Aon plc
Form 10-K
February 22, 2016

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

FORM 10-K
(Mark One)

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| ý | ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 |

For the fiscal year ended December 31, 2015
OR

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

Commission file number: 1-7933

Aon plc
(Exact name of registrant as specified in its charter)

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| ENGLAND AND WALES<br>(State or Other Jurisdiction of Incorporation or Organization) | 98-1030901<br>(I.R.S. Employer Identification No.) |
| 122 LEADENHALL STREET,<br>LONDON, ENGLAND<br>(Address of principal executive offices) | EC3V 4AN<br>(Zip Code) |

+44 20 7623 5500
(Registrant's Telephone Number, Including Area Code)
Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---|---|
| Class A Ordinary Shares, $0.01 nominal value | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ý NO o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. YES o NO ý
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ý NO o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ý NO o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o
(Do not check if a smaller reporting company.)
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO ý
As of June 30, 2015, the aggregate market value of the registrant's Class A Ordinary Shares held by non-affiliates of the registrant was $27,889,141,346 based on the closing sales price as reported on the New York Stock Exchange — Composite Transaction Listing.
Number of Class A Ordinary Shares of Aon plc, $0.01 nominal value, outstanding as of February 5, 2016: 270,081,701.
DOCUMENTS INCORPORATED BY REFERENCE
Portions of Aon plc's Proxy Statement for the 2016 Annual General Meeting of Shareholders to be held on June 24, 2016 are incorporated by reference in this Form 10-K in response to Part III, Items 10, 11, 12, 13 and 14.

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PART I

Item 1. Business.

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.

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 improving 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.

We have continued to focus our portfolio on higher margin, capital light professional services businesses that have high recurring revenue streams and strong cash flow generation. Aon drives its capital allocation decision making process around return on invested capital ("ROIC").

In 2015, 64% of our consolidated total revenues were in Risk Solutions and 37% of our consolidated total revenues were in HR Solutions, before intersegment eliminations.

BUSINESS SEGMENTS

Risk Solutions

The Risk Solutions segment generated approximately 64% of our consolidated total revenues in 2015, 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 our Inpoint data and analytics solutions, including the 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

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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 most important criteria that are critical to our clients' ability manage 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, and 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 Securities Inc. provides global capital management transaction and advisory services for insurance and reinsurance clients. In this capacity, Aon Securities Inc. 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.
Revenue and Compensation
Our Risk Solutions segment generates revenues primarily 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.

Fiduciary Funds
We typically hold funds on behalf of clients such as 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. We compete with other global insurance brokers, including Marsh & McLennan Companies, Inc., Willis Towers Watson Public Limited Company, Arthur J Gallagher & Company, and Jardine Lloyd Thompson Group plc, 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 quarters of each year, primarily due to the timing of policy renewals.
HR Solutions
Our HR Solutions segment generated approximately 37% of our consolidated total revenues in 2015, and has approximately 31,000 employees worldwide with operations in the U.S., Canada, the U.K., Europe, and the Asia Pacific regions.
Principal Products and Services
We provide products and services in this segment primarily under the Aon Hewitt brand.
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, and 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, technology, and life science 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 provides public and private companies, other institutions and trustees with advice on developing and maintaining investment programs across a broad range of plan types, including defined benefit plans, defined contribution plans, endowments and foundations. In certain instances, we also perform delegated management services in relation to these plans.
Benefits Administration applies our HR expertise primarily through defined benefit, defined contribution, and health and welfare administrative services. We also provide other complementary services such as 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 deploy systems, manage employee data; administer benefits, payroll and other human resources processes; and record and manage talent, workforce and other core HR process transactions.

Revenue and 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 Willis Towers Watson Public Limited Company. 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 in Part I, Item 1A of this 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 the U.S. 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. For example, in the U.S., we use Aon 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

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transaction and advisory services and other broker-dealer activities. Similar operations exist in other jurisdictions outside of the U.S.

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 2015. 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 2015.

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 15 "Segment Information" of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report.

Employees

At December 31, 2015, 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," "probably," "potential," "looking forward," 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;

- 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 effect of the change in global headquarters and jurisdiction of incorporation, including differences in the anticipated benefits;
- 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 in Part I, Item 1A of this report.

Website Access to Reports and Other Information

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are made available free of charge through our website (http://www.aon.com) as soon as practicable after such material is electronically filed with or furnished to the SEC. Additionally, the SEC maintains an internet site that contains reports, proxy and information statements, and other information. The address of the SEC's website is www.sec.gov. Also posted on our website are the charters for our Audit, Compliance, Organization and Compensation, Governance/Nominating and Finance Committees, our Governance Guidelines and our Code of Business Conduct. Within the time period required by the SEC and the New York Stock Exchange ("NYSE"), we will post on our website any amendment to or waiver of the Code of Business Conduct applicable to any executive officer or director. The information provided on our website is not part of this report and is therefore not incorporated herein by reference.

Item 1A. Risk Factors.

