating expenses will increase as we invest in additional infrastructure and implement new technologies to maintain our competitive position and meet our client service commitments. We must anticipate and respond to the dynamics of our industry and business by using quality systems, process management, improved asset utilization and effective supplier management tools. We must do this while continuing to grow our business so that our fixed costs are spread over an increasing revenue base. If we are not able to achieve this, our ability to sustain and increase profitability may be reduced.

In our investment consulting business, we advise or act on behalf of clients regarding their investments. The results of these investments are uncertain and subject to numerous factors, some of which are within our control and some which are not. Clients that experience losses or lower than expected investment returns may assert claims against us.

Our investment consulting business provides advice to clients on: investment strategy, which can include advice on setting investment objectives, asset allocation, and hedging strategies; selection (or removal) of investment managers; the investment in different investment instruments and products; and the selection of other investment service providers such as custodians and transition managers. For some clients, we are responsible for making decisions on these matters and we may implement such decisions in a fiduciary/agency capacity albeit without assuming title or custody over the underlying funds or assets invested. Asset classes may experience poor absolute performance; third parties we recommend or select, such as investment managers, may underperform their benchmarks due to poor market performance, negligence or other reasons, resulting in poor investment returns or losses of some, or all, of the capital that has been invested. These losses may be attributable in whole or in part to failures on our part or to events entirely outside of our control. Regardless of the cause, clients experiencing losses may assert claims against us, and these claims may be for significant amounts. Defending against these claims can involve potentially significant costs, including legal defense costs, as well as cause substantial distraction and diversion of other resources. Furthermore, our ability to limit our potential liability is restricted in certain jurisdictions and in connection with claims involving breaches of fiduciary/agency duties or other alleged errors or omissions.

Risks Related to Our Ordinary Shares

Transfers of the Class A Ordinary Shares may be subject to stamp duty or SDRT in the U.K., which would increase the cost of dealing in the Class A Ordinary Shares.

Stamp duty and/or SDRT are imposed in the U.K. on certain transfers of chargeable securities (which include shares in companies incorporated in the U.K.) at a rate of 0.5 percent of the consideration paid for the transfer. Certain transfers of shares to depositaries or into clearance systems are charged at a higher rate of 1.5 percent.

Our Class A Ordinary Shares are eligible to be held in book entry form through the facilities of Depository Trust Company ("DTC"). Transfers of shares held in book entry form through DTC will not attract a charge to stamp duty or SDRT in

the U.K. A transfer of the shares from within the DTC system out of DTC and any subsequent transfers that occur entirely outside the DTC system will attract a charge to stamp duty at a rate of 0.5 percent of any consideration, which is payable by the transferee of the shares. Any such duty must be paid (and the relevant transfer document stamped by HMRC) before the transfer can be registered in the books of Aon UK. If those shares are redeposited into DTC, the redeposit will attract stamp duty or SDRT at a rate of 1.5 percent of the value of the shares.

We have put in place arrangements to require that shares held in certificated form cannot be transferred into the DTC system until the transferor of the shares has first delivered the shares to a depository specified by us so that SDRT may be collected in connection with the initial delivery to the depository. Any such shares will be evidenced by a receipt issued by the depository. Before the transfer can be registered in our books, the transferor will also be required to put in the depository funds to settle the resultant liability to SDRT, which will be charged at a rate of 1.5 percent of the value of the shares.

Following the decision of the First Tier Tribunal (Tax Chamber) in *HSBC Holdings plc, The Bank of New York Mellon Corporation v HMRC* 2012 UKFTT 163 (TC) and the announcement by HMRC that it will not seek to appeal the decision, HMRC is no longer enforcing the charge to SDRT on the issue of shares into either EU or non-EU depository receipt or clearance systems.

If the Class A Ordinary Shares are not eligible for continued deposit and clearing within the facilities of DTC, then transactions in our securities may be disrupted.

The facilities of DTC are a widely-used mechanism that allow for rapid electronic transfers of securities between the participants in the DTC system, which include many large banks and brokerage firms. We believe that prior to the merger approximately 99% of the outstanding shares of common stock of Aon Corporation were held within the DTC system. The Class A Ordinary Shares of Aon plc are, at present, eligible for deposit and clearing within the DTC system. In connection with the closing of the merger, we entered into arrangements with DTC whereby we agreed to indemnify DTC for any stamp duty and/or SDRT that may be assessed upon it as a result of its service as a depository and clearing agency for our Class A Ordinary Shares. In addition, we have obtained a ruling from HMRC in respect of the stamp duty and SDRT consequences of the reorganization, and SDRT has been paid in accordance with the terms of this ruling in respect of the deposit of Class A Ordinary Shares with the initial depository. DTC will generally have discretion to cease to act as a depository and clearing agency for the Class A Ordinary Shares. If DTC determines at any time that the Class A Ordinary Shares are not eligible for continued deposit and clearance within its facilities, then we believe the Class A Ordinary Shares would not be eligible for continued listing on a U.S. securities exchange or inclusion in the S&P 500 and trading in the Class A Ordinary Shares would be disrupted. While we would pursue alternative arrangements to preserve our listing and maintain trading, any such disruption could have a material adverse effect on the trading price of the Class A Ordinary Shares.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to potential fluctuations in earnings, cash flows, and the fair value of certain of our assets and liabilities due to changes in interest rates and foreign exchange rates. To manage the risk from these exposures, we enter into a variety of derivative instruments. We do not enter into derivatives or financial instruments for trading or speculative purposes.

The following discussion describes our specific exposures and the strategies we use to manage these risks. See Note 2 "Summary of Significant Accounting Principles and Practices" of the Notes to Consolidated Financial Statements for a discussion of our accounting policies for financial instruments and derivatives.

Foreign Exchange Risk

We are subject to foreign exchange rate risk. Our primary exposures include exchange rates between the U.S. Dollar and the Euro, the British Pound, the Canadian Dollar, the Australian Dollar, and the Indian Rupee. We use over-the-counter options and forward contracts to reduce the impact of foreign currency risk to our financial statements.

Additionally, some of our non-U.S. brokerage subsidiaries receive revenues in currencies that differ from their functional currencies. Our U.K. subsidiaries earn a portion of their revenue in U.S. Dollars and Euros, but most of their expenses are incurred in British Pounds. At December 31, 2014, we have hedged approximately 45% and 81% of our U.K. subsidiaries' expected U.S. Dollar transaction exposure for the years ending December 31, 2015 and 2016, respectively. In addition, we have hedged 81% of our U.K. subsidiaries' expected Euro transaction exposures for the same time periods. We generally do not hedge exposures beyond three years.

We also use forward contracts to economically hedge foreign exchange risk associated with monetary balance sheet exposures, such as inter-company notes and short-term assets and liabilities that are denominated in a non-functional currency and are subject to remeasurement.

The potential loss in future earnings from foreign exchange derivative instruments resulting from a hypothetical 10% adverse change in year-end exchange rates would be $28 million and $19 million at December 31, 2015 and 2016 respectively.

Interest Rate Risk

Our fiduciary investment income is affected by changes in international and domestic short-term interest rates. We monitor our net exposure to short-term interest rates, and as appropriate, hedge our exposure with various derivative financial instruments. This activity primarily relates to brokerage funds held on behalf of clients in the U.S. and on the continent of Europe. A hypothetical, instantaneous parallel decrease in the year-end yield curve of 100 basis points would cause a decrease, net of derivative positions, of $17 million and $34 million to 2015 and 2016 pretax income, respectively. A corresponding increase in the year-end yield curve of 100 basis points would cause an increase, net of derivative positions, of $47 million and $47 million to 2015 and 2016 pretax income, respectively.

We have long-term debt outstanding with a fair market value of $5.3 billion and $3.9 billion at December 31, 2014 and 2013, respectively. This fair value was greater than the carrying value by $469 million at December 31, 2014, and $208 million greater than the carrying value at December 31, 2013. A hypothetical 1% increase or decrease in interest rates would change the fair value by approximately 8% or 10%, respectively at December 31, 2014 and 2013.

We have selected hypothetical changes in foreign currency exchange rates, interest rates, and equity market prices to illustrate the possible impact of these changes; we are not predicting market events.

Business Review

Selected Financial Data

(millions except shareholders, employees and per share data)	2014	2013	2012	2011	2010
Income Statement Data					
Commissions, fees and other	**$ 12,019**	$ 11,787	$ 11,476	$ 11,235	$ 8,457
Fiduciary investment income	**26**	28	38	52	55
Total revenue	**$ 12,045**	$ 11,815	$ 11,514	$ 11,287	$ 8,512
Income from continuing operations	**$ 1,431**	$ 1,148	$ 1,020	$ 1,010	$ 759
Loss from discontinued operations (1) (2)	**—**	—	—	—	(27)
Net income	**1,431**	1,148	1,020	1,010	732
Less: Net income attributable to noncontrolling interest	**34**	35	27	31	26
Net income attributable to Aon shareholders	**$ 1,397**	$ 1,113	$ 993	$ 979	$ 706
Basic Net Income (Loss) Per Share Attributable to Aon Shareholders					
Continuing operations	**$ 4.73**	$ 3.57	$ 3.02	$ 2.92	$ 2.50
Discontinued operations (2)	**—**	—	—	—	(0.09)
Net income	**$ 4.73**	$ 3.57	$ 3.02	$ 2.92	$ 2.41
Diluted Net Income (Loss) Per Share Attributable to Aon Shareholders					
Continuing operations	**$ 4.66**	$ 3.53	$ 2.99	$ 2.87	$ 2.46
Discontinued operations (2)	**—**	—	—	—	(0.09)
Net income	**$ 4.66**	$ 3.53	$ 2.99	$ 2.87	$ 2.37
Balance Sheet Data					
Fiduciary assets (3)	**$ 11,638**	$ 11,871	$ 12,214	$ 10,838	$ 10,063
Intangible assets including goodwill	**11,380**	11,575	11,918	12,046	12,258
Total assets	**29,772**	30,251	30,486	29,552	28,982
Long-term debt	**4,799**	3,686	3,713	4,155	4,014
Total equity	**6,631**	8,195	7,805	8,120	8,306
Class A Ordinary Shares and Other Data					
Dividends paid per share	**$ 0.92**	$ 0.68	$ 0.62	$ 0.60	$ 0.60
Price range:					
High	**98.10**	84.33	57.92	54.58	46.24
Low	**76.49**	54.65	45.04	39.68	35.10
At year-end:					
Market price	**$ 94.83**	$ 83.89	$ 55.61	$ 46.80	$ 46.01
Common shareholders	**255**	281	240	8,107	9,316
Shares outstanding	**280.0**	300.7	310.9	324.4	332.3
Number of employees	**68,633**	65,547	64,725	62,443	59,100

(1) We have sold certain businesses whose results have been reclassified as discontinued operations, including AIS Management Corporation and our P&C Operations (both sold in 2009) and CICA and Sterling Life Insurance Company (both sold in 2008).

(2) For the years ended December 31, 2012, and 2011 amounts related to discontinued operations have been included in Other income to conform to amounts included in the Consolidated Financial Statements in this Form 10-K. These amounts in the years ended December 31, 2012 and 2011, which were historically included in Income (loss) from discontinued operations, have been reclassified to conform with current presentation. The amounts reclassified were $1 million loss and $4 million income for the years ended December 31, 2012 and 2011, respectively, from Income (loss) from discontinued operations to Other income. For the year ended December 31, 2010, amounts related to discontinued operations remain in Income (loss) from discontinued operations as they are more meaningful to the presentation of continuing operations in that year.

(3) Represents insurance premium receivables from clients as well as cash and investments held in a fiduciary capacity.

EXECUTIVE SUMMARY OF 2014 FINANCIAL RESULTS

During 2014, we continued to face certain headwinds that have adversely impacted our business. In our Risk Solutions segment, these headwinds included an unfavorable impact from changes in foreign currency exchange rates, economic weakness in continental Europe and a negative market impact in our Reinsurance business. In our HR Solutions segment, these headwinds included price compression in our benefits administration business and economic weakness in continental Europe.

The following is a summary of our 2014 financial results:

- Revenue increased $230 million, or 2%, compared to the prior year to $12.0 billion in 2014 due primarily to organic revenue growth of 2% in the Risk Solutions segment and 5% in the HR Solutions segment, partially offset by a 1% unfavorable impact from changes in foreign currency exchange rates. The increase in revenue was driven by strong new business generation and solid management of the renewal book portfolio across our Risk Solutions segment, as well as solid growth in both our consulting and outsourcing businesses within HR Solutions.

- Operating expenses decreased $65 million, or 1%, compared to the prior year to $10.1 billion in 2014 due primarily to a $174 million decrease in restructuring costs, a $66 million favorable impact from changes in foreign currency exchange rates, a decrease in intangible asset amortization of $43 million, and benefits achieved from the restructuring plans, partially offset by an increase in expense associated with 3% organic revenue growth and $35 million of expense related to legacy litigation.

- Operating margin increased to 16.3% in 2014 from 14.1% in 2013. The increase in operating margin from the prior year is primarily related to organic revenue growth of 3%, decreased intangible asset amortization, return on investments, and benefits achieved from the restructuring plans. Risk Solutions operating margin increased to 21.0% in 2014 from 19.8% in 2013. HR Solutions operating margin increased to 11.4% in 2014 from 7.8% in 2013.

- Net income attributable to Aon shareholders was $1.4 billion, an increase of $284 million, or 26%, from $1.1 billion in 2013. Diluted earnings per share increased 32% to $4.66 in 2014 from $3.53 in 2013.

- Cash flow provided by operating activities was $1.6 billion in 2014, an increase of $9 million, or 1%, from $1.6 billion in 2013, due primarily to growth in net income and a decrease in pension contributions, partially offset by unfavorable timing of receivable collections in the prior year. Cash flow from operations in 2013 was also favorably impacted by the $43.5 million settlement of a non-recurring, one-time legal matter.

We focus on four key non-GAAP metrics that we communicate to shareholders: grow organically, expand adjusted operating margins, increase adjusted diluted earnings per share, and increase free cash flow. The following is our measure of performance against these four metrics for 2014:

- Organic revenue growth, a non-GAAP metric as defined under the caption "Review of Consolidated Results — Organic Revenue," was 3% in 2014. Organic revenue growth was driven by growth across our businesses in both Risk Solutions and HR Solutions. In Risk Solutions, organic revenue growth was driven by strong new business generation and solid management of the renewal book portfolio across our Retail business. In HR Solutions, organic growth was primarily driven by health care exchanges and growth across consulting.

- Adjusted operating margin, a non-GAAP metric as defined under the caption "Review of Consolidated Results — Adjusted Operating Margin," was 19.5% for Aon overall, 22.9% for the Risk Solutions segment, and 17.1% for the HR Solutions segment in 2014. In 2013, adjusted operating margin was 19.0% for Aon overall, 22.5% for the Risk Solutions segment, and 16.7% for the HR Solutions segment. The increase in adjusted operating margin for the Risk Solutions segment reflects solid organic revenue growth and return on investments, partially offset by an unfavorable impact from changes in foreign currency exchange rates. The increase in adjusted operating margin for the HR Solutions segment reflects solid organic revenue growth and restructuring savings, partially offset by continued investment in long-term growth opportunities.

- Adjusted diluted earnings per share from net income attributable to Aon's shareholders, a non-GAAP metric as defined under the caption "Review of Consolidated Results — Adjusted Diluted Earnings per Share," was $5.71 per share in 2014, an increase of $0.82 per share, or 17%, from $4.89 per share in 2013. The increase demonstrates solid operational performance, a lower effective tax rate, and effective capital management, highlighted by $2.3 billion of share repurchases during 2014.

- Free cash flow, a non-GAAP metric as defined under the caption "Review of Consolidated Results — Free Cash Flow," was $1.4 billion in 2014, a decrease of $18 million, or 1%, from $1.4 billion in 2013. The decrease in free cash flow from the prior year was driven by record cash flow from operations of $1.6 billion in 2014, offset by a 12%, or $27 million, increase in capital expenditures.

During 2014, we continued to execute against the strategic goals of the Redomestication. We believe the Redomestication will continue to strengthen our long term strategy by:

- Enabling Risk Solutions to deliver superior value to our clients by executing our Aon Broking strategy;
- Expanding the HR Solutions portfolio penetration, especially within consulting, which already has a significant presence in the U.K. and EMEA;
- Enhancing our Risk Solutions' relationship with, and integration into, London markets;
- Increasing our connection to emerging markets, accelerating our ability to grow there, and further aligning our strategy with underwriters and carriers who are also targeting these high growth markets;
- Strengthening our international brand awareness and positioning as a global firm;
- Advancing our talent strategy through better development, retention and acquisition of professional talent, with a special focus on London's insurance talent; and
- Optimizing our fiscal planning and capital allocation and reducing our global tax rate in a manner that provides us with the increased financial flexibility to properly invest in our growth.

REVIEW OF CONSOLIDATED RESULTS

General

In our discussion of operating results, we sometimes refer to certain non-GAAP supplemental information derived from consolidated financial information specifically related to organic revenue growth, adjusted operating margin, adjusted diluted earnings per share, free cash flow, and the impact of foreign exchange rate fluctuations on operating results.

Organic Revenue

We use supplemental information related to organic revenue to help us and our investors evaluate business growth from existing operations. Organic revenue is a non-GAAP measure and excludes the impact of foreign exchange rate changes, acquisitions, divestitures, transfers between business units, fiduciary investment income, reimbursable expenses, and certain unusual items. Supplemental information related to organic revenue growth represents a measure not in accordance with U.S. GAAP, and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto. Industry peers provide similar supplemental information about their revenue performance, although they may not make identical adjustments. Reconciliations of this non-GAAP measure, organic revenue growth percentages, to the reported Commissions, fees and other revenue growth percentages, have been provided under the "Review by Segment" caption below.

Adjusted Operating Margin

We use adjusted operating margin as a non-GAAP measure of core operating performance of our Risk Solutions and HR Solutions segments. Adjusted operating margin excludes the impact of certain items, including restructuring charges, intangible asset amortization and headquarters relocation costs because management does not believe these expenses reflect our core operating performance. This supplemental information related to adjusted operating margin represents a measure not in accordance with U.S. GAAP, and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto.

A reconciliation of this non-GAAP measure to the reported operating margin is as follows (in millions):

Year Ended December 31, 2014	**Total Aon (1)**	**Risk Solutions**	**HR Solutions**
Revenue — U.S. GAAP	$ 12,045	$ 7,834	$ 4,264
Operating income — U.S. GAAP	$ 1,966	$ 1,648	$ 485
Intangible asset amortization	352	109	243
Legal settlement	35	35	—
Operating income — as adjusted	$ 2,353	$ 1,792	$ 728
Operating margins — U.S. GAAP	16.3%	21.0%	11.4%
Operating margins — as adjusted	19.5%	22.9%	17.1%

Year Ended December 31, 2013	**Total Aon (1)**	**Risk Solutions**	**HR Solutions**
Revenue — U.S. GAAP	$ 11,815	$ 7,789	$ 4,057
Operating income — U.S. GAAP	$ 1,671	$ 1,540	$ 318
Restructuring Charges	174	94	80
Intangible asset amortization	395	115	280
Headquarters relocation costs	5	—	—
Operating income — as adjusted	$ 2,245	$ 1,749	$ 678
Operating margins — U.S. GAAP	14.1%	19.8%	7.8%
Operating margins — as adjusted	19.0%	22.5%	16.7%

Year Ended December 31, 2012	**Total Aon (1)**	**Risk Solutions**	**HR Solutions**
Revenue — U.S. GAAP	$ 11,514	$ 7,632	$ 3,925
Operating income — U.S. GAAP	$ 1,596	$ 1,493	$ 289
Restructuring charges	101	35	66
Intangible asset amortization	423	126	297
Headquarters relocation costs	24	—	—
Operating income — as adjusted	$ 2,144	$ 1,654	$ 652
Operating margins — U.S. GAAP	13.9%	19.6%	7.4%
Operating margins — as adjusted	18.6%	21.7%	16.6%

(1) Includes unallocated expenses and the elimination of inter-segment revenue.

Adjusted Diluted Earnings per Share

We also use adjusted diluted earnings per share as a non-GAAP measure of our core operating performance. Adjusted diluted earnings per share excludes the impact of restructuring charges, intangible asset amortization and headquarters relocation costs, along with related income taxes because management does not believe these expenses are representative of our core earnings. This supplemental information related to adjusted diluted earnings per share represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto.

Reconciliations of this non-GAAP measure to the reported diluted earnings per share are as follows (in millions except per share data):

Year Ended December 31, 2014	**U.S. GAAP**	**Adjustments**	**As Adjusted**
Operating income	$ 1,966	$ 387	$ 2,353
Interest income	10	—	10
Interest expense	(255)	—	(255)
Other income	44	—	44
Income before income taxes	1,765	387	2,152
Income taxes	334	73	407
Net income	1,431	314	1,745
Less: Net income attributable to noncontrolling interests	34	—	34
Net income attributable to Aon shareholders	$ 1,397	$ 314	$ 1,711
Diluted earnings per share	$ 4.66	$ 1.05	$ 5.71
Weighted average ordinary shares outstanding — diluted	299.6	299.6	299.6

Year Ended December 31, 2013	**U.S. GAAP**	**Adjustments**	**As Adjusted**
Operating income	$ 1,671	$ 574	$ 2,245
Interest income	9	—	9
Interest expense	(210)	—	(210)
Other income	68	—	68
Income before income taxes	1,538	574	2,112
Income taxes	390	146	536
Net income	1,148	428	1,576
Less: Net income attributable to noncontrolling interests	35	—	35
Net income attributable to Aon shareholders	$ 1,113	$ 428	$ 1,541
Diluted earnings per share	$ 3.53	$ 1.36	$ 4.89
Weighted average ordinary shares outstanding — diluted	315.4	315.4	315.4

Year Ended December 31, 2012	**U.S. GAAP**	**Adjustments**	**As Adjusted**
Operating income	$ 1,596	$ 548	$ 2,144
Interest income	10	—	10
Interest expense	(228)	—	(228)
Other income	2	2	4
Income before income taxes	1,380	550	1,930
Income taxes	360	144	504
Net income	1,020	406	1,426
Less: Net income attributable to noncontrolling interests	27	—	27
Net income attributable to Aon shareholders	$ 993	$ 406	$ 1,399
Diluted earnings per share	$ 2.99	$ 1.22	$ 4.21
Weighted average ordinary shares outstanding — diluted	332.6	332.6	332.6

Free Cash Flow

We use free cash flow, defined as cash flow provided by operations minus capital expenditures, as a non-GAAP measure of our core operating performance. This supplemental information related to free cash flow represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto. The use of this non-GAAP measure does not imply or represent the residual cash flow for discretionary expenditures.

A reconciliation of this non-GAAP measure to cash flow provided by operations is as follows (in millions):

Years Ended December 31,	**2014**	**2013**	**2012**
Cash flow provided by operations - U.S. GAAP	**$ 1,642**	$ 1,633	$ 1,419
Less: Capital expenditures	**(256)**	(229)	(269)
Free cash flow	**$ 1,386**	$ 1,404	$ 1,150

Impact of Foreign Exchange Rate Fluctuations

Because we conduct business in more than 120 countries, foreign exchange rate fluctuations have a significant impact on our business. Foreign exchange rate movements may be significant and may distort true period-to-period comparisons of changes in revenue or pretax income. Therefore, to give financial statement users meaningful information about our operations, we have provided an illustration of the impact of foreign currency exchange rates on our financial results. The methodology used to calculate this impact isolates the impact of the change in currencies between periods by translating last year's revenue, expenses and net income, using current year's foreign exchange rates. Using this illustrative methodology, currency fluctuations had an unfavorable impact of $0.11, $0.03 and $0.06 during the years ended December 31, 2014, 2013, and 2012, respectively, on adjusted net income per diluted share, when we translate prior year results at current year end foreign exchange rates. These translations are performed for comparative and illustrative purposes only and do not impact the accounting policies or practices for amounts included in the Consolidated Financial Statements.

Summary of Results

Our consolidated results of operations follow (in millions):

Years ended December 31,	**2014**	**2013**	**2012**
Revenue:			
Commissions, fees and other	**$ 12,019**	$ 11,787	$ 11,476
Fiduciary investment income	**26**	28	38
Total revenue	**12,045**	11,815	11,514
Expenses:			
Compensation and benefits	**7,014**	6,945	6,709
Other general expenses	**3,065**	3,199	3,209
Total operating expenses	**10,079**	10,144	9,918
Operating income	**1,966**	1,671	1,596
Interest income	**10**	9	10
Interest expense	**(255)**	(210)	(228)
Other income	**44**	68	2
Income before income taxes	**1,765**	1,538	1,380
Income taxes	**334**	390	360
Net income	**1,431**	1,148	1,020
Less: Net income attributable to noncontrolling interests	**34**	35	27
Net income attributable to Aon shareholders	**$ 1,397**	$ 1,113	$ 993

Consolidated Results for 2014 Compared to 2013

Revenue

Revenue increased by $230 million, or 2%, to $12.0 billion in 2014, compared to $11.8 billion in 2013. The increase was driven by organic revenue growth of 2% in the Risk Solutions segment and 5% in the HR Solutions segment. Organic revenue growth in the Risk Solutions segment was driven by solid growth across both the Americas and International businesses. Growth across all regions and product lines, including record new business generation in US Retail, drove organic revenue growth in the Americas. International organic revenue growth was driven by solid growth across Asia, the Pacific, and emerging markets, partially offset by a modest decline in continental Europe. Reinsurance was down modestly as a significant unfavorable market impact more than offset net new business growth in treaty placements globally and growth in capital markets transactions and advisory business, as well as facultative placements. Organic growth in the HR Solutions segment was driven by solid growth in both Consulting and Outsourcing. Consulting organic revenue growth was driven by retirement consulting, project-related revenue, and businesses in Asia. Strong growth in health care exchanges and new client wins in HR BPO drove organic revenue growth in Outsourcing.

Compensation and Benefits

Compensation and benefits increased $69 million, or 1%, compared to 2013. The increase was driven by an increase in expense associated with 3% organic revenue growth, partially offset by a $79 million decrease in restructuring costs and a $46 million favorable impact from changes in foreign currency exchange rates.

Other General Expenses

Other general expenses decreased $134 million, or 4%, compared to 2013 due largely to a $95 million decrease in formal restructuring costs and a $43 million decrease in intangible amortization, partially offset by $35 million of expense related to legacy litigation.

Interest Income

Interest income represents income earned on operating cash balances and other income-producing investments. It does not include interest earned on funds held on behalf of clients. Interest income increased $1 million, or 11%, from 2013, due to marginally higher average interest rates globally.

Interest Expense

Interest expense, which represents the cost of our worldwide debt obligations, increased $45 million, or 21%, from 2013. The increase in interest expense primarily reflects an increase in total debt outstanding.

Other Income

Other income decreased $24 million from $68 million in 2013 to $44 million in 2014. Other income in 2014 includes $24 million in gains on disposal of businesses, foreign exchange gains of $18 million, equity earnings of $12 million, and $4 million in gains on investments, partially offset by a $19 million loss from derivatives. Other income in 2013 includes $28 million in gains on investments, equity earnings of $20 million, foreign exchange gains of $13 million, and $10 million in gains on disposal of businesses, partially offset by $10 million loss from derivatives.

Income before Income Taxes

Income before income taxes was $1.8 billion in 2014, an increase of $227 million, or 15%, from $1.5 billion in 2013.

Income Taxes

The effective tax rate on net income was 18.9% in 2014 and 25.4% in 2013. The 2014 and 2013 rates reflect certain discrete tax adjustments and changes in the geographic distribution of income, primarily the benefit from global funding structures and benefits from lower-taxed global operations.

Net Income

Net income increased to $1.4 billion ($4.66 diluted net income per share) in 2014, compared to $1.1 billion ($3.53 diluted net income per share) in 2013.

Consolidated Results for 2013 Compared to 2012

Revenue

Revenue increased by $301 million, or 3%, to $11.8 billion in 2013, compared to $11.5 billion in 2012. The increase was driven by organic revenue growth of 3% in the Risk Solutions segment and 3% in the HR Solutions segment. Organic growth in the Risk Solutions segment was driven by solid growth across both Retail and Reinsurance. Strong growth in Latin America, solid new business growth in U.S. Retail and strong management of the renewal book portfolio across the region drove organic revenue growth in the Americas. International organic revenue growth was driven by strong growth in Asia, emerging markets and New Zealand. Reinsurance organic growth was driven by growth in international treaty placements. Organic growth in the HR Solutions segment was driven by strong growth in health care exchanges, growth in investment and compensation consulting and strong growth in health care exchanges, modest growth in benefits administration and HR BPO, partially offset by a modest decline in actuarial services in retirement consulting.

Compensation and Benefits

Compensation and benefits increased $236 million, or 4%, compared to 2012. The increase was driven by an increase in expense associated with 3% organic revenue growth, partially offset by the impact of realization of benefits from restructuring initiatives.

Other General Expenses

Other general expenses remained flat in 2013 compared to 2012 due largely to a decrease in intangible amortization of $28 million, decreased costs related to the headquarters relocation of $19 million, a $43.5 million favorable impact from settlement of a non-recurring one-time legal matter and restructuring savings, partially offset by a $76 million increase in formal restructuring costs and $20 million of legacy, non-recurring claims handling charges.

Interest Income

Interest income represents income earned on operating cash balances and other income-producing investments. It does not include interest earned on funds held on behalf of clients. Interest income decreased $1 million, or 10%, from 2012, due to lower average interest rates globally and lower average cash balances.

Interest Expense

Interest expense, which represents the cost of our worldwide debt obligations, decreased $18 million, or 8%, from 2012. The decrease in interest expense reflects a decline in the average rate on total debt outstanding.

Other Income

Other income increased $66 million from $2 million in 2012 to $68 million in 2013. Other income in 2013 includes $28 million in gains on investments, equity earnings of $20 million, foreign exchange gains of $13 million, and $10 million in gains on disposal of businesses, partially offset by a $10 million loss from derivatives. Other income in 2012 includes equity earnings of $13 million and $7 million in gains on investments, partially offset by foreign exchange losses of $19 million.

Income before Income Taxes

Income before income taxes was $1.5 billion in 2013, an increase of $158 million, or 11%, from $1.4 billion in 2012.

Income Taxes

The effective tax rate on net income was 25.4% in 2013 and 26.1% in 2012. The 2013 rate reflects certain discrete tax adjustments and changes in the geographic distribution of income. The 2012 rate reflects the release of a valuation allowance relating to foreign tax credits and net operating losses, partially offset by the impact of a U.K. tax rate change.

Net Income

Net income increased to $1.1 billion ($3.53 diluted net income per share) in 2013, compared to $1.0 billion ($2.99 diluted net income per share) in 2012.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity

Executive Summary

We believe that our balance sheet and strong cash flow provide us with adequate liquidity. Our primary sources of liquidity are cash flow from operations, available cash reserves and debt capacity available under various credit facilities. Our primary uses of liquidity are operating expenses, capital expenditures, acquisitions, share repurchases, restructuring initiatives, funding pension obligations and shareholder dividends. We believe that cash flows from operations and available credit facilities will be sufficient to meet our liquidity needs, including principal and interest payments on debt obligations, capital expenditures, pension contributions, cash restructuring costs, and anticipated working capital requirements, for the foreseeable future.

Cash on our balance sheet includes funds available for general corporate purposes, as well as amounts restricted as to their use. Funds held on behalf of clients in a fiduciary capacity are segregated and shown together with uncollected insurance premiums in Fiduciary assets in the Consolidated Statement of Financial Position, with a corresponding amount in Fiduciary liabilities. Fiduciary funds generally cannot be used for general corporate purposes, and are not a source of liquidity for us.

Cash and cash equivalents and Short-term investments decreased $232 million to $768 million in 2014. During 2014, cash flow from operating activities increased $9 million to $1.6 billion. Additional sources of funds in 2014 included net sales of short term investments of $110 million, $48 million of proceeds from the sale of businesses, and issuances of debt, net of repayments of $1.3 billion. The primary uses of funds in 2014 included share repurchases of $2.3 billion, cash contributions to our major defined benefit plans of $316 million, acquisition of businesses of $479 million, dividends paid to shareholders of $273 million, and capital expenditures of $256 million.

Our investment grade rating is important to us for a number of reasons, the most important of which is preserving our financial flexibility. If our credit ratings were downgraded to below investment grade, the interest expense on any outstanding balances on our credit facilities would increase and we could incur additional requests for pension contributions. To manage unforeseen situations, we have committed credit lines of approximately $1.2 billion and we endeavor to manage our obligations to ensure we maintain our current investment grade ratings. At December 31, 2014, we had no borrowings on these credit lines.

Operating Activities

Net cash provided by operating activities during 2014 increased $9 million, or 1%, to $1.6 billion. The increase from the prior year was primarily driven by higher net income, adjusted for non-cash items, of $170 million and a reduction in pension contributions of $162 million from the prior year, partially offset by organic growth and significant receivable collections in the prior year period, a larger decrease in accounts payables and accrued liabilities of $129 million, and a $98 million increase in payments for restructuring reserves.

The primary uses of the cash from operating activities in 2014 were pension contributions, net of expense, of $340 million, a decrease in restructuring reserves of $83 million, and a decrease in accounts payable and accrued liabilities of $81 million, partially offset by net income, adjusted for non-cash items, of $2.2 billion and a decrease in accounts receivable of $25 million. Pension contributions, net of expenses, were $340 million during 2014 compared to $502 million during 2013. In 2015, we expect to contribute approximately $220 million to our pension plans, with the majority attributable to non-U.S. pension plans, which are subject to changes in foreign exchange rates. In 2015, we also expect to have cash payments related to restructuring plans of $31 million.

We expect cash generated by operations for 2014 to be sufficient to service our debt and contractual obligations, fund the cash requirements of our restructuring programs, finance capital expenditures, continue purchases of shares under our share repurchase program, and continue to pay dividends to our shareholders. Although cash from operations is expected to be sufficient to service these activities, we have the ability to borrow under our credit facilities to accommodate any timing differences in cash flows. We have committed credit facilities of approximately $1.2 billion, of which all was available at December 31, 2014, and can access these facilities on a same day or next day basis. Additionally, under current market conditions, we believe that we could access capital markets to obtain debt financing for longer-term funding, if needed.

Investing Activities

Cash flow used for investing activities in 2014 was $545 million. The primary drivers of the cash flow used for investing activities were $479 million for acquisitions of businesses, net of cash acquired and $256 million for capital expenditures, partially offset by net sales of short-term investments of $110 million, sale of businesses of $48 million, and $32 million for net sales of long-term investments. The cash flows provided by the net sales of long-term investments represent the cash proceeds

generated from net sales of long-term investments where the corresponding gains and losses are recognized in Other income in the Condensed Consolidated Statements of Income. In 2015, we expect to have cash payments of $270 million related to capital expenditures.

Cash flow used for investing activities in 2013 was $339 million. The primary drivers of the cash flow used for investing activities were capital expenditures of $229 million, net purchases of short term investments of $174 million, acquisitions of businesses, net of cash acquired, of $54 million, partially offset by sales of long term investments of $93 million.

Cash flow provided by investing activities in 2012 was $177 million. The primary drivers of the cash flow provided by investing activities were sales of long term investments for $178 million and net sales of short term investments for $440 million, partially offset by acquisitions of $160 million, and capital expenditures of $269 million.

Financing Activities

Cash flow used for financing activities during 2014 was $1.1 billion. The primary drivers of the cash flow used for financing activities were share repurchases of $2.3 billion and dividends paid to shareholders of $273 million, partially offset by issuances of debt, net of repayments, of $1.3 billion and proceeds from the exercise of share options and issuance of shares purchased through the employee stock purchase plan of $65 million.

Cash flow used for financing activities during 2013 was $1.0 billion. The primary drivers of the cash flow used for financing activities were share repurchases of $1.1 billion and dividends paid to shareholders of $212 million, partially offset by issuances of debt, net of repayments, of $227 million and proceeds from the exercise of share options and issuance of shares purchased through the employee stock purchase plan of $98 million.

Cash flow used for financing activities during 2012 was $1.6 billion. The primary drivers of the cash flow used for financing activities were share repurchases of $1.1 billion, dividends paid to shareholders of $204 million, and repayments of debt, net of issuances, of $344 million, partially offset by proceeds from the exercise of share options and issuance of shares purchased through the employee stock purchase plan of $118 million.

Cash and Investments

At December 31, 2014, our cash and cash equivalents and short-term investments were $768 million, a decrease of $232 million from December 31, 2013, primarily related to share repurchases of $2.3 billion and dividends of $273 million, partially offset by the net issuances of debt of $1.3 billion. Of the total balance as of December 31, 2014, $169 million was restricted as to its use, which was comprised of $63 million of operating funds in the U.K., as required by the FCA, and $106 million held as collateral for various business purposes. At December 31, 2014, $3.5 billion of cash and cash equivalents and short-term investments were held in the U.S. and overdrawn cash and cash equivalents and short-term investments of $2.7 billion were held in other countries. We maintain a multicurrency cash pool with a third party bank in which various Aon entities participate. Individual Aon entities are permitted to overdraw on their individual accounts provided the overall balance does not fall below zero. At December 31, 2014, non-U.S. cash balances of one or more entities were negative; however, the overall balance was positive.

Of the total balance of cash and cash equivalents and short-term investments as of December 31, 2013, $214 million was restricted as to its use, which was comprised of $126 million of operating funds in the U.K., as required by the FCA, and $88 million held as collateral for various business purposes. At December 31, 2013, $516 million of cash and cash equivalents and short-term investments were held in the U.S. and $484 million was held in other countries.

In our capacity as an insurance broker or agent, we collect premiums from insureds and, after deducting our commission, remit the premiums to the respective insurance underwriter. We also collect claims or refunds from underwriters on behalf of insureds, which are then returned to the insureds. Unremitted insurance premiums and claims are held by us in a fiduciary capacity. In addition, some of our outsourcing agreements require us to hold funds on behalf of clients to pay obligations on their behalf. The levels of fiduciary assets and liabilities can fluctuate significantly, depending on when we collect the premiums, claims and refunds, make payments to underwriters and insureds, collect funds from clients and make payments on their behalf, and foreign currency movements. Fiduciary assets, because of their nature, are generally invested in very liquid securities with highly-rated, credit-worthy financial institutions. In our Consolidated Statements of Financial Position, the amount we report for Fiduciary assets and Fiduciary liabilities are equal. Our Fiduciary assets included cash and investments of $4.0 billion and $3.8 billion and fiduciary receivables of $7.7 billion and $8.1 billion at December 31, 2014 and 2013, respectively. While we earn investment income on the fiduciary assets held in cash and investments, the cash and investments are not owned by us, and cannot be used for general corporate purposes.

As disclosed in Note 15 "Fair Value Measurements and Financial Instruments" of the Notes to Consolidated Financial Statements, the majority of our investments carried at fair value are money market funds. Money market funds are carried at

cost as an approximation of fair value. Consistent with market convention, we consider cost a practical and expedient measure of fair value. These money market funds are held throughout the world with various financial institutions. We are not aware of any market liquidity issues that would materially impact the fair value of these investments.

As of December 31, 2014, our investments in money market funds and highly liquid debt instruments had a fair value of $1.9 billion and are reported as Short-term investments or Fiduciary assets in the Consolidated Statements of Financial Position depending on their nature and initial maturity.

The following table summarizes our Fiduciary assets and non-fiduciary Cash and cash equivalents and Short-term investments as of December 31, 2014 (in millions):

	Statement of Financial Position Classification			
Asset Type	**Cash and Cash Equivalents**	**Short-term Investments**	**Fiduciary Assets**	**Total**
Certificates of deposit, bank deposits or time deposits	$ 374	$ —	$ 2,528	$ 2,902
Money market funds	—	394	1,456	1,850
Highly liquid debt instruments	—	—	—	—
Other investments due within one year	—	—	—	—
Cash and investments	374	394	3,984	4,752
Fiduciary receivables	—	—	7,654	7,654
Total	$ 374	$ 394	$ 11,638	$ 12,406

Share Repurchase Program

In April 2012, our Board of Directors authorized a share repurchase program under which up to $5 billion of Class A Ordinary Shares may be repurchased ("2012 Share Repurchase Program"). In November 2014, our Board of Directors authorized a new $5.0 billion share repurchase program in addition to the existing program ("2014 Share Repurchase Program"). Under each program, shares may be repurchased through the open market or in privately negotiated transactions, from time to time, based on prevailing market conditions, and will be funded from available capital.

During 2014, we repurchased 25.8 million shares at an average price per share of $87.18 for a total cost of $2.3 billion. During 2013, we repurchased 16.8 million shares at an average price per share of $65.65 for a total cost of $1.1 billion. Since the inception of the 2012 Share Repurchase Program, we repurchased a total of 62.1 million shares for an aggregate cost of $4.4 billion. The remaining authorized amount for share repurchase under our Share Repurchase Programs is approximately $5.6 billion.

During the period from January 1, 2015 to March 20, 2015, the Company repurchased 2.5 million shares at an average price per share of $100.15 for a total cost of $250 million. At March 20, 2015, the remaining authorized amount for share repurchases under the 2012 Share Repurchase Program is $5.3 billion.

Dividends

During 2014, 2013, and 2012, we paid dividends on our Class A Ordinary Shares of $273 million, $212 million, and $204 million, respectively. Dividends paid per Class A Ordinary Share were $0.92, $0.68, and $0.62 for the years ended December 31, 2014, 2013, and 2012, respectively.

In January 2015, the Board of Directors approved the declaration of a dividend to shareholders of $0.25 per ordinary share. In February 2015, we paid those dividends in the amount of $70 million.

Future dividends on Aon plc ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of Aon plc and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of Aon plc may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act 2006.

Distributable Reserves

As a U.K. incorporated company, we are required under U.K. law have available "distributable reserves" to make share repurchases or pay dividends to shareholders. Distributable reserves may be created through the earnings of the U.K. parent company. Distributable reserves are not linked to a U.S. GAAP reported amount (e.g., retained earnings). As of December 31,

2014 and 2013, we had distributable reserves in excess of $4.0 billion and $5.9 billion, respectively. We believe that we will have sufficient distributable reserves to fund shareholder dividends for the foreseeable future.

Borrowings

Total debt at December 31, 2014 was $5.6 billion, which represents an increase of $1.2 billion compared to December 31, 2013. This increase is primarily due to issuances of debt, net of repayments, of $1.3 billion, including an increase in commercial paper outstanding of $168 million compared to December 31, 2013. The proceeds of the commercial paper issuances were used primarily for short-term working capital needs.

During 2014, the $600 million of 3.5% Notes due September 2015 were classified as Short-term debt and current portion of long-term debt in the Consolidated Statements of Financial Position as the date of maturity is less than one year.

On August 12, 2014, we issued $350 million of 3.50% Notes due June 2024. The 3.50% Notes due June 2024 constitute a further issuance of, and were consolidated to form a single series of debt securities with, the $250 million of 3.50% Notes due June 2024 issued by Aon plc on May 20, 2014 (collectively, the "Original Notes"). The Original Notes were unconditionally guaranteed as to the payment of principal and interest by Aon Corporation.

On May 20, 2014, we issued $250 million of 3.50% Notes due June 2024 and $550 million of 4.60% Notes due June 2044. The 3.50% Notes due June 2024 and 4.60% Notes due June 2044 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. We used the proceeds of the issuance to repay commercial paper borrowings and for general corporate purposes.

On May 7, 2014, we issued €500 million ($609 million at December 31, 2014 exchange rates) of 2.875% Notes due May 2026. The 2.875% Notes due May 2026 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. We used the proceeds of the issuance for general corporate purposes, including the repayment at maturity of our outstanding 6.25% Notes due July 2014.

Our total debt as a percentage of total capital attributable to Aon shareholders was 45.9% and 35.0% at December 31, 2014 and December 31, 2013, respectively.

Credit Facilities

As of December 31, 2014, we had two primary committed credit facilities outstanding: our $400 million U.S. credit facility expiring in March 2017, which we refer to as our "2017 Facility," and our €650 million ($792 million based on exchange rates at December 31, 2014) European credit facility expiring in October 2015, which we refer to as our "2015 Facility." On February 2, 2015, we replaced our 2015 Facility with a new $900 million multi-currency U.S. credit facility expiring in February 2020, which we refer to as our "2020 Facility." Each of these facilities was intended to support our commercial paper obligations and our general working capital needs. In addition, each of these facilities included customary representations, warranties and covenants, including financial covenants that require us to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly. At December 31, 2014, we had no borrowings under, and were in compliance with these financial covenants and all other covenants contained in, the 2015 Facility and 2017 Facility.

Shelf Registration Statement

On August 31, 2012, we filed a shelf registration statement with the SEC, registering the offer and sale from time to time of an indeterminate amount of, among other securities, debt, securities, preference shares, Class A Ordinary Shares and convertible securities. Our ability to access the market as a source of liquidity is dependent on investor demand, market conditions and other factors.

Rating Agency Ratings

The major rating agencies' ratings of our debt at February 24, 2015 appear in the table below.

	Ratings		
	Senior Long-term Debt	**Commercial Paper**	**Outlook**
Standard & Poor's	A-	A-2	Stable
Moody's Investor Services	Baa2	P-2	Stable
Fitch, Inc.	BBB+	F-2	Stable

In April 2014, Moody's Investor Services changed their outlook from positive to stable. A downgrade in the credit ratings of our senior debt and commercial paper could increase our borrowing costs, reduce or eliminate our access to capital, reduce our financial flexibility, increase our commercial paper interest rates or possibly restrict our access to the commercial paper market altogether, and/or impact future pension contribution requirements.

Letters of Credit and Other Guarantees

We had total letters of credit ("LOCs") outstanding for approximately $95 million at December 31, 2014, compared to $71 million at December 31, 2013. These letters of credit cover the beneficiaries related to certain of our U.S. and Canadian non-qualified pension plan schemes and secure deductible retentions for our own workers compensation program. We also have issued LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at our international subsidiaries.

We have certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. The maximum exposure with respect to such contractual contingent guarantees was approximately $112 million at December 31, 2014 compared to $98 million at December 31, 2013.

We have provided commitments to fund certain limited partnerships in which we have an interest in the event that the general partners request funding. Some of these commitments have specific expiration dates and the maximum potential funding under these commitments was $14 million at December 31, 2014 compared to $34 million at December 31, 2013. During 2014, the Company funded $20 million of these commitments.

Other Liquidity Matters

We do not have exposure related to off balance sheet arrangements. Our cash flows from operations, borrowing availability and overall liquidity are subject to risks and uncertainties. See "Information Concerning Forward-Looking Statements" and "Risk Factors" within this Strategic Report.

Contractual Obligations

Summarized in the table below are our contractual obligations and commitments as of December 31, 2014 (in millions):

	Payments due in				
	2015	**2016 – 2017**	**2018 – 2019**	**2020 and beyond**	**Total**
Short- and long-term borrowings	$ 783	$ 514	$ 323	$ 3,962	$ 5,582
Interest expense on debt	244	421	390	2,149	3,204
Operating leases	362	630	510	876	2,378
Pension and other postretirement benefit plan (1) (2)	210	365	309	685	1,569
Purchase obligations (3) (4) (5)	316	339	196	243	1,094
Insurance premiums payable	11,638	—	—	—	11,638
	$ 13,553	$ 2,269	$ 1,728	$ 7,915	$ 25,465

(1) Pension and other postretirement benefit plan obligations include estimates of our minimum funding requirements, pursuant to ERISA and other regulations and minimum funding requirements agreed with the trustees of our U.K. pension plans. Additional amounts may be agreed to with, or required by, the U.K. pension plan trustees. Nonqualified pension and other postretirement benefit obligations are based on estimated future benefit payments. We may make additional discretionary contributions.

(2) In 2013, our principal U.K subsidiary agreed with the trustees of one of the U.K. plans to contribute an average of $11 million per year to that pension plan for the next three years. The trustees of the plan have certain rights to request that our U.K. subsidiary advance an amount equal to an actuarially determined winding-up deficit. As of December 31, 2014, the estimated winding-up deficit was £225 million ($350 million). The trustees of the plan have accepted in practice the agreed-upon schedule of contributions detailed above and have not requested the winding-up deficit be paid.

(3) Purchase obligations are defined as agreements to purchase goods and services that are enforceable and legally binding on us, and that specifies all significant terms, including what is to be purchased, at what price and the approximate

timing of the transaction. Most of our purchase obligations are related to purchases of information technology services or other service contracts.

(4) Excludes $14 million of unfunded commitments related to an investment in a limited partnership due to our inability to reasonably estimate the period(s) when the limited partnership will request funding.

(5) Excludes $191 million of liabilities for uncertain tax positions due to our inability to reasonably estimate the period(s) when cash settlements will be made.

Financial Condition

At December 31, 2014, our net assets were $6.6 billion, representing total assets minus total liabilities, a decrease from $8.2 billion at December 31, 2013. The decrease was due primarily to share repurchases of $2.3 billion, dividends of $273 million, and an increase in Accumulated other comprehensive loss of $760 million related primarily to an increase in the post-retirement benefit obligation, partially offset by Net income of $1.4 billion for the year ended December 31, 2014. Working capital decreased by $110 million from $919 million at December 31, 2013 to $809 million at December 31, 2014.

Equity

Equity at December 31, 2014 was $6.6 billion, a decrease of $1.6 billion from December 31, 2013. The decrease resulted primarily due to share repurchases of $2.3 billion, $273 million of dividends to shareholders, and an increase in Accumulated other comprehensive loss of $760 million, partially offset by Net income of $1.4 billion.

The $760 million increase in Accumulated other comprehensive loss from December 31, 2013, primarily reflects the following:

- negative net foreign currency translation adjustments of $504 million, which are attributable to the strengthening of the U.S. dollar against certain foreign currencies,
- an increase of $260 million in net post-retirement benefit obligations,
- net derivative gains of $5 million, and
- net investment losses of $1 million.

REVIEW BY SEGMENT

General

We serve clients through the following segments:

- **Risk Solutions** acts as an advisor and insurance and reinsurance broker, helping clients manage their risks, via consultation, as well as negotiation and placement of insurance risk with insurance carriers through our global distribution network.
- **HR Solutions** partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance by designing, implementing, communicating and administering a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies.

Risk Solutions

Years ended December 31 (millions, except percentage data)	**2014**	**2013**	**2012**
Revenue	**$7,834**	$7,789	$7,632
Operating income	**1,648**	1,540	1,493
Operating margin	**21.0%**	19.8%	19.6%

The demand for property and casualty insurance generally rises as the overall level of economic activity increases and generally falls as such activity decreases, affecting both the commissions and fees generated by our brokerage business. The economic activity that impacts property and casualty insurance is described as exposure units, and is most closely correlated with employment levels, corporate revenue and asset values. During 2014, pricing was flat on average globally, and we would still consider this to be a "soft market." In a soft market, premium rates flatten or decrease, along with commission revenues,

due to increased competition for market share among insurance carriers or increased underwriting capacity. Changes in premiums have a direct and potentially material impact on the insurance brokerage industry, as commission revenues are generally based on a percentage of the premiums paid by insureds.

Additionally, continuing through 2014, we faced difficult conditions as a result of continued weakness in the global economy, the repricing of credit risk and the deterioration of the financial markets. Weak economic conditions in many markets around the globe have reduced our customers' demand for our retail brokerage and reinsurance brokerage products, which have had a negative impact on our operational results.

Risk Solutions generated approximately 65% of our consolidated total revenues in 2014. Revenues are generated primarily through fees paid by clients, commissions and fees paid by insurance and reinsurance companies, and investment income on funds held on behalf of clients. Our revenues vary from quarter to quarter throughout the year as a result of the timing of our clients' policy renewals, the net effect of new and lost business, the timing of services provided to our clients, and the income we earn on investments, which is heavily influenced by short-term interest rates.

We operate in a highly competitive industry and compete with many retail insurance brokerage and agency firms, as well as with individual brokers, agents, and direct writers of insurance coverage. Specifically, we address the highly specialized product development and risk management needs of commercial enterprises, professional groups, insurance companies, governments, health care providers, and non-profit groups, among others; provide affinity products for professional liability, life, disability income, and personal lines for individuals, associations, and businesses; provide products and services via GRIP Solutions; provide reinsurance services to insurance and reinsurance companies and other risk assumption entities by acting as brokers or intermediaries on all classes of reinsurance; provide capital management transaction and advisory products and services, including mergers and acquisitions and other financial advisory services, capital raising, contingent capital financing, insurance-linked securitizations and derivative applications; provide managing underwriting to independent agents and brokers as well as corporate clients; provide risk consulting, actuarial, loss prevention, and administrative services to businesses and consumers; and manage captive insurance companies.

Revenue

Commissions, fees and other revenue for Risk Solutions were as follows (in millions):

Years ended December 31	**2014**	**2013**	**2012**
Retail brokerage:			
Americas	**$ 3,288**	$ 3,191	$ 3,071
International (1)	**3,046**	3,065	3,018
Total retail brokerage	**6,334**	6,256	6,089
Reinsurance brokerage	**1,474**	1,505	1,505
Total	**$ 7,808**	$ 7,761	$ 7,594

(1) Includes the U.K., Europe, Middle East, Africa and Asia Pacific.

In 2014, commissions, fees and other revenue increased $47 million, or 1%, compared to 2013 due to 2% organic revenue growth, partially offset by a 1% unfavorable impact from foreign currency exchange rates.

Reconciliation of organic revenue growth to reported commissions, fees and other revenue growth for 2014 versus 2013 is as follows:

	Percent Change	Less: Currency Impact	Less: Acquisitions, Divestitures & Other	Organic Revenue
Retail brokerage:				
Americas	3%	(2)%	1%	4%
International (1)	(1)	(1)	(2)	2
Total retail brokerage	1	(2)	—	3
Reinsurance brokerage	(2)	(1)	—	(1)
Total	1%	(1)%	—%	2%

(1) Includes the U.K., Europe, Middle East, Africa and Asia Pacific.

Retail brokerage Commissions, fees and other revenue increased 1% in 2014 driven by 3% organic revenue growth, reflecting revenue growth in both the Americas and International businesses, partially offset by a 2% impact from unfavorable foreign currency exchange rates.

Americas Commissions, fees and other revenue increased 3% in 2014 reflecting 4% organic revenue growth driven by strong growth across all regions and product lines, including record new business generation in US Retail, and a 1% increase in commissions and fees resulting from acquisitions, net of divestitures, partially offset by a 2% impact from unfavorable foreign currency exchange rates.

International Commissions, fees and other revenue decreased 1% in 2014 reflecting 2% organic revenue growth driven by solid growth across Asia, the Pacific, and emerging markets, partially offset by a modest decline in continental Europe, a 2% decrease in commissions and fees resulting from acquisitions, net of divestitures, and a 1% impact from unfavorable foreign currency exchange rates.

Reinsurance Commissions, fees and other revenue decreased 2% in 2014 reflecting a 1% unfavorable impact from foreign currency exchange rates and 1% decline in organic revenue growth due primarily to a significant unfavorable market impact in treaty, partially offset by net new business growth in treaty placements globally and growth in capital markets transactions and advisory business, as well as facultative placements.

Operating Income

Operating income increased $108 million, or 7%, from 2013 to $1.6 billion in 2014. In 2014, operating income margins in this segment were 21.0%, an increase of 120 basis points from 19.8% in 2013. Operating margin improvement was driven by solid organic revenue growth, return on investments, expense discipline and savings related to the restructuring programs, partially offset by a $61 million unfavorable impact from foreign currency exchange rates.

HR Solutions

Years ended December 31	2014	2013	2012
Revenue	**$4,264**	$4,057	$3,925
Operating income	**485**	318	289
Operating margin	**11.4%**	7.8%	7.4%

Our HR Solutions segment generated approximately 35% of our consolidated total revenues in 2014 and provides a broad range of human capital services, as follows:

- *Retirement* specializes in global actuarial services, defined contribution consulting, tax and ERISA consulting, and pension administration.

- *Compensation* focuses on compensatory advisory/counsel including: compensation planning design, executive reward strategies, salary survey and benchmarking, market share studies and sales force effectiveness, with special expertise in the financial services and technology industries.

- *Strategic Human Capital* delivers advice to complex global organizations on talent, change and organizational effectiveness issues, including talent strategy and acquisition, executive on-boarding, performance management, leadership assessment and development, communication strategy, workforce training and change management.

- *Investment consulting* advises public and private companies, other institutions and trustees on developing and maintaining investment programs across a broad range of plan types, including defined benefit plans, defined contribution plans, endowments and foundations.

- *Benefits Administration* applies our human resource expertise primarily through defined benefit (pension), defined contribution (401(k)), and health and welfare administrative services. Our model replaces the resource-intensive processes once required to administer benefit plans with more efficient, effective, and less costly solutions.

- *Exchanges* is building and operating healthcare exchanges that provide employers with a cost effective alternative to traditional employee and retiree healthcare, while helping individuals select the insurance that best meets their needs.

- *Human Resource Business Processing Outsourcing* provides market-leading solutions to manage employee data; administer benefits, payroll and other human resources processes; and record and manage talent, workforce and other core human resource process transactions as well as other complementary services such as flexible spending, dependent audit and participant advocacy.

Disruption in the global credit markets and the deterioration of the financial markets created significant uncertainty in the marketplace. Weak economic conditions in many markets around the globe continued throughout 2014 and have adversely impacted our clients' financial condition and therefore the levels of business activities in the industries and geographies where we operate. While we believe that the majority of our practices are well positioned to manage through this time, these challenges are reducing demand for some of our services and putting continued pressure on the pricing of those services, which is having an adverse effect on our new business and results of operations.

Revenue

Commissions, fees and other revenue were as follows (in millions):

Years ended December 31	**2014**	**2013**	**2012**
Consulting services	**$ 1,700**	$ 1,626	$ 1,585
Outsourcing	**2,607**	2,469	2,372
Intersegment	**(43)**	(38)	(32)
Total	**$ 4,264**	$ 4,057	$ 3,925

Commissions, fees and other revenue for HR Solutions increased $207 million, or 5%, in 2014 compared to 2013 due to 5% organic growth in commissions and fees in 2014.

Reconciliation of organic revenue growth to reported commissions, fees and other revenue growth for 2014 versus 2013 is as follows:

Year ended December 31	**Percent Change**	**Less: Currency Impact**	**Less: Acquisitions, Divestitures & Other**	**Organic Revenue**
Consulting services	5%	—%	—%	5%
Outsourcing	6	—	—	6
Total	5%	—%	—%	5%

Consulting services revenue increased $74 million, or 5%, due to organic revenue growth of 5%, driven by strong growth in investment consulting and for project work in retirement consulting, as well as growth across businesses in Asia, partially offset by a modest decline in continental Europe.

Outsourcing revenue increased $138 million, or 6%, due to 6% organic revenue growth driven by strong growth in health care exchanges, new client wins in HR BPO and project related revenue in benefits administration.

Operating Income

Operating income was $485 million, an increase of $167 million, or 53%, from 2013. Margins in this segment for 2014 were 11.4%, an increase of 360 basis points from 7.8% in 2013. Operating margin improvement was driven by solid organic revenue growth and savings related to the global restructuring plan associated with our acquisition of Hewitt, partially offset by investments in long-term growth opportunities.

Unallocated Income and Expense

A reconciliation of our operating income to income before income taxes is as follows (in millions):

Years ended December 31	2014	2013	2012
Operating income (loss):			
Risk Solutions	**$ 1,648**	$ 1,540	$ 1,493
HR Solutions	**485**	318	289
Unallocated	**(167)**	(187)	(186)
Operating income	**1,966**	1,671	1,596
Interest income	**10**	9	10
Interest expense	**(255)**	(210)	(228)
Other income	**44**	68	2
Income before income taxes	**$ 1,765**	$ 1,538	$ 1,380

Unallocated operating expense includes corporate governance costs not allocated to the operating segments. Net unallocated expenses decreased $20 million in 2014 compared to 2013. The decrease in unallocated expenses is due primarily to decrease in expenses related to the Company's redomicile to the U.K. compared to such expenses in 2013 and expense discipline.

Interest income represents income earned on operating cash balances and other income-producing investments. It does not include interest earned on funds held on behalf of clients. Interest income increased $1 million, or 11%, from 2013, due to marginally higher average interest rates globally.

Interest expense, which represents the cost of our worldwide debt obligations, increased $45 million, or 21%, from 2013, which is primarily reflects an increase in the total debt outstanding.

Other income decreased $24 million from $68 million in 2013 to $44 million in 2014. Other income in 2014 includes $24 million in gains on disposal of businesses, foreign exchange gains of $18 million, equity earnings of $12 million, and $4 million in gains on investments, partially offset by a $19 million loss from derivatives. Other income in 2013 includes $28 million in gains on investments, equity earnings of $20 million, foreign exchange gains of $13 million, and $10 million in gains on disposal of businesses, partially offset by $10 million loss from derivatives.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Consolidated Financial Statements and Notes thereto have been prepared in accordance with U.S. GAAP. To prepare these financial statements, we made estimates, assumptions and judgments that affect what we report as our assets and liabilities, what we disclose as contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the periods presented.

In accordance with our policies, we regularly evaluate our estimates, assumptions and judgments, including, but not limited to, those concerning revenue recognition, restructuring, pensions, goodwill and other intangible assets, contingencies, share-based payments, and income taxes, and base our estimates, assumptions, and judgments on our historical experience and on factors we believe reasonable under the circumstances. The results involve judgments about the carrying values of assets and liabilities not readily apparent from other sources. If our assumptions or conditions change, the actual results we report may differ from these estimates. We believe the following critical accounting policies affect the more significant estimates, assumptions, and judgments we used to prepare these Consolidated Financial Statements.

Revenue Recognition

Risk Solutions segment revenues primarily include insurance commissions and fees for services rendered and investment income on funds held on behalf of clients. Revenues are recognized when they are earned and realized or realizable. We consider revenues to be earned and realized or realizable when all of the following four conditions are met: (1) persuasive

evidence of an arrangement exists, (2) the arrangement fee is fixed or determinable, (3) delivery or performance has occurred, and (4) collectability is reasonably assured. For brokerage commissions, revenue is typically recognized at the completion of the placement process, assuming all four criteria required to recognize revenue have been met. The placement process is typically considered complete on the effective date of the related policy. Commission revenues are recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

HR Solutions segment revenues consist primarily of fees paid by clients for consulting advice and outsourcing contracts. Fees paid by clients for consulting services are typically charged on an hourly, project or fixed-fee basis. Revenues from time-and-materials or cost-plus arrangements are recognized as services are performed, assuming all four criteria to recognize revenue have been met. Revenues from fixed-fee contracts are recognized as services are provided using a proportional-performance model or at the completion of a project based on facts and circumstances of the client arrangement. Revenues from health care exchange arrangements are typically recognized upon successful enrollment of participants, net of a reserve for estimated cancellations, assuming all four criteria to recognize revenue have been met. Reimbursements received for out-of-pocket expenses are recorded as a component of revenues. Our outsourcing contracts typically have three-to-five year terms for benefits services and five-to-ten year terms for human resources business process outsourcing ("HR BPO") services. We recognize revenues as services are performed, assuming all four criteria to recognize revenue have been met. We may also receive implementation fees from clients either up-front or over the ongoing services period as a component of the fee per participant. Lump sum implementation fees received from a client are typically deferred and recognized ratably over the ongoing contract services period. If a client terminates an outsourcing services arrangement prior to the end of the contract, a loss on the contract may be recorded, if necessary, and any remaining deferred implementation revenues would typically be recognized over the remaining service period through the termination date.

In connection with our long-term outsourcing service agreements, highly customized implementation efforts are often necessary to set up clients and their human resource or benefit programs on our systems and operating processes. For outsourcing services sold separately or accounted for as a separate unit of accounting, specific, incremental and direct costs of implementation incurred prior to the services commencing are generally deferred and amortized over the period that the related ongoing services revenue is recognized. Deferred costs are assessed for recoverability on a periodic basis to the extent the deferred cost exceeds related deferred revenue.

Restructuring

Workforce reduction costs

The method used to recognize workforce reduction costs depends on whether the benefits are provided under a one-time benefit arrangement or under an ongoing benefit arrangement. We account for relevant expenses as an ongoing benefit arrangement when we have an established termination benefit policy, statutory requirements dictate the termination benefit amounts, or we have an established pattern of providing similar termination benefits. The method to estimate the amount of termination benefits is based on the benefits available to the employees being terminated.

In most cases, workforce reductions are made pursuant to an ongoing arrangement. We recognize the workforce reduction costs related to restructuring activities resulting from an ongoing benefit arrangement when we identify the specific classification (or functions) and locations of the employees being terminated and notify the employees.

Although it occurs less frequently, when a workforce reduction is made pursuant to a one-time benefit arrangement, we recognize the workforce reduction costs related to restructuring activities resulting from a one-time benefit arrangement when we identify the specific classification (or functions) and locations of the employee(s) being terminated, notify the employee(s), and expect to terminate the employee(s) within the legally required notification period. When employees receive incentives to stay beyond the legally required notification period, we recognize the cost of their termination benefits over the remaining service period.

Lease termination costs

Where we have provided notice of cancellation pursuant to a lease agreement or vacated space and have no intention of reoccupying it, we recognize a loss and corresponding liability. The liability reflects our best estimate of the fair value of the future cash flows associated with the lease at the date we vacate the property or sign a sublease arrangement. To determine the loss and corresponding liability, we estimate sublease income based on all information that is reasonably available, which typically includes current market quotes for similar properties.

Useful lives on leasehold improvements or other assets associated with lease abandonments may be revised to reflect a shorter useful life than originally estimated, which results in accelerated depreciation.

Fair value concepts of severance arrangements and lease losses

Accounting guidance requires that the liabilities recorded related to our restructuring activities be measured at fair value.

Where material, we discount the lease loss calculations to arrive at their present value. Most workforce reductions happen over a short span of time and therefore no discounting is necessary. However, we may discount the termination benefit arrangement when we terminate employees who will provide no future service and we pay their severance over an extended period. The discount reflects our incremental borrowing rate, which matches the lifetime of the liability. Significant changes in the discount rate selected or the estimations of sublease income in the case of leases could impact the amounts recorded.

Other associated costs with restructuring activities

We recognize other costs associated with restructuring activities as they are incurred, including moving costs and consulting and legal fees.

Pensions

We sponsor defined benefit pension plans throughout the world. Our most significant plans are located in the U.S., the U.K., the Netherlands and Canada. Our significant U.S., U.K., Netherlands and Canadian pension plans are closed to new entrants. We have ceased crediting future benefits relating to salary and service for our U.S., U.K. and Canadian plans. In 2014, the Netherlands ceased crediting future benefits relating to service, but will continue to apply future salary increases to past service.

Recognition of gains and losses and prior service

Certain changes in the value of the obligation and in the value of plan assets, which may occur due to various factors such as changes in the discount rate and actuarial assumptions, actual demographic experience and/or plan asset performance are not immediately recognized in net income. Such changes are recognized in Other comprehensive income and are amortized into net income as part of the net periodic benefit cost.

Unrecognized gains and losses that have been deferred in Other comprehensive income, as previously described, are amortized into Compensation and benefits expense as a component of periodic pension expense based on the average life expectancy of the U.S., the Netherlands, Canada, and U.K. plan members. We amortize any prior service expense or credits that arise as a result of plan changes over a period consistent with the amortization of gains and losses.

As of December 31, 2014, our pension plans have deferred losses that have not yet been recognized through income in the Consolidated Financial Statements. We amortize unrecognized actuarial losses outside of a corridor, which is defined as 10% of the greater of market-related value of plan assets or projected benefit obligation. To the extent not offset by future gains, incremental amortization as calculated above will continue to affect future pension expense similarly until fully amortized.

The following table discloses our unrecognized actuarial gains and losses, the number of years over which we are amortizing the experience loss, and the estimated 2015 amortization of loss by country (amounts in millions):

	U.K.	U.S.	Other
Unrecognized actuarial gains and losses	$ 1,687	$ 1,737	$ 456
Amortization period (in years)	8 - 30	7 - 26	15 - 42
Estimated 2015 amortization of loss	$ 42	$ 54	$ 12

The unrecognized prior service cost at December 31, 2014 was $11 million, $22 million, and $3 million in the U.S., U.K. and Other plans.

For the U.S. pension plans we use a market-related valuation of assets approach to determine the expected return on assets, which is a component of net periodic benefit cost recognized in the Consolidated Statements of Income. This approach recognizes 20% of any gains or losses in the current year's value of market-related assets, with the remaining 80% spread over the next four years. As this approach recognizes gains or losses over a five-year period, the future value of assets and therefore, our net periodic benefit cost will be impacted as previously deferred gains or losses are recorded. As of December 31, 2014, the market-related value of assets was $2.0 billion. We do not use the market-related valuation approach to determine the funded status of the U.S. plans recorded in the Consolidated Statements of Financial Position. Instead, we record and present the funded status in the Consolidated Statements of Financial Position based on the fair value of the plan assets. As of December 31, 2014, the fair value of plan assets was $2.0 billion.

Our non-U.S. plans use fair value to determine expected return on assets.

Rate of return on plan assets and asset allocation

The following table summarizes the expected long-term rate of return on plan assets for future pension expense and the related target asset mix as of December 31, 2014:

	U.K.	U.S.	Other
Expected return (in total)	5.2%	8.8%	4.7 - 5.6%
Expected return on equities (1)	7.7%	9.7%	6.3 - 7.8%
Expected return on fixed income	4.6%	6.5%	4.0 - 4.2%
Asset mix:			
Target equity (1)	18.1%	70.0%	32.3 - 40%
Target fixed income	81.9%	30.0%	60 - 67.7%

(1) Includes investments in infrastructure, real estate, limited partnerships and hedge funds.

In determining the expected rate of return for the plan assets, we analyzed investment community forecasts and current market conditions to develop expected returns for each of the asset classes used by the plans. In particular, we surveyed multiple third party financial institutions and consultants to obtain long-term expected returns on each asset class, considered historical performance data by asset class over long periods, and weighted the expected returns for each asset class by target asset allocations of the plans.

The U.S. pension plan asset allocation is based on approved allocations following adopted investment guidelines. The actual asset allocation at December 31, 2014 was 61% equity and 39% fixed income securities for the qualified plan.

The investment policy for each U.K. and non-U.S. pension plans is generally determined by the plans' trustees. Because there are several pension plans maintained in the U.K. and non-U.S. category, our target allocation presents a range of the target allocation of each plan. Further, target allocations are subject to change. As of December 31, 2014, the U.K. and non-U.S. plans were invested between 22% and 34% in equity and between 78% and 66% in fixed income securities.

Impact of changing economic assumptions

Changes in the discount rate and expected return on assets can have a material impact on pension obligations and pension expense.

Holding all other assumptions constant, the following table reflects what a twenty five basis point increase and decrease in our estimated liability discount rate would have on our projected benefit obligation at December 31, 2014 (in millions):

Estimated liability discount rate Increase (decrease) in projected benefit obligation of December 31, 2014 (1)	25 Basis Point Change in Discount Rate	
	Increase	Decrease
U.K. plans	$ (238)	$ 260
U.S. plans	(111)	117
Other plans	(63)	67

(1) Increases to the projected benefit obligation reflect increases to our pension obligations, while decreases in the projected benefit obligation are recoveries toward fully funded status. A change in the discount rate has an inverse relationship to the projected benefit obligation.

Holding all other assumptions constant, the following table reflects what a twenty five basis point increase and decrease in our estimated liability discount rate would have on our estimated 2015 pension expense (in millions):

Increase (decrease) in expense	25 Basis Point Change in Discount Rate	
	Increase	Decrease
U.K. plans	$ (5)	$ 4
U.S. plans	—	—
Other plans	—	—

Holding other assumptions constant, the following table reflects what a twenty five basis point increase and decrease in our estimated long-term rate of return on plan assets would have on our estimated 2015 pension expense (in millions):

	25 Basis Point Change in Long-Term Rate of Return on Plan Assets	
Increase (decrease) in expense	**Increase**	**Decrease**
U.K. plans	$ (15)	$ 15
U.S. plans	(5)	5
Other plans	(3)	3

Estimated future contributions

We estimate contributions of approximately $220 million in 2015 as compared with $316 million in 2014.

Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over the fair market value of the net assets acquired. We classify our intangible assets acquired as either tradenames, customer relationships, technology, non-compete agreements, or other purchased intangibles.

Goodwill is not amortized, but rather tested for impairment at least annually in the fourth quarter. In the fourth quarter, we also test the acquired tradenames (which also are not amortized) for impairment. We test more frequently if there are indicators of impairment or whenever business circumstances suggest that the carrying value of goodwill or trademarks may not be recoverable. These indicators may include a sustained significant decline in our share price and market capitalization, a decline in our expected future cash flows, or a significant adverse change in legal factors or in the business climate, among others. No events occurred during 2014 that indicate the existence of an impairment with respect to our reported goodwill or tradenames.

We perform impairment reviews at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. An operating segment shall be deemed to be a reporting unit if all of its components are similar, if none of its components is a reporting unit, or if the segment comprises only a single component.

The goodwill impairment test is initially a qualitative analysis to determine if it is "more likely than not" that the fair value of each reporting unit exceeds the carrying value, including goodwill, of the corresponding reporting unit. If the "more likely than not" threshold is not met, then the goodwill impairment test becomes a two step analysis. Step One requires the fair value of each reporting unit to be compared to its book value. Management must apply judgment in determining the estimated fair value of the reporting units. If the fair value of a reporting unit is determined to be greater than the carrying value of the reporting unit, goodwill and trademarks are deemed not to be impaired and no further testing is necessary. If the fair value of a reporting unit is less than the carrying value, we perform Step Two. Step Two uses the calculated fair value of the reporting unit to perform a hypothetical purchase price allocation to the fair value of the assets and liabilities of the reporting unit. The difference between the fair value of the reporting unit calculated in Step One and the fair value of the underlying assets and liabilities of the reporting unit is the implied fair value of the reporting unit's goodwill. A charge is recorded in the financial statements if the carrying value of the reporting unit's goodwill is greater than its implied fair value.

In determining the fair value of our reporting units, we use a discounted cash flow ("DCF") model based on our most current forecasts. We discount the related cash flow forecasts using the weighted-average cost of capital method at the date of evaluation. Preparation of forecasts and selection of the discount rate for use in the DCF model involve significant judgments, and changes in these estimates could affect the estimated fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period. We also use market multiples which are obtained from quoted prices of comparable companies to corroborate our DCF model results. The combined estimated fair value of our reporting units from our DCF model often results in a premium over our market capitalization, commonly referred to as a control premium. We believe the implied control premium determined by our impairment analysis is reasonable based upon historic data of premiums paid on actual transactions within our industry. Based on tests performed in both 2014 and 2013, there was no indication of goodwill impairment, and no further testing was required.

We review intangible assets that are being amortized for impairment whenever events or changes in circumstance indicate that their carrying amount may not be recoverable. There were no indications that the carrying values of amortizable intangible assets were impaired as of December 31, 2014. If we are required to record impairment charges in the future, they could materially impact our results of operations.

Contingencies

We define a contingency as an existing condition that involves a degree of uncertainty as to a possible gain or loss that will ultimately be resolved when one or more future events occur or fail to occur. Under U.S. GAAP, we are required to establish reserves for loss contingencies when the loss is probable and we can reasonably estimate its financial impact. We are required to assess the likelihood of material adverse judgments or outcomes, as well as potential ranges or probability of losses. We determine the amount of reserves required, if any, for contingencies after carefully analyzing each individual item. The required reserves may change due to new developments in each issue. We do not recognize gain contingencies until the contingency is resolved and amounts due are probable of collection.