The risk factors set forth below reflect material risks associated with existing and potential lines of business and contain "forward-looking statements" as discussed in the "Business" Section of Part I, Item 1 of this 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 material 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 global, 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 reporting 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. For example, the strengthening of the value of the U.S. dollar versus other currencies might adversely affect the value of our products and services when translated to U.S. dollar, even if the value of such products and services has not changed in their original currency.

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 $740 million at December 31, 2015 and are reported in Cash and cash equivalents and Short-term investments. Funds held on behalf of clients and insurers were $3.4 billion at December 31, 2015 and are reported in Fiduciary assets. We also carry an investment portfolio of other long-term investments. As of December 31, 2015, these long-term investments had a carrying value of $135 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. We may continue to experience reduced investment earnings on our cash and short-term investments of fiduciary and operating funds if the yields on investments deemed to be low risk remain at or near their current low levels, or if negative yields on deposits or investments, as we have experienced in Japan and certain jurisdictions in the European Union, continue or arise in the jurisdictions in which we operate. On the other hand, 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. In addition, during times of stress in the banking industry, counterparty risk can quickly escalate, potentially resulting in substantial losses for us as a result of our cash or other investments with such counterparties, as well as substantial losses for our clients and the insurance companies with which we work.

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 pension 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 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 $150 million to our major pension plans in 2016, although we may elect to contribute more. Total cash contributions to these pension plans in 2015 were $194 million, which was a decrease of $122 million compared to 2014.

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

As of December 31, 2015, we had total consolidated debt outstanding of approximately $5.7 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 are subject to risks that, at the time any of our outstanding debt matures, we will not be able to retire or refinance the debt on terms that are acceptable to us, or at all.

As of December 31, 2015, we had two committed credit facilities outstanding: our $400 million U.S. credit facility expiring in March 2017 (the "2017 Facility") and our $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). Each of these facilities is 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, tested quarterly. During 2015, we had no borrowings under, and were in compliance with these financial covenants and all other covenants contained in, the 2017 Facility and 2020 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, 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, reduce our financial flexibility, and limit our ability to implement on corporate strategy. Our senior debt ratings at December 31, 2015 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, will generally affect any trading market for, or trading value of, our securities. Such changes 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, as a result of a change in the agency's view of us, its industry outlook, or as a consequence of actions we take to implement our corporate strategies, and could adversely limit our access to capital and our competitive position.

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.

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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 and benefits administration businesses. 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.
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.
The ultimate outcome of these claims, lawsuits, proceedings, guarantees and indemnifications 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.
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, including the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act, 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

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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 broking 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, employees, 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. The current authorization is effective until the earlier of our next annual general meeting or August 31, 2016. This authorization will need to be renewed by our shareholders periodically and we intend to renew this authorization at each annual general meeting.

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. The current exclusion is effective until the earlier of our next annual general meeting or August 31, 2016. This exclusion would need to be renewed by our shareholders periodically and we intend to renew this exclusion at each annual general meeting.

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." The current authorization expires on June 17, 2020. 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 management team 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. We must develop our personnel to provide succession plans capable of maintaining continuity in the midst of the inevitable unpredictability of personnel retention. While we have plans for key management succession and long-term compensation plans designed to retain our senior employees, if our succession plans do not operate effectively, our business 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;
- our 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, tornadoes, climate events or weather patterns, such as El Niño and the recent significant winter storm events in the U.K. and U.S., 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 regularly experience attacks to our systems and networks and 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

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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 Inpoint and GRIP, repositories of global insurance and reinsurance placement information, which we use to drive results for our clients in the insurance and reinsurance 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 broking, 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 claim it suffered losses due to reliance on our consulting advice. 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, funds transfers, 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 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 and retirement and pension administration 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, retirement plan funds or pension payments are 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 strategies, 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 them into our existing businesses. If a proposed transaction is not consummated, the time and resources spent in researching it could adversely result in missed opportunities to locate and acquire another business. 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, integrating the acquired business into our systems and culture, 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 development 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, including online sales, 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, Inpoint and GRIP are relatively new offerings, which may face challenges 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.

In the past, the Attorney General of New York brought charges against members of the insurance brokerage community. These actions have created 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 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. Our cost efficiencies may be impacted by factors such as our ability to transition consultants from completed projects to new assignments, our ability to secure new consulting engagements, our ability to forecast demand for consulting services (and, consequently, appropriately manage the size and location of our workforce), employee attrition, and the need to devote time and resources to training and professional and business development.

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 leave us for competitors and/or 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. Client experiencing losses or lower than expected investment returns may also leave us for our competitors.