Share-based Payments

Share-based compensation expense is measured based on the estimated grant date fair value and recognized over the requisite service period for awards that we ultimately expect to vest. We estimate forfeitures at the time of grant based on our actual experience to date and revise our estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Restricted Share Units

Restricted share units ("RSUs") are service-based awards for which we recognize the associated compensation cost on a straight-line basis over the requisite service period. We estimate the fair value of the awards based on the market price of the underlying share on the date of grant, reduced by the present value of estimated dividends foregone during the vesting period where applicable.

Performance Share Awards

Performance share awards ("PSAs") are performance-based awards for which vesting is dependent on the achievement of certain objectives. Such objectives may be made on a personal, group or company level. We estimate the fair value of the awards based on the market price of the underlying stock on the date of grant, reduced by the present value of estimated dividends foregone during the vesting period.

Compensation cost is recognized over the performance period. The number of shares issued on the vesting date will vary depending on the actual performance objectives achieved. We make assessments of future performance using subjective estimates, such as long-term plans. As a result, changes in the underlying assumptions could have a material impact on the compensation expense recognized.

The largest performance-based share-based payment award plan is the Leadership Performance Plan ("LPP"), which has a three-year performance period. The 2012 to 2014 performance period ended on December 31, 2014, the 2011 to 2013 performance period ended on December 31, 2013, the 2010 to 2012 performance period ended on December 31, 2012, and the 2009 to 2011 performance period ended on December 31, 2011. The LPP currently has two open performance periods: 2013 to 2015 and 2014 to 2016. A 10% upward adjustment in our estimated performance achievement percentage for both LPP plans would have increased our 2014 expense by approximately $1.9 million, while a 10% downward adjustment would have decreased our expense by approximately $6.0 million. As the percent of expected performance increases or decreases, the potential change in expense can go from 0% to 200% of the targeted total expense.

Income Taxes

We earn income in numerous countries and this income is subject to the laws of taxing jurisdictions within those countries. The estimated effective tax rate for the year is applied to our quarterly operating results. In the event that there is a significant unusual or discrete item recognized, or expected to be recognized, in our quarterly operating results, the tax attributable to that item would be separately calculated and recorded at the same time as the unusual or discrete item, such as the resolution of prior-year tax matters.

The carrying values of deferred income tax assets and liabilities reflect the application of our income tax accounting policies, and are based on management's assumptions and estimates about future operating results and levels of taxable income, and judgments regarding the interpretation of the provisions of current accounting principles.

Deferred tax assets are reduced by valuation allowances if, based on the consideration of all available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. In this assessment, significant weight is given to evidence that can be objectively verified.

We assess carryforwards and tax credits for realization as a reduction of future taxable income by using a "more likely than not" determination. We have not recognized a U.S. deferred tax liability for permanently reinvested earnings of certain

non-U.S. subsidiaries. Additional U.S. income taxes could be recorded (or incurred) if we change our investment strategy relating to these subsidiaries, which could materially affect our future effective tax rate.

We base the carrying values of liabilities for income taxes currently payable on management's interpretation of applicable tax laws, and incorporate management's assumptions and judgments about using tax planning strategies in various taxing jurisdictions. Using different estimates, assumptions and judgments in accounting for income taxes, especially those that deploy tax planning strategies, may result in materially different carrying values of income tax assets and liabilities and changes in our results of operations.

We operate in many jurisdictions where tax laws relating to our businesses are not well developed. In such jurisdictions, we typically obtain professional guidance, when available, and consider existing industry practices before using tax planning strategies and meeting our tax obligations. Tax returns are routinely subject to audit in most jurisdictions, and tax liabilities are frequently finalized through negotiations. In addition, several factors could increase the future level of uncertainty over our tax liabilities, including the following:

- the portion of our overall operations conducted in non-U.S. tax jurisdictions has been increasing, and we anticipate this trend will continue,
- to deploy tax planning strategies and conduct global operations efficiently, our subsidiaries frequently enter into transactions with affiliates, which are generally subject to complex tax regulations and are frequently reviewed by tax authorities,
- tax laws, regulations, agreements and treaties change frequently, requiring us to modify existing tax strategies to conform to such changes, and
- the move of the corporate headquarters to London.

Environment

The Company recognizes the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. The Company's engagement commitment to environmental issues is explained on its website at www.aon.com/about-aon/global-citizenship.

Employees

Disabled Employees

The Company gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy where practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion as appropriate.

Employee Involvement

The Company's policies and practices keep employees informed on matters relevant to them as employees through regular updates of its internal employee website. The Company continues to take into account the needs of its employees when agreeing to policies which affect them. During the year the Company continued its training and development scheme covering technical, personal and management development programs. Additionally, employees are encouraged to gain professional qualifications with the active support of the Company.

In order to foster diversity within the workforce the Company has continued the successful running of its Aon Diversity Council. The Council's mission is to champion initiatives throughout the Company by raising awareness of the value of having a diverse workforce and the value of inclusion. Its aim is to create an environment where every employee feels valued, and where their talents are fully utilized. The Council's membership consists of representatives of relevant diversity groups across Aon's businesses as well as representatives of Aon's senior management and human resources department. For the purpose of this initiative, diversity groups are made up of Aon's employees who help us identify and understand the diversity issues facing our workforce. Aon's diversity initiative has several objectives, including encouraging an environment where everyone feels valued and free to be open about their diversity and to widen our talent pool to be seen as an employer of choice by people from all backgrounds.

Diversity

Employee Gender

As of December 31,	2014		2013	
	Male	Female	Male	Female
Directors	8	3	8	3
Senior Managers	16	5	7	2
Employees of the Company	33,000	36,000	32,000	34,000

Social and Community Issues

The Company is committed to the health and safety and the human rights of its employees and communities in which it operates. The Aon Foundation is the principal vehicle for Aon's charitable donations. The Foundation's charitable giving is focused primarily on promoting access to and excellence in education. The Company believes that education sets the foundation for future success, for individuals as well as the business community. Therefore, the Company invests in programs that make a marked difference in the academic achievement of young people and help to develop our future workforce.

The Foundation also supports the enrichment of our society through arts and cultural programs and community and human service projects that serve diverse communities, with emphasis on organizations that foster the development of at-risk youth.

In 2002, the Company established The Aon Memorial Education Fund to provide post-secondary educational financial assistance to the dependent children of the Aon employees who were killed in the World Trade Center attacks.

Details of the Company's charitable work and service in local communities can be found at www.aon.com/about-aon/global-citizenship.

For and on behalf of the Board

P Lieb
Company Secretary
Date: 20 March 2015
Registered Number 07876075

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2014, as well as the audited parent company financial statements for the year ended 31 December 2014.

Basis of Presentation

The directors have elected to prepare the Consolidated Financial Statements in accordance with accounting principles generally acceptable in the United States of America (U.S. GAAP) as permitted by Statutory Instrument 2012 No. 2405, *The Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2012* (SI 2012 No. 2405). The Report of the Directors and Consolidated Financial Statements have also been prepared in accordance with the Companies Act 2006.

The parent company balance sheet is prepared in accordance with the Companies Act 2006 and U.K. Generally Accepted Accounting Practice (U.K. GAAP), as well as under the historical cost accounting rules as modified by the revaluation of investments as set out in the investment in subsidiary undertaking as noted in Parent Company Note 1.

The accompanying Consolidated Financial Statements include the accounts of Aon plc, a U.K. company, and its controlled subsidiary companies (collectively, the "Company"). In this Report of the Directors, we use the terms "Aon," "we," the "Company," "our" and "us" to refer to Aon plc and its subsidiaries.

The Consolidated Financial Statements include the Consolidated Balance Sheets of Aon plc and its subsidiaries as of 31 December 2014 and 31 December 2013, and the related Consolidated Statements of Income, Comprehensive Income, Shareholders' Equity, and Cash Flows for the period ended 31 December 2014, 2013, and 2012. The Consolidated Financial Statements and the majority of the information in the Notes thereto have been reconciled to the Company's Annual Report on Form 10-K for the fiscal year ended 31 December 2014 filed with the U.S. Securities and Exchange Commission on 24 February 2015.

Company Name Change

Aon plc was incorporated in Great Britain on 8 December 2011 with the name Achai Limited and having the company number 07876075. The Company changed its name from Achai Limited to Aon Global Limited on 23 December 2011. The Company converted from a private limited company to a public limited company on 30 March 2012, and at the time of the conversion, changed its name to Aon plc.

Redomestication

On 2 April 2012, a reorganization of the corporate structure of the group of companies controlled by the Company's predecessor, Aon Corporation, was completed, pursuant to which an indirect, wholly-owned subsidiary of the Company merged with Aon Corporation, and Aon plc became the group's publicly-held parent company (the "Redomestication").

In connection with the Redomestication, each issued and outstanding share of common stock of Aon Corporation was converted into the right to receive one Class A Ordinary Share, par value $0.01 of the Company, with 326,415,020 Class A Ordinary Shares exchanged for a like number of shares of common stock of Aon Corporation. Prior to the Redomestication, the Company also had outstanding 125,000 Class B Ordinary Shares of £0.40 each, held by Aon Corporation and Aon Hewitt LLC. The Class B Ordinary Shares have no voting rights or rights to dividends or distributions as they continue to be held by subsidiary undertakings.

Directors

L B Knight	(appointed 2 April 2012)
G C Case	(appointed 9 January 2012)
F Conti	(appointed 2 April 2012)
C A Francis	(appointed 2 April 2012)
J W Leng	(appointed 19 March 2014)
J M Losh	(appointed 2 April 2012)
R S Morrison	(appointed 2 April 2012)
R B Myers	(appointed 2 April 2012)
R C Notebaert	(appointed 2 April 2012)
G Santona	(appointed 2 April 2012)
C Y Woo	(appointed 2 April 2012)
E D Jannotta	(resigned 12 November 2014)

Acquisition of Own Shares

Aon's Class A Ordinary Shares, $0.01 nominal value per share, are traded on the New York Stock Exchange. We hereby incorporate by reference Note 11, "Shareholders' Equity" of the Notes to Consolidated Financial Statements.

In April 2012, our Board of Directors authorized a share repurchase program under which up to $5.0 billion of Class A Ordinary Shares may be repurchased ("2012 Share Repurchase Program"). In November 2014, our Board of Directors authorized a new $5.0 billion share repurchase program in addition to the existing program ("2014 Share Repurchase Program"). Under each program, shares may be repurchased through the open market or in privately negotiated transactions, from time to time, based on prevailing market conditions, and will be funded from available capital. In 2014, we repurchased 25.8 million shares at an average price per share of $87.18 for a total cost of $2.3 billion under the 2012 Share Repurchase Plan. The remaining authorized amount for share repurchase under the 2012 Share Repurchase Program and 2014 Share Repurchase Program is $5.6 billion.

Information relating to the compensation plans under which equity securities of Aon are authorized for issuance is set forth under the Directors' Remuneration section of this report and is incorporated herein by reference.

Greenhouse Gas Emissions

The Company is committed to reducing its impact on the environment. Since 2007, Aon has had a network of Eco-Champions to drive internal change. Since 2009, Aon has had a sustainability strategy led by Aon's Head of Sustainability. This strategy was and is supported up by both operational and product strategies, including an energy management strategy and a membership in the ClimateWise initiative for the insurance industry.

Reporting Period - 1 January 2014 to 31 December 2014.

Operational Control Methodology - The Company has adopted the operational control method of reporting which includes those entities over which the Company has operational control. The emissions reported below are for the approximately 700 offices around the world where the Company exercises direct operational control. These office emissions are those which are considered material to the Company.

Emissions Scopes - Mandatory GHG reporting requires emissions associated with Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heating and cooling) to be reported[1]. It is not obligatory to report Scope 3 (indirect emissions from the inputs and outputs to the main business activity - i.e. supply chain and consumer/end-user related emissions). Whilst the Company has not collected and presented Scope 3 data in this year's report, there is potential to do this in future years.

1 Scope 1 emissions relate to gas combustion and refrigerant usage.
Scope 2 emissions relate to purchased electricity.
Scope 3 emissions relate to water usage, commercial air travel and office waste.

Exclusions - The Company has collected as much data as reasonably practicable from its approximately 700 offices. In cases where electricity or gas consumption data was not available, it has been estimated using one of the following techniques:

- Extrapolating data where offices were not able to provide electricity usage figures for the full 12 month period (1 January 2014 to 31 December 2014)
- Using proxy data from similar offices (i.e., calculating average fuel consumption per m^2 occupied floor space for offices in the same country, and applying this to offices where the occupied space was known)
- Using benchmark estimates for gas and electricity usage per m^2 of office space. This was done in cases where there was no raw data reasonably available for certain countries.
- Where the occupied floor space of an office was not known, the office has been excluded from the reported emissions. These exclusions amount to 112 offices.

Where travel data (in terms of mileage and/or fuel use) was not reasonably available, this data has been excluded from the emissions reported as it was not deemed practicable to make accurate estimates.

Refrigerant stock data has been provided for 2014; however this does not represent the full usage across the Company's global sites. Where only refrigerant stock data was available, and it was not accompanied by associated recharges that would indicate leakage, it was therefore not possible to make meaningful estimations of related emissions. All refrigerants in use are listed, but emissions are excluded. Aon will make further efforts to collect this data from its global office portfolio for the next financial reporting period.

Methodology - All data has been collected and analysed in a manner consistent with the GHG Protocol Corporate Accounting and Reporting Standard. The Defra U.K. and international 2014 emission factors have been used to calculate GHG emissions for the Company's 2014 operations. Due to limitations of international emissions factors for natural gas, all natural gas is calculated to the UK emissions factor provided by Defra. The data inputs and outputs have been reviewed by Ricardo-AEA Ltd. on behalf of the Company.

The Company's Emissions - Purchased electricity accounts for the greatest amount of overall emissions (2014: 163,155 CO2e, 75%; 2013: 132,160 CO2e, 80%). Diesel usage (for non-travel related) accounts for the lowest level of emissions.

Comparison to the 2013 reporting period - The Company's emissions have increased by approximately 33% compared to 2013. The largest increase was attributable to electricity related emissions which increased 30,995 tonnes CO2e, or 23%, compared to 2013. The Company's emissions resulting from transport related activities (company cars and the private jet travel) increased 27,051 tonnes CO2e, or 439%, compared to 2013. The Company's emissions related to heating decreased 5,652 tonnes CO2e, or 22%, compared to 2013.

An increase in emissions is in line with expectations for a number of reasons:

- The Company reported approximately 700 sites in 2014 compared to approximately 600 in 2013
- A greater number of emission activities and categories were reported in 2014 compared to 2013 as 2014 was the second year of reporting; furthermore, the granularity of the data has improved in the second year which allowed for more accurate emission factors to be applied. Where new categories have been introduced in 2014, the Company only sourced data for 2014.

Aon plc's Emissions by Scope for the year ended 31 December (in CO2e):

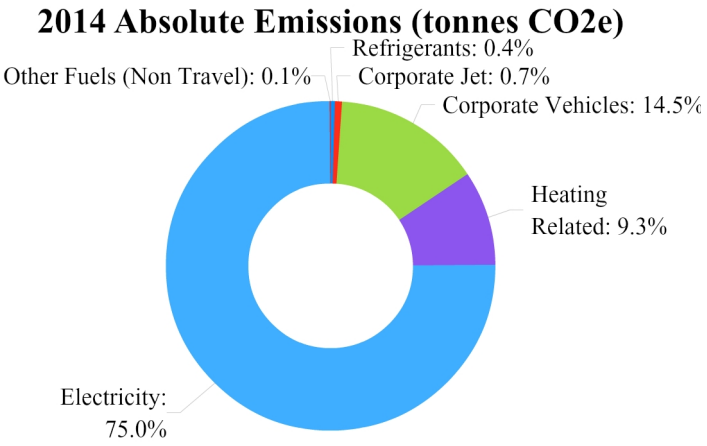
	For the Year Ended 31 December	
Scope	**2014**	**2013**
Scope 1	**54,431**	32,004
Scope 2	**163,155**	132,160
Total	**217,586**	164,164

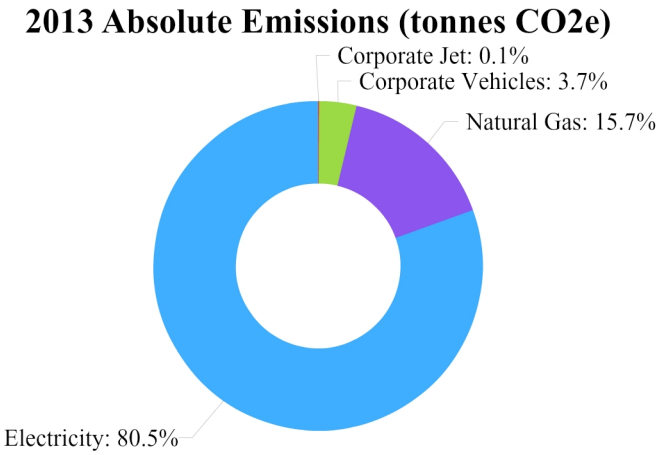
Aon plc's Emissions

			For the Year Ended 31 December			
			2014		2013	
Emission Sources	**Scope**	**Unit**	**Entered Value**	**C02e**	**Entered Value**	**C02e**
Travel Related Emissions						
Corporate jet - Aviation turbine fuel [(1)]	1	litres	606,472	1,543	—	—
Corporate jet [(1)]	1	person kilometres	—	—	266,608	153
Car - Average (All fuel types - miles)	1	miles	7,102,032	2,165	15,724,531	4,870
Car - Average (diesel - miles)	1	miles	11,851,417	6,116	1,443,074	430
Car - Average (petrol - miles)	1	miles	17,227,944	15,695	962,050	310
Diesel (litres)	1	litres	1,520,751	3,712	31,432	84
Petrol (litres)	1	litres	1,814,379	3,980	135,453	313
Electricity Related Emissions						
Purchased electricity	2	kWh	352,972,887	156,151	252,240,313	132,160
Heat and steam	2	kWh	469,182,280	7,004	—	—
Heating Related Emissions						
Natural Gas	1	kWh	131,535,983	19,640	139,984,262	25,844
Oil	1	kWh	2,043,145	552	—	—
Other Fuels (Non-Travel)						
Diesel	1	litres	87,324	237	—	—
Refrigerants / Other Fuels						
HCFC-22/R22 = chlorodifluoromethane	1	kg	5	4	—	—
HFC-134	1	kg	224	224	—	—
HFC-134a	1	kg	83	82	—	—
R404A	1	kg	40	134	—	—
R407C	1	kg	173	287	—	—
R410A	1	kg	120	60	—	—
TOTAL CO2e (tonnes)				**217,586**		**164,164**

(1) In 2014, the Company measured corporate jet emissions based on the total fuel consumed per flight compared to 2013 in which emissions were based on total distance traveled. The Company believes fuel consumed per flight provides more accurate emissions than distance traveled.

Aon plc's Emissions by Source





Emissions Intensity - Emissions have also been calculated using an "intensity metric," which will assist the Company in monitoring how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. For the Company the most suitable metric is "emissions per $M turnover" and "emissions per employee." The Company's emissions per $M turnover are shown in the table below.

	Tonnes CO2e/$M Turnover	
Scope	**2014**	**2013**
Scope 1	4.52	2.71
Scope 2	13.55	11.20
Total	**18.07**	**13.91**

The Company's emissions per employee are shown in the table below.

	Tonnes CO2e/Employee	
Scope	**2014**	**2013**
Scope 1	0.79	0.49
Scope 2	2.38	2.01
Total	**3.17**	**2.50**

Political Donations

No political donations were made by the Company during 2014 or 2013.

Employees

Information relating to employees is incorporated herein by reference to the Employees section of the Strategic Report contained in this report.

Dividends

In January 2015, the Board of Directors approved the declaration of a dividend to shareholders of $0.25 per ordinary share. In February 2015, we paid those dividends in the amount of $70 million.

Future dividends on Aon plc ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of Aon plc and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of Aon plc may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act 2006.

Future Developments

The directors do not anticipate that the Company's activities will change in the foreseeable future.

Directors - Indemnity

On April 2, 2012 (in respect of all directors and executive officers other than Gregory C. Case) and on March 29, 2012 (in respect of Gregory C. Case), the Company entered into deeds of indemnity with each of its directors and executive officers that will indemnify such persons to the maximum extent permitted by applicable law against all losses suffered or incurred by them, among other things, that arise out of or in connection with his or her appointment as a director or officer, an act done, concurred in or omitted to be done by such person in connection with such person's performance of his or her functions as a director or officer, or an official investigation, examination or other proceedings ordered or commissioned in connection with the affairs of the company of which he or she is serving as a director or officer at the request of the indemnifying company.

Use of financial Instruments

Information on the Company's risk management process and the policies for mitigating certain types of risk are set out on pages 8 to 24. Details of the financial instruments used for these purposes are set out in Note 15 to the Consolidated Financial Statements.

Disclosure of Information to the Auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit

information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Going Concern

The Directors have undertaken a going concern assessment in accordance with "Going Concern and Liquidity Risk: Guidance for U.K. Directors of U.K. Companies 2009," published by the Financial Reporting Council in 2009. As a result of this assessment, and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Auditor

Ernst & Young LLP were appointed as auditors of the Company on June 24, 2014. In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

Significant Events Since Year End

This report was issued on 20 March 2015. The Company has evaluated events and transactions subsequent to the balance sheet date.

On February 2, 2015, Aon plc replaced its €650 million ($792 million based on exchange rates at December 31, 2014) European credit facility expiring in October 2015 (the "2015 Facility") with a new $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). Each of these facilities included customary representations, warranties and covenants, including financial covenants that require Aon plc to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly.

During the period from January 1, 2015 to March 20, 2015, the Company repurchased 2.5 million shares at an average price per share of $100.15 for a total cost of $250 million. At March 20, 2015, the remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $5.3 billion.

As of March 19, 2015, the Company had $654 million of commercial paper borrowings outstanding. The proceeds from the issuance of commercial paper will be used to fund short-term working capital needs.

The Company is not aware of any events or transactions (other than those disclosed above) that occurred subsequent to the balance sheet date but prior to 20 March 2015 that would require recognition or disclosure in its Consolidated Financial Statements or Parent Company Balance Sheet.

For and on behalf of the Board

P Lieb
Company Secretary
Date: 20 March 2015
Registered Number 07876075

DIRECTORS' REMUNERATION REPORT

This report sets out the relevant disclosures in relation to directors' remuneration for the financial year ended 31 December 2014. The report has been prepared in accordance with the requirements of the U.K. Large and Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations") which apply to the Company. The relevant sections of the report have been audited by Ernst & Young LLP. This report does not set out the Company's Remuneration Policy for directors (the "Remuneration Policy") which was put to shareholders for approval in a binding vote at its 2014 Annual General Meeting on 24 June 2014. The Remuneration Policy, as approved, is included with the Company's 2013 U.K. Annual Report and Accounts, available at http://ir.aon.com/about-aon/investor-relations/financial-reports/proxy-materials/default.aspx. The Statement of the Chairman of the Organization & Compensation Committee and discussion of Governance and the Company's Report on Remuneration for 2014 will be subject to an advisory vote at the forthcoming Annual General Meeting.

On 2 April 2012, the Company completed the reorganization of the corporate structure of the group of companies controlled by the predecessor holding company of the Aon group, Aon Corporation, pursuant to which Aon Corporation merged with one of its indirect, wholly owned subsidiaries and Aon plc became the publicly-held parent company of the Aon group. This transaction is referred to as the redomestication. References in this report to the actions of "the Company", "us", "we" or "Aon" (or its board of directors, committees of its board of directors, or any of its directors and/or officers) or any similar references relating to periods before the date of the redomestication should be construed as references to the actions of Aon Corporation (or, where appropriate, its board of directors, committees of its board of directors or its directors and/or officers), being the previous parent company of the Aon group.

STATEMENT OF THE CHAIRMAN OF THE ORGANIZATION & COMPENSATION COMMITTEE

We continue our journey to build, and continuously improve upon, the leading risk advice and HR solutions firm in the world. We seek to accomplish this by providing clients with world class advice, solutions, innovation and execution. To achieve those objectives, we must be the destination of choice for the best talent. Our remuneration program supports this vision and business strategy and is designed to align the financial interests of our executives with those of our shareholders in both our short and long-term programs.

The core principle of our executive compensation program continues to be pay for performance. As in prior years, one of our strategic goals was improving our performance for 2014. Total revenue for 2014 increased 2% to $12 billion. Additionally, we achieved record cash flow from operations of $1.6 billion. Over the 10-year period beginning in 2004, and almost exclusively during Mr. Case's leadership which began in April of 2005, our average annual total shareholder return was 15%, as compared to the return of the benchmark S&P 500 of 8% and 4% for our peers.

In 2014, we delivered double digit earnings growth while we continued to execute on our goals of strategically investing in long term growth, managing expenses and effectively allocating capital. We returned more than $2 billion of excess capital to our shareholders through our share repurchase program and an additional $273 million to shareholders through dividends. These returns to shareholders highlight our strong cash flow generation and effective allocation of capital. We believe we are well positioned for long-term value creation through improvements in operating performance and strong free cash flow generation.

At our annual general meeting on June 24, 2014, we presented the Remuneration Policy to our shareholders for approval. We consulted with shareholder representatives on the Remuneration Policy. However, following publication the shareholder representatives expressed concern in relation to the way the Committee would exercise its discretion (i) to offer remuneration in excess of the maximums stated in the policy and (ii) grant uncapped equity-based awards which are not necessarily subject to performance conditions in special circumstances. In response, on June 6, 2014, we issued an assurance to clarify the basis on which such discretion would be exercised, and our shareholders approved the Remuneration Policy with over 96% of the votes cast at the meeting voting in favor of the policy. We are required to seek shareholder approval for our Remuneration Policy at least every three years, except in certain circumstances where an earlier vote would be required. As our Remuneration Policy remains unchanged from last year, we are not seeking approval for the Remuneration Policy this year. The implementation of our remuneration programs in 2014 and to date in 2015 is consistent with Remuneration Policy as approved by our shareholders.

During 2014, we made no adjustments from the previously established levels for base salaries or benefits for our senior executive officers, favoring instead to continue to link pay for performance through our Leadership Performance Program and our annual bonus scheme. In the first quarter of 2014, we granted performance share units under our Leadership Performance Program to our executive officers, including Mr. Case, our sole executive director. This program is intended to further strengthen the relationship between capital accumulation for our executives and long term financial performance of the Company and the generation of shareholder value. The cumulative target under the program ranges from $15.11, below which

no shares would be issued, to $17.31 or higher, which would yield shares equal to 200% of the target number. A result of $16.11 in cumulative adjusted earnings per share would yield settlement in Ordinary Shares at 100% of the target number. This target represents a 17% increase over the adjusted target for the Leadership Performance Program for the prior year. At the time the target was established, the Committee believed that such target represented a challenging, yet achievable, performance goal.

During the year, we again made no adjustments to target bonuses. In the first quarter of 2014, we determined that the Company's 2014 performance target would be planned adjusted operating income for 2014, excluding amortization of intangibles, of $2,312 million. We set the minimum achievement threshold at 85% of such target, or $1,965 million, as adjusted for extraordinary, unusual or infrequently occurring items. We selected operating income, as adjusted, as the measure to emphasize performance of the Company as a whole and directly link executives' awards to our key business initiatives of delivering distinctive client value and achieving operational excellence.

In combination with the performance targets established under each of each of our Leadership Performance Programs, we believe the targets are better measures of our core operating performance and balance our executives' short and long-term perspective appropriately.

In early 2015, we determined the actual achievement under the cycle of our Leadership Performance Program, covering the performance period from January 1, 2012 through December 31, 2014, and the performance share units under this program vested. The Company's cumulative adjusted earnings per share from continuing operations target for this program ranged from $12.49, below which no payout was due to occur, to $14.19 or higher, which would have yielded shares equal to 200% of the target number. A result of $13.01 in cumulative adjusted earnings per share from continuing operations would have yielded shares equal to 100% of the target number. This target represented a 30% increase over the adjusted target for the prior cycle of our Leadership Performance Program established for the performance period from 2011 through 2013. Our actual cumulative adjusted earnings per share from continuing operations for the three year period was $14.52, resulting in a payout at 200% of target. In addition, operating income in 2014, without permitted adjustments for extraordinary or unusual items, was $2,353 million, or 101.8% of target. After application of the operating income metric and a 20% reduction taken in our discretion based upon management's recommendation, the total incentive pool for participants, including each of our named executive officers, in the Executive Committee Incentive Compensation Plan was determined to be funded at 85.8%. The Board, on the recommendation of the Committee, approved a bonus for Mr. Case under the plan of 100% of his target bonus.

With regard to the compensation of our non-executive directors, after reviewing market conditions, the Board approved changes to the non-executive director compensation program, effective January 1, 2015. The annual retainer for each non-executive Board member will increase by $10,000 to $115,000 annually. In addition, the annual equity award to our non-executive chairman will increase by $15,000 and he will receive an additional annual equity award of $380,000 in total.

Finally, in January 2015, the Company entered into an amended and restated employment agreement with Mr. Case. Prior to approving such agreement, the Committee consulted with its independent compensation consultant, Frederic W. Cook & Co., Inc. Among other factors, the Committee and its consultant reviewed market data on total compensation of the chief executive officers of the Company's peer group, and Mr. Case's performance over the nearly ten years he has been leading the Company, including the Company's significant total shareholder return over such period as compared to the S&P 500 and its peers. The agreement extended the term of Mr. Case's employment for five years, through April 1, 2020, unless terminated earlier. Prior to such extension, Mr. Case's employment was due to expire on April 5, 2015. The agreement continued Mr. Case's current base salary (which remains unchanged since his hire in 2005) of $1,500,000 and his annual bonus target at 200% of annual base salary. Under the agreement, Mr. Case agreed to maintain an investment position in the Company's Ordinary Shares equal to no less than twenty times his annual base salary. In connection with the renewal of Mr. Case's employment agreement, the Company agreed to grant him an additional award under the Leadership Performance Program for the 2015 through 2017 performance period with a target value of $15,000,000. The additional award is intended to recognize Mr. Case's commitment to the Company in entering into a five-year renewal of his employment agreements. In addition, the Committee considered the additional award as appropriate to bring Mr. Case in line with the pay for performance objectives established by the Committee.

The Committee believes that the Company is well positioned for long-term value creation through improvements in operating performance and strong free cash flow generation and that the Company's remuneration program achieved its purpose of linking pay to performance in 2014.

R. Notebaert
Chairman
Organization and Compensation Committee

GOVERNANCE

Operation of the Organization & Compensation Committee

The Organization & Compensation Committee (the "Committee") assists the Company's Board of Directors (the "Board") in carrying out its overall responsibilities with regard to executive compensation, including oversight of the determination and administration of the Company's compensation philosophy, policies, and schemes for the Company's executive officers and non-executive directors. The Committee annually reviews and determines the compensation of the Company's executive officers, including Mr. Case, the Company's President and Chief Executive Officer and sole executive director, subject to the input of the other independent members of the Board. The Committee consults with Mr. Case on, and directly approves, the compensation of other executive officers, including special hiring and severance arrangements. The Committee administers the amended and restated Aon plc 2011 Incentive Plan (and its predecessor plans), including granting equity (other than awards to Mr. Case, which awards are approved by the independent members of the Company's Board in accordance with applicable law) and interpreting the plan, and has general administrative responsibility with respect to the Company's other U.S. employee benefit programs. In addition, the Committee reviews and makes recommendations to the Board concerning the non-executive directors' compensation and certain amendments to U.S. employee benefit plans or equity plans. The Committee also reviews and discusses the compensation disclosures contained in the Company's Annual Report on Form 10-K, proxy statement and this directors' remuneration report. The Committee may delegate its authority to sub-committees when appropriate.

During 2014, the members of the Committee were:

- R C Notebaert (chair)
- C A Francis
- E D Jannotta (retired 12 November 2014)
- R S Morrison
- R B Myers
- C Y Woo

None of the members of the Committee is an executive officer and each member is independent as such term is defined under the rules of the New York Stock Exchange and the Company's own independence standards. The remuneration of the Company's non-executive directors is considered by the Board as a whole with recommendations made by the Committee. In 2014, the Committee met seven times.

Committee Advisors

The Committee has retained Frederic W. Cook & Co., Inc. ("FW Cook") as its independent remuneration consultant. The consultant is engaged by, and reports directly to, the Chairman of the Committee. The consultant does not advise Company management or receive other remuneration from the Company. The Committee annually reviews the independence of FW Cook pursuant to United States Securities & Exchange Commission and New York Stock Exchange Rules. The Committee has determined that no conflict of interest exists that would prevent FW Cook from serving as an independent consultant to the Committee. George Paulin, the Chief Executive Officer of FW Cook, typically participates in all meetings of the Committee during which remuneration matters for Mr. Case, other executive officers or non-executive directors are discussed and the consultant communicates between meetings with the Chairman of the Committee. During 2014, the consultant assisted the Committee by:

- providing insights and advice regarding the Company's remuneration philosophy, objectives and strategy for the Company's senior executive officers;
- developing criteria for identification of the Company's peer group as a market check for executive officer and non-executive director remuneration purposes;
- reviewing management's proposals for the design of short-term cash and long-term share-based incentive schemes;
- providing insights and advice regarding the Committee's analysis of risks arising from its remuneration policies and practices;
- providing change-in-control severance calculations for our Named Executive Officers in the 2013 annual proxy disclosure;
- providing compensation data from proxies of our peer group and other disclosures;
- advising on revisions to non-executive director remuneration schemes;
- advising on and providing comments on management's recommendations regarding executive officers' annual incentives for 2014 and long-term share-based awards granted in 2014; and
- advising on the renewal of Mr. Case's employment agreement as discussed elsewhere in this report.

FW Cook charges the Company on an hourly rate plus expenses basis. During the year ended 31 December 2014, the Company paid FW Cook $252,805 for its services.

The Committee has delegated asset investments, vendor selection and other duties in connection with the Company's qualified and non-qualified U.S. retirement plans and governance responsibilities related to the Company's retirement plans globally to the Retirement Plan Governance and Investment Committee ("RPGIC"), and the Committee delegated certain administrative responsibilities, namely those relating to benefit claims and appeals and plan interpretations, under the Company's U.S. employee benefit plans to the Administrative Committee. Each of the members of the RPGIC and the Administrative Committee are employees of the Company. In addition, the Mr. Gregory Besio, the Company's Executive Vice President and Chief Human Resources Officer, Ms. Christa Davies, the Company's Executive Vice President and Chief Financial Officer and Ms. Beth Burk, the Company's Chief Counsel — Global Employment provide assistance to the Committee as required. The Committee is also supported by the Company Secretary and Compensation functions. No individuals provide input to the Committee with regard to their own remuneration.

THE COMPANY'S REMUNERATION REPORT FOR 2014

Directors' Remuneration (audited)

	Salary and Fees		Benefits		Annual Bonus[1]		LPP Vesting[2]		Pension		Total	
($000)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Executive												
Gregory C. Case[3]	1,500	1,500	676[4]	611[4]	3,000	3,150	35,222	17,036	25	25	40,423	22,322
Non-Executive												
Lester B. Knight	490[5]	465[5]	72[6]	117[6]	—	—	—	—	—	—	562	582
Fulvio Conti	280[5]	265[5]	37[6]	72[6]	—	—	—	—	—	—	317	337
Cheryl A. Francis	260[5]	250[5]	13[6]	30[6]	—	—	—	—	—	—	273	280
Edgar D. Jannotta	260[5]	250[5]	25[6]	50[6]	—	—	—	—	—	—	285	300
James W. Leng	273[5]	—	—	—	—	—	—	—	—	—	273	—
J. Michael Losh	285[5]	275[5]	6[6]	21[6]	—	—	—	—	—	—	291	296
Robert S. Morrison	260[5]	250[5]	22[6]	41[6]	—	—	—	—	—	—	282	291
Richard B. Myers	260[5]	250[5]	34[6]	28[6]	—	—	—	—	—	—	294	278
Richard C. Notebaert	280[5]	265[5]	21[6]	35[6]	—	—	—	—	—	—	301	300
Gloria Santona	280[5]	265[5]	15[6]	25[6]	—	—	—	—	—	—	295	290
Carolyn Y. Woo	260[5]	250[5]	6[6]	26[6]	—	—	—	—	—	—	266	276
Total	**4,688**	**4,285**	**927**	**1,056**	**3,000**	**3,150**	**35,222**	**17,036**	**25**	**25**	**43,862**	**25,552**

Notes

(1) 35% of the bonus award ($1,050,000 in 2014 and $1,102,500 in 2013) was paid in restricted share units under the ISP.

(2) The LPP vests upon certification of the achievement of performance criteria following the completion of the performance period. The amount shown is determined by multiplying the actual number of shares delivered (351,236 in 2014 and 202,040 in 2013) by the closing share price on the date of vesting ($100.28 in 2014 and $84.32 in 2013).

(3) Mr. Case serves as the Company's President and Chief Executive Officer, and receives his remuneration for serving in that role.

(4) Consists of accompanied travel, tax preparation services and certain allowances in connection with his relocation to London. See the description of "Executive and Relocation Benefits" below. For accompanied travel, the amount included is the amount charged to income tax for Mr. Case in accordance with United States Internal Revenue Service regulations. Allowances related to Mr. Case's relocation totaled $587,757 in 2014 and $561,000 in 2013.

(5) Consists of cash director fees and annual equity award.

(6) Consists of tax equalization for incremental individual income taxes paid in the United Kingdom as a result of the Company's redomestication.

Determination of 2014 Annual Bonus

Annual bonus payments were determined with reference to performance over the year ended 31 December 2014. The performance measures and targets are as follows:

Performance Criteria	Target PTI	Actual PTI	Pool Funding	Percentage of Target Bonus Paid
Adjusted operating income	$2,312 million	$2,353 million	107.2%	100.0%

Management proposed a voluntary 20% reduction in this plan and the final funding after the reduction was 85.8%. The Committee has sole discretion to determine each executive officer's actual bonus amount as long as the corporate performance threshold was achieved. As the threshold was achieved, the Committee had discretion to pay bonuses at the cap level of the lesser of three times the target bonus or $10 million, or a lesser amount. For 2014, the Committee determined that under Mr.

Case's leadership the Company had achieved strong financial results in 2014 across all four key commitments to investors, namely operating margin expansion, EPS growth, organic revenue growth and strong free cash flow from operations. In addition, the results were underpinned by sustained progress on growth strategies and innovations designed to drive the Company's financial performance over the long term. Mr. Case's bonus was approved at 100.0% of target.

In accordance with the Company's Remuneration Policy, 65% of the bonus was paid in cash and 35% of the bonus was deferred into restricted share units vesting over three years. The restricted share units are not subject to any performance measures.

Determination of Vesting of LPP Award

	Performance Target				
Performance Criteria	**Threshold (50%)**	**Target (100%)**	**Maximum (200%)**	**Actual Performance**	**PSUs Vested**
Adjusted cumulative earnings per share	$12.49	$13.01	$14.19	$14.52	200%

In early 2015, we determined the actual achievement under the seventh cycle of the LPP, covering the performance period 1 January 2012 through 31 December 2014 ("LPP 7") and settled the performance share units in Aon plc ordinary shares. The target level represented a 30% increase over the adjusted target for the sixth cycle of the LPP established for the performance period from 2011 through 2013 ("LPP 6"). The target number of shares awarded to Mr. Case under LPP 7 was 175,618. The actual number of shares vested could range from 50% of the target number of shares if the threshold amount was met, to 200% of the target number of shares if the maximum amount was met or exceeded. The adjusted EPS from continuing operations results for LPP 7 include adjustments detailed by the plan governing LPP 7 and approved by the Committee. For each year of the performance period associated with LPP 7 adjustments to EPS from continuing operations were approved by the Committee as follows: gain on sale of land, businesses or discontinued operations; amortization of intangibles; actual restructuring charges; U.K. statutory tax rate change; and an error in deferred tax purchase accounting for the Hewitt acquisition. Any permissible adjustment will be made on a comparable basis across the other Leadership Performance Programs then in progress.

Director Pension Scheme

No director who served during the year ended 31 December 2014 has any prospective entitlement to a defined benefit pension or a cash balance benefit arrangement (as defined in s152, Finance Act 2004).

The Company operates the Aon Savings Plan and the Aon Supplemental Savings Plan, which are U.S. defined contribution plans. During the year ended 31 December 2014, for Mr. Case, the Company made matching contributions of $15,600 to the Aon Savings Plan and $9,600 the Aon Supplemental Savings Plan. No other director participates in the Aon Savings Plan or the Aon Supplemental Savings Plan.

Scheme Interests Awarded During the Year

In line with the Company's Remuneration Policy, Mr. Case was granted awards under the ISP in February 2014 and under the LPP in March 2014. The resulting number of restricted stock units and performance share units and the associated performance conditions are set forth below.

Leadership Performance Plan

	Target Number of PSUs[1]	Face Value	Threshold Vesting	End of Performance Period	Performance condition
Gregory C. Case	107,887	$9,000,000	50%	31 December 2016	Cumulative adjusted earnings per share[2]

Notes

(1) The target number of PSUs is determined by dividing the face value of $9,000,000 by the closing share price at the date of grant (14 March 2014) of $83.42.

(2) Vesting occurs per the vesting schedule below.

2014-2016 Cumulative Adjusted EPS	% of Target Units Earned
$15.11	50%
$15.61	75%
$16.11	100%
$16.33	125%
$16.55	150%
$16.77	175%
$17.31 or higher	200%

The Performance Share Units will pay out linearly between each set of data points based on relative penetration within the range and rounded to one decimal place using standard rounding rules. Any fractional Performance Share Units that result from the application of the resulting payout percent will be truncated, not rounded or otherwise paid.

Incentive Stock Program

	Number of RSUs[1]	Face Value	Threshold Vesting	End of Vesting Period	Performance condition
Gregory C. Case	12,936	$ 1,102,535	100%	14 February 2017	Continued employment[2]

Notes
(1) Valued with a face value of $1,102,535 and the closing share price at the date of grant (14 February 2014) of $85.23.
(2) Vesting occurs per the vesting schedule below.

Date	Number of Shares
14 February 2015	4,312
14 February 2016	4,312
14 February 2017	4,312

Remuneration Decisions in 2014

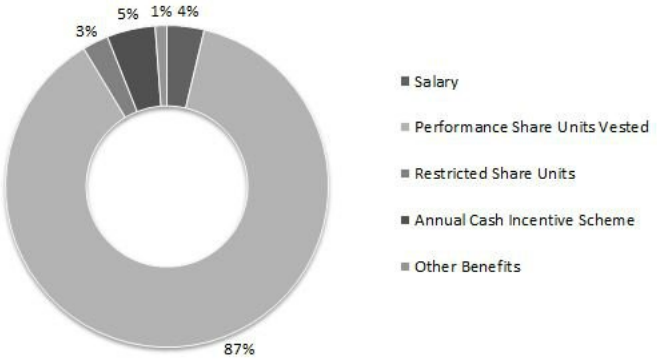
The Committee sets executive compensation at levels that it believes to be appropriate and competitive for global professional services firms within the Company's market sector and the general industry marketplace. The Committee also strives to link a significant portion of Mr. Case's remuneration and the remuneration of the Company's other senior executives to performance. Overall, the Committee's intent is to manage the various elements of total remuneration together so that the emphasis of the Company's remuneration program is on the Company's variable components of pay, including long-term share-based awards and annual cash incentives that fluctuate based on the Company's performance.

For 2014, the Committee did not have a specific market target to set total remuneration for Mr. Case or other executive officers or particular components of it. The Committee does not use a specific formula to set total remuneration either in relation to market data, the relative mix of pay components or otherwise. Rather, the Committee uses its judgment and business experience. A decision regarding one component of remuneration has only an indirect link to decisions regarding other pay components.

In setting remuneration for 2014, the Committee took into account the pay and employment conditions of other employees within the group, as follows:

- The Committee oversees the general funding of the annual cash incentive scheme for other eligible employees within the group, and the funding of that scheme is similarly linked to the Company's performance; and
- The Committee oversees the long-term share-based schemes available to other employees within the group and, where applicable, the Committee links those awards to the performance of the Company's business.

The chart below summarizes the actual total remuneration for Mr. Case received for 2014 as reported in the single figure table above.



Long-Term Share-Based Awards

The Company awarded two forms of long-term share-based awards to Mr. Case and other executive officers — performance share unit awards and restricted share units granted in settlement of a proportion of the annual incentive scheme. In prior years, the Organization and Compensation Committee of Aon Corporation awarded share options as part of the LPP, with the use of share options discontinued in 2010. The Committee believes that performance share units should be the exclusive form of award under the LPP because performance share units utilize fewer shares and are, therefore, a more efficient form of award than share options, while allowing the Committee to maintain a strong performance focus.

Performance Share Units

In the first quarter of 2014, we granted performance share units to our executive officers, including our executive director, pursuant to the ninth cycle of the LPP ("LPP 9"). LPP 9 is the ninth layer of consecutive three-year performance cycles for certain of our executive officers. It is intended to further strengthen the relationship between capital accumulation for our executives and long-term Aon financial performance and shareholder value.

The performance share units awarded under LPP 9 are payable in Aon plc ordinary shares. The nominal value of the awards was determined and approved by the Committee. The number of target performance share units granted was calculated on the date of grant based on that day's closing price of Aon plc ordinary shares on the New York Stock Exchange.

The performance share units under LPP 9 will be earned and settled in a range of 0% to 200% of the target value based on performance results over a three-year performance period. The performance period began January 1, 2014, and will end on December 31, 2016. As was the case under the eighth cycle of our Leadership Performance Program established for the performance period from 2013 through 2015 ("LPP 8"), the performance results for LPP 9 will be measured against three year publicly reported adjusted cumulative EPS growth rate, subject to limited adjustments set forth in the program documentation at the beginning of the three year period. The adjustments are intended to exclude the impact of items of a discrete or non-operating nature, such as amortization of intangibles, so as to provide a target that while challenging, does not factor in events outside of the control of the relevant executive officers.

The cumulative target under LPP 9 ranges from $15.11, below which no shares would be issued, to $17.31 or higher, which would yield shares equal to 200% of the target number. A result of $16.11 in cumulative adjusted EPS would yield settlement in Ordinary Shares at 100% of the target number. This target represents a 17% increase over the adjusted target for LPP 8. At the time the target was established, the Committee believed that such target represented a challenging, yet achievable, performance goal.

In determining the individual awards under LPP 9, the Committee considered internal pay fairness factors, the award recipient's compensation mix and total direct compensation. In addition, the market data relevant to Mr. Case supported a larger award to him than the awards granted to the other executive officers generally. The Committee does not use a specific formula to set total remuneration either in relation to market data, the relative mix of pay components or otherwise.

The Compensation Committee's selection under LPP 9 of the three year performance period and cumulative adjusted EPS financial performance metric provides the award recipients a reasonable period of time within which to achieve and sustain challenging long term growth objectives. The Committee believes adjusted EPS more effectively aligns executives to improve Aon performance, rather than EPS calculated in accordance with U.S. GAAP, as the adjusted measure provides a target that is within their control and area of accountability. Further, the Company believes that as adjusted, the EPS measure provides a

perspective on the Company's core operating performance that is more consistent with that of its shareholders and creates transparency and clarity for participants.

Restricted Share Units

At the beginning of 2014, the Company granted 12,936 time-vested restricted share units to Mr. Case and smaller awards to the Company's other executive officers in connection with the Company's ISP. These time-vested restricted stock units are awarded based upon the achievement of performance goals related solely to the Company's past financial performance measured under the annual incentive plan; however, the time based vesting of the restricted share units is intended to further focus the attention of Mr. Case and other executive officers on the Company's longer-term performance as a whole, and to further promote employee retention and equity ownership. The Committee believes this strikes a fair balance between reward for past performance and incentive for future improvements.

Each of the time-vested restricted share units granted in connection with the program will vest ratably over a three-year period subject to continued employment. Awards are subject to forfeiture if an employee voluntarily terminates employment but in the event of termination by the Company without cause vesting continues over the same three-year period. Vesting is not subject to personal or corporate performance conditions. The restricted share units are settled in Aon plc Class A Ordinary Shares.

Performance-Based Annual Cash Incentive

In the first quarter of 2014, the Committee determined that the Company's 2014 wide performance target would be planned adjusted operating income for 2014 excluding amortization of intangibles ("OI") of $2,312 million. The Committee set the minimum achievement threshold at 85% of such target, or $1,965 million, as adjusted for extraordinary, unusual or infrequently occurring items. The Committee selected OI as the measure to emphasize performance of the Company under each of LPP 7 through LPP 9 (i.e., cumulative adjusted EPS), the Committee believes the targets are better measures of the Company's core operating performance and balance the executives' short and long term perspective appropriately.

The Committee believed that the 2014 target was achievable but challenging. The Committee set the minimum threshold at 85% because we believed performance below that level would not create sufficient value for the Company's shareholders and, therefore, should not result in bonus payments.

The annual incentive scheme for Mr. Case and other executive officers does not provide guidelines or formulas for determining the actual incentives payable once the metric is achieved. Rather, the Committee retains sole discretion for determining the actual incentives payable. If the metric is achieved, the scheme would allow the Committee to award an incentive up to 300% of the executive's target incentive or to exercise negative discretion to award a lesser amount. Mr. Case's target incentive for 2014 was 200% of his base salary, or $3,000,000.

2014 Performance

During the first quarter of 2015, the Committee determined that the Company's 2014 operating income, after permitted adjustments for extraordinary or unusual items, was 101.8% of plan. This exceeded the minimum threshold established under the scheme and resulted in the pool funding at 107.2%.

The Committee then met to determine the funding status of the pool for 2014. Management proposed a 20% reduction in the funding of the plan. To apply this reduction, the 107.2% from above funding was multiplied by 80% to produce a final funding rate of 85.8% for all participants, including Mr. Case, which the Committee approved.

The actual size of the incentive pool equals the aggregate target bonuses of all participants multiplied by the percentage the pool was funded after application of the formula, as described above. In February 2015, the independent members of the Board approved an annual incentive award to Mr. Case for 2014 performance in the aggregate value of $3,000,000, 65% to be paid in cash and 35% to be provided in the form of time-vested restricted stock units (as described above).

Implementation of Policy in 2015

In 2015, the Committee intends to continue to provide remuneration in accordance with the Remuneration Policy approved at the Company's 2014 annual general meeting , as supplemented by the Committee's statement dated June 6, 2014.

In January 2015, the Company entered into an amended and restated employment agreement with Mr. Case, which commenced on 16 January 2015. The agreement will expire on 1 April 2020, unless terminated earlier. The agreement is consistent with the terms of Mr. Case's prior agreement with the Company, and provides for no changes to his position, salary or bonus or benefits. In addition, the agreement makes no changes to payments that would be due to Mr. Case in the event of loss of office. Under the agreement, Mr. Case will continue to participate in the Company's long-term incentive compensation

plans, and he is entitled to an award with a target value of $15 million in addition to his annual long-term incentive award under the tenth cycle of the LPP ("LPP 10"). The agreement also provides that Mr. Case must maintain an investment position in the Company with a market value equal to or greater than 20 times his annual base salary.

For 2015, the Committee determined that adjusted earnings per share should continue to be the sole Performance Criteria for LPP 10. The performance share units ("PSUs") awarded under LPP 10 are payable in Aon plc ordinary shares. Mr. Case was granted an award under LPP 10 with a target value of $10.4 million plus an additional award with a target value of $15 million in accordance with his amended and restated employment agreement. The nominal value of the annual award for Mr. Case was based upon internal pay fairness factors, Mr. Case's compensation mix and his total direct compensation. The number of target PSUs was calculated on the date of grant based on that day's closing price of Ordinary Shares on the New York Stock Exchange.

The performance period applying to the PSUs began January 1, 2015, and will end on December 31, 2017. The performance results will be measured against the specified cumulative adjusted EPS target for the years 2015 through 2017. After adjustments, the performance payout range is from $17.44, below which no shares would be issued, to $19.76, which would yield shares equal to 200% of the target number of shares. A result of $18.14 in cumulative adjusted EPS would yield settlement in ordinary shares at 100% of target. This target represents a 12.6% cumulative increase over the adjusted target for the ninth cycle of the LPP established for the performance period from 2014 through 2016.

In addition, the Committee determined that adjusted operating income should be the sole Performance Criteria for our annual bonus scheme. The Committee selected operating income because it is a broad-based metric that aligns the annual bonus scheme with the key metrics the Company measures against externally to deliver value to its shareholders. Year over year operating income growth will be used to determine the 2015 funding level. An increase in funding from the prior year will only occur when Operating Income increases by more than 2%. The Committee set the minimum achievement threshold at 70% of 2014 Operating Income, or $1,647 million, as adjusted for extraordinary, unusual or infrequently occurring items. Mr. Case's target bonus in 2015 remained at $3 million in accordance with the terms of his employment agreement.

Base Salary

Base salary is a fixed component of remuneration and is initially set at a level based primarily upon the executive's job scope or level of responsibility. The base salaries of the Company's most senior executives are adjusted infrequently. No base salary adjustment was made for Mr. Case during 2014 or in connection with the extension of Mr. Case's employment agreement in January 2015 or is otherwise proposed.

Incentive Repayment Policy

Under the Company's Incentive Repayment Policy, the Board is permitted to cancel or require reimbursement of any incentive payment or equity-based award received by the Company's executive officers if the payment or award is based on the achievement of financial results that are subsequently restated.

If the Board determines that an executive officer engaged in fraud that caused or partially caused the need for financial restatement, the incentive payment or equity-based award is required to be forfeited in full.

If the restatement is not the result of fraud by the executive officer, the Board may, to the extent allowable under applicable law, require forfeiture or reimbursement of the amount by which the incentive payment or equity-based award exceeded the lower amount that would have been made based on the restated financial results.

Executive and Relocation Benefits

During 2014, the Company provided few personal benefits to Mr. Case as a component of his total compensation. Over the years, the Committee has taken significant steps to de-emphasize personal benefits in the Company's executive remuneration schemes.

Retirement Benefits

Mr. Case is eligible to participate in broad-based employee benefit programs that are available to the Company's employees generally (such as health coverage and 401(k) salary deferrals for the Company's U.S.-based employees). In addition, the Company provides an executive health screening program to Mr. Case and other executive officers. Mr. Case does not participate in the defined benefit pension plan or the supplemental pension program of the Company's predecessor, Aon Corporation. Mr. Case was hired by Aon Corporation after participation in the plans was frozen in 2004.

The Company also maintains a Supplemental Savings Plan, in which Mr. Case participates. It is a non-qualified, deferred compensation plan that provides eligible employees, including Mr. Case, with the opportunity to receive contributions that

could not be credited under the base U.S. tax-qualified plan because of tax limitations and the specific provisions of such plan. If an executive officer contributes the maximum permissible amount to the Aon Savings Plan, the Supplemental Savings Plan provides for a company allocation as a percentage of compensation in excess of the United States Internal Revenue Service limit ($260,000 in 2014), with such compensation capped at $500,000. The percentage allocation varies by length of service but in the first four years of employment the allocation percentage is 3% and increases to 6% after 15 years of service.

Relocation Benefits

In connection with the Company's relocation of its headquarters to London, England, the Committee approved relocation benefits for the executive officers that relocated to the new corporate headquarters and, in consideration of executive officers' renewals of their commitments to their international assignments, the Committee approved the renewal of these letters with modest changes to each executive officer's relocation benefits. In each case, the Committee approved the relocation benefits after consulting with its independent remuneration consultant, Frederic W. Cook & Co., Inc. and each relocating executive officer signed an international assignment letter with the Company's predecessor, Aon Corporation (the "Letter") dated 12 January 2012 and a renewal letter with the Company dated 1 July 2014, which describe the relocation benefits available to them.

The terms of the Letter for Mr. Case provide for the following benefits:

- relocation and housing benefits;
- cost of living differential benefits;
- a monthly foreign service allowance; and
- tax preparation benefits.

Relocation benefits are customary for expatriate assignments for the Company and other employers in its industry. The relocation packages approved are intended to keep the executive "whole" on a total rewards basis, to be transparent and equitable and to reflect best practices and benchmarks of industry counterparts. The Committee will periodically review the relocation packages of all relocated executive officers.

All of the relocation benefits are subject to recoupment if an executive officer resigns employment with the Company within two years of commencing the international assignment, or twelve months after the end thereof, and becomes employed by a direct competitor of the Company.

Non-Executive Director Remuneration

Fees

Non-executive director fees are set by the Board as a whole. In 2014, the Company provided its non-executive directors with the following cash compensation:

- an annual retainer of $105,000, payable quarterly;
- an additional annual retainer of $20,000 to the chairperson of each Board committee other than the Audit Committee; and
- an additional annual retainer of $25,000 to the chairperson of the Audit Committee.

In 2014, after reviewing market conditions, the Board approved an increase in the annual cash retainer of $10,000, to $115,000 annually. This increase is effective on 1 January 2015.

Equity Awards

Each non-executive director is entitled to receive an annual grant of fully-vested Aon plc ordinary shares on the date of the Company's annual general meeting of shareholders. In 2014, the annual grant of Aon plc ordinary shares had an initial value of $155,000 and the non-executive chairman of the Board received a grant in addition to the annual grant awarded to all directors with a $210,000 initial value. The number of Aon plc ordinary shares to be granted was determined by dividing $155,000 (or in the case of the non-executive chairman of the Board, $365,000) by the fair market value of an Aon plc ordinary share on the date of grant.

In 2014, after reviewing market conditions, the Board approved an increase in the initial value of the additional grant to the non-executive chairman of $15,000 to $225,000 annually.

Payments to Past Directors and Payments for Loss of Office

There have been no payments made to past directors during the year ended 31 December 2014 with respect to service as a director of the Company. Mr. Jannotta retired from the Board of Directors in 2014. No payments were made to Mr. Jannotta in connection with this loss of office.

Director Shareholdings and Share Ownership Guidelines

The Board has adopted share ownership guidelines. The guidelines are designed to increase the Company's executives' equity stakes and to align the Company's executives' interests more closely with those of its shareholders. The guidelines provide that Mr. Case should attain an investment position in the Aon plc ordinary shares equal to six times his annual base salary and each other executive officer should attain an investment position in the Aon plc ordinary shares equal to three times his or her annual base salary. While there is no specific period of time for an executive officer to reach these levels, each executive officer is expected to make consistent progress toward these levels. In connection with the amendment and restatement of his employment agreement in January 2015, Mr. Case agreed that he will attain an investment position in the Aon plc ordinary shares equal to twenty times his annual base salary. Mr. Case's shareholdings in the Company exceed the amount required under the guidelines and his employment agreement.

The guidelines also set out equity retention rules generally requiring that net profit shares received upon the exercise of options to purchase Aon plc ordinary shares, the vesting of restricted stock units and the vesting of performance share units be retained until the required investment position is achieved. Aon plc ordinary shares counted toward these guidelines include:

- any shares owned outright;
- shares owned through an Aon-sponsored savings or retirement plan;
- shares purchased through an Aon-sponsored employee stock purchase plan;
- shares obtained through the exercise of share options;
- shares issued upon the vesting of restricted share units or performance share units; and
- "phantom stock" held in the Aon Supplemental Savings Plan.

The Board also has adopted share ownership guidelines for the Company's non-executive directors. These guidelines require each non-executive director to hold an investment position in Aon plc ordinary shares equal to five times the annual director retainer. The guidelines provide a transition period of seven years for non-executive directors to achieve the ownership guidelines level; provided, however that each new non-executive director is expected to hold 1,000 Aon plc ordinary shares within the first year of joining the Board or transitioning from an executive director to a non-executive director. The shareholdings of each non-executive director, other than Mr. Leng, who joined the Board in 2014, exceed the amount required under the guidelines.

Share Options

As of 31 December 2014, no director has received any share option granted in respect of their service as a director of the Company or otherwise in respect of any "qualifying services" in respect of the Company.

Mr. Case holds options as set forth below which were granted in respect of his prior service as President, Chief Executive Officer and Director of Aon Corporation which were assumed by the Company on 2 April 2012 and relate to the Aon plc ordinary shares. All of the options held at 31 December 2014 were vested and unexercised. The options are not subject to performance conditions.

	At 1 Jan 2014	Granted During Year	Exercised During Year	Lapsed During Year	At 31 Dec 2014	Exercise Price ($)	Market Price at Date of Exercise ($)	Date from Which Exercisable	Expiry Date
Gregory	1,000,000	—	—	—	1,000,000	22.86	n/a	4 Apr 2007[1]	4 Apr 2015
C. Case	96,432	—	96,432	—	—	40.91	85.33	13 Mar 2009 [2]	13 Mar 2014
	107,582	—	—	—	107,582	39.04	n/a	20 Mar 2010 [3]	20 Mar 2015

Notes

(1) One-third of the options vested on each of 4 April 2007, 4 April 2008 and 4 April 2009.

(2) One-third of the options vested on each of 13 March 2009, 13 March 2010 and 13 March 2011.

(3) One-third of the options vested on each of 20 March 2010, 20 March 2011 and 20 March 2012.

Long-Term Incentive Schemes

As of 31 December 2014, Mr. Case had the awards set forth below outstanding under the Company's LPP and ISP.

Awards made prior to 2 April 2012 were made by Aon Corporation and were assumed by the Company on 2 April 2012 and relate to Aon plc ordinary shares. The awards set forth below vest in future years and the Aon plc ordinary shares will become receivable under the plans in respect of qualifying service. None of the Company's non-executive directors has any scheme interest in respect of qualifying service.

	Award Date	At 1 Jan 2014 Maximum number of shares under Award	At 31 Dec 2014 Maximum number of shares under Award	End of Performance Period/Latest Vesting Date	Vesting Date	Number of Shares Vested in 2014/2015	Market Price on Award Date ($)	Market Price on Vesting Date ($)
				LPP Awards[1]				
Gregory C. Case	18 Mar 2011	323,264	—	31 Dec 2013	13 Feb 2014	202,040[2]	51.97	84.32
	16 Mar 2012	351,236	351,236	31 Dec 2014	20 Feb 2015	351,236[3]	48.97	100.28
	15 Mar 2013	287,980	287,980	31 Dec 2015	Feb 2016	—	59.90	n/a
	14 Mar 2014	—	215,774	31 Dec 2016	Feb 2017	—	83.42	n/a
				ISP Awards[4]				
	18 Feb 2011	6,612	—	18 Feb 2014	18 Feb 2014	6,612	52.93	85.16
	17 Feb 2012	9,799	4,899	16 Feb 2015	17 Feb 2014	4,900	47.62	85.23
					17 Feb 2015	4,899	47.62	100.71
	15 Feb 2013	18,114	12,076	15 Feb 2016	15 Feb 2014	6,038	57.00	85.23
					15 Feb 2015	6,038	57.00	100.56
					15 Feb 2016	—		
	14 Feb 2014	—	12,936	14 Feb 2017	14 Feb 2015	4,312	85.23	100.56
					14 Feb 2016	—		
					14 Feb 2017	—		

Notes

(1) For performance shares awarded under the LPP, the actual number of shares issued to Mr. Case is determined based upon the adjusted earnings per share of the Company during the performance period. For all awards, the maximum potential number of shares that may vest is shown. See "The Company's Remuneration Policy" included in the Company 2013 U.K. Annual Report and Accounts.

(2) Represents the actual number of shares awarded to Mr. Case on 13 February 2014.

(3) Represents the actual number of shares awarded to Mr. Case on 19 February 2015.

(4) For restricted share units awarded under our ISP, the shares awarded are the restricted share portion of awards approved by the independent members of the Board based upon the achievement of certain performance measures by Mr. Case during the year prior to the award date under the annual incentive plan. The restricted share units vest in equal amounts on the first through the third anniversary date of the award date subject to continued employment. No other performance conditions apply to the vesting of the restricted share units.

Directors' Interests in Aon plc Ordinary Shares

The table below provides details on the directors' interests in shares of the Company at 31 December 2014, including interests of connected persons (as defined for the purposes of section 96B(2) of the Financial Services and Markets Act 2000).

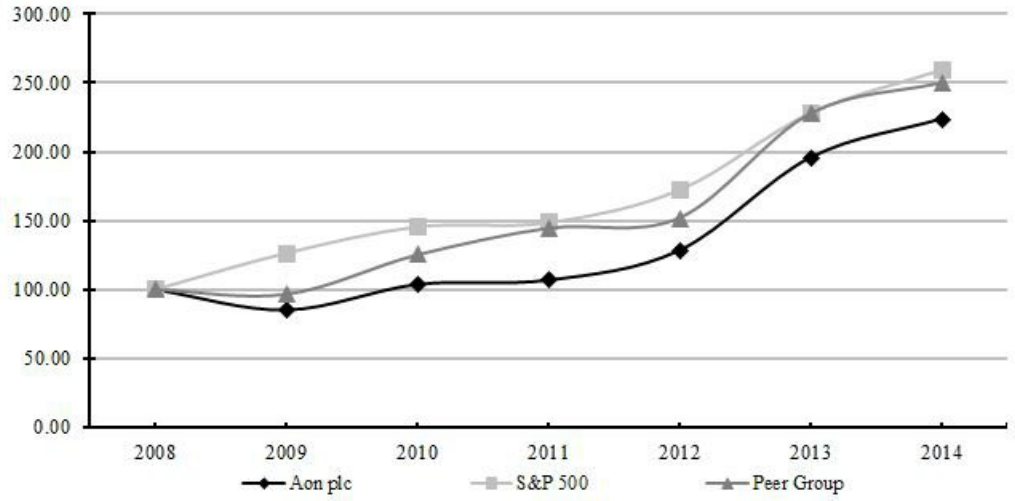
	Beneficially Owned Shares	LPP	ISP	Options	Total
Executive Director					
Gregory C. Case	927,663	854,990	29,911	1,107,582	2,920,146
Non-Executive Directors					
Lester B. Knight	257,282	—	—	—	257,282
Fulvio Conti	22,379	—	—	—	22,379
Cheryl A. Francis	18,274	—	—	—	18,274
Edgar D. Jannotta	84,655	—	—	—	84,655
James W. Leng	2,156	—	—	—	2,156
J. Michael Losh	33,169	—	—	—	33,169
Robert S. Morrison	51,866	—	—	—	51,866
Richard B. Myers	19,478	—	—	—	19,478
Richard C. Notebaert	51,887	—	—	—	51,887
Gloria Santona	29,178	—	—	—	29,178
Carolyn Y. Woo	19,887	—	—	—	19,887

Performance Graph

The graph below shows the total shareholder return of the Company (and its predecessor Aon Corporation) for the six years ended 31 December 2014 on an assumed investment of $100 on 31 December 2008 in Aon Corporation, the Standard & Poor's S&P 500 Stock Index and an index of peer group companies.

The Standard & Poor's S&P 500 Stock Index has been chosen because the Company is a part of this index, and as a result the Company is required to use this index in its performance graph under U.S. Securities and Exchange Commission rules.

The peer group index reflects the performance of the following peer group companies which are, taken as a whole, in the same industry or which have similar lines of business as Aon: Arthur J. Gallagher & Co.; Marsh & McLennan Companies, Inc.; Brown & Brown, Inc.; Towers Watson & Co. and Willis Group Holdings Public Limited Company. The peer group returns are weighted by market capitalization at the beginning of each year. The performance graph assumes that the value of the investment of Aon plc ordinary shares and the peer group index was allocated pro rata among the peer group companies according to their respective market capitalizations, and that all dividends were reinvested.



Chief Executive Officer Remuneration

	2009	2010	2011	2012	2013	2014
Total Remuneration[1] ($,000)	14,287	13,180	11,959	25,323	22,322	40,423
Annual bonus as a percentage of maximum[2]	60%	60%	22%	33%	35%	33%
Shares vesting as a percentage of maximum	100%	65%	62%	44%	63%	100%

Notes

(1) For all periods prior to 2 April 2012, the remuneration shown includes remuneration paid to Mr. Case for serving as an executive director of Aon Corporation.

(2) In 2011, the maximum bonus under the Shareholder Approved Plan was increased from the lesser of $5 million or three times target bonus to the lesser of $10 million or three times target bonus.

Percentage Change in Chief Executive Officer Remuneration Compared to Average

The table below shows the percentage change in the remuneration of our chief executive officer from 2013 to 2014 compared to the average percentage change for the Company's employees who participate in similar compensation schemes to our chief executive officer and are based in the United Kingdom and the United States. The Company believes that this is an appropriate comparator group because the remuneration arrangements for this group allow for a meaningful comparison.

	Salary	Benefits	Annual Bonus
Chief Executive Officer	0%	11%	(5)%
Comparator Employees	2%	2%	(1)%

Relative Importance of Spend on Pay

During the years ended 31 December 2013 and 2014, the Company's remuneration paid to its employees and distributions to shareholders were as follows:

	Year ended 31 December,		Percentage
($ millions)	**2013**	**2014**	**Change**
Employee remuneration	6,945	7,014	**1%**
Dividends	212	273	29%
Share buyback	1,102	2,250	104%

Votes on Remuneration in 2014

At the Company's annual general meeting held on 24 June 2014, the Company's Remuneration Policy received the following votes from shareholders:

	Votes	**%**
For	229,581,797	89.7%
Against	7,833,104	3.1%
Withheld	2,906,488	1.1%
Broker Non-Votes	15,712,875	6.1%

At the Company's annual general meeting, the directors' remuneration report received the following votes from shareholders:

	Votes	**%**
For	226,197,067	88.3%
Against	10,897,824	4.3%
Withheld	3,226,498	1.3%
Broker Non-Votes	15,712,875	6.1%

For and on behalf of the Board

P Lieb
Company Secretary
Date: 20 March 2015
Registered Number 07876075

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law, the directors have elected to prepare Group financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as permitted by Statutory Instrument 2012 No. 2405 *The Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2012* (SI 2012 No. 2405) and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under Company law the directors must not approve the Group or parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group and parent company for that period.

In preparing the Group and parent company financial statements, the directors are required to:

- for the Group financial statements, present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and accounting estimates that are reasonable and prudent;
- for the Group financial statements, provide additional disclosures when compliance with the specific requirements in U.S. GAAP is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether the Group financial statements have been prepared in accordance with U.S. GAAP subject to any material departures disclosed and explained in the financial statements;
- for the parent company financial statements, state whether applicable U.K. Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing the Report of the Directors in accordance with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AON PLC

We have audited the group financial statements of Aon plc for the year ended 31 December 2014 which comprise the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Shareholders' Equity, the Consolidated Cash Flows Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in United States of America (U.S. GAAP).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 70 the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with accounting principles generally accepted in United States of America (U.S. GAAP); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Aon plc for the year ended 31 December 2014 and on the information in the Directors' Remuneration Report that is described as having been audited.

Ed Jervis (Senior statutory auditor)
for and on behalf of Ernst &Young LLP, Statutory Auditor
London
20 March 2015

Notes:

1. The maintenance and integrity of the Aon plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF INCOME

(millions, except per share data) *Years ended December 31*	2014	2013	2012
Revenue			
Commissions, fees and other	**$ 12,019**	$ 11,787	$ 11,476
Fiduciary investment income	**26**	28	38
Total revenue	**12,045**	11,815	11,514
Expenses			
Compensation and benefits	**7,014**	6,945	6,709
Other general expenses	**3,065**	3,199	3,209
Total operating expenses	**10,079**	10,144	9,918
Operating income	**1,966**	1,671	1,596
Interest income	**10**	9	10
Interest expense	**(255)**	(210)	(228)
Other income	**44**	68	2
Income before income taxes	**1,765**	1,538	1,380
Income taxes	**334**	390	360
Net income	**1,431**	1,148	1,020
Less: Net income attributable to noncontrolling interests	**34**	35	27
Net income attributable to Aon shareholders	**$ 1,397**	$ 1,113	$ 993
Basic net income per share attributable to Aon shareholders	**$ 4.73**	$ 3.57	$ 3.02
Diluted net income per share attributable to Aon shareholders	**$ 4.66**	$ 3.53	$ 2.99
Cash dividends per share paid on ordinary shares	**$ 0.92**	$ 0.68	$ 0.62
Weighted average ordinary shares outstanding — basic	**295.5**	311.4	328.5
Weighted average ordinary shares outstanding — diluted	**299.6**	315.4	332.6

The notes on pages 79 to 128 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(millions) *Years Ended December 31*	**2014**	**2013**	**2012**
Net income	**$ 1,431**	$ 1,148	$ 1,020
Less: Net income attributable to noncontrolling interests	**34**	35	27
Net income attributable to Aon shareholders	**$ 1,397**	$ 1,113	$ 993
Other comprehensive gain (loss), net of tax:			
Change in fair value of investments	**(1)**	1	—
Change in fair value of derivatives	**5**	6	9
Foreign currency translation adjustments	**(507)**	(65)	109
Post-retirement benefit obligation	**(260)**	293	(358)
Total other comprehensive gain (loss)	**(763)**	235	(240)
Less: Other comprehensive (loss) income attributable to noncontrolling interests	**(3)**	(1)	—
Total other comprehensive gain (loss) attributable to Aon shareholders	**(760)**	236	(240)
Comprehensive income attributable to Aon shareholders	**$ 637**	$ 1,349	$ 753

The notes on pages 79 to 128 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

(millions USD, except par value) *As of December 31*	2014	2013
FIXED ASSETS		
Goodwill	**$ 8,860**	$ 8,997
Customer relationships, technology, and tradenames (Intangible assets, net)	**2,520**	2,578
Tangible fixed assets (Fixed assets, net)	**765**	791
Investments	**143**	132
Total fixed assets	**12,288**	12,498
CURRENT ASSETS		
Receivables, net	**2,815**	2,896
Fiduciary assets	**11,638**	11,871
Deferred tax assets: amounts recoverable in greater than one year	**144**	193
Other assets: amounts recoverable in greater than one year (Other non-current assets)	**1,517**	1,230
Other assets: amounts recoverable in less than one year (Other current assets)	**602**	563
Short-term investments	**394**	523
Cash at bank and in hand (Cash and cash equivalents)	**374**	477
Total current assets	**17,484**	17,753
TOTAL ASSETS	**$ 29,772**	$ 30,251
LIABILITIES AND EQUITY		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Short-term debt and current portion of long-term debt	**$ 783**	$ 703
Accounts payable and accrued liabilities	**1,773**	1,843
Fiduciary liabilities	**11,638**	11,871
Other current liabilities	**728**	847
Total creditors: amounts falling due within one year	**14,922**	15,264
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Long-term debt	**4,799**	3,686
Other non-current liabilities	**772**	789
Total creditors: amounts falling due after more than one year	**5,571**	4,475
PROVISION FOR LIABILITIES		
Pension, other post retirement, and post employment liabilities	**2,141**	1,607
Deferred tax liabilities	**313**	420
Other provisions falling due within one year	**92**	147
Other provisions falling due after more than one year	**102**	143
Total provision for liabilities	**2,648**	2,317
TOTAL LIABILITIES	**23,141**	22,056
EQUITY		
Called up share capital (Ordinary shares) (2014 and 2013 - $0.01 nominal value)		
Authorized: 750 shares (issued: 2014 — 280.0; 2013 — 300.7)	**3**	3
Share premium reserve	**236**	179
Share option and other reserves	**4,861**	4,606
Additional paid in capital	**5,097**	4,785
Profit and loss reserve (Retained earnings)	**4,605**	5,731
Other reserves (Accumulated other comprehensive income)	**(3,134)**	(2,374)
TOTAL AON SHAREHOLDERS' EQUITY	**6,571**	8,145
Minority interests (Noncontrolling interests)	**60**	50
TOTAL EQUITY	**6,631**	8,195
TOTAL LIABILITIES AND EQUITY	**$ 29,772**	$ 30,251

The financial statements were approved by the Board of Directors on 20 March 2015.

Gregory C. Case, Director

The notes on pages 79 to 128 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(millions)	Shares	Called up share capital	Share premium reserve	Share Option and Other Reserves	Profit and Loss	Reserve for Own Shares	Other Reserves	Minority Interest	Total
Balance at January 1, 2012	386.4	$ —	$ —	$ 4,407	$ 8,594	$ (2,553)	$ (2,370)	$ 42	$ 8,120
Net income	—	—	—	—	238	—	—	11	249
Shares issued — employee benefit plans	—	—	—	2	—	—	—	—	2
Shares purchased	—	—	—	—	—	(100)	—	—	(100)
Shares reissued — employee benefit plans	—	—	—	(181)	(13)	181	—	—	(13)
Tax benefit — employee benefit plans	—	—	—	16	—	—	—	—	16
Share-based compensation expense	—	—	—	55	—	—	—	—	55
Dividends to shareholders	—	—	—	—	(49)	—	—	—	(49)
Net change in fair value of derivatives	—	—	—	—	—	—	7	—	7
Net foreign currency translation adjustments	—	—	—	—	—	—	103	1	104
Net post-retirement benefit obligation	—	—	—	—	—	—	21	—	21
Purchase of subsidiary shares from non-controlling interest	—	—	—	—	—	—	—	5	5
Dividends paid to non-controlling interests on subsidiary common stock	—	—	—	—	—	—	—	(1)	(1)
Balance at March 31, 2012	386.4	—	—	4,299	8,770	(2,472)	(2,239)	58	8,416
Reclassification of called up share capital	—	386	—	(386)	—	—	—	—	—
Redomestication	—	(323)	82	241	—	—	—	—	—
Retirement of treasury shares	(60.00)	(60)	—		(2,412)	2,472	—	—	—
April 2, 2012 (Redomestication)	326.4	3	82	4,154	6,358	—	(2,239)	58	8,416
Net income	—	—	—	—	755	—	—	16	771
Shares issued — employee benefit plans	4.0	—	—	27	—	—	—	—	27
Shares purchased	(19.50)	—	—	—	(1,025)	—	—	—	(1,025)
Shares reissued — employee benefit plans	—	—	—	—	—	—	—	—	—
Tax benefit — employee benefit plans	—	—	—	17	—	—	—	—	17
Share-based compensation expense	—	—	—	157	—	—	—	—	157
Dividends to shareholders	—	—	—	—	(155)	—	—	—	(155)
Net change in fair value of derivatives	—	—	—	—	—	—	2	—	2
Net foreign currency translation adjustments	—	—	—	—	—	—	6	(1)	5
Net post-retirement benefit obligation	—	—	—	—	—	—	(379)	—	(379)
Purchase of subsidiary shares from non-controlling interest	—	—	—	(1)	—	—	—	(4)	(5)
Dividends paid to non-controlling interests on subsidiary common stock	—	—	—	—	—	—	—	(26)	(26)
Balance at December 31, 2012	310.9	$ 3	$ 82	$ 4,354	$ 5,933	—	$ (2,610)	$ 43	$ 7,805
Net income	—	—	—	—	1,113	—	—	35	1,148
Shares issued — employee benefit plans	0.7	—	29	(1)	(1)	—	—	—	27
Shares issued — employee compensation	5.9	—	68	(118)	—	—	—	—	(50)
Shares purchased	(16.8)	—	—	—	(1,102)	—	—	—	(1,102)
Tax benefit — employee benefit plans	—	—	—	74	—	—	—	—	74
Share-based compensation expense	—	—	—	300	—	—	—	—	300
Dividends to shareholders	—	—	—	—	(212)	—	—	—	(212)
Net change in fair value of investments	—	—	—	—	—	—	1	—	1
Net change in fair value of derivatives	—	—	—	—	—	—	6	—	6
Net foreign currency translation adjustments	—	—	—	—	—	—	(64)	(1)	(65)
Net post-retirement benefit obligation	—	—	—	—	—	—	293	—	293
Purchase of subsidiary shares from non-controlling interest	—	—	—	(3)	—	—	—	(8)	(11)
Dividends paid to non-controlling interests on subsidiary common stock	—	—	—	—	—	—	—	(19)	(19)
Balance at December 31, 2013	300.7	$ 3	$ 179	$ 4,606	$ 5,731	$ —	$ (2,374)	$ 50	$ 8,195

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (CONTINUED)

(millions)	Shares	Called up share capital	Share premium reserve	Share Option and Other Reserves	Profit and Loss	Reserve for Own Shares	Other Reserves	Minority Interest	Total
Balance at January 1, 2014	300.7	$ 3	$ 179	$ 4,606	5,731	$ —	$ (2,374)	$ 50	$ 8,195
Net income	—	—	—	—	1,397	—	—	34	1,431
Shares issued — employee benefit plans	0.4	—	19	7	—	—	—	—	26
Shares issued — employee compensation	4.7	—	38	(169)	—	—	—	—	(131)
Shares purchased	(25.8)	—	—	—	(2,250)	—	—	—	(2,250)
Tax benefit — employee benefit plans	—	—	—	89	—	—	—	—	89
Share-based compensation expense	—	—	—	328	—	—	—	—	328
Dividends to shareholders	—	—	—	—	(273)	—	—	—	(273)
Net change in fair value of investments	—	—	—	—	—	—	(1)	—	(1)
Net change in fair value of derivatives	—	—	—	—	—	—	5	—	5
Net foreign currency translation adjustments	—	—	—	—	—	—	(504)	(3)	(507)
Net post-retirement benefit obligation	—	—	—	—	—	—	(260)	—	(260)
Sales of subsidiary shares to non-controlling interest	—	—	—	—	—	—	—	3	3
Dividends paid to non-controlling interests on subsidiary common stock	—	—	—	—	—	—	—	(24)	(24)
Balance at December 31, 2014	280.0	$ 3	$ 236	$ 4,861	$ 4,605	$ —	$ (3,134)	$ 60	$ 6,631

The notes on pages 79 to 128 are an integral part of these financial statements.

CONSOLIDATED CASH FLOWS STATEMENT

(millions) *Years ended December 31*	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 1,431**	$ 1,148	$ 1,020
Adjustments to reconcile net income to cash provided by operating activities:			
Gain from sales of businesses and investments, net	**(44)**	(65)	—
Depreciation of fixed assets	**242**	240	232
Amortization of intangible assets	**352**	395	423
Share-based compensation expense	**328**	300	212
Deferred income taxes	**(135)**	(14)	(95)
Change in assets and liabilities:			
Fiduciary receivables	**(19)**	(4)	(1,402)
Short-term investments — funds held on behalf of clients	**(403)**	156	239
Fiduciary liabilities	**422**	(152)	1,163
Receivables, net	**(25)**	141	106
Accounts payable and accrued liabilities	**(81)**	48	(37)
Restructuring reserves	**(83)**	15	(46)
Current income taxes	**42**	(116)	185
Pension, other post-retirement and other post-employment liabilities	**(340)**	(502)	(585)
Other assets and liabilities	**(45)**	43	4
CASH PROVIDED BY OPERATING ACTIVITIES	**1,642**	1,633	1,419
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of long-term investments	**52**	93	178
Purchases of long-term investments	**(20)**	(15)	(12)
Net sales (purchases) of short-term investments — non-fiduciary	**110**	(174)	440
Acquisition of businesses, net of cash acquired	**(479)**	(54)	(162)
Proceeds from sale of businesses	**48**	40	2
Capital expenditures	**(256)**	(229)	(269)
CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	**(545)**	(339)	177
CASH FLOWS FROM FINANCING ACTIVITIES			
Share repurchase	**(2,250)**	(1,102)	(1,125)
Issuance of shares for employee benefit plans	**65**	98	118
Issuance of debt	**5,239**	4,906	733
Repayment of debt	**(3,918)**	(4,679)	(1,077)
Cash dividends to shareholders	**(273)**	(212)	(204)
Sales (purchases) of shares to (from) noncontrolling interests	**3**	(8)	(4)
Dividends paid to noncontrolling interests	**(24)**	(19)	(27)
Proceeds from sale-leaseback	**25**	—	—
CASH USED FOR FINANCING ACTIVITIES	**(1,133)**	(1,016)	(1,586)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(67)**	(92)	9
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(103)**	186	19
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**477**	291	272
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 374**	$ 477	$ 291
Supplemental disclosures:			
Interest paid	**$ 245**	$ 206	$ 232
Income taxes paid, net of refunds	**337**	445	238

The notes on pages 79 to 128 are an integral part of these financial statements.

1. Basis of Presentation

The directors have elected to prepare Consolidated Financial Statements in accordance with accounting principles generally acceptable in the United States of America (U.S. GAAP) as permitted by Statutory Instrument 2012 No. 2405 *The Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2012* (SI 2012 No. 2405). The Report of the Directors and Consolidated Financial Statements are also prepared in accordance with the Companies Act 2006.

The Consolidated Financial Statements have been prepared for purposes of satisfying Companies Act 2006 requirements for entities domiciled in the U.K. The basis of preparation for these Consolidated Financial Statements is U.S. GAAP to the extent that the use of those principles does not contravene any provisions of the Companies Act 2006 or any regulations made there under as permitted by SI 2012 No. 2405. The Company has mirrored the Consolidated Financial Statements and Notes thereto to the Form 10-K filed with the SEC on February 24, 2015 to the extent that the Consolidated Financial Statements and Notes thereto contained in the Form 10-K do not contravene any provisions of the Companies Act 2006 or any regulations made there under as permitted by SI 2012 No. 2405. Certain items contained in the Form 10-K that are SEC requirements and have no comparable requirement under the Companies Act 2006 have been removed.

Where compliance with any of the provisions of the Companies Act 2006 is inconsistent with the requirements to give a true and fair view of the state of affairs and profit or loss in accordance with U.S. GAAP, the Directors have invoked the true and fair override. The Companies Act 2006 requires that goodwill is carried at cost reduced by provisions for depreciation calculated to write off the goodwill systematically over a period chosen by the Directors, which does not exceed its useful economic life. Under U.S. GAAP, Aon plc does not amortise goodwill. Instead goodwill is carried at cost less impairment, with impairment tested at least annually. As Aon's treatment of goodwill conflicts with the Regulations, the Directors have invoked a true and fair override in order to overcome the prohibition on non-amortisation of goodwill in the Companies Act 2006.

The Consolidated Financial Statements include the accounts of Aon plc and all controlled subsidiaries ("Aon" or the "Company"). All material intercompany accounts and transactions have been eliminated. The Consolidated Financial Statements as of December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013, and 2012, include, in the opinion of management, all adjustments (consisting of normal recurring adjustments and reclassifications) necessary to present fairly the Company's consolidated financial position, results of operations and cash flows for all periods presented. The Consolidated Financial Statements and the majority of the information in the Notes thereto have been reconciled to the Company's Annual Report on Form 10-K for the fiscal year ended 31 December 2013 filed with the U.S. Securities and Exchange Commission on February 24, 2015.

Use of Estimates

The preparation of the accompanying Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Aon adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets, and foreign currency movements have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

2. Summary of Significant Accounting Principles and Practices

Revenue Recognition

Risk Solutions segment revenues primarily include insurance commissions and fees for services rendered and investment income on funds held on behalf of clients. Revenues are recognized when they are earned and realized or realizable. The Company considers revenues to be earned and realized or realizable when all of the following four conditions are met: (1) persuasive evidence of an arrangement exists, (2) the arrangement fee is fixed or determinable, (3) delivery or performance has occurred, and (4) collectability is reasonably assured. For brokerage commissions, revenue is typically recognized at the completion of the placement process, assuming all four criteria required to recognize revenue have been met. The placement process is typically considered complete on the effective date of the related policy. Commission revenues are recorded net of

allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

HR Solutions segment revenues consist primarily of fees paid by clients for consulting advice and outsourcing contracts. Fees paid by clients for consulting services are typically charged on an hourly, project or fixed-fee basis. Revenues from time-and-materials or cost-plus arrangements are recognized as services are performed, assuming all four criteria to recognize revenue have been met. Revenues from fixed-fee contracts are recognized as services are provided using a proportional-performance model or at the completion of a project based on facts and circumstances of the client arrangement. Revenues from health care exchange arrangements are typically recognized upon successful enrollment of participants, net of a reserve for estimated cancellations, assuming all four criteria to recognize revenue have been met. Reimbursements received for out-of-pocket expenses are recorded as a component of revenues. The Company's outsourcing contracts typically have three-to-five year terms for benefits services and five-to-ten year terms for human resources business process outsourcing ("HR BPO") services. The Company recognizes revenues as services are performed, assuming all four criteria to recognize revenue have been met. The Company may also receive implementation fees from clients either up-front or over the ongoing services period as a component of the fee per participant. Lump sum implementation fees received from a client are typically deferred and recognized ratably over the ongoing contract services period. If a client terminates an outsourcing services arrangement prior to the end of the contract, a loss on the contract may be recorded, if necessary, and any remaining deferred implementation revenues would typically be recognized over the remaining service period through the termination date.

In connection with the Company's long-term outsourcing service agreements, highly customized implementation efforts are often necessary to set up clients and their human resource or benefit programs on the Company's systems and operating processes. For outsourcing services sold separately or accounted for as a separate unit of accounting, specific, incremental and direct costs of implementation incurred prior to the services commencing are generally deferred and amortized over the period that the related ongoing services revenue is recognized. Deferred costs are assessed for recoverability on a periodic basis to the extent the deferred cost exceeds related deferred revenue.

Share-Based Compensation Costs

Share-based payments to employees, including grants of employee share options, restricted shares and restricted share units ("RSUs"), performance share awards ("PSAs") as well as employee share purchases related to the Employee Share Purchase Plan, are measured based on estimated grant date fair value. The Company recognizes compensation expense over the requisite service period for awards expected to ultimately vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Pension and Other Post-Retirement Benefits

The Company has net period cost relating to its pension and other post-retirement benefit plans based on calculations that include various actuarial assumptions, including discount rates, assumed rates of return on plan assets, inflation rates, mortality rates, compensation increases, and turnover rates. The Company reviews its actuarial assumptions on an annual basis and modifies these assumptions based on current rates and trends. The effects of gains, losses, and prior service costs and credits are amortized over future service periods or future estimated lives if the plans are frozen. The funded status of each plan, calculated as the fair value of plan assets less the benefit obligation, is reflected in the Company's Consolidated Statements of Financial Position using a December 31 measurement date.

Net Income per Share

Basic net income per share is computed by dividing net income available to ordinary shareholders by the weighted-average number of ordinary shares outstanding, including participating securities, which consist of unvested share awards with non-forfeitable rights to dividends. Diluted net income per share is computed by dividing net income available to ordinary shareholders by the weighted-average number of ordinary shares outstanding, which have been adjusted for the dilutive effect of potentially issuable ordinary shares (excluding those that are considered participating securities), including certain contingently issuable shares. The diluted earnings per share calculation reflects the more dilutive effect of either (1) the two-class method that assumes that the participating securities have not been exercised, or (2) the treasury stock method.

Certain ordinary share equivalents, related primarily to options, were not included in the computation of diluted income per share because their inclusion would have been antidilutive.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents include cash balances and all highly liquid investments with initial maturities of three months or less. Short-term investments include certificates of deposit, money market funds and highly liquid debt instruments

purchased with initial maturities in excess of three months but less than one year and are carried at amortized cost, which approximates fair value.

At December 31, 2014, Cash and cash equivalents and Short-term investments were $768 million compared to $1.0 billion at December 31, 2013. Of the total balance, $169 million and $214 million was restricted as to its use at December 31, 2014 and 2013, respectively. Included within that amount, at December 31, 2014, the Company is required to hold £40.5 million of operating funds in the U.K. by the Financial Conduct Authority, a U.K.-based regulator, which were included in Short-term investments. At December 31, 2013, the Company was required to hold £77 million of operating funds in Short-term investments. These operating funds, when translated to U.S. dollars, were equal to $63 million and $126 million at December 31, 2014 and 2013, respectively. In addition, Cash and cash equivalents included additional restricted balances of $106 million and $88 million at December 31, 2014 and 2013, respectively. The restricted balances primarily relate to cash required to be held as collateral.

Fiduciary Assets and Liabilities

In its capacity as an insurance agent and broker, Aon collects premiums from insureds and, after deducting its commission, remits the premiums to the respective insurers. Aon also collects claims or refunds from insurers on behalf of insureds. Uncollected premiums from insureds and uncollected claims or refunds from insurers are recorded as Fiduciary assets in the Company's Consolidated Statements of Financial Position. Unremitted insurance premiums and claims are held in a fiduciary capacity and the obligation to remit these funds is recorded as Fiduciary liabilities in the Company's Consolidated Statements of Financial Position. Some of the Company's outsourcing agreements also require it to hold funds to pay certain obligations on behalf of clients. These funds are also recorded as Fiduciary assets with the related obligation recorded as Fiduciary liabilities in the Company's Consolidated Statements of Financial Position.

Aon maintained premium trust balances for premiums collected from insureds but not yet remitted to insurance companies of $4.0 billion and $3.8 billion at December 31, 2014 and 2013, respectively. These funds and a corresponding liability are included in Fiduciary assets and Fiduciary liabilities, respectively, in the accompanying Consolidated Statements of Financial Position.

Allowance for Doubtful Accounts

The Company's allowance for doubtful accounts with respect to receivables is based on a combination of factors, including evaluation of historical write-offs, aging of balances and other qualitative and quantitative analyses. Receivables included an allowance for doubtful accounts of $74 million and $90 million at December 31, 2014 and 2013, respectively.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Included in this category is internal use software, which is software that is acquired, internally developed or modified solely to meet internal needs, with no plan to market externally. Costs related to directly obtaining, developing or upgrading internal use software are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Asset Description	Asset Life
Software	Lesser of the life of an associated license, or 4 to 7 years
Leasehold improvements	Lesser of estimated useful life or lease term, not to exceed 10 years
Furniture, fixtures and equipment	4 to 10 years
Computer equipment	4 to 6 years
Buildings	35 years
Automobiles	6 years

Investments

The Company accounts for investments as follows:

- *Equity method investments* — Aon accounts for limited partnership and other investments using the equity method of accounting if Aon has the ability to exercise significant influence over, but not control of, an investee. Significant influence generally represents an ownership interest between 20% and 50% of the voting stock of the investee. Under the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted for additional capital contributions, distributions, and Aon's proportionate share of earnings or losses.

- *Cost method investments* — Investments where Aon does not have an ownership interest of greater than 20% or the ability to exert significant influence over the operations of the investee are carried at cost.

- *Fixed-maturity securities* are classified as available for sale and are reported at fair value with any resulting unrealized gain or loss recorded directly to shareholders' equity as a component of Accumulated other comprehensive loss in the Company's Consolidated Statement of Financial Position, net of deferred income taxes. Interest on fixed-maturity securities is recorded in Interest income in the Company's Consolidated Statements of Income when earned and is adjusted for any amortization of premium or accretion of discount.

The Company assesses any declines in the fair value of investments to determine whether such declines are other-than-temporary. This assessment is made considering all available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition and the near-term prospects of the entity issuing the security, and the Company's ability and intent to hold the investment until recovery of its cost basis. Other-than-temporary impairments of investments are recorded as part of Other income (expense) in the Consolidated Statements of Income in the period in which the determination is made.

Goodwill and Intangible Assets

Goodwill represents the excess of acquisition cost over the fair value of the net assets in the acquisition of a business. Goodwill is allocated to various reporting units, which are one reporting level below the operating segment. Upon disposition of a business entity, goodwill is allocated to the disposed entity based on the fair value of that entity compared to the fair value of the reporting unit in which it was included. Goodwill is not amortized, but instead is tested for impairment at least annually. The goodwill impairment test is performed at the reporting unit level. The Company initially performs a qualitative analysis to determine if it is more likely than not that the goodwill balance is impaired. If such a determination is made, then the Company will perform a two-step quantitative analysis. First, the fair value of each reporting unit is compared to its carrying value. If the fair value of the reporting unit is less than its carrying value, the Company performs a hypothetical purchase price allocation based on the reporting unit's fair value to determine the fair value of the reporting unit's goodwill. Fair value is determined using a combination of present value techniques and market prices of comparable businesses.

Intangible assets include customer related and contract based assets representing primarily client relationships and non-compete agreements, tradenames, and marketing and technology related assets. These intangible assets, with the exception of tradenames, are amortized over periods ranging from 1 to 16 years, with a weighted average original life of 11 years. Tradenames are generally not amortized as such assets have been determined to have indefinite useful lives, and are tested at least annually for impairments using an analysis of expected future cash flows. Interim impairment testing may be performed when events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable.

Derivatives

Derivative instruments are recognized in the Consolidated Statements of Financial Position at fair value. Where the Company has entered into master netting agreements with counterparties, the derivative positions are netted by counterparty and are reported accordingly in other assets or other liabilities. Changes in the fair value of derivative instruments are recognized in earnings each period, unless the derivative is designated and qualifies as a cash flow or net investment hedge.

The Company has historically designated the following hedging relationships for certain transactions: (i) a hedge of the change in fair value of a recognized asset or liability or firm commitment ("fair value hedge"), (ii) a hedge of the variability in cash flows from a recognized variable-rate asset or liability or forecasted transaction ("cash flow hedge"), and (iii) a hedge of the net investment in a foreign operation ("net investment hedge").

In order for a derivative to qualify for hedge accounting, the derivative must be formally designated as a fair value, cash flow, or a net investment hedge by documenting the relationship between the derivative and the hedged item. The documentation must include a description of the hedging instrument, the hedged item, the risk being hedged, Aon's risk management objective and strategy for undertaking the hedge, the method for assessing the effectiveness of the hedge, and the method for measuring hedge ineffectiveness. Additionally, the hedge relationship must be expected to be highly effective at offsetting changes in either the fair value or cash flows of the hedged item at both the inception of the hedge and on an ongoing basis. Aon assesses the ongoing effectiveness of its hedges and measures and records hedge ineffectiveness, if any, at the end of each quarter or more frequently if facts and circumstances require.

For a derivative designated as a hedging instrument, the changes in the fair value of a recognized asset or liability or a firm commitment (a fair value hedge), the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The effect is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. For a cash flow hedge that qualifies for hedge

accounting, the effective portion of the change in fair value of a hedging instrument is recognized in Other Comprehensive Income ("OCI") and subsequently reclassified to earnings in the same period the hedged item impacts earnings. The ineffective portion of the change in fair value is recognized immediately in earnings. For a net investment hedge, the effective portion of the change in fair value of the hedging instrument is recognized in OCI as part of the cumulative translation adjustment, while the ineffective portion is recognized immediately in earnings.

Changes in the fair value of a derivative that is not designated as part of a hedging relationship (commonly referred to as an "economic hedge") are recorded in other income (expense) in the Consolidated Statements of Income.

The Company discontinues hedge accounting prospectively when (1) the derivative expires or is sold, terminated, or exercised, (2) the qualifying criteria are no longer met, or (3) management removes the designation of the hedging relationship.

When hedge accounting is discontinued because the derivative no longer qualifies as a fair value hedge, the Company continues to carry the derivative in the Consolidated Statements of Financial Position at its fair value, recognizes subsequent changes in the fair value of the derivative in the Consolidated Statements of Income, ceases to adjust the hedged asset or liability for changes in its fair value and accounts for the carrying amount (including the basis adjustment caused by designating the item as a hedged item) of the hedged asset, liability or firm commitment in accordance with GAAP applicable to those assets or liabilities.

When hedge accounting is discontinued and the derivative continues to exist but the forecasted transaction is probable of occurrence, the Company continues to carry the derivative in the Consolidated Statements of Financial Position at its fair value, recognizes subsequent changes in the fair value of the derivative in the Consolidated Statements of Income, and continues to defer the derivative gain or loss accumulated in OCI (unless the forecasted transaction is deemed probable not to occur, at which time it would be reclassified to earnings) until the hedged forecasted transaction affects earnings.

Foreign Currency

Certain of the Company's non-US operations use their respective local currency as their functional currency. These operations that do not have the U.S. dollar as their functional currency translate their financial statements at the current rates of exchange in effect at the balance sheet date and revenues and expenses using rates that approximate those in effect during the period. The resulting translation adjustments are included as a component of stockholders' equity in Accumulated other comprehensive loss in the Consolidated Statements of Financial Position. Gains and losses from the remeasurement of monetary assets and liabilities that are denominated in a non-functional currency are included in Other income within the Consolidated Statements of Income. The effect of foreign exchange gains and losses on the Consolidated Statements of Income was a loss of $1 million in 2014, a gain of $3 million in 2013 and a loss of $16 million in 2012. Included in these amounts were hedging losses of $19 million in 2014, hedging losses of $10 million in 2013, and hedging gains of $3 million in 2012.

Income Taxes

Deferred income taxes are recognized for the effect of temporary differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted marginal tax rates and laws that are currently in effect. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in the period when the rate change is enacted.

Deferred tax assets are reduced by valuation allowances if, based on the consideration of all available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. Significant weight is given to evidence that can be objectively verified. Deferred tax assets are realized by having sufficient future taxable income to allow the related tax benefits to reduce taxes otherwise payable. The sources of taxable income that may be available to realize the benefit of deferred tax assets are future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences and carry-forwards, taxable income in carry-back years and tax planning strategies that are both prudent and feasible.

The Company recognizes the effect of income tax positions only if sustaining those positions is more likely than not. Tax positions that meet the more likely than not recognition threshold but are not highly certain are initially and subsequently measured based on the largest amount of benefit that is greater than 50% likely of being realized upon settlement with the taxing authority. Only information that is available at the reporting date is considered in the Company's recognition and measurement analysis, and events or changes in facts and circumstances are accounted for in the period in which the event or change in circumstance occurs.

The Company records penalties and interest related to unrecognized tax benefits in Income taxes in the Company's Consolidated Statements of Income.

New Accounting Pronouncements for 2014

Presentation of Unrecognized Tax Benefits

In July 2013, the FASB issued guidance on the presentation of certain unrecognized tax benefits on financial statements. The guidance requires, unless certain conditions exist, an unrecognized tax benefit to be presented as a reduction to a deferred tax asset in the financial statements for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The guidance was effective for Aon in the first quarter of 2014. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Foreign Currency

In March 2013, the FASB issued new accounting guidance clarifying the accounting for the release of cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The guidance was effective for Aon in the first quarter of 2014. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

New Accounting Pronouncements for 2015

International Financial Reporting Standards

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with accounting principles generally acceptable in the United States of America (U.S. GAAP) as permitted by Statutory Instrument 2012 No. 2405, *The Accounting Standards (Prescribed Bodies) United States of America and Japan) Regulations 2012* (SI 2012 No. 2405). In 2015, the Consolidated Financial Statements and Notes thereto will be prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS") and those parts of the Companies Act 2006 applicable to Companies reporting under IFRS as SI 2012 No. 2405 will cease to be in effect.

3. Other Financial Data

Consolidated Statements of Income Information

Other Income

Other income consists of the following (in millions):

Years ended December 31	2014	2013	2012
Equity earnings	**$ 12**	$ 20	$ 13
Gain on investments	**4**	28	7
Gain on disposal of business	**24**	10	1
Foreign currency remeasurement gain (loss)	**18**	13	(19)
Derivative (loss) gain	**(19)**	(10)	3
Other	**5**	7	(3)
	$ 44	$ 68	$ 2

Consolidated Statements of Financial Position Information

Allowance for Doubtful Accounts

An analysis of the allowance for doubtful accounts is as follows (in millions):

Years ended December 31,	2014	2013	2012
Balance at beginning of year	**$ 90**	$ 118	$ 104
Provision charged to operations	**12**	9	45
Accounts written off, net of recoveries	**(33)**	(38)	(30)
Effect of exchange rate changes	**5**	1	(1)
Balance at end of year	**$ 74**	$ 90	$ 118

Fixed Assets, net

The components of Fixed assets, net are as follows (in millions):

As of December 31	2014	2013
Software	**$ 1,020**	$ 997
Leasehold improvements	**413**	434
Computer equipment	**347**	341
Furniture, fixtures and equipment	**313**	323
Construction in progress	**94**	70
Other	**124**	124
	2,311	2,289
Less: Accumulated depreciation	**1,546**	1,498
Fixed assets, net	**$ 765**	$ 791

Depreciation expense, which includes software amortization, was $242 million, $240 million, and $232 million for the years ended December 31, 2014, 2013, and 2012, respectively.

4. Acquisitions and Dispositions

In 2014, the Company completed the acquisition of eleven businesses in the Risk Solutions segment and two businesses in the HR Solutions segment.

In 2013, the Company completed the acquisition of eight businesses in the Risk Solutions segment and three businesses in the HR Solutions segment.

The following table includes the aggregate consideration transferred and the preliminary value of intangible assets recorded as a result of the Company's acquisitions (in millions):

Years ended December 31	2014	2013
Consideration	**$ 461**	$ 54
Intangible assets:		
Goodwill	**$ 292**	$ 38
Other intangible assets	**328**	28
Total	**$ 620**	$ 66

The results of operations of these acquisitions are included in the Consolidated Financial Statements as of the acquisition date. The results of operations of the Company would not have been materially different if these acquisitions had been reported from the beginning of the period in which they were acquired.

Dispositions

During 2014, the Company completed the disposition of two businesses in the Risk Solutions segment. Total pretax gains of $24 million were recognized on these sales, which are included in Other income in the Consolidated Statements of Income.

During 2013, the Company completed the disposition of seven businesses in the Risk Solutions segment and two businesses in the HR Solutions segment. Total pretax gains of $10 million were recognized on these sales, which are included in Other income in the Consolidated Statements of Income.

During 2012, the Company completed the disposition of three businesses in the Risk Solutions segment and one business in the HR Solutions segment. Total pretax gains of $1 million were recognized on these sales, which are included in Other income in the Consolidated Statements of Income.

5. Goodwill and Other Intangible Assets

The changes in the net carrying amount of goodwill by reportable segment for the years ended December 31, 2014 and 2013, respectively, are as follows (in millions):

	Risk Solutions	HR Solutions	Total
Balance as of January 1, 2013	$ 5,982	$ 2,961	$ 8,943
Goodwill related to acquisitions	36	2	38
Goodwill related to disposals	(9)	(3)	(12)
Goodwill related to other prior year acquisitions	(2)	17	15
Foreign currency translation	13	—	13
Balance as of December 31, 2013	**$ 6,020**	**$ 2,977**	**$ 8,997**
Goodwill related to acquisitions	**287**	**5**	**292**
Goodwill related to disposals	**(14)**	**—**	**(14)**
Goodwill related to other prior year acquisitions	**(8)**	**—**	**(8)**
Transfer	**(2)**	**2**	**—**
Foreign currency translation	**(372)**	**(35)**	**(407)**
Balance as of December 31, 2014	**$ 5,911**	**$ 2,949**	**$ 8,860**

Other intangible assets by asset class are as follows (in millions):

	As of December 31					
	2014			2013		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Tradenames	**$ 1,019**	**$ —**	**$ 1,019**	$ 1,019	$ —	$ 1,019
Intangible assets with finite lives:						
Customer related and contract based	**2,952**	**1,579**	**1,373**	2,720	1,310	1,410
Technology and other	**571**	**443**	**128**	584	435	149
	$ 4,542	**$ 2,022**	**$ 2,520**	$ 4,323	$ 1,745	$ 2,578

Amortization expense from finite-lived intangible assets was $352 million, $395 million and $423 million during 2014, 2013 and 2012, respectively.

The estimated future amortization for finite lived intangible assets as of December 31, 2014 is as follows (in millions):

	Risk Solutions	HR Solutions	Total
2015	$ 113	$ 209	$ 322
2016	103	175	278
2017	93	139	232
2018	80	92	172
2019	69	74	143
Thereafter	186	168	354
	$ 644	$ 857	$ 1,501

6. Restructuring

Aon Hewitt Restructuring Plan

On October 14, 2010, the Company announced a global restructuring plan ("Aon Hewitt Plan") in connection with the acquisition of Hewitt Associates, Inc. The Aon Hewitt Plan was intended to streamline operations across the combined Aon Hewitt organization. The Company incurred all remaining costs for the Aon Hewitt Plan and the plan was closed in the fourth quarter of 2013. For the year ended December 31, 2014, no charges were taken under the Aon Hewitt Plan. For year ended December 31, 2013, $174 million of restructuring expenses were charged, of which $94 million and $80 million were in the Risk Solutions segment and HR Solutions segment, respectively. For the year ended December 31, 2012, $98 million of restructuring expenses were charged, of which $32 million and $66 million were in the Risk Solutions segment and HR Solutions segment, respectively.

As of December 31, 2013, the remaining liabilities for the Company's restructuring plans were $166 million. During the year ended December 31, 2014, the Company made cash payments of $83 million, resulting in remaining restructuring liabilities of $76 million as of December 31, 2014. The remaining $7 million reduction is due to fluctuation in foreign exchange rates. The Company's unpaid restructuring liabilities are included in both Accounts payable and accrued liabilities and Other non-current liabilities in the Consolidated Statements of Financial Position.

7. Investments

The Company earns income on cash balances and investments, as well as on premium trust balances that the Company maintains for premiums collected from insureds but not yet remitted to insurance companies, and funds held under the terms of certain outsourcing agreements to pay certain obligations on behalf of clients. Premium trust balances and receivables, as well as a corresponding liability, are included in Fiduciary assets and Fiduciary liabilities in the accompanying Consolidated Statements of Financial Position.

The Company's interest-bearing assets and other investments are included in the following categories in the Consolidated Statements of Financial Position (in millions):

As of December 31	2014	2013
Cash and cash equivalents	**$ 374**	$ 477
Short-term investments	**394**	523
Fiduciary assets (1)	**3,984**	3,778
Investments	**143**	132
	$ 4,895	$ 4,910

(1) Fiduciary assets include funds held on behalf of clients but does not include fiduciary receivables.

The Company's investments are as follows (in millions):

As of December 31	2014	2013
Equity method investments (2)	**$ 124**	$ 113
Other investments, at cost	**12**	10
Fixed-maturity securities	**7**	9
	$ 143	$ 132

(2) The increase in equity method investments is primarily due to contributions to limited partnerships.

Included in equity method investments is one listed company carried at $18 million. The market value of this investment is approximately $36 million as of December 31, 2014.

Equity method investments are as follows:

Investment	Country of Incorporation	Parent Ownership %	Group Ownership %	Holdings
Agostini Insurance Brokers Limited	Republic of Trinidad and Tobago	-	47.11%	Ordinary Shares
JS Johnson & Company Limited	The Commonwealth of the Bahamas	-	40.00%	Ordinary Shares
Trident V Limited Partnership	Cayman Islands	-	3.64%	n/a
Private Equity Limited Partnership	United States of America	-	various	n/a

8. Debt

The following is a summary of outstanding debt (in millions):

As of December 31	2014	2013
2.875% Senior Notes due May 2026	**$ 605**	$ —
3.50% Senior Notes due September 2015	**599**	599
5.00% Senior Notes due September 2020	**599**	599
3.50% Senior Notes due June 2024	**597**	—
4.60% Senior Notes due June 2044	**549**	—
8.205% Junior Subordinated Notes due January 2027	**521**	521
3.125% Senior Notes due May 2016	**500**	500
4.00% Senior Notes due November 2023	**349**	349
4.76% Senior Notes due March 2018	**322**	352
6.25% Senior Notes due September 2040	**298**	298
4.45% Senior Notes due May 2043	**248**	248
4.25% Senior Notes due December 2042	**196**	195
6.25% Senior Notes due July 2014	**—**	685
Commercial paper	**168**	—
Other	**31**	43
Total debt	**5,582**	4,389
Less short-term and current portion of long-term debt	**783**	703
Total long-term debt	**$ 4,799**	$ 3,686

Revolving Credit Facilities

As of December 31, 2014, Aon plc had two primary committed credit facilities outstanding: its $400 million U.S. credit facility expiring in March 2017 (the "2017 Facility") and its €650 million ($792 million based on exchange rates at December

31, 2014) European credit facility expiring in October 2015 (the "2015 Facility"). Aon Corporation entered into the 2015 Facility on October 15, 2010 (Aon plc became a borrower under such facility on April 29, 2013) and Aon plc entered into the 2017 Facility on March 20, 2012. On February 2, 2015, Aon plc replaced the 2015 Facility with a new $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). Each of these facilities included customary representations, warranties and covenants, including financial covenants that require Aon plc to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly. At December 31, 2014, Aon plc had no borrowings under, and was in compliance with these financial covenants and all other covenants contained in, the 2015 Facility and 2017 Facility.

Debt Issuances

On August 12, 2014, Aon plc issued $350 million of 3.50% Senior Notes due June 2024. The 3.50% Notes due 2024 constitute a further issuance of, and were consolidated to form a single series of debt securities with, the $250 million of 3.50% Notes due June 2024 that was issued by Aon plc on May 20, 2014 concurrently with Aon plc's issuance of $550 million of 4.60% Notes due June 2044. Aon plc used the proceeds for working capital and general corporate purposes.

On May 7, 2014, Aon plc issued €500 million of 2.875% Senior Notes due May 2026. Aon plc used the proceeds of the issuance for, among other purposes, the repayment at maturity of Aon plc's then outstanding €500 million of 6.25% Notes due July 2014.

On November 21, 2013, Aon plc issued $350 million in aggregate principal amount of 4.00% Senior Notes due 2023. Aon plc used the proceeds to repay commercial paper borrowings and for general corporate purposes.

On May 21, 2013, Aon plc issued $250 million in aggregate principal amount of 4.45% Senior Notes due 2043. Aon plc used the proceeds to repay commercial paper borrowings and for general corporate purposes.

On April 15, 2013, Aon plc issued $256 million in aggregate principal amount of 4.250% Senior Notes due 2042 in exchange on a registered basis for $90 million in aggregate principal amount of 4.250% Senior Notes due 2042 that were issued by Aon plc on March 8, 2013 and $166 million aggregate principal amount of the 4.250% Senior Notes due 2042 that were issued by Aon plc on December 12, 2012. Aon plc used the proceeds of the December 12, 2012 issuance of 4.25% Senior Notes due 2042 for, among other purposes, to retire a portion of the 8.205% Junior Subordinated Notes due January 2027.

Each of the notes described above is fully and unconditionally guaranteed by Aon Corporation. The 3.50% Senior Notes due 2015, 5.00% Senior Notes due 2020, 3.125% Senior Notes due 2016 and 8.205% Junior Subordinated Notes due January 2027 identified in the table above were issued by Aon Corporation and are fully and unconditionally guaranteed by Aon plc. The 4.76% Senior Notes due March 2018 identified in the table above were issued by a Canadian subsidiary of Aon Corporation and are fully and unconditionally guaranteed by Aon plc and Aon Corporation. Each of the notes described above and identified in the table above contains customary representations, warranties and covenants, and we were in compliance with all such covenants as of December 31, 2014.

During the year ended December 31, 2014, Aon Corporation's $600 million 3.50% Senior Notes due September 2015 were classified as Short-term debt and current portion of long-term debt in the Consolidated Statements of Financial Position as the date of maturity is less than one year.

Commercial Paper

Aon Corporation has established a U.S. commercial paper program, which provides for commercial paper to be issued in an aggregate principal amount of up to $900 million, and Aon plc has established a European multi-currency commercial paper program which provides for commercial paper to be issued in an aggregate principal amount of up to €300 million. The U.S. commercial paper program is fully and unconditionally guaranteed by Aon plc and the European commercial paper program is fully and unconditionally guaranteed by Aon Corporation. In the aggregate, the Company had $168 million commercial paper outstanding at December 31, 2014, which was included in Short-term debt in the Company's Consolidated Statements of Financial Position, and no commercial paper outstanding at December 31, 2013. The weighted average commercial paper outstanding for 2014 and 2013 was $308 million and $339 million, respectively. The weighted average interest rate of the commercial paper outstanding during both 2014 and 2013 was 0.35%.

Repayments of total debt are as follows (in millions):

2015	$ 783
2016	511
2017	3
2018	323
2019	—
Thereafter	3,962
	$ 5,582

9. Lease Commitments

The Company leases office facilities, equipment and automobiles under non-cancelable operating leases. These leases expire at various dates and may contain renewal and expansion options. In addition to base rental costs, occupancy lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. The Company's lease obligations are primarily for the use of office space.

In November 2011, the Company entered into an agreement to lease 190,000 square feet in a building to be constructed at 122 Leadenhall in London, United Kingdom. In August 2014, upon practical completion of the construction, the Company entered into the leases. Aon expects to move into the new building in 2015 when it exercises an early break option at the Devonshire Square location.

Rental expenses (including amounts applicable to taxes, insurance and maintenance) for operating leases are as follows (in millions):

Years ended December 31	**2014**	**2013**	**2012**
Rental expense	**$ 455**	$ 520	$ 536
Sub lease rental income	**75**	77	72
Net rental expense	**$ 380**	$ 443	$ 464

At December 31, 2014, future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year, net of sublease rental income, are as follows (in millions):

2015	$ 362
2016	333
2017	297
2018	270
2019	240
Thereafter	876
Total minimum payments required	$ 2,378

10. Income Taxes

Income before income tax and the provision for income tax consist of the following (in millions):

Years ended December 31	2014	2013	2012
Income before income taxes:			
U.K.	**$ 347**	$ 96	$ 36
U.S.	**(55)**	349	468
Other	**1,473**	1,093	876
Total	**$ 1,765**	$ 1,538	$ 1,380
Income tax expense (benefit):			
Current:			
U.K.	**$ 1**	$ (18)	$ (10)
U.S. federal	**156**	111	170
U.S. state and local	**75**	52	57
Other	**236**	259	238
Total current tax expense	**$ 468**	$ 404	$ 455
Deferred tax expense (benefit):			
U.K.	**$ 38**	$ 43	$ 46
U.S. federal	**(133)**	(48)	(83)
U.S. state and local	**(24)**	10	(10)
Other	**(15)**	(19)	(48)
Total deferred tax benefit	**$ (134)**	$ (14)	$ (95)
Total income tax expense	**$ 334**	$ 390	$ 360

Income before income taxes shown above is based on the location of the business unit to which such earnings are attributable for tax purposes. In addition, because the earnings shown above may in some cases be subject to taxation in more than one country, the income tax provision shown above as U.K., U.S. or Other may not correspond to the geographic attribution of the earnings.

A reconciliation of the income tax provisions based on the Company's domicile and statutory rate at each reporting period is performed. The 2014, 2013 and 2012 reconciliations are based on the U.K. statutory corporate tax rate of 21.5%, 23%, and 24%, respectively. The reconciliation to the provisions reflected in the Consolidated Financial Statements is as follows:

Years ended December 31	2014	2013	2012
Statutory tax rate	**21.5%**	23.0%	24.0%
U.S. state income taxes, net of U.S. federal benefit	**1.5**	2.6	2.2
Taxes on international operations (1)	**(8.9)**	(4.4)	0.6
Nondeductible expenses	**1.7**	1.4	2.0
Adjustments to prior year tax requirements	**0.9**	0.1	(1.3)
Deferred tax adjustments, including statutory rate changes	**(0.7)**	1.4	0.7
Deferred tax adjustments, international earnings	**1.0**	3.3	—
Adjustments to valuation allowances	**0.6**	(1.7)	(5.6)
Change in uncertain tax positions	**1.7**	(0.3)	3.1
Other — net	**(0.4)**	—	0.4
Effective tax rate	**18.9%**	25.4%	26.1%

(1) The Company determines the adjustment for taxes on international operations based on the difference between the statutory tax rate applicable to earnings in each foreign jurisdiction and the enacted rate of 21.5%, 23% and 24% at December 31, 2014, 2013 and 2012, respectively. In 2014 and 2013, the benefit to the Company's effective income tax rate from taxes on international operations relates to benefits from lower-taxed global operations, primarily due to the use of global funding structures.

The components of the Company's deferred tax assets and liabilities are as follows (in millions):

As of December 31	2014	2013
Deferred tax assets:		
Employee benefit plans	**$ 739**	$ 623
Net operating/capital loss and tax credit carryforwards	**295**	354
Other accrued expenses	**44**	48
Investment basis differences	**45**	50
Accrued interest	**303**	94
Other	**46**	58
Total	**1,472**	1,227
Valuation allowance on deferred tax assets	**(205)**	(127)
Total	**$ 1,267**	$ 1,100
Deferred tax liabilities:		
Intangibles and property, plant and equipment	**$ (1,058)**	$ (1,074)
Unremitted earnings	**(28)**	(51)
Deferred revenue	**(28)**	(27)
Other accrued expenses	**(40)**	(39)
Unrealized investment gains	**(8)**	—
Unrealized foreign exchange gains	**(44)**	(27)
Other	**(20)**	(64)
Total	**$ (1,226)**	$ (1,282)
Net deferred tax asset (liability)	**$ 41**	$ (182)

Deferred income taxes (assets and liabilities have been netted by jurisdiction) have been classified in the Consolidated Statements of Financial Position as follows (in millions):

As of December 31,	2014	2013
Deferred tax assets — current (1)	**$ 212**	$ 93
Deferred tax assets — non-current	**144**	193
Deferred tax liabilities — current (1)	**(2)**	(48)
Deferred tax liabilities — non-current	**(313)**	(420)
Net deferred tax asset (liability)	**$ 41**	$ (182)

(1) Included in Other current assets and Other current liabilities.

Valuation allowances have been established primarily with regard to the tax benefits of certain net operating loss, capital loss and interest expense carryforwards. Valuation allowances increased by $78 million in 2014, primarily attributable to increases in the valuation allowance related to capital loss and interest expense carryforwards.

The Company recognized, as an adjustment to additional paid-in-capital, income tax benefits attributable to employee stock compensation of $89 million, $74 million and $33 million in 2014, 2013 and 2012, respectively.

During 2014 the Company changed its assertion on a portion of undistributed earnings and U.S. deferred income taxes of $28 million were accrued. Undistributed earnings of non-U.S. entities were approximately $2.2 billion at December 31, 2014. U.S. income taxes have not been provided on these undistributed earnings because they are considered to be permanently invested in those subsidiaries. It is not practicable to estimate the amount of unrecognized deferred tax liabilities, if any, for these undistributed foreign earnings.

At December 31, 2014 and 2013, the Company had U.K. operating loss carryforwards of $154 million and $660 million and capital loss carryforwards of $380 million and $270 million, respectively. In addition, at December 31, 2014 and 2013, the Company had U.S. federal operating loss carryforwards of $18 million and $25 million, and U.S. state operating loss carryforwards of $451 million and $412 million, respectively. In other non-U.S. jurisdictions, the Company had operating loss

carryforwards of $325 million and $287 million and capital loss carryforwards of $223 million and $86 million as of December 31, 2014 and 2013, respectively. The UK operating losses and capital losses have an indefinite carryforward. The federal operating loss carryforwards as of December 31, 2014 expire at various dates from 2020 to 2030 and the state operating loss carryforwards as of December 31, 2014 expire at various dates from 2015 to 2034. Operating and capital losses, in other non-U.S. jurisdictions have various carryforward periods and will begin to expire in 2015.

During 2012, the Company was granted a tax holiday for the period from October 1, 2012 through September 30, 2022, with respect to withholding taxes and certain income derived from services in Singapore. This tax holiday and reduced withholding tax rate may be extended when certain conditions are met or may be terminated early if certain conditions are not met. The benefit realized was approximately $7 million and $3 million during the years ended December 31, 2014 and 2013, respectively. No benefit was realized for the year ended December 31, 2012. The diluted earnings per share impact of this tax holiday was $0.02, $0.01, and $0.00 during the years ended December 31, 2014, 2013, and 2012, respectively.

Uncertain Tax Positions

The following is a reconciliation of the Company's beginning and ending amount of uncertain tax positions (in millions):

	2014	**2013**
Balance at January 1	**$ 164**	$ 156
Additions based on tax positions related to the current year	**31**	22
Additions for tax positions of prior years	**10**	69
Reductions for tax positions of prior years	**(6)**	(70)
Settlements	**—**	(10)
Business combinations	**5**	—
Lapse of statute of limitations	**(11)**	(3)
Foreign currency translation	**(2)**	—
Balance at December 31	**$ 191**	$ 164

The Company's liability for uncertain tax positions as of December 31, 2014, 2013, and 2012, includes $154 million, $141 million, and $156 million, respectively, related to amounts that would impact the effective tax rate if recognized. It is possible that the amount of unrecognized tax benefits may change in the next twelve months; however, we do not expect the change to have a significant impact on our consolidated statements of income or consolidated balance sheets. These changes may be the result of settlements of ongoing audits. At this time, an estimate of the range of the reasonably possible outcomes within the twelve months cannot be made.

The Company recognizes interest and penalties related to uncertain tax positions in its provision for income taxes. Aon accrued potential interest and penalties of $4 million, $2 million, and $6 million in 2014, 2013, and 2012, respectively. The Company recorded a liability for interest and penalties of $31 million, $27 million, and $23 million as of December 31, 2014, 2013, and 2012, respectively.

The Company and its subsidiaries file income tax returns in their respective jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 2007. Material U.S. state and local income tax jurisdiction examinations have been concluded for years through 2005. The Company has concluded income tax examinations in its primary non-U.S. jurisdictions through 2005.

11. Shareholders' Equity

Redomestication

Prior to the Redomestication, the Company accounted for purchases of its outstanding common stock using the treasury share method permitted under U.S. GAAP. Under this method, the Company recorded purchases of its own outstanding common stock as a reduction to Additional paid-in capital based on the cost of the shares acquired. Under U.K. law, when the Company repurchases its outstanding shares, those shares are treated as cancelled. In April 2012, the Company constructively cancelled 60 million shares of treasury stock related to the Redomestication. The impact of the cancellation of all outstanding treasury shares was a decrease in Ordinary shares and Retained earnings of $60 million and $2.4 billion, respectively. The balance of Treasury stock at cost of $2.5 billion was also eliminated as part of the cancellation. Additionally, effective upon the completion of the Redomestication, the par value of Aon's outstanding equity shares decreased from $1.00 to $0.01. The impact of this change was a decrease in Ordinary shares of $323 million, and an increase in Additional paid-in capital of $323 million.

As a U.K. incorporated company, the Company is required under U.K. law have available "distributable reserves" to make share repurchases or pay dividends to shareholders. Distributable reserves may be created through the earnings of the U.K. parent company and, amongst other methods, through a reduction in share capital approved by the English Companies Court. Distributable reserves are not linked to a U.S. GAAP reported amount (e.g., retained earnings). As of December 31, 2014 and 2013, the Company had distributable reserves in excess of $4.0 billion and $5.9 billion, respectively.

Ordinary Shares

In January 2010, the Company's Board of Directors authorized a share repurchase program under which up to $2 billion of common stock may be repurchased ("2010 Stock Repurchase Plan"). Shares could be repurchased through the open market or in privately negotiated transactions, including structured repurchase programs, from time to time, based on prevailing market conditions, and were to be funded from available capital. Any repurchased shares were to be available for employee stock plans and for other corporate purposes.

The 2010 Stock Repurchase Program, which related to common stock of Aon Corporation and preceded the Redomestication, did not extend to shares of Aon plc. In April 2012, the Company's Board of Directors therefore authorized a share repurchase program under which up to $5.0 billion of Class A Ordinary Shares may be repurchased ("2012 Share Repurchase Program"). In November 2014, the Company's Board of Directors authorized a new $5.0 billion share repurchase program in addition to the existing program ("2014 Share Repurchase Program"). Under each program, shares may be repurchased through the open market or in privately negotiated transactions, from time to time, based on prevailing market conditions, and will be funded from available capital.

In 2014, the Company repurchased 25.8 million shares at an average price per share of $87.18 for a total cost of $2.3 billion under the 2012 Share Repurchase Plan. During 2013, the Company repurchased 16.8 million shares at an average price per share of $65.65 for a total cost of $1.1 billion under the 2012 Share Repurchase Plan. The remaining authorized amount for share repurchase under the 2012 Share Repurchase Program and 2014 Share Repurchase Program is $5.6 billion. Since the program's inception in 2012, the Company repurchased a total of 62.1 million shares for an aggregate cost of $4.4 billion.

Participating Securities

Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities, as defined, and therefore, should be included in computing basic and diluted earnings per share using the two class method. Certain of the Company's restricted share awards allow the holder to receive a non-forfeitable dividend equivalent.

Net income, attributable to participating securities was $12 million, $11 million, and $11 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Weighted average shares outstanding are as follows (in millions):

	Year ended December 31,		
	2014	**2013**	**2012**
Shares for basic earnings per share (1)	**295.5**	311.4	328.5
Common stock equivalents	**4.1**	4.0	4.1
Shares for diluted earnings per share	**299.6**	315.4	332.6

(1) Includes 3.0 million, 3.9 million and 4.7 million shares of participating securities for the years ended December 31, 2014, 2013, and 2012 respectively.

Certain ordinary share equivalents may not be included in the computation of diluted net income per share because their inclusion would have been antidilutive. The number of shares excluded from the calculation was 0.0 million in 2014, 0.0 million in 2013 and 0.2 million in 2012.

Dividends

During 2014, 2013, and 2012, the Company paid dividends on its Class A Ordinary Shares of $273 million, $212 million, and $204 million, respectively. Dividends paid per Class A Ordinary Share were $0.92, $0.68 and $0.62 for the years ended December 31, 2014, 2013, and 2012 respectively.

In January 2015, the Company approved the declaration of a dividend to shareholders of $0.25 per ordinary share. In February 2015, the Company paid those dividends in the amount of $70 million.

Future dividends on Aon plc ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of Aon plc and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of Aon plc may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act 2006.

Accumulated Other Comprehensive Loss

Changes in Accumulated other comprehensive loss by component, net of related tax, are as follows (in millions):

	Change in Fair Value of Investments (1)	Change in Fair Value of Derivatives (1)	Foreign Currency Translation Adjustments	Post-Retirement Benefit Obligation (2)	Total
Balance at January 1, 2012	$ —	$ (37)	$ 124	$ (2,457)	$ (2,370)
Other comprehensive loss before reclassifications:					
Other comprehensive loss before reclassifications	—	(19)	109	(598)	(508)
Tax benefit	—	7	—	164	171
Other comprehensive loss before reclassifications, net	—	(12)	109	(434)	(337)
Amounts reclassified from accumulated other comprehensive loss:					
Amounts reclassified from accumulated other comprehensive loss	—	33	—	110	143
Tax benefit	—	(12)	—	(34)	(46)
Amounts reclassified from accumulated other comprehensive loss, net	—	21	—	76	97
Net current period other comprehensive (loss) income	—	9	109	(358)	(240)
Balance at December 31, 2012	—	(28)	233	(2,815)	(2,610)
Other comprehensive loss before reclassifications:					
Other comprehensive loss before reclassifications	27	(12)	(65)	336	286
Tax benefit	(13)	5	1	(136)	(143)
Other comprehensive loss before reclassifications, net	14	(7)	(64)	200	143
Amounts reclassified from accumulated other comprehensive loss:					
Amounts reclassified from accumulated other comprehensive loss	(20)	21	—	131	132
Tax benefit	7	(8)	—	(38)	(39)
Amounts reclassified from accumulated other comprehensive loss, net	(13)	13	—	93	93
Net current period other comprehensive (loss) income	1	6	(64)	293	236
Balance at December 31, 2013	**1**	**(22)**	**169**	**(2,522)**	**(2,374)**
Other comprehensive loss before reclassifications:					
Other comprehensive loss before reclassifications	**(2)**	**(11)**	**(492)**	**(563)**	**(1,068)**
Tax benefit	**1**	**3**	**(12)**	**229**	**221**
Other comprehensive loss before reclassifications, net	**(1)**	**(8)**	**(504)**	**(334)**	**(847)**
Amounts reclassified from accumulated other comprehensive loss:					
Amounts reclassified from accumulated other comprehensive loss	**—**	**20**	**—**	**106**	**126**
Tax benefit	**—**	**(7)**	**—**	**(32)**	**(39)**
Amounts reclassified from accumulated other comprehensive loss, net	**—**	**13**	**—**	**74**	**87**
Net current period other comprehensive (loss) income	**(1)**	**5**	**(504)**	**(260)**	**(760)**
Balance at December 31, 2014	**$ —**	**$ (17)**	**$ (335)**	**$ (2,782)**	**$ (3,134)**

(1) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Other income
(2) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Compensation and benefits

12. Employee Benefits

Defined Contribution Savings Plans

Aon maintains defined contribution savings plans for the benefit of its U.S, U.K, Netherlands and Canada employees. The expense recognized for these plans is included in Compensation and benefits in the Consolidated Statements of Income, as follows (in millions):

Years ended December 31	2014	2013	2012
U.S.	**$ 123**	$ 123	$ 115
U.K.	**42**	45	41
Other (1)	**30**	18	13
	$ 195	$ 186	$ 169

(1) Other includes the Netherlands and Canada

Pension and Other Post-retirement Benefits

The Company sponsors defined benefit pension and post-retirement health and welfare plans that provide retirement, medical, and life insurance benefits. The post-retirement healthcare plans are contributory, with retiree contributions adjusted annually, and the life insurance and pension plans are generally noncontributory. The significant U.S, U.K, Netherlands and Canadian pension plans are closed to new entrants.

Pension Plans

The following tables provide a reconciliation of the changes in the projected benefit obligations and fair value of assets for the years ended December 31, 2014 and 2013 and a statement of the funded status as of December 31, 2014 and 2013, for the material U.K. plans, U.S. plans and other plans, which are located in the Netherlands and Canada. These plans represent approximately 93% of the Company's projected benefit obligations.

(millions)	U.K. 2014	U.K. 2013	U.S. 2014	U.S. 2013	Other 2014	Other 2013
Change in projected benefit obligation						
At January 1	**$ 5,106**	$ 4,944	**$ 2,744**	$ 2,884	**$ 1,252**	$ 1,323
Service cost	**1**	1	**2**	7	**—**	18
Interest cost	**230**	210	**129**	114	**47**	45
Participant contributions	**—**	—	**—**	—	**—**	1
Plan amendment	**—**	—	**—**	12	**—**	—
Curtailments	**—**	—	**—**	—	**(16)**	(1)
Plan transfer and acquisitions	**—**	—	**13**	115	**—**	—
Actuarial loss (gain)	**(211)**	145	**265**	17	**(5)**	1
Benefit payments	**(192)**	(186)	**(130)**	(128)	**(51)**	(44)
Actual expenses	**—**	—	**—**	—	**(2)**	(1)
Change in discount rate	**902**	(95)	**327**	(277)	**324**	(85)
Foreign currency impact	**(307)**	87	**—**	—	**(150)**	(5)
At December 31	**$ 5,529**	$ 5,106	**$ 3,350**	$ 2,744	**$ 1,399**	$ 1,252
Accumulated benefit obligation at end of year	**$ 5,529**	$ 5,106	**$ 3,350**	$ 2,744	**$ 1,316**	$ 1,177
Change in fair value of plan assets						
At January 1	**$ 5,398**	$ 4,860	**$ 1,855**	$ 1,631	**$ 1,061**	$ 1,009
Actual return on plan assets	**1,199**	304	**190**	199	**253**	34
Participant contributions	**—**	—	**—**	—	**—**	1
Employer contributions	**166**	316	**121**	153	**28**	55
Plan transfer and acquisitions	**—**	—	**—**	—	**—**	—
Benefit payments	**(192)**	(186)	**(130)**	(128)	**(51)**	(44)
Actual Expenses	**—**	—	**—**	—	**(2)**	(1)
Foreign currency impact	**(347)**	104	**—**	—	**(128)**	7
At December 31	**$ 6,224**	$ 5,398	**$ 2,036**	$ 1,855	**$ 1,161**	$ 1,061
Market related value at end of year	**$ 6,224**	$ 5,398	**$ 1,950**	$ 1,765	**$ 1,161**	$ 1,061
Amount recognized in Statement of Financial Position at December 31						
Funded status	**$ 695**	$ 292	**$ (1,314)**	$ (889)	**$ (238)**	$ (191)
Unrecognized prior-service cost	**22**	24	**11**	12	**3**	3
Unrecognized loss	**1,687**	2,012	**1,737**	1,219	**456**	402
Net amount recognized	**$ 2,404**	$ 2,328	**$ 434**	$ 342	**$ 221**	$ 214

Amounts recognized in the Consolidated Statements of Financial Position consist of (in millions):

	U.K. 2014	U.K. 2013	U.S. 2014	U.S. 2013	Other 2014	Other 2013
Prepaid benefit cost (1)	**$ 918**	$ 549	**$ —**	$ —	**$ —**	$ 1
Accrued benefit liability (2)	**(223)**	(257)	**(1,314)**	(889)	**(238)**	(192)
Accumulated other comprehensive loss	**1,709**	2,036	**1,748**	1,231	**459**	405
Net amount recognized	**$ 2,404**	$ 2,328	**$ 434**	$ 342	**$ 221**	$ 214

(1) Included in Other non-current assets
(2) Included in Pension, other post retirement, and post employment liabilities

Amounts recognized in Accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost at December 31, 2014 and 2013 consist of (in millions):

	U.K.		U.S.		Other	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Net loss	**$ 1,687**	$ 2,012	**$ 1,737**	$ 1,219	**$ 456**	$ 402
Prior service cost	**22**	24	**11**	12	**3**	3
	$ 1,709	$ 2,036	**$ 1,748**	$ 1,231	**$ 459**	$ 405

In 2014, U.S. plans with a projected benefit obligation ("PBO") and an accumulated benefit obligation ("ABO") in excess of the fair value of plan assets had a PBO of $3.3 billion, an ABO of $3.3 billion, and plan assets of $2.0 billion. U.K. plans with a PBO in excess of the fair value of plan assets had a PBO of $1.3 billion and plan assets with a fair value of $1.1 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $1.2 billion and plan assets with a fair value of $1.1 billion. Other plans with a PBO in excess of the fair value of plan assets had a PBO of $1.4 billion and plan assets with a fair value of $1.2 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $1.3 billion and plan assets with a fair value of $1.2 billion.

In 2013, U.S. plans with a PBO and an ABO in excess of the fair value of plan assets had a PBO of $2.7 billion, an ABO of $2.7 billion, and plan assets of $1.9 billion. U.K. plans with a PBO in excess of the fair value of plan assets had a PBO of $1.2 billion and plan assets with a fair value of $1.0 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $1.2 billion and plan assets with a fair value of $1.0 billion. Other plans with a PBO in excess of the fair value of plan assets had a PBO of $1.2 billion and plan assets with a fair value of $1.0 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $0.4 billion and plan assets with a fair value of $0.3 billion.

The following table provides the components of net periodic benefit cost for the plans (in millions):

	U.K.			U.S.			Other		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
Service cost	**$ 1**	$ 1	$ 1	**$ 2**	$ 7	$ —	**$ —**	$ 18	$ 14
Interest cost	**230**	210	217	**129**	114	119	**47**	45	48
Expected return on plan assets	**(326)**	(302)	(274)	**(157)**	(139)	(127)	**(59)**	(59)	(49)
Amortization of prior-service cost	**1**	1	1	**2**	—	—	**—**	—	—
Amortization of net actuarial loss	**52**	49	43	**42**	52	43	**10**	23	17
Curtailment loss (gain) and other	**—**	—	—	**—**	—	—	**(2)**	—	—
Net periodic benefit cost	**$ (42)**	$ (41)	$ (12)	**$ 18**	$ 34	$ 35	**$ (4)**	$ 27	$ 30

The weighted-average assumptions used to determine future benefit obligations are as follows:

	U.K.		U.S.		Other	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Discount rate	**3.70%**	4.55%	**3.37-4.08%**	3.97-4.87%	**2.03-3.91%**	3.60 - 4.71%
Rate of compensation increase	**3.35-4.05%**	3.70 - 4.40%	**N/A**	N/A	**2.25-3.50%**	2.25 - 3.50%
Underlying price inflation	**1.95%**	2.4%	**N/A**	N/A	**2.00-2.50%**	1.50 - 2.50%

The weighted-average assumptions used to determine the net periodic benefit cost are as follows:

	U.K.			U.S.			Other		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
Discount rate	**4.55%**	4.45%	4.80%	**3.97-4.87%**	3.73 - 4.05%	4.33 – 4.60%	**3.60-4.71%**	3.25 - 3.89%	4.40 - 4.94%
Expected return on plan assets	**6.00%**	6.30%	6.30%	**8.80%**	8.80%	8.80%	**4.70 - 6.50%**	4.60 - 6.50%	4.90 - 6.75%
Rate of compensation increase	**3.70-4.40%**	3.25 - 3.85%	3.55%	**NA**	N/A	N/A	**2.25-3.50%**	2.25 - 3.50%	2.25 - 3.50%

The amounts in Accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2015 are $56 million in the U.S. and $54 million outside the U.S.

Expected Return on Plan Assets

To determine the expected long-term rate of return on plan assets, the historical performance, investment community forecasts and current market conditions are analyzed to develop expected returns for each asset class used by the plans. The expected returns for each asset class are weighted by the target allocations of the plans. The expected return on plan assets in the U.S. of 8.8% reflects a portfolio that is seeking asset growth through a higher equity allocation while maintaining prudent risk levels. The portfolio contains certain assets that have historically resulted in higher returns and other financial instruments to minimize downside risk.

No plan assets are expected to be returned to the Company during 2015.

Fair value of plan assets

The Company determined the fair value of plan assets through numerous procedures based on the asset class and available information. See Note 15 "Fair Value Measurements and Financial Instruments" for a description of the procedures performed to determine the fair value of the plan assets.

The fair values of the Company's U.S. pension plan assets at December 31, 2014 and December 31, 2013, by asset category, are as follows (in millions):

		Fair Value Measurements Using		
Asset Category	**Balance at December 31, 2014**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and cash equivalents (1)	**$ 68**	$ 68		$ —
Equity investments: (2)				
Large cap domestic	**329**	329	—	—
Small cap domestic	**85**	22	63	—
Large cap international	**258**	114	144	—
Equity derivatives	**285**	209	76	—
Fixed income investments: (3)				
Corporate bonds	**503**	—	151	352
Government and agency bonds	**109**	29	80	—
Asset-backed securities	**20**	—	20	—
Fixed income derivatives	**49**		49	—
Other investments:				
Alternative investments (4)	**272**	—	—	272
Commodity derivatives (5)	**(8)**	—	(8)	—
Real estate and REITS (6)	**66**	66	—	—
Total	**$ 2,036**	$ 837	$ 575	$ 624

(1) Consists of cash and institutional short-term investment funds.

(2) Consists of equity securities, equity derivatives, and pooled equity funds.

(3) Consists of corporate and government bonds, asset-backed securities, and fixed income derivatives.

(4) Consists of limited partnerships, private equity and hedge funds.

(5) Consists of long-dated options on a commodity index.

(6) Consists of exchange traded REITS.

Asset Category	Balance at December 31, 2013	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents (1)	$ 53	$ 53	$ —	$ —
Equity investments: (2)				
Large cap domestic	303	303	—	—
Small cap domestic	66	5	61	—
Large cap international	212	66	146	—
Equity derivatives	361	146	215	—
Fixed income investments: (3)				
Corporate bonds	395	—	395	—
Government and agency bonds	96	—	96	—
Asset-backed securities	25	—	25	—
Fixed income derivatives	13	—	13	—
Other investments:				
Alternative investments (4)	266	—	—	266
Commodity derivatives (5)	14	—	14	—
Real estate and REITS (6)	51	51	—	—
Total	$ 1,855	$ 624	$ 965	$ 266

(1) Consists of cash and institutional short-term investment funds.

(2) Consists of equity securities, equity derivatives, and pooled equity funds.

(3) Consists of corporate and government bonds, asset-backed securities, and fixed income derivatives.

(4) Consists of limited partnerships, private equity and hedge funds.

(5) Consists of long-dated options on a commodity index.

(6) Consists of exchange traded REITS.

The following table presents the changes in the Level 3 fair-value category in the Company's U.S. pension plans for the years ended December 31, 2014 and December 31, 2013 (in millions):

	Fair Value Measurement Using Level 3 Inputs
Balance at January 1, 2013	$ 262
Actual return on plan assets:	
Relating to assets still held at December 31, 2013	26
Relating to assets sold during 2013	4
Purchases, sales and settlements—net	(26)
Transfer in/(out) of Level 3	—
Balance at December 31, 2013	**266**
Actual return on plan assets:	
Relating to assets still held at December 31, 2014	**32**
Relating to assets sold during 2014	**5**
Purchases, sales and settlements—net	**321**
Transfer in/(out) of Level 3	—
Balance at December 31, 2014	**$ 624**

The fair values of the Company's major U.K. pension plan assets at December 31, 2014 and December 31, 2013, by asset category, are as follows (in millions):

		Fair Value Measurements Using		
	Balance at December 31, 2014	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and cash equivalents	**$ 224**	$ 224	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	**203**		203	—
Europe	**16**	—	16	—
Equity securities — global (2)	**127**	127	—	—
Derivatives (2)	**—**	—	—	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	**279**		279	—
Fixed income securities (3)	**3,292**	3,292		—
Annuities	**836**	—	—	836
Derivatives (3)	**233**	—	233	—
Other investments:				
Pooled funds: (1)				
Real estate (4)	**39**	—	—	39
Alternative investments (5)	**968**	—	—	968
Real estate	**7**			7
Total	**$ 6,224**	$ 3,643	$ 731	$ 1,850

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of equity securities and equity derivatives.

(3) Consists of corporate and government bonds and fixed income derivatives.

(4) Consists of property funds and trusts holding direct real estate investments.

(5) Consists of limited partnerships, private equity and hedge funds.

	Balance at December 31, 2013	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 555	$ 555	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	668	—	668	—
Europe	155	—	155	—
Equity securities — global (2)	171	171	—	—
Derivatives (2)	31	—	31	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	500	—	500	—
Fixed income securities (3)	2,043	2,043	—	—
Annuities	564	—	—	564
Derivatives (3)	142	—	142	—
Other investments:				
Pooled funds: (1)				
Real estate (4)	23	—	—	23
Alternative investments (5)	546	—	—	546
Total	$ 5,398	$ 2,769	$ 1,496	$ 1,133

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of equity securities and equity derivatives.

(3) Consists of corporate and government bonds and fixed income derivatives.

(4) Consists of property funds and trusts holding direct real estate investments.

(5) Consists of limited partnerships, private equity and hedge funds.

The following table presents the changes in the Level 3 fair-value category in the Company's U.K. pension plans for the years ended December 31, 2014 and December 31, 2013 (in millions):

	Fair Value Measurements Using Level 3 Inputs			
	Annuities	**Real Estate**	**Alternative Investments**	**Total**
Balance at January 1, 2013	$ 568	$ 70	$ 446	$ 1,084
Actual return on plan assets:				
Relating to assets still held at December 31, 2013	(13)	1	32	20
Relating to assets sold during 2013	—	3	5	8
Purchases, sales and settlements—net	—	(50)	51	1
Transfers in/(out) of Level 3	—	—	—	—
Foreign exchange	9	(1)	12	20
Balance at December 31, 2013	**564**	**23**	**546**	**1,133**
Actual return on plan assets:				
Relating to assets still held at December 31, 2014	**(13)**	**3**	**319**	**309**
Relating to assets sold during 2014	**—**	**1**	**5**	**6**
Purchases, sales and settlements—net	**333**	**21**	**359**	**713**
Transfers in/(out) of Level 3	**—**	**—**	**(206)**	**(206)**
Foreign exchange	**(48)**	**(2)**	**(55)**	**(105)**
Balance at December 31, 2014	**$ 836**	**$ 46**	**$ 968**	**$ 1,850**

The fair values of the Company's major other pension plan assets at December 31, 2014 and December 31, 2013, by asset category, are as follows (in millions):

		Fair Value Measurements Using		
	Balance at December 31, 2014	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and cash equivalents	**$ 12**	$ 12	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	**295**	—	295	—
North America	**42**	—	42	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	**629**	—	629	—
Derivatives	**18**	—	18	—
Fixed income securities (2)	**35**	—	35	—
Derivatives (2)	**74**	—	74	—
Other investments:				
Pooled funds: (1)				
Commodities	**21**	—	21	—
REITS	**3**	—	3	—
Alternative investments (4)	**8**	—	—	8
Derivatives	**24**	—	24	—
Total	**$ 1,161**	$ 12	$ 1,141	$ 8

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of corporate and government bonds and fixed income derivatives.

(3) Consists of property funds and trusts holding direct real estate investments.

(4) Consists of limited partnerships, private equity and hedge funds.

	Balance at December 31, 2013	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 11	$ 11	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	318	—	318	—
North America	52	—	52	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	509	—	509	—
Derivatives	20	—	20	—
Fixed income securities (2)	61	—	61	—
Derivatives (2)	14	—	14	—
Other investments:				
Pooled funds: (1)				
Commodities	32	—	32	—
REITS	5	—	5	—
Real estate (3)	17	—	—	17
Alternative investments (4)	8	—	—	8
Derivatives	14	—	14	—
Total	$ 1,061	$ 11	$ 1,025	$ 25

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of corporate and government bonds and fixed income derivatives.

(3) Consists of property funds and trusts holding direct real estate investments.

(4) Consists of limited partnerships, private equity and hedge funds.

The following table presents the changes in the Level 3 fair-value category in the Company's other pension plans for the years ended December 31, 2014 and December 31, 2013 (in millions):

	Fair Value Measurements Using Level 3 Inputs		
	Real Estate	Alternative Investments	Total
Balance at January 1, 2013	$ 17	$ 11	$ 28
Actual return on plan assets:			
Relating to assets still held at December 31, 2013	(1)	1	—
Relating to assets sold during 2013	—	1	1
Purchases, sales and settlements—net	—	(4)	(4)
Transfers in/(out) of Level 3	—	—	—
Foreign exchange	1	(1)	—
Balance at December 31, 2013	**17**	**8**	**25**
Actual return on plan assets:			
Relating to assets still held at December 31, 2014	**—**	**1**	**1**
Relating to assets sold during 2014	**—**	**—**	**—**
Purchases, sales and settlements—net	**(17)**	**—**	**(17)**
Transfers in/(out) of Level 3	**—**	**—**	**—**
Foreign exchange	**—**	**(1)**	**(1)**
Balance at December 31, 2014	**$ —**	**$ 8**	**$ 8**

Investment Policy and Strategy

The U.S. investment policy, as established by the Aon Retirement Plan Governance and Investment Committee ("RPGIC"), seeks reasonable asset growth at prudent risk levels within target allocations, which are 49% equity investments, 30% fixed income investments, and 21% other investments. Aon believes that plan assets are well-diversified and are of appropriate quality. The investment portfolio asset allocation is reviewed quarterly and re-balanced to be within policy target allocations. The investment policy is reviewed at least annually and revised, as deemed appropriate by the RPGIC. The investment policies for international plans are generally established by the local pension plan trustees and seek to maintain the plans' ability to meet liabilities and to comply with local minimum funding requirements. Plan assets are invested in diversified portfolios that provide adequate levels of return at an acceptable level of risk. The investment policies are reviewed at least annually and revised, as deemed appropriate to ensure that the objectives are being met. At December 31, 2014, the weighted average targeted allocation for the U.K. and non-U.S. plans was 21% for equity investments and 79% for fixed income investments.

Cash Flows

Contributions

Based on current assumptions, in 2015, the Company expects to contribute approximately $65 million, $132 million, and $23 million to its U.K., U.S. and other significant international pension plans, respectively.

Estimated Future Benefit Payments

Estimated future benefit payments for plans are as follows at December 31, 2014 (in millions):

	U.K.	U.S.	Other
2015	$ 136	$ 155	$ 44
2016	145	163	46
2017	153	171	47
2018	161	182	48
2019	174	180	49
2020 – 2024	1,043	932	263

U.S. and Canadian Other Post-Retirement Benefits

The following table provides an overview of the accumulated projected benefit obligation, fair value of plan assets, funded status and net amount recognized as of December 31, 2014 and 2013 for the Company's other significant post-retirement benefit plans located in the U.S. and Canada (in millions):

	2014	2013
Accumulated projected benefit obligation	**$ 116**	$ 118
Fair value of plan assets	**19**	20
Funded status	**(97)**	(98)
Unrecognized prior-service credit	**(4)**	(9)
Unrecognized loss	**15**	18
Net amount recognized	**$ (86)**	$ (89)

Other information related to the Company's other post-retirement benefit plans are as follows:

	2014	2013	2012
Net periodic benefit cost recognized (millions)	**$3**	$4	$1
Weighted-average discount rate used to determine future benefit obligations	**3.83 - 4.08**	4.44 - 4.95	3.67 - 4.00
Weighted-average discount rate used to determine net periodic benefit costs	**4.44 - 4.95**	3.67 - 4.00	4.33 - 5.00

Amounts recognized in Accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost at December 31, 2014 are $15 million and $4 million of net loss and prior service credit, respectively. The amount in Accumulated other comprehensive income expected to be recognized as a component of net periodic benefit cost during 2015 is $0.5 million and $1 million of net loss and prior service credit, respectively.

Based on current assumptions, the Company expects:

- To contribute $5 million to fund significant other post-retirement benefit plans during 2015.
- Estimated future benefit payments will be approximately $6 million each year for 2015 through 2019, and $33 million in aggregate for 2020-2024.

The accumulated post-retirement benefit obligation is increased by $6 million and decreased by $6 million by a respective 1% increase or decrease to the assumed health care trend rate. The service cost and interest cost components of net periodic benefits cost is increased by $0.6 million and decreased by $0.6 million by a respective 1% increase or decrease to the assumed healthcare trend rate.

For most of the participants in the U.S. plan, Aon's liability for future plan cost increases for pre-65 and Medical Supplement plan coverage is limited to 5% per annum. Although the net employer trend rates range from 7% to 4% per year, because of this cap, these plans are effectively limited to 4% per year in the future. During 2012, Aon recognized a plan amendment that phases out post-retirement coverage in its U.S. plan over the next two years. The amendment resulted in recognition of prior service credits of $5 million in 2012 in net periodic benefit cost. The impact of this amendment also resulted in a new prior service credit of $10 million which will impact net periodic benefit cost in future periods as it is recognized over the average remaining service life of the employees.

13. Share-Based Compensation Plans

The following table summarizes share-based compensation expense recognized in the Consolidated Statements of Income in Compensation and benefits (in millions):

Years ended December 31	2014	2013	2012
Restricted share units ("RSUs")	**$ 187**	$ 174	$ 154
Performance share awards ("PSAs")	**132**	117	46
Share options	**—**	2	5
Employee share purchase plans	**9**	7	7
Total share-based compensation expense	**328**	300	212
Tax benefit	**94**	81	62
Share-based compensation expense, net of tax	**$ 234**	$ 219	$ 150

Restricted Share Units

RSUs generally vest between three and five years. The fair value of RSUs is based upon the market value of the Aon ordinary shares at the date of grant. With certain limited exceptions, any break in continuous employment will cause the forfeiture of all non-vested awards. Compensation expense associated with RSUs is recognized over the requisite service period. Dividend equivalents are paid on certain RSUs, based on the initial grant amount.

A summary of the status of the Company's RSUs is as follows (shares in thousands):

	2014		2013		2012	
Years ended December 31	Shares	Fair Value (1)	Shares	Fair Value (1)	Shares	Fair Value (1)
Non-vested at beginning of year	**9,759**	**$ 51**	10,432	$ 44	9,916	$ 42
Granted	**2,844**	**84**	3,714	62	5,113	46
Vested	**(3,732)**	**49**	(3,945)	44	(3,958)	42
Forfeited	**(490)**	**58**	(442)	47	(639)	44
Non-vested at end of year	**8,381**	**63**	9,759	51	10,432	44

(1) Represents per share weighted average fair value of award at date of grant.

The fair value of RSUs that vested during 2014, 2013 and 2012 was $183 million, $172 million and $180 million, respectively.

Performance Share Awards

The vesting of PSAs is contingent upon meeting a cumulative level of earnings per share performance over a three-year period. The performance conditions are not considered in the determination of the grant date fair value for these awards. The fair value of PSAs is based upon the market price of an Aon ordinary share at the date of grant. Compensation expense is recognized over the performance period based on management's estimate of the number of units expected to vest. Compensation expense is adjusted to reflect the actual number of shares issued at the end of the programs. The actual issue of shares may range from 0-200% of the target number of PSAs granted, based on the terms of the plan and level of achievement of the related performance target. Dividend equivalents are not paid on PSAs.

Information regarding the Company's target PSAs granted and shares that would be issued at current performance levels for PSAs granted during the years ended December 31, 2014, 2013 and 2012, respectively, is as follows (shares in thousands, dollars in millions, except fair value):

	2014	2013	2012
Target PSAs granted	**816**	1,135	1,369
Fair value (1)	**$ 81**	$ 58	$ 47
Number of shares that would be issued based on current performance levels	**1,201**	2,197	2,644
Unamortized expense, based on current performance levels	**$ 70**	$ 45	$ —

(1) Represents per share weighted average fair value of award at date of grant.

During 2014, the Company issued approximately 0.8 million shares in connection with the 2011 Leadership Performance Plan ("LPP") cycle and 0.2 million shares related to other performance plans. During 2013, the Company issued approximately 0.6 million shares in connection with the 2010 LPP cycle and 0.1 million shares related to other performance plans. During 2012, the Company issued approximately 0.9 million shares in connection with the 2009 LPP cycle and 0.4 million shares related to other performance plans.

Share Options

In prior periods, options to purchase ordinary shares were granted to certain employees at fair value on the date of grant. Commencing in 2010, the Company ceased granting new share options with the exception of historical contractual commitments. Generally, employees are required to complete two continuous years of service before the options begin to vest in increments until the completion of a four-year period of continuous employment, although a number of options were granted that require five continuous years of service before the options are fully vested. Options issued under the LPP program vest ratably over three years with a six-year term. The maximum contractual term on share options is ten years from the date of grant. The Company did not grant any share options for the years ended December 31, 2014, 2013 and 2012.

A summary of the status of the Company's share options and related information is as follows (shares in thousands):

Years ended December 31	**2014**		**2013**		**2012**	
	Shares	**Weighted-Average Exercise Price Per Share**	**Shares**	**Weighted-Average Exercise Price Per Share**	**Shares**	**Weighted-Average Exercise Price Per Share**
Beginning outstanding	**3,462**	**$ 32**	5,611	$ 32	9,116	$ 32
Granted	**—**	**—**	—	—	—	—
Exercised	**(1,155)**	**33**	(2,116)	32	(3,413)	31
Forfeited and expired	**(7)**	**37**	(33)	34	(92)	37
Outstanding at end of year	**2,300**	**32**	3,462	32	5,611	32
Exercisable at end of year	**2,273**	**32**	3,270	32	5,117	31
Shares available for grant	**16,333**		11,330		17,024	

A summary of options outstanding and exercisable as of December 31, 2014 is as follows (shares in thousands):

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Shares Outstanding	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price Per Share	Shares Exercisable	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price Per Share
$ 19.54 – 22.86	1,089	0.49	$ 22.64	1,089	0.49	$ 22.64
22.87 – 25.51	71	0.49	25.35	71	0.49	25.35
25.52 – 32.53	34	2.73	29.15	34	2.73	29.15
32.54 – 36.88	205	1.93	35.82	205	1.93	35.82
36.89 – 43.44	481	2.36	39.29	481	2.36	39.29
43.45 – 47.16	265	1.77	45.81	265	1.77	45.81
47.17 – 52.93	155	4.69	50.36	128	4.39	49.83
	2,300			2,273		

The aggregate intrinsic value represents the total pretax intrinsic value, based on options with an exercise price less than the Company's closing share price of $94.83 as of December 31, 2014, which would have been received by the option holders had those option holders exercised their options as of that date. At December 31, 2014, the aggregate intrinsic value of options outstanding was $144 million, of which $143 million was exercisable.

Other information related to the Company's share options is as follows (in millions):

	2014	2013	2012
Aggregate intrinsic value of stock options exercised	**$ 61**	$ 73	$ 67
Cash received from the exercise of stock options	**38**	61	105
Tax benefit realized from the exercise of stock options	**16**	15	11

Unamortized deferred compensation expense, which includes both options and awards, amounted to $362 million as of December 31, 2014, with a remaining weighted-average amortization period of approximately 2.1 years.

Employee Share Purchase Plan

United States

The Company has an employee share purchase plan that provides for the purchase of a maximum of 7.5 million shares of the Company's ordinary shares by eligible U.S. employees. Prior to 2011, shares of the Company's common stock were purchased at 3-month intervals at 85% of the lower of the fair market value of the common stock on the first or the last day of each 3-month period. Beginning in 2011, the Company's ordinary shares were purchased at 6-month intervals at 85% of the lower of the fair market value of the ordinary shares on the first or last day of each 6-month period. In 2014, 2013, and 2012, 439,000 shares, 556,000 shares and 621,000 shares, respectively, were issued to employees under the plan. Compensation expense recognized was $7 million in 2014 and $6 million in both 2013 and 2012.

United Kingdom

The Company also has an employee share purchase plan for eligible U.K. employees that provides for the purchase of shares after a 3-year period and that is similar to the U.S. plan previously described. Three-year periods began in 2014, 2013, and 2010, allowing for the purchase of a maximum of 300,000, 350,000, and 300,000 shares, respectively. In 2014, 2013, and 2012, 642 shares, 172,000 shares, and 25,000 shares, respectively, were issued under the plan. Compensation expense of $2 million was recognized in 2014, as compared to $1 million of compensation expense being recognized in both 2013 and 2012, respectively.

14. Derivatives and Hedging

The Company is exposed to market risks, including changes in foreign currency exchange rates and interest rates. To manage the risk related to these exposures, the Company enters into various derivative instruments that reduce these risks by creating offsetting exposures. The Company does not enter into derivative transactions for trading or speculative purposes.

Foreign Exchange Risk Management

The Company is exposed to foreign exchange risk when it earns revenues, pays expenses, or enters into monetary intercompany transfers denominated in a currency that differs from its functional currency, or other transactions that are denominated in a currency other than its functional currency. The Company uses foreign exchange derivatives, typically forward contracts, options and cross currency swaps, to reduce its overall exposure to the effects of currency fluctuations on cash flows. These exposures are hedged, on average, for less than two years.

The Company also uses foreign exchange derivatives, typically forward contracts and options, to hedge its net investments in foreign operations for up to two years in the future and to manage the currency exposure of the Company's global liquidity profile, including monetary assets or liabilities that are denominated in a non-functional currency of an entity, for up to one year in the future. These derivatives are not accounted for as hedges, and changes in fair value are recorded each period in Other income in the Consolidated Statements of Income.

Interest Rate Risk Management

The Company holds variable-rate short-term brokerage and other operating deposits. The Company uses interest rate derivatives, typically swaps, to reduce its exposure to the effects of interest rate fluctuations on the forecasted interest receipts from these deposits for up to two years in the future.

Certain derivatives also give rise to credit risks from the possible non-performance by counterparties. The credit risk at the balance sheet date is generally limited to the fair value of those contracts that are favorable to the Company. The Company has reduced its credit risk by (1) using International Swaps and Derivatives Association master agreements, collateral and credit support arrangements, (2) entering into non-exchange-traded derivatives with highly-rated major financial institutions and (3) using exchange-traded instruments. The Company monitors the creditworthiness of, and exposure to, its counterparties. As of December 31, 2014, all net derivative positions were free of credit risk contingent features. The Company has not received or pledged any collateral related to derivative arrangements as of December 31, 2014.

The notional and fair values of derivative instruments are as follows (in millions):

	Notional Amount		**Derivative Assets (1)**		**Derivative Liabilities (2)**	
As of December 31	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Derivatives accounted for as hedges:						
Interest rate contracts	**$ —**	$ 171	**$ —**	$ 9	**$ —**	$ —
Foreign exchange contracts	**1,200**	1,191	**46**	71	**58**	93
Total	**1,200**	1,362	**46**	80	**58**	93
Derivatives not accounted for as hedges:						
Foreign exchange contracts (3)	**165**	215	**—**	—	**—**	—
Total	**$ 1,365**	$ 1,577	**$ 46**	$ 80	**$ 58**	$ 93

(1) Included within Other current assets ($24 million in 2014 and $46 million in 2013, respectively) or Other non-current assets ($22 million in 2014 and $34 million in 2013, respectively)
(2) Included within Other current liabilities ($52 million in 2014 and $51 million in 2013, respectively) or Other non-current liabilities ($6 million in 2014 and $42 million in 2013, respectively)
(3) These contracts typically are for 30 day durations and executed close to the last day of the most recent reporting month, thereby resulting in nominal fair values at the balance sheet date.

Offsetting of financial assets and derivatives assets are as follows (in millions):

	Gross Amounts of Recognized Assets		Gross Amounts Offset in the Statement of Financial Position		Net Amounts of Assets Presented in the Statement of Financial Position (1)	
	2014	2013	2014	2013	2014	2013
Derivatives accounted for as hedges:						
Interest rate contracts	**$ —**	$ 9	**$ —**	$ —	**$ —**	$ 9
Foreign exchange contracts	**46**	71	**(14)**	(30)	**32**	41
Total	**46**	80	**(14)**	(30)	**32**	50
Derivatives not accounted for as hedges:						
Foreign exchange contracts	**—**	—	**—**	—	**—**	—
Total	**$ 46**	$ 80	**$ (14)**	$ (30)	**$ 32**	$ 50

(1) Included within Other current assets ($12 million in 2014 and $18 million in 2013, respectively) or Other non-current assets ($20 million in 2014 and $32 million in 2013, respectively)

Offsetting of financial liabilities and derivative liabilities are as follows (in millions):

	Gross Amounts of Recognized Liabilities		Gross Amounts Offset in the Statement of Financial Position		Net Amounts of Liabilities Presented in the Statement of Financial Position (2)	
	2014	2013	2014	2013	2014	2013
Derivatives accounted for as hedges:						
Interest rate contracts	**$ —**	$ —	**$ —**	$ —	**$ —**	$ —
Foreign exchange contracts	**58**	93	**(14)**	(30)	**44**	63
Total	**58**	93	**(14)**	(30)	**44**	63
Derivatives not accounted for as hedges:						
Foreign exchange contracts	**—**	—	**—**	—	**—**	—
Total	**$ 58**	$ 93	**$ (14)**	$ (30)	**$ 44**	$ 63

(2) Included within Other current liabilities ($40 million in 2014 and $23 million in 2013, respectively) or Other non-current liabilities ($4 million in 2014 and $40 million in 2013, respectively)

The amounts of derivative gains (losses) recognized in the Consolidated Financial Statements are as follows (in millions):

Year Ended December 31, 2014

Gain (Loss) recognized in Accumulated Other Comprehensive Loss:	**Compensation and Benefits**	**Other General Expenses**	**Interest Expense**	**Other Income**	**Total**
Cash flow hedges:					
Interest rate contracts	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Foreign exchange contracts	**11**	**(3)**	**—**	**(10)**	**(2)**
Total	**11**	**(3)**	**—**	**(10)**	**(2)**

Year Ended December 31, 2013

Gain (Loss) recognized in Accumulated Other Comprehensive Loss:	**Compensation and Benefits**	**Other General Expenses**	**Interest Expense**	**Other Income**	**Total**
Cash flow hedges:					
Interest rate contracts	$ —	$ —	$ 2	$ —	$ 2
Foreign exchange contracts	(17)	—	—	13	(4)
Total	(17)	—	2	13	(2)

Year Ended December 31, 2012

Gain (Loss) recognized in Accumulated Other Comprehensive Loss:	**Compensation and Benefits**	**Other General Expenses**	**Interest Expense**	**Other Income**	**Total**
Cash flow hedges:					
Interest rate contracts	$ —	$ —	$ —	$ —	$ —
Foreign exchange contracts	(8)	(19)	—	6	(21)
Total	(8)	(19)	—	6	(21)
Foreign net investment hedges:					
Foreign exchange contracts	$ —	$ —	$ —	$ 4	$ 4

Year Ended December 31, 2014

Gain (Loss) reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion):	Compensation and Benefits	Other General Expenses	Interest Expense	Other Income	Total
Cash flow hedges:					
Interest rate contracts	**$ —**	**$ —**	**$ (1)**	**$ —**	**$ (1)**
Foreign exchange contracts	**(5)**	**3**	**(10)**	**(2)**	**(14)**
Total	**(5)**	**3**	**(11)**	**(2)**	**(15)**

Year Ended December 31, 2013

Gain (Loss) reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion):	Compensation and Benefits	Other General Expenses	Interest Expense	Other Income	Total
Cash flow hedges:					
Interest rate contracts	$ —	$ —	$ (1)	$ —	$ (1)
Foreign exchange contracts	(12)	(9)	(3)	14	(10)
Total	(12)	(9)	(4)	14	(11)

Year Ended December 31, 2012

Gain (Loss) reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion):	Compensation and Benefits	Other General Expenses	Interest Expense	Other Income	Total
Cash flow hedges:					
Interest rate contracts	$ —	$ —	$ (1)	$ —	$ (1)
Foreign exchange contracts	(9)	(16)	—	(9)	(34)
Total	(9)	(16)	(1)	(9)	(35)

The amount of gain (loss) recognized in the Consolidated Financial Statements is as follows (in millions):

	Twelve months ended December 31,					
	Amount of Gain (Loss) Recognized in Income on Derivative (1)			Amount of Gain (Loss) Recognized in Income on Related Hedged Item		
	2014	2013	2012	2014	2013	2012
Fair value hedges:						
Foreign exchange contracts (2)	**$ (9)**	$ (8)	$ 1	**$ 9**	$ 8	$ (1)

(1) Included in interest expense
(2) Relates to fixed rate debt

The Company estimates that approximately $11 million of pretax losses currently included within Accumulated other comprehensive loss will be reclassified into earnings in the next twelve months.

The amount of gain (loss) recognized in income on the ineffective portion of derivatives for 2014, 2013 and 2012 was not material.

The Company recorded a loss of $18 million and a loss of $18 million in Other income for foreign exchange derivatives not designated or qualifying as hedges for 2014 and 2013, respectively.

15. Fair Value Measurements and Financial Instruments

Accounting standards establish a three tier fair value hierarchy that prioritizes the inputs used in measuring fair values as follows:

- Level 1 — observable inputs such as quoted prices for identical assets in active markets;
- Level 2 — inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and
- Level 3 — unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The following methods and assumptions are used to estimate the fair values of the Company's financial instruments:

Money market funds and highly liquid debt securities are carried at cost and amortized cost, respectively, as an approximation of fair value. Based on market convention, the Company considers cost a practical and expedient measure of fair value.

Cash, cash equivalents, and highly liquid debt instruments consist of cash and institutional short-term investment funds. The Company reviews the short-term investment funds to obtain reasonable assurance the fund net asset value is $1 per share.

Equity investments consist of domestic and international equity securities and exchange traded equity derivatives valued using the closing stock price on a national securities exchange. Over the counter equity derivatives are valued using observable inputs such as underlying prices of the equity security and volatility. The Company reviews the listing of Level 1 equity securities in the portfolio and agrees the closing stock prices to a national securities exchange, and on a sample basis, independently verifies the observable inputs for Level 2 equity derivatives and securities.

Fixed income investments consist of certain categories of bonds and derivatives. Corporate, government, and agency bonds are valued by pricing vendors who estimate fair value using recently executed transactions and proprietary models based on observable inputs, such as interest rate spreads, yield curves and credit risk. Asset-backed securities are valued by pricing vendors who estimate fair value using discounted cash flow models utilizing observable inputs based on trade and quote activity of securities with similar features. Fixed income derivatives are valued by pricing vendors using observable inputs such as interest rates and yield curves. The Company obtains a detailed understanding of the models, inputs, and assumptions used in developing prices provided by its vendors. This understanding includes discussions with valuation resources at the vendor. During these discussions, the Company uses a fair value measurement questionnaire, which is part of the Company's internal controls over financial reporting, to obtain the information necessary to assert the model, inputs and assumptions used comply with U.S. GAAP, including disclosure requirements. The Company also obtains observable inputs from the pricing vendor and independently verifies the observable inputs, as well as assesses assumptions used for reasonableness based on relevant market conditions and internal Company guidelines. If an assumption is deemed unreasonable, based on the Company's guidelines, it is then reviewed by management and the fair value estimate provided by the vendor is adjusted, if deemed appropriate. These adjustments do not occur frequently and have historically not been material to the fair value estimates used in the Consolidated Financial Statements.

Pooled funds consist of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles. Pooled investment funds fair value is estimated based on the proportionate share ownership in the underlying net assets of the investment, which is based on the fair value of the underlying securities that trade on a national securities exchange. Where possible, the Company reviews the listing of securities in the portfolio and agrees the closing stock prices to the price quoted on a national securities exchange. The Company gains an understanding of the investment guidelines and valuation policies of the fund and discusses fund performance with pooled fund managers. The Company obtains audited fund manager financial statements, when available. If the pooled fund is designed to replicate a publicly traded index, the Company compares the performance of the fund to the index to assess the reasonableness of the fair value measurement.

Alternative investments consist of limited partnerships, private equity and hedge funds. Alternative investment fair value is generally estimated based on the proportionate share ownership in the underlying net assets of the investment as determined by the general partner or investment manager. The valuations are based on various factors depending on investment strategy, proprietary models, and specific financial data or projections. The Company obtains audited fund manager financial statements, when available. The Company obtains a detailed understanding of the models, inputs and assumptions used in developing prices provided by the investment managers (or appropriate party) through regular discussions. During these discussions with the investment managers, the Company uses a fair value measurement questionnaire, which is part of the Company's internal controls over financial reporting, to obtain the information necessary to assert the model, inputs and assumptions used comply

with U.S. GAAP, including disclosure requirements. The Company also obtains observable inputs from the investment manager and independently verifies the observable inputs, as well as assesses assumptions used for reasonableness based on relevant market conditions and internal Company guidelines. If an assumption is deemed unreasonable, based on the Company's guidelines, it is then reviewed by management and the fair value estimate provided by the vendor is adjusted, if deemed appropriate. These adjustments do not occur frequently and have historically not been material to the fair value estimates in the Consolidated Financial Statements.

Derivatives are carried at fair value, based upon industry standard valuation techniques that use, where possible, current market-based or independently sourced pricing inputs, such as interest rates, currency exchange rates, or implied volatilities.

Annuity contracts consist of insurance group annuity contracts purchased to match the pension benefit payment stream owed to certain selected plan participant demographics within a few major U.K. defined benefit plans. Annuity contracts are valued using a discounted cash flow model utilizing assumptions such as discount rate, mortality, and inflation. The Company independently verifies the observable inputs.

Real estate and REITs consist of publicly traded real estate investment trusts ("REITs") and direct real estate investments. Level 1 REITs are valued using the closing stock price on a national securities exchange. The Level 3 values are based on the proportionate share of ownership in the underlying net asset value as determined by the investment manager. The Company independently reviews the listing of Level 1 REIT securities in the portfolio and agrees the closing stock prices to a national securities exchange. The Company gains an understanding of the investment guidelines and valuation policies of the Level 3 real estate funds and discusses performance with the fund managers. The Company obtains audited fund manager financial statements, when available. See the description of "Alternative investments" for further detail on valuation procedures surrounding Level 3 REITs.

Guarantees are carried at fair value, which is based on discounted estimated cash flows using published historical cumulative default rates and discount rates commensurate with the underlying exposure.

Debt is carried at outstanding principal balance, less any unamortized discount or premium. Fair value is based on quoted market prices or estimates using discounted cash flow analyses based on current borrowing rates for similar types of borrowing arrangements.

The following tables present the categorization of the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2014 and 2013, respectively (in millions):

		Fair Value Measurements Using		
	Balance at December 31, 2014	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets:				
Money market funds and highly liquid debt securities (1)	$ 1,850	$ 1,850	$ —	$ —
Other investments:				
Fixed maturity securities:				
Corporate bonds	1	—	—	1
Government bonds	6	—	6	—
Equity securities	11	6	5	—
Derivatives:				
Interest rate contracts	—	—	—	—
Foreign exchange contracts	46	—	46	—
Liabilities:				
Derivatives:				
Foreign exchange contracts	58	—	58	—

(1) Includes $1,850 million of money market funds that are classified as Fiduciary assets, Short-term investments or Cash and cash equivalents in the Consolidated Statements of Financial Position, depending on their nature and initial maturity. See Note 7 "Investments" for additional information regarding the Company's investments.

	Balance at December 31, 2013	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds and highly liquid debt securities (1)	$ 2,079	$ 2,054	$ 25	$ —
Other investments:				
Fixed maturity securities:				
Corporate bonds	2	—	—	2
Government bonds	7	—	7	—
Equity securities	13	6	7	—
Derivatives:				
Interest rate contracts	9	—	9	—
Foreign exchange contracts	71	—	71	—
Liabilities:				
Derivatives:				
Foreign exchange contracts	93	—	93	—

(1) Includes $2,054 million of money market funds and $25 million of highly liquid debt securities that are classified as Fiduciary assets, Short-term investments or Cash and cash equivalents in the Consolidated Statements of Financial Position, depending on their nature and initial maturity. See Note 7 "Investments" for additional information regarding the Company's investments.

There were no transfers of assets or liabilities between fair value hierarchy levels during 2014 or 2013. The Company recognized no realized or unrealized gains or losses in the Consolidated Statements of Income during 2014 related to assets and liabilities measured at fair value using unobservable inputs. There were $6 million of realized gains and no unrealized losses recognized in the Consolidated Statements of Income during 2013 related to assets and liabilities measure at fair value using unobservable inputs. There were no realized or unrealized gains or losses recognized in the Consolidated Statements of Income during 2012 related to assets and liabilities measured at fair value using unobservable inputs.

The fair value of Long-term debt is classified as Level 2 of the fair value hierarchy. The following table discloses the Company's financial instruments where the carrying amounts and fair values differ (in millions):

As of December 31	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	**$ 4,799**	**$ 5,268**	$ 3,686	$ 3,894

16. Commitments and Contingencies

Legal

Aon and its subsidiaries are subject to numerous claims, tax assessments, lawsuits and proceedings that arise in the ordinary course of business, which frequently include errors and omissions ("E&O") claims. The damages claimed in these matters are or may be substantial, including, in many instances, claims for punitive, treble or extraordinary damages. Aon has historically purchased E&O insurance and other insurance to provide protection against certain losses that arise in such matters. Aon has exhausted or materially depleted its coverage under some of the policies that protect the Company and, consequently, is self-insured or materially self-insured for some claims. Accruals for these exposures, and related insurance receivables, when applicable, are included in the Condensed Consolidated Statements of Financial Position and have been recognized in Other general expenses in the Condensed Consolidated Statements of Income to the extent that losses are deemed probable and are reasonably estimable. These amounts are adjusted from time to time as developments warrant. Matters that are not probable and estimable are not accrued for in the financial statements. Included in the matters described below are matters in which (1) loss is probable (2) loss is reasonably possible but not probable or (3) there exists the reasonable possibility of loss greater than

the accrued amount. The reasonably possible range of loss for the matters described below, in excess of amounts that are deemed probable and estimable and therefore already accrued, is estimated to be between $0 and $0.6 billion, exclusive of any insurance coverage. These estimates are based on currently available information. As available information changes, the matters for which Aon is able to estimate will change, and the estimates themselves will change. In addition, many estimates involve significant judgment and uncertainty. For example, at the time of making an estimate, Aon may only have limited information about the facts underlying the claim, and predictions and assumptions about future court rulings and outcomes may prove to be inaccurate.

Although management at present believes that the ultimate outcome of all matters described below, individually or in the aggregate, will not have a material adverse effect on the consolidated financial position of Aon, legal proceedings are subject to inherent uncertainties and unfavorable rulings or other events. Unfavorable resolutions could include substantial monetary or punitive damages imposed on Aon or its subsidiaries. If unfavorable outcomes of these matters were to occur, future results of operations or cash flows for any particular quarterly or annual period could be materially adversely affected.

A predecessor of a retail insurance brokerage subsidiary of Aon provided insurance brokerage services to Northrop Grumman Corporation ("Northrop"). This subsidiary placed Northrop's property insurance program for the period covering 2005. Northrop suffered a substantial loss in August 2005 when Hurricane Katrina damaged Northrop's shipbuilding facilities in the Gulf States. Northrop's excess insurance carrier, Factory Mutual Insurance Company ("Factory Mutual"), denied coverage for storm surge damage pursuant to a flood exclusion in the excess policy. Northrop sued Factory Mutual in the United States District Court for the Central District of California. The district court granted summary judgment in Northrop's favor in August 2007. In August 2008, the United State Court of Appeals for the Ninth Circuit reversed the district court's ruling and held that the flood exclusion applied to storm surge damage. Northrop thereafter sought to join Aon's subsidiary as a defendant in the action against Factory Mutual, asserting that if Northrop's policy with Factory Mutual does not cover the Northrop storm surge losses, then the Aon subsidiary will be responsible for Northrop's losses. In August 2010, the court granted in large part Factory Mutual's motion for partial summary judgment regarding the applicability of the flood exclusion and denied Northrop's motion to add the Aon subsidiary as a defendant in the federal lawsuit. On January 27, 2011, Northrop filed suit against the Aon subsidiary in the Superior Court of the State of California, County of Los Angeles, asserting claims for negligence, breach of contract and negligent misrepresentation. Northrop later settled its claims with Factory Mutual. In January 2014, Northrop filed an amended complaint, adding additional claims against the Aon subsidiary for intentional misrepresentation and concealment. Northrop seeks compensatory damages of approximately $340 million, which includes prejudgment interest and attorneys' fees, and punitive damages that are a multiple of the compensatory damages sought. Aon asserts several defenses, including, but not limited to, that it committed no error or omission in placing the Factory Mutual excess policy for Northrop and that Northrop did not suffer any damages as a result of Aon's conduct.

Another retail insurance brokerage subsidiary of Aon was sued on September 14, 2010 in the Chancery Court for Davidson County, Tennessee Twentieth Judicial District, at Nashville by a client, Opry Mills Mall Limited Partnership ("Opry Mills") that sustained flood damage to its property in May 2010. The lawsuit seeks $200 million in coverage from numerous insurers with whom this Aon subsidiary placed the client's property insurance coverage. The insurers contend that only $50 million in coverage (which has already been paid) is available for the loss because the flood event occurred on property in a high hazard flood zone. Opry Mills is seeking full coverage from the insurers for the loss and has sued this Aon subsidiary in the alternative for the same $150 million difference on various theories of professional liability if the court determines there is not full coverage. In addition, Opry Mills seeks prejudgment interest, attorneys' fees and enhanced damages which could substantially increase Aon's exposure. Aon believes it has meritorious defenses and intends to vigorously defend itself against these claims.

A pensions consulting and administration subsidiary of Hewitt before its acquisition by Aon provided advisory services to the Trustees of the Philips UK pension fund and the relevant employer of fund beneficiaries. On January 2, 2014, Philips Pension Trustees Limited and Philips Electronics UK Limited (together, "Philips") sued Aon in the High Court, Chancery Division, London alleging negligence and breach of duty. The proceedings assert Philips' right to claim damages related to Philips' use of a credit default swap hedging strategy pursuant to the supply of the advisory services, which is said to have resulted in substantial damages to Philips. Philips is seeking approximately £189 million ($294 million at December 31, 2014 exchange rates), plus interest and costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these allegations.

On December 21, 2012, Mazeikiu Nafta ("MN"), which operates an oil refinery in Lithuania, sued an insurance brokerage subsidiary of Aon in the High Court of Justice in England & Wales, Queen's Bench Division, Commercial Court. Aon placed property damage and business interruption coverage for MN. There was a fire at the refinery in 2006. MN settled with insurers in November 2011. The claim was for $125 million, which was the shortfall alleged by MN to have been caused by Aon's failure to obtain appropriate business interruption coverage. On October 27, 2014, following 11 days of trial, the case was settled for $5 million with no admission of liability on the part of Aon.

On June 1, 2007, the International Road Transport Union ("IRU") sued Aon in the Geneva Tribunal of First Instance in Switzerland. IRU alleges, among other things, that, between 1995 and 2004, a predecessor of Aon and, later, an Aon subsidiary (1) accepted commissions for certain insurance placements that violated a fee agreement entered between the parties and (2) negligently failed to ask certain insurance carriers to contribute to the IRU's risk management costs. IRU seeks damages of approximately CHF 46 million ($47 million at December 31, 2014 exchange rates) and $3 million, plus legal fees and interest of approximately $30 million. On December 2, 2014, the Geneva Tribunal of First Instance entered a judgment that accepted some, and rejected other, of IRU's claims. The judgment awarded IRU CHF 16.8 million ($17 million at December 31, 2014 exchange rates) and $3.1 million, plus interest and adverse costs. The entire amount of the judgment, including interest through December 31, 2014, totals CHF 27.9 million ($28 million at December 31, 2014 exchange rates) and $5 million. On January 26, 2015, in return for IRU agreeing not to appeal the bulk of its dismissed claims, the Aon subsidiary agreed not to appeal a part of the judgment and to pay IRU CHF 13 million ($13 million at December 31, 2014 exchange rates) and $4.7 million without Aon admitting liability. While, under the terms of this agreement, both parties retain the right to appeal certain aspects of the judgment, the Aon subsidiary's maximum liability on an appeal by IRU is limited to CHF 9.5 million ($10 million at December 31, 2014 exchange rates) and $75,000 (excluding interest and costs) beyond what the subsidiary has already paid. The Aon subsidiary intends to appeal those aspects of the judgment it retained the right to appeal.

On December 27, 2012, AXA Versicherung Aktiengesellschaft ("AXA") started arbitral proceedings in Hamburg, Germany against an insurance and reinsurance brokerage subsidiary of Aon in Germany. Predecessors of AXA granted predecessors of the Aon subsidiary a mandate to underwrite non-proportional reinsurance business from 1975 through 1999. AXA alleges, among other things, that the Aon-related entities intentionally exceeded their mandate and that, if AXA had known of this intention, it would not have granted a mandate. AXA seeks damages of approximately €183 million ($223 million at December 31, 2014 exchange rates). The arbitrators heard testimony over the course of four days in September and December 2014, and the evidentiary portion of the arbitration proceeding has now closed. After the submission of post-hearing briefs, the matter will be under submission. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

A pensions consulting and administration subsidiary of Aon provided advisory services to the Trustees of the Gleeds pension fund in the United Kingdom and, on occasion, to the relevant employer of the fund. In April 2014, the High Court, Chancery Division, London found that certain governing documents of the fund that sought to alter the fund's benefit structure and that had been drafted by Aon were procedurally defective and therefore invalid. No lawsuit naming Aon as a party has been filed, although a tolling agreement has been entered. The High Court decision says that the additional liabilities in the pension fund resulting from the alleged defect in governing documents amount to approximately £45 million ($70 million at December 31, 2014 exchange rates). In December 2014, the court of Appeal granted the employer leave to appeal the High Court decision. Aon believes that it has meritorious defenses and intends to vigorously defend itself against this potential claim.

From time to time, Aon's clients may bring claims and take legal action pertaining to the performance of fiduciary responsibilities. Whether client claims and legal action related to the Company's performance of fiduciary responsibilities are founded or unfounded, if such claims and legal actions are resolved in a manner unfavorable to the Company, they may adversely affect Aon's financial results and materially impair the market perception of the Company and that of its products and services.

Guarantees and Indemnifications

In connection with the redomicile of Aon's headquarters (the "Redomestication"), the Company on April 2, 2012 entered various agreements pursuant to which it agreed to guarantee the obligations of its subsidiaries arising under issued and outstanding debt securities. Those agreements included the (1) Amended and Restated Indenture, dated as of April 2, 2012, among Aon Corporation, Aon plc, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (amending and restating the Indenture, dated as of September 10, 2010, between Aon Corporation and the Trustee), (2) Amended and Restated Indenture, dated as of April 2, 2012, among Aon Corporation, Aon plc and the Trustee (amending and restating the Indenture, dated as of December 16, 2002, between Aon Corporation and the Trustee), (3) Amended and Restated Indenture, dated as of April 2, 2012, among Aon Corporation, Aon plc and the Trustee (amending and restating the Indenture, dated as of January 13, 1997, as supplemented by the First Supplemental Indenture, dated as of January 13, 1997) (4) First Supplemental Indenture, dated as of April 2, 2012, among Aon Finance N.S. 1, ULC, as issuer, Aon Corporation, as guarantor, Aon plc, as guarantor, and Computershare Trust Company of Canada, as trustee, and (5) Amended and Restated Trust Deed, among Aon Corporation, Aon plc, Aon Services Luxembourg & Co S.C.A. (formerly known as Aon Financial Services Luxembourg S.A.) ("Aon Luxembourg") and BNY Mellon Corporate Trustee Services Limited, as trustee (the "Luxembourg Trustee") (amending and restating the Trust Deed, dated as of July 1, 2009, as amended and restated on January 12, 2011, among Aon Delaware, Aon Luxembourg and the Luxembourg Trustee).

Effective as of the same date, the Company also entered into agreements pursuant to which it agreed to guarantee the obligations of its subsidiaries arising under the (1) $450,000,000 Term Credit Agreement dated June 15, 2011, among Aon Corporation, as borrower, Bank of America, N.A., as administrative agent and the other agents and lenders party thereto, (2) $400,000,000 Five-Year Agreement dated March 20, 2012, among Aon Corporation, as borrower, Citibank, N.A., as administrative agent and the other agents and lenders party thereto and (3) €650,000,000 Facility Agreement, dated October 15, 2010, among Aon Corporation, the subsidiaries of Aon Corporation party thereto as borrowers, Citibank International plc, as agent, and the other agents and lenders party thereto, as amended on July 18, 2011.

The Company provides a variety of guarantees and indemnifications to its customers and others. The maximum potential amount of future payments represents the notional amounts that could become payable under the guarantees and indemnifications if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or other methods. These amounts may bear no relationship to the expected future payments, if any, for these guarantees and indemnifications. Any anticipated amounts payable are included in the Company's Consolidated Financial Statements, and are recorded at fair value.

The Company expects that, as prudent business interests dictate, additional guarantees and indemnifications may be issued from time to time.

Letters of Credit

The Company had total letters of credit ("LOCs") outstanding for approximately $95 million at December 31, 2014, compared to $71 million at December 31, 2013. These letters of credit cover the beneficiaries related to certain of Aon's U.S. and Canadian non-qualified pension plan schemes and secure deductible retentions for Aon's own workers compensation program. The Company has also issued LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at its international subsidiaries.

Commitments

The Company has provided commitments to fund certain limited partnerships in which it has an interest in the event that the general partners request funding. Some of these commitments have specific expiration dates and the maximum potential funding under these commitments was $14 million at December 31, 2014 compared to $34 million at December 31, 2013. During 2014, the Company funded $20 million of these commitments.

Premium Payments

The Company has certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. The maximum exposure with respect to such contractual contingent guarantees was approximately $112 million at December 31, 2014 compared to $98 million at December 31, 2013.

17. Segment Information

The Company has two reportable segments: Risk Solutions and HR Solutions. Unallocated income and expenses, when combined with the operating segments and after the elimination of intersegment revenues and expenses, equal the amounts in the Consolidated Financial Statements.

Reportable operating segments have been determined using a management approach, which is consistent with the basis and manner in which Aon's chief operating decision maker ("CODM") uses financial information for the purposes of allocating resources and evaluating performance. The CODM assesses performance based on operating income and generally accounts for inter-segment revenue as if the revenue were from third parties and at what management believes are current market prices. The Company does not present net assets by segment as this information is not reviewed by the CODM.

Risk Solutions acts as an advisor and insurance and reinsurance broker, helping clients manage their risks, via consultation, as well as negotiation and placement of insurance risk with insurance carriers through Aon's global distribution network.

HR Solutions partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance by designing, implementing, communicating and administering a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies.

Aon's total revenue is as follows (in millions):

Years ended December 31	2014	2013	2012
Risk Solutions	**$ 7,834**	$ 7,789	$ 7,632
HR Solutions	**4,264**	4,057	3,925
Intersegment eliminations	**(53)**	(31)	(43)
Total revenue	**$ 12,045**	$ 11,815	$ 11,514

Commissions, fees and other revenues by product are as follows (in millions):

Years ended December 31	2014	2013	2012
Retail brokerage	**$ 6,334**	$ 6,256	$ 6,089
Reinsurance brokerage	**1,474**	1,505	1,505
Total Risk Solutions Segment	**7,808**	7,761	7,594
Consulting services	**1,700**	1,626	1,585
Outsourcing	**2,607**	2,469	2,372
Intrasegment	**(43)**	(38)	(32)
Total HR Solutions Segment	**4,264**	4,057	3,925
Intersegment	**(53)**	(31)	(43)
Total commissions, fees and other revenue	**$ 12,019**	$ 11,787	$ 11,476

Fiduciary investment income by segment is as follows (in millions):

Years ended December 31	2014	2013	2012
Risk Solutions	**$ 26**	$ 28	$ 38
HR Solutions	**—**	—	—
Total fiduciary investment income	**$ 26**	$ 28	$ 38

A reconciliation of segment operating income before tax to income before income taxes is as follows (in millions):

Years ended December 31	2014	2013	2012
Risk Solutions	**$ 1,648**	$ 1,540	$ 1,493
HR Solutions	**485**	318	289
Segment income before income taxes	**2,133**	1,858	1,782
Unallocated expenses	**(167)**	(187)	(186)
Interest income	**10**	9	10
Interest expense	**(255)**	(210)	(228)
Other income	**44**	68	2
Income before income taxes	**$ 1,765**	$ 1,538	$ 1,380

Unallocated expenses include administrative or other costs not attributable to the operating segments, such as corporate governance costs. Interest income represents income earned primarily on operating cash balances and certain income producing securities. Interest expense represents the cost of debt obligations.

Other income consists of equity earnings, realized gains or losses on the sale of investments, gains or losses on the disposal of businesses, gains or losses on derivatives, and gains or losses on foreign currency transactions.

Revenues are generally attributed to geographic areas based on the location of the resources producing the revenues. Intercompany revenues and expenses are eliminated in consolidated results.

Consolidated revenue by geographic area is as follows (in millions):

Years ended December 31	Total	United States	Americas other than U.S.	United Kingdom	Europe, Middle East, & Africa	Asia Pacific
2014	**$ 12,045**	**$ 5,824**	**$ 1,176**	**$ 1,623**	**$ 2,189**	**$ 1,233**
2013	11,815	5,574	1,214	1,544	2,304	1,179
2012	11,514	5,336	1,190	1,541	2,271	1,176

Consolidated non-current assets by geographic area are as follows (in millions):

As of December 31	Total	United States	Americas other than U.S.	United Kingdom	Europe, Middle East, & Africa	Asia Pacific
2014	**$ 13,805**	**$ 7,793**	**$ 493**	**$ 2,700**	**$ 2,179**	**$ 640**
2013	13,728	7,720	559	2,392	2,440	617

18. Directors' Emoluments

Information regarding the Non-Executive Directors' emoluments and further information on the emoluments for Mr. Case is incorporated herein by reference to the audited section of the Directors' Remuneration Report contained in this report.

Mr. Case serves as the Company's President and Chief Executive Officer, and receives his remuneration for serving in that role. Mr. Case is the Company's sole executive director.

($000)	Salary and Fees		Benefits		Annual Bonus		LPP Shares Delivered		Pension		Share Options [1]		Total	
Executive	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Gregory C. Case	**1,500**	1,500	**676**	611	**3,000**	3,150	**17,036**	20,515	**25**	25	**4,297**	2,733	**26,534**	28,534

Notes

(1) Mr. Case holds options which were granted in respect of his prior service as President, Chief Executive Officer and Director of Aon Corporation which were assumed by the Company on 2 April 2012 and relate to the Aon plc ordinary shares. On February 26, 2014, 96,432 options were exercised at a closing price of $85.33 with an exercise price of $40.91. On February 22, 2013, 118,985 options were exercised at a closing price of $60.79 with an exercise price of $37.82.

19. Auditors' Remuneration

The Group obtained the following services from the Group's auditor, Ernst & Young LLP, at costs as detailed in the tables below (in millions):

2014	Audit Fees	Audit Related Fees	Taxation Fees	All Other Fees	Total
Audit of the Group's financial statements	7.4	—	—	—	7.4
Other Services:					
The auditing of accounts of any associate of the company	5.8	0.5	—	—	6.3
Audit-related assurance services	0.2	0.5	—	—	0.7
Taxation compliance services	—	—	0.1	—	0.1
All taxation advisory services	—	—	2.1	—	2.1
Internal audit services	—	—	—	—	—
All assurance services	—	0.1	—	—	0.1
All services relating to corporate finance transactions	—	—	—	—	—
All non-audit services	—	—	—	—	—
	13.4	1.1	2.2	—	16.7

2013	Audit Fees	Audit Related Fees	Taxation Fees	All Other Fees	Total
Audit of the Group's financial statements	10.0	0.5	—	—	10.5
Other Services:					
The auditing of accounts of any associate of the company	6.4	0.5	—	—	6.9
Audit-related assurance services	—	1.3	—	—	1.3
Taxation compliance services	—	—	0.3	—	0.3
All taxation advisory services	—	—	2.7	—	2.7
Internal audit services	—	—	—	—	—
All assurance services	—	—	—	—	—
All services relating to corporate finance transactions	—	—	—	—	0.0
All non-audit services	—	—	—	—	—
	16.4	2.3	3.0	—	21.7

20. Employees

The average number of persons employed by the Group was as follows:

	2014	2013
Risk solutions	31,590	31,479
HR solutions	30,617	29,270
Corporate and other	5,355	4,753
Total	67,562	65,502

Employee costs were as follows (in millions):

	2014	2013
Wages and salaries	$ 4,621	$ 4,496
Social security costs	206	194
Share based compensation expense	328	300
Pension and post retirement expense	195	168
Other, primarily employee benefits	1,664	1,787
Total employee costs	$ 7,014	$ 6,945

21. Tangible Fixed Assets

(in millions)	2014	2013
COST:		
Balance at 1 January	$ 2,289	$ 2,189
Additions	275	238
Disposals	(167)	(118)
Foreign currency translation	(86)	(20)
Balance at 31 December	$ 2,311	$ 2,289
DEPRECIATION:		
Balance at 1 January	$ 1,498	$ 1,369
Charge for the year	242	240
Disposals	(130)	(95)
Foreign currency translation	(64)	(16)
Balance at 31 December	$ 1,546	$ 1,498
NET BOOK VALUE:		
As at 31 December	$ 765	$ 791
As at 1 January	$ 791	$ 820

The Company has presented the components of tangible fixed assets in Note 3 to the Consolidated Financial Statements. The Company has presented the activity in tangible fixed assets in aggregate as no individual component has a significant level of activity during the periods presented.

22. Subsequent Events

On February 2, 2015, Aon plc replaced its €650 million ($792 million based on exchange rates at December 31, 2014) European credit facility expiring in October 2015 (the "2015 Facility") with a new $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). Each of these facilities included customary representations, warranties and covenants, including financial covenants that require Aon plc to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly.

During the period from January 1, 2015 to March 20, 2015, the Company repurchased 2.5 million shares at an average price per share of $100.15 for a total cost of $250 million. At March 20, 2015, the remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $5.3 billion.

As of March 19, 2015, the Company had $654 million of commercial paper borrowings outstanding. The proceeds from the issuance of commercial paper will be used to fund short-term working capital needs.

23. Subsidiaries

As at 31 December 2014, the principal subsidiaries affecting the results and assets of the group were as follows:

Name of company	Country of incorporation	Holdings	Proportion of voting rights and shares held	Nature of business
Aon Corporation	United States of America	Ordinary shares	100%	Holding Company
Aon Group Inc	United States of America	Ordinary shares	100%	Holding Company
Aon Consulting Worldwide Inc.	United States of America	Ordinary shares	100%	HR Solutions
Hewitt Associates LLC	United States of America	Ordinary shares	100%	HR Solutions
Aon Services Group, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Risk Services Companies, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Special Risk Resources, Inc.	United States of America	Ordinary shares	100%	Holding Company
Aon Benfield Global, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Benfield, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Holdings International BV	Netherlands	Ordinary shares	100%	Holding Company
Aon Holdings BV	Netherlands	Ordinary shares	100%	Holding Company
Aon Southern Europe	Netherlands	Ordinary shares	100%	Holding Company
Aon Group International	Netherlands	Ordinary shares	100%	Holding Company
Aon International Coöperatief U.A.	Netherlands	Ordinary shares	100%	Holding Company
Aon International Holdings, Inc.	United States of America	Ordinary shares	100%	Holding Company
Aon U.K. Group Ltd	Great Britain	Ordinary shares	100%	Holding Company
Aon U.K. Holdings Intermediaries Limited	Great Britain	Ordinary shares	100%	Holding Company
Aon Benfield Limited	Great Britain	Ordinary shares	100%	Holding Company
Aon U.K. Limited	Great Britain	Ordinary shares	100%	Risk Solutions
Aon Hewitt Limited	Great Britain	Ordinary shares	100%	HR Solutions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AON PLC

We have audited the parent company financial statements of Aon plc for the year ended 31 December 2014 which comprise the Parent Company Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 70, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Aon plc for the year ended 31 December 2014.

Ed Jervis (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
20 March 2015

Notes:
1. The maintenance and integrity of the Aon plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PARENT COMPANY BALANCE SHEET

(thousands USD) *As of 31 December*	Note	2014	2013
FIXED ASSETS			
Property and equipment		**$ 1**	$ 1
Investments			
Investment in group undertakings	6	**5,929,442**	5,247,719
Loans to group undertakings	6	**7,341,308**	7,107,974
Total Fixed Assets		**13,270,751**	12,355,694
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	**473,336**	186,476
Debtors: amounts falling due after more than one year	7	**12,171**	6,518
Cash at bank and in hand		**21**	21
Total Current Assets		**485,528**	193,015
CREDITORS: AMOUNTS FALLING DUE IN ONE YEAR			
Creditors	8	**187,157**	59,900
Loans and borrowings	9	**3,713,876**	1,016,856
NET CURRENT ASSETS		**(3,415,505)**	(883,741
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,855,246**	11,471,953
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors	8	**—**	4,559
Loans and borrowings	9	**2,522,628**	2,885,148
Total Non Current Liabilities		**2,522,628**	2,889,707
NET ASSETS		**$ 7,332,618**	$ 8,582,246
CAPITAL AND RESERVES			
Called up share capital	11, 12	**2,877**	3,084
Share premium account	12	**236,506**	179,210
Revaluation reserves	12	**2,232,925**	1,906,845
Share option reserves	12	**848,010**	592,472
Capital redemption reserves	12	**7,088**	6,830
Profit and loss account	12	**4,005,212**	5,893,805
Total Capital and Reserves		**$ 7,332,618**	$ 8,582,246

The financial statements of Aon plc (registered number 07876075) were approved by the Board of Directors on 20 March 2015.

Signed on behalf of the Board

Gregory C. Case, Director

The notes on pages 132 to 142 form an integral part of these financial statements.

NOTES TO PARENT COMPANY BALANCE SHEET

1. Basis of Presentation

The financial statements of Aon plc (the "Parent Company") have been prepared in accordance with applicable accounting standards and the Companies Act 2006. The financial statements are prepared under the historical cost convention modified to include the revaluation of investments in group undertakings.

The Company has also adopted the exemption of presenting the profit and loss account as permitted by section 408 of the Companies Act 2006. The Parent Company's profit for the year ended 31 December 2014 and 2013 was $635 million and $180 million, respectively.

The Company has availed of the exemption in Financial Reporting Standard ("FRS") 1 (Revised) from the requirement to present a cash flow statement on the grounds that the Company's cash flows are included within the Consolidated Cash Flows Statement presented on page 78 of the consolidated accounts.

The financial statements have been prepared on a going concern basis. The directors have considered the appropriateness of the going concern basis in the Report of the Directors on page 55.

The financial statements and related notes have been prepared and presented in U.S. Dollars, being the Company's functional and presentational currency. Unless otherwise noted, amounts are presented in USD thousands.

2. Summary of Significant Accounting Principles and Practices

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax returns in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation were taken to the profit and loss account.

Derivative instruments

The Company uses derivative instruments to manage its foreign transaction risk pertaining to its Euro debt. The derivative instruments are recorded at cost. Exchange gains and losses on maturity of the derivative contracts are taken to the profit and loss account.

Longer term incentive provision

The Company operates a number of long-term incentive schemes and any costs associated with these have been calculated and provision made where applicable.

Loans and borrowings

Interest-bearing borrowings are recorded at the value of proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts or premiums, are accounted for on an accrual basis to the profit and loss account using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

Share based payments

Directors and certain senior executives of the Company and its subsidiaries receive an element of remuneration in the form of share based payments, whereby the participants effectively render their services in consideration for shares of the Company. The awards vest when certain performance and/or service obligations are met, see Note 13 for individual vesting conditions for the various schemes.

Share based compensation expense is measured based on the estimated grant date fair value and recognised over the requisite service period for awards that are ultimately expected to vest. The Company estimates forfeitures at the time of grant based on actual experience to date and revises estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Investments

Investment in group undertakings

Investments in group undertakings are stated at a valuation that is based on alternative accounting rules as allowed by Schedule 1.32(3) of the Companies Act 2006 on a basis that the Directors deem to be appropriate in the circumstances of the Company. The Directors have elected to value the investment in subsidiary undertakings at its U.S. GAAP net asset value of the group headed by the subsidiary undertakings. The adoption of this policy was deemed appropriate as the U.S. GAAP net asset value provides a consistent measure of value of group headed by the subsidiary undertakings. The value of this investment is revalued at each balance sheet date and changes in net asset value are recorded in the revaluation reserve.

Loans to group undertakings

Interest-bearing loans to group undertakings are recorded at the value of funds loaned, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts or premiums, are accounted for on an accrual basis to the profit and loss account using the effective interest method. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost.

Debtors

Debtors are stated net of specific provisions against doubtful debts, which are made on the basis of regular reviews made by management. Provisions are established when specific debtors are identified as being unable to pay.

3. Employees

The Parent Company employed only certain officers during the years ended 31 December 2014 and 2013. Information regarding directors' remunerations, interests in stock, stock options and pension benefits for consolidated Aon plc is included within the Directors' Remuneration Report contained in this report. Information regarding directors' remunerations for the Parent Company is included within Note 4 over Directors' Remuneration below.

The number of persons employed by the parent was as follows:

	2014	**2013**
Corporate and other	**12**	16

Employee costs were as follows (in thousands):

	2014	**2013**
Wages and salaries	**$ 8,295**	$ 13,469
Social security costs	**1,307**	1,195
Share based compensation expense	**53,699**	48,381
Pension and post retirement expense	**—**	—
Other, primarily employee benefits	**12,895**	22,824
Total employee costs	**$ 76,196**	$ 85,869

4. Directors' Remuneration

The directors of the Parent Company during the period were also directors and/or employees of other group companies. Mr. Case serves as the Company's President and Chief Executive Officer, and receives his remuneration for serving in that role. Mr. Case is the Company's sole executive director. Information regarding Mr. Case's remuneration is disclosed in Note 18 to Consolidated Financial Statements of the Group. Information regarding the non-executive directors' remunerations is incorporated herein by reference to the audited section of the Directors' Remuneration Report contained in this report.

5. Auditor's Remuneration

The actual auditor's remuneration for the statutory audit is analysed as follows (in thousands):

		2014		2013
Audit of the individual financial statements	**$**	**310**	$	310

Fees paid to the Company's auditor, Ernst & Young LLP and its associates, for services other than the statutory audit of the Company and other Group undertakings are disclosed in Note 19 to Consolidated Financial Statements of the Group.

6. Investments

Investment in Group Undertakings

Directors' valuation		**$000**
At 1 January 2013	$	10,228,559
Additions		112,315
Distributions from subsidiaries		(7,000,000)
Revaluations		1,906,845
At 31 December 2013		5,247,719
Additions		**355,643**
Revaluations		**326,080**
At 31 December 2014	**$**	**5,929,442**

Cost		
At 1 January 2013	$	2,438,606
Additions		112,315
At 31 December 2013		2,550,921
Additions		**355,643**
At 31 December 2014	**$**	**2,906,564**

Details of the direct subsidiary undertakings are detailed as follows:

Name of company	Country of incorporation	Holdings	Proportion of voting rights and shares held	Nature of business
Aon Corporation	United States of America	Ordinary shares	100%	Holding company
Aon Global Operations Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company
Aon Overseas Holdings Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company
Aon Holdings (Isle of Man) Ltd	Isle of Man	Ordinary shares	100%	Intermediate holding company
Aon Holdings Luxembourg S.a.r.l	Luxembourg	Ordinary shares	100%	Intermediate holding company
Aon Hewitt U.S. Holdings Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company
Aon Risk Services U.S. Holdings Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company
Aon US Holdings Inc	United States of America	Ordinary shares	100%	Intermediate holding company
Aon Global Holdings Limited	Great Britain	Ordinary shares	100%	Intermediate holding company

In July 2013, Aon Holdings LLC, an intermediate holding company and the direct parent of Aon Corporation, transferred its ownership of Aon Corporation to the Company via distribution. Aon Holdings LLC was subsequently liquidated in August 2013.

During 2014, the Company capitalized subsidiary undertakings Aon US Holdings Inc and Aon Global Holdings Limited with cash contributions. In January 2015, Aon plc transferred its ownership of all of its directly held subsidiaries to Aon Global Holdings Limited.

Loans to Group Undertakings

Loans to group undertakings relate to controlled entities of the consolidated Company.

(in $000)	2014	2013
Loans to group undertakings	**$ 7,341,308**	$ 7,107,974

On December 12, 2012, Aon Corporation borrowed $166 million aggregate principal amount of 4.350% Notes due 2042 from Aon plc in connection with an exchange offer of its outstanding 8.205% junior subordinated deferrable interest debentures due January 2027. In connection with this exchange, the Aon plc received a premium of $59 million which will be amortized into interest income over the life of the new notes.

On September 6, 2013, as settlement of a distribution to Aon plc, Aon Corporation issued two promissory notes. Aon plc received $1.75 billion aggregate principal amount of 6.25% notes receivable due September 2021 and $5.25 billion aggregate principal amount of 6.75% notes receivable due September 2023.

On June 14, 2014, a subsidiary of Aon plc borrowed €191 million ($233 million at December 31, 2014 exchange rates) aggregate principal amount of 3.05% Notes due May 2026.

7. Debtors

(in $000)	2014	2013
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	**$ 473,233**	$ 186,458
Other debtors	**103**	18
	$ 473,336	$ 186,476
Amounts falling due after more than one year:		
Deferred taxation (see Note 14)	**$ 12,171**	$ 6,518

8. Creditors

(in $000)	2014	2013
Amounts falling due within one year		
Amounts owed to group undertakings	**$ 71,190**	$ 21,008
Accruals	**41,234**	19,585
Group relief payable	**74,603**	19,307
Derivative liabilities	**130**	—
	$ 187,157	$ 59,900
Amounts falling due after more than one year		
Accruals	**$ —**	$ 4,559

9. Loans and Borrowings

(in $000)	2014	2013
Borrowings and loans due in one year		
Bank overdrafts	**$ 3,713,876**	$ 1,016,856
Borrowings and loans due after more than one year		
Loans	**$ 2,522,628**	$ 785,148
Loans from group undertakings	**—**	2,100,000
	$ 2,522,628	$ 2,885,148

Bank Overdraft

The bank overdraft arises in connection with the Group's multicurrency cash pool with a third party bank in which various Aon entities participate. Individual Aon entities are permitted to overdraw on their individual accounts provided the overall balance does not fall below zero. At December 31, 2014 and 2013, the Parent Company's overdraft is offset by cash balances held by other Group companies.

Revolving Credit Facilities

As of December 31, 2014, Aon plc had two primary committed credit facilities outstanding: its $400 million U.S. credit facility expiring in March 2017 (the "2017 Facility") and its €650 million ($792 million based on exchange rates at December 31, 2014) European credit facility expiring in October 2015 (the "2015 Facility"). Aon Corporation entered into the 2015 Facility on October 15, 2010 (Aon plc became a borrower under such facility on April 29, 2013) and Aon plc entered into the 2017 Facility on March 20, 2012. On February 2, 2015, Aon plc replaced the 2015 Facility with a new $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). Each of these facilities included customary representations, warranties and covenants, including financial covenants that require Aon plc to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly. At December 31, 2014, Aon plc had no borrowings under, and was in compliance with these financial covenants and all other covenants contained in, the 2015 Facility and 2017 Facility.

Debt Issuances

On August 12, 2014, Aon plc issued $350 million of 3.50% Senior Notes due June 2024. The 3.50% Notes due 2024 constitute a further issuance of, and were consolidated to form a single series of debt securities with, the $250 million of 3.50% Notes due June 2024 that was issued by Aon plc on May 20, 2014 concurrently with Aon plc's issuance of $550 million of 4.60% Notes due June 2044. Aon plc used the proceeds for working capital and general corporate purposes.

On May 7, 2014, Aon plc issued €500 million of 2.875% Senior Notes due May 2026. Aon plc used the proceeds of the issuance for, among other purposes, the repayment at maturity of a subsidiary's then outstanding €500 million of 6.25% Notes due July 2014.

On November 21, 2013, Aon plc issued $350 million in aggregate principal amount of 4.00% Senior Notes due 2023. Aon plc used the proceeds to repay commercial paper borrowings and for general corporate purposes.

On May 21, 2013, Aon plc issued $250 million in aggregate principal amount of 4.45% Senior Notes due 2043. Aon plc used the proceeds to repay commercial paper borrowings and for general corporate purposes.

On April 15, 2013, Aon plc issued $256 million in aggregate principal amount of 4.250% Senior Notes due 2042 in exchange on a registered basis for $90 million in aggregate principal amount of 4.250% Senior Notes due 2042 that were issued by Aon plc on March 8, 2013 and $166 million aggregate principal amount of the 4.250% Senior Notes due 2042 that were issued by Aon plc on December 12, 2012. Aon plc used the proceeds of the December 12, 2012 issuance of 4.25% Senior Notes due 2042 for, among other purposes, to retire a portion of Aon Corporation's 8.205% Junior Subordinated Notes due January 2027. In connection with this exchange, the Parent Company paid a premium of $59 million which will be amortized into Interest expense over the life of the new notes.

Each of the notes described above is fully and unconditionally guaranteed by Aon Corporation. Each of the notes described above contain customary representations, warranties and covenants, and we were in compliance with all such covenants as of December 31, 2014.

Loan from Group Undertakings

Loans from group undertakings relate to controlled entities of the consolidated Company. In connection with a legal entity restructuring, in May 2012 the Parent Company issued $2.1 billion aggregate principal amount of 1.3% notes due June 2015 to a consolidated subsidiary, which was paid in December 2014.

Commercial Paper

The Parent Company has established a European multi-currency commercial paper program which provides for commercial paper to be issued in an aggregate principal amount of up to €300 million. The European commercial paper program is fully and unconditionally guaranteed by Aon Corporation. The Parent Company had no commercial paper outstanding at December 31, 2014 or 2013. The weighted average commercial paper outstanding was $162 million and $175 million for the years ended December 31, 2014 and 2013, respectively. The weighted average interest rate of the commercial paper outstanding was 0.34% and 0.31% for the years ended December 31, 2014 and 2013, respectively.

Repayments

Repayments of total debt are as follows (in thousands):

	2014	**2013**
Wholly repayable within five years	**$ 3,713,876**	$ 3,116,856
Not wholly repayable within five years	**2,522,628**	785,148
	$ 6,236,504	$ 3,902,004

10. Guarantees

The Parent Company has entered into a series of agreements to guarantee certain debt instruments of Aon Corporation and its subsidiaries. The following debt instruments are guaranteed by the Parent Company:

- A €650 million multi-currency revolving loan credit facility used by certain of Aon Corporation's European subsidiaries to fund operations. This facility expires in October 2015 and has commitment fees of 35 basis points payable on the unused portion of the facility. The coupon rate on borrowings from this facility is LIBOR plus 100 basis points. There are no borrowings under this facility as at 31 December 2014.

- A $400 million U.S. revolving credit facility to support short term borrowing needs. This facility expires in March 2017 and has commitment fees of 15 basis points on the unused portion of the facility. The coupon rate on borrowings from this facility is LIBOR plus 97.5 basis points. There are no borrowings under this facility as at 31 December 2014.

The following table summarises the remaining term loans that are guaranteed by the Parent Company:

Issue Type	Debt Outstanding	Coupon	Maturity
Sr Unsecured Debt	$599,000,000	3.50%	30 September 2015
Sr Unsecured Debt	$500,000,000	3.125%	27 May 2016
Sr Unsecured Debt	$599,000,000	5.00%	30 September 2020
Jr Sub Debt	$521,000,000	8.205%	1 January 2027
Sr Unsecured Debt	$298,000,000	6.25%	30 September 2040

11. Called Up Share Capital

(thousands, except number of shares)	2014	2013
Allotted and called up and fully paid:		
Class A Ordinary Shares of $0.01 each (2014-280,004,365, 2013-300,726,908) (1)	**$ 2,800**	$ 3,007
Class B Ordinary Shares of £0.40 each (2014 and 2013-125,000) (2)	**77**	77
	$ 2,877	$ 3,084

(1) Per the Articles of Association, Class A Ordinary Shares have voting rights and rights to dividends or distributions. During 2014, the Company repurchased in the open market 25,804,559 Class A Ordinary Shares having a nominal value of $0.01 each in the Capital of the Company for a total consideration of $2.3 billion. Additionally, the Company issued 5,142,000 Class A Ordinary Shares having a nominal value of $0.01each in the Capital of the Company for a total consideration of $57,347 thousand related to employee benefit plans and employee compensation.

During 2013, the Company repurchased in the open market 16,780,487 Class A Ordinary Shares having a nominal value of $0.01 each in the Capital of the Company for a total consideration of $1.1 billion. Additionally, the Company issued 6,648,800 Class A Ordinary Shares having a nominal value of $0.01each in the Capital of the Company for a total consideration of $97,296 thousand related to employee benefit plans and employee compensation.

(2) The Company has outstanding 125,000 Class B Ordinary Shares of £0.40 each, held by Aon Corporation and Aon Hewitt LLC. The Class B Ordinary Shares have no voting rights or rights to dividends or distributions as they continue to be held by subsidiary undertakings.

12. Reconciliation of Shareholders' Funds

(thousands)	Called up share capital	Share premium account	Revaluation reserves	Share option reserves	Capital redemption reserves	Profit and loss account	Total shareholders' funds
At beginning of period	$ 3,084	$ 179,210	$ 1,906,845	$ 592,472	$ 6,830	$ 5,893,805	$ 8,582,246
Profit for the period	—	—	—	—	—	634,605	634,605
Issued during the year - A shares	51	57,296	—	—	—	—	57,347
Revaluation of subsidiary	—	—	326,080	—	—	—	326,080
Share option reserve	—	—	—	255,538	—	—	255,538
Dividends paid	—	—	—	—	—	(273,112)	(273,112)
Share repurchases	(258)	—	—	—	258	(2,250,086)	(2,250,086)
At end of period	$ 2,877	$ 236,506	$ 2,232,925	$ 848,010	$ 7,088	$ 4,005,212	$ 7,332,618

The Company had distributable reserves of $4.0 billion and $5.9 billion as at 31 December 2014 and 2013, respectively.

The Company paid dividends on its ordinary shares of $273 million and $212 million for the years ended December 31, 2014 and 2013, respectively. Dividends paid per ordinary share were $0.92 and $0.68 for the years ended December 31, 2014 and 2013, respectively.

In January 2015, the Company approved the declaration of a dividend to shareholders of $0.25 per ordinary share. In February 2015, the Company paid those dividends in the amount of $70 million.

Future dividends on Aon plc ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of Aon plc and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of Aon plc may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act 2006.

13. Share Based Payments

Prior to the Redomestication, Aon Corporation had established various share based payment plans. On 2 April 2012, the Company entered into a Deed of Assumption to assume the obligation to issue shares under the various plans as disclosed below. As of 2 April 2012, there were awards and options that had previously vested for which shares had not yet been issued, as well as awards and options which had not yet vested. The following table summarises the fair value attributable to vested awards and outstanding options for which shares that had not been issued as at 31 December 2014:

Grant Date Fair Value	Number Outstanding	Fair Value	Total ($000)
Restricted Share Units ("RSUs")	1,493,287	$94.83	141,608
Share Options	2,299,832	$18.76	43,145
			184,753

The Company recognized $53.7 million and $48.4 million of share based payment expense for the year ended 31 December 2014 and 2013, respectively.

Restricted Share Units

RSUs generally vest between three and five years. The fair value of the RSUs is based upon the market value of the Aon ordinary shares at the date of grant. Restricted share units are settled in equity. The table below summarizes the movement in the number of unvested restricted share units outstanding at the end of the period:

	Shares
At 1 January 2013	10,431,606
Granted	3,713,973
Vested	(3,944,943)
Cancelled	(441,602)
At 31 December 2013	**9,759,034**
Granted	**2,843,991**
Vested	**(3,731,672)**
Cancelled	**(490,314)**
At 31 December 2014	**8,381,039**

The weighted average remaining contractual life of the restricted share units outstanding is 2.12 years as at 31 December 2014. The weighted average fair value at measurement date of the restricted share units outstanding is $63 as at 31 December 2014.

Performance Share Awards

The vesting of performance share awards ("PSAs") is contingent upon meeting a cumulative level of earnings per share performance over a three year period. The performance conditions are not considered in the determination of the grant date fair value for these awards. The fair value of PSAs is based upon the market price of an Aon ordinary share at the date of grant. Compensation expense is recognized over the performance period based on management's estimate of the number of units expected to vest. Compensation expense is adjusted to reflect the actual number of shares issued at the end of the programs. The actual issue of shares may range from 0-200% of the target number of PSAs granted, based on the terms of the plan and level of achievement of the related performance target. Dividend equivalents are not paid on PSAs.

As at 31 December 2014, the number of performance share awards that would have been granted based on current performance levels was 6,041,299 shares at a fair value of $94.83 per share. Performance share awards are settled in equity.

There were 815,726 of performance share awards granted in the year ended 31 December 2014, and 1,582,146 awards vested during that period. The performance share awards had a remaining weighted average life of 0.88 years as at 31 December 2014.

Share Options

Commencing in 2010, the Company ceased granting new share options with the exception of historical contractual commitments. As at 31 December 2014, there were 2,299,832 options outstanding, 2,273,160 of which were exercisable. The fair value of the options was $18.76, with a weighted average remaining life on the unvested options of 1.0 years. Share options are settled in equity. There were no grants and 1,155,046 exercises during the year ended 31 December 2014. Options were exercised on a regular basis throughout the period. The average daily close price of Aon plc ordinary shares for the year ended 31 December 2014 was $86.00.

A summary of the status of Aon's share options and related information is as follows (shares in thousands):

	2014		2013	
	Shares	**Weighted Average Exercise Price Per Share**	**Shares**	**Weighted Average Exercise Price Per Share**
Beginning outstanding	**3,462**	**32**	5,611	32
Granted	**—**	**—**	—	—
Exercised	**(1,155)**	**33**	(2,116)	32
Forfeited and expired	**(7)**	**37**	(33)	34
Outstanding at end of year	**2,300**	**32**	3,462	32
Exercisable at end of year	**2,273**	**32**	3,270	32

The table below summarizes the ranges of exercise prices for the options outstanding at 31 December 2014 and 2013:

2014			2013		
Grant Price Range	**Shares Outstanding**	**Weighted Average Remaining Contractual Term**	**Grant Price Range**	**Shares Outstanding**	**Weighted Average Remaining Contractual Term**
19.54 - 22.86	**1,088,886**	**0.49**	14.71 – 22.86	1,243,711	1.43
22.87 - 25.51	**71,095**	**0.49**	22.87 – 25.51	174,005	1.50
25.52 - 32.53	**33,690**	**2.73**	25.52 – 32.53	303,955	0.90
32.54 - 36.88	**205,429**	**1.93**	32.54 – 36.88	392,538	2.32
36.89 - 43.44	**480,901**	**2.36**	36.89 – 43.44	829,546	2.55
43.45 - 47.16	**264,831**	**1.77**	43.45 – 52.93	517,842	3.50
47.17 - 52.93	**155,000**	**4.69**			
Total	**2,299,832**		Total	3,461,597	

14. Tax

a) **Tax on profit on ordinary activities** **The tax charge is made up as follows:**	**2014 $000s**	**2013 $000s**
CURRENT TAX		
On current year's profit at 21.5% (2013: 23.25%)	**74,992**	19,307
Tax under/(over) provided in previous years	**(1,001)**	(233)
Other	**39**	—
	74,030	19,074
Foreign tax	**96**	17
Total current tax	**74,126**	19,091
DEFERRED TAX		
Origination and reversal of timing differences	**(5,653)**	(5,454)
Tax on profit on ordinary activities	**68,473**	13,637

b) **Factors affecting current tax charge**

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporation tax in the U.K. of 21.5% (2013: 23.25%). The differences are reconciled below:

	2014 $000s	2013 $000s
Profit/(loss) on ordinary activities before tax	**703,078**	194,068
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the U.K. of 21.5% (2013: 23.25%)	**151,162**	45,121
Effect of:		
Expenses not deductible for tax purposes	**14,197**	1,642,783
Transfer pricing adjustments	**(130)**	135
Income not subject to tax	**(82,324)**	(1,666,329)
Other	**(7,913)**	(2,403)
Tax under/(over) provided in previous years	**(1,001)**	(233)
Foreign tax	**96**	17
Other	**39**	—
Total current tax credit (a)	**74,126**	19,091

c) **Deferred taxation**

	2014 $000s	2013 $000s
The movements in deferred taxation are as follows:		
Balance at 1 January	**6,518**	1,064
Credit for the year	**5,653**	6,518
Prior year adjustment	**—**	(1,064)
Balance at 31 December	**12,171**	6,518
The deferred tax balance as at 31 December represents:		
Share based payments	**12,171**	6,518
Balance at 31 December	**12,171**	6,518

d) The UK Government has announced various changes in relation to UK Corporation Tax. The headline rate of corporate tax was reduced from 24% to 23% from 1 April 2013, then to 21% from 1 April 2014. A further reduction to 20% will also become effective from 1 April 2015. The latest corporation tax rate decreases to 21% and 20% respectively were included in the Finance Act 2013 which received Royal Assent on 17 July 2013. These changes were therefore enacted at 31 December 2013 and 31 December 2014 and have been reflected in the amounts recognised as at those dates.

15. Related Party Transactions

The Company is exempt from the requirements of FRS 8: Related Party Disclosures, concerning the disclosure of transactions with other group companies that qualify as related parties within the Group, as the Company's financial statements are presented together with the Group's consolidated financial statements. The Company had no other related party transactions made outside the Group.

16. Subsequent Events

On February 2, 2015, Aon plc replaced its €650 million ($792 million based on exchange rates at December 31, 2014) European credit facility expiring in October 2015 (the "2015 Facility") with a new $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). Each of these facilities included customary representations, warranties and covenants, including financial covenants that require Aon plc to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly.

During the period from January 1, 2015 to March 20, 2015, the Company repurchased 2.5 million shares at an average price per share of $100.15 for a total cost of $250 million. At March 20, 2015, the remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $5.3 billion.

As of March 19, 2015, the Company had $654 million of commercial paper borrowings outstanding. The proceeds from the issuance of commercial paper will be used to fund short-term working capital needs.