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 Redomestication, 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.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

We have offices in various locations throughout the world. Substantially all of our offices are located in leased premises. We maintain our corporate headquarters at 122 Leadenhall Street, London, England, where we occupy approximately 190,000 square feet of space under an operating lease agreement that expires in 2034. We own one significant building at Pallbergweg 2-4, Amsterdam, the Netherlands (150,000 square feet). The following are additional significant leased properties, along with the occupied square footage and expiration.

| Property: | Occupied Square Footage | Lease Expiration Dates |
|---|---|---|
| 4 Overlook Point and other locations, Lincolnshire, Illinois | 1,059,000 | 2019 – 2024 |
| Tikri Campus and Unitech Cyber Park, Gurgaon, India | 440,000 | 2015 – 2019 |
| 200 E. Randolph Street, Chicago, Illinois | 428,000 | 2028 |
| 2601 Research Forest Drive, The Woodlands, Texas | 414,000 | 2020 |
| 2300 Discovery Drive, Orlando, Florida | 364,000 | 2020 |
| 199 Water Street, New York, New York | 319,000 | 2018 |
| 7201 Hewitt Associates Drive, Charlotte, North Carolina | 218,000 | 2025 |

The locations in Lincolnshire, Illinois, Gurgaon, India, The Woodlands, Texas, Orlando, Florida, and Charlotte, North Carolina, are primarily dedicated to our HR Solutions segment. The other locations listed above house personnel from both of our reportable segments.

In general, no difficulty is anticipated in negotiating renewals as leases expire or in finding other satisfactory space if the premises become unavailable. We believe that the facilities we currently occupy are adequate for the purposes for which they are being used and are well maintained. In certain circumstances, we may have unused space and may seek to sublet such space to third parties, depending upon the demands for office space in the locations involved. See Note 7 "Lease Commitments" of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report for information with respect to our lease commitments as of December 31, 2015.

Item 3. Legal Proceedings.

We hereby incorporate by reference Note 14 "Commitments and Contingencies" of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report.

Item 4. Mine Safety Disclosure.

Not applicable.

Executive Officers of the Registrant

The executive officers of Aon, their business experience during the last five years, and their ages and positions held are set forth below.

| Name | Age | Position |
| --- | --- | --- |
| Gregory C. Case | 53 | President and Chief Executive Officer. Mr. Case became President and Chief Executive Officer of Aon in April 2005. Prior to joining Aon, Mr. Case was a partner with McKinsey & Company, the international management consulting firm, for 17 years, most recently serving as head of the Financial Services Practice. He previously was responsible for McKinsey's Global Insurance Practice, and was a member of McKinsey's governing Shareholders' Committee. Prior to joining McKinsey, Mr. Case was with the investment banking firm of Piper, Jaffray and Hopwood and the Federal Reserve Bank of Kansas City. |
| Christa Davies | 44 | Executive Vice President and Chief Financial Officer. Ms. Davies became Executive Vice President — Global Finance in November 2007. In March 2008, Ms. Davies assumed the additional role of Chief Financial Officer. Prior to joining Aon, Ms. Davies served for 5 years in various capacities at Microsoft Corporation, an international software company, most recently serving as Chief Financial Officer of the Platform and Services Division. Before joining Microsoft in 2002, Ms. Davies served at ninemsn, an Australian joint venture with Microsoft. |
| Peter Lieb | 60 | Executive Vice President, General Counsel and Company Secretary. Mr. Lieb was named Aon's Executive Vice President and General Counsel in July 2009 and Company Secretary in November 2013. Prior to joining Aon, Mr. Lieb served as Senior Vice President, General Counsel and Secretary of NCR Corporation, a technology company focused on assisted and self-service solutions, from May 2006 to July 2009, and as Senior Vice President, General Counsel and Secretary of Symbol Technologies, Inc. from October 2003 to February 2006. From October 1997 to October 2003, Mr. Lieb served in various senior legal positions at International Paper Company, including Vice President and Deputy General Counsel. Earlier in his career, Mr. Lieb served as a law clerk to the Honorable Warren E. Burger, Chief Justice of the United States. |
| Stephen P. McGill | 58 | Group President, Aon plc and Chairman and Chief Executive Officer, Risk Solutions. Mr. McGill joined Aon in May 2005 as Chief Executive Officer of the Global Large Corporate business unit, which is now part of Aon Global, and was named Chief Executive Officer of Aon Risk Services Americas in January 2006 prior to being named to his current position in February 2008 and as Group President in May 2012. Previously, Mr. McGill served as Chief Executive Officer of Jardine Lloyd Thompson Group plc. |
| Laurel Meissner | 58 | Senior Vice President and Global Controller. Ms. Meissner joined Aon in February 2009, and was appointed Senior Vice President and Global Controller and designated as Aon's principal accounting officer in March 2009. Prior to joining Aon, Ms. Meissner served from July 2008 through January 2009 as Senior Vice President, Finance, Chief Accounting Officer of Motorola, Inc., an international communications company. Ms. Meissner joined Motorola in 2000 and served in various senior financial positions, including Corporate Vice President, Finance, Chief Accounting Officer. |
| Kristi A. Savacool | 56 | Chief Executive Officer, Aon Hewitt. Ms. Savacool joined Aon upon the completion of the merger between Aon and Hewitt Associates, Inc. and was named Chief Executive Officer of Aon Hewitt in February 2012. Prior to assuming this role, Ms. Savacool served as Co-Chief Executive Officer of Aon Hewitt from May 2011 and, prior to that, Chief Executive Officer of Benefits Administration for Aon Hewitt. At Hewitt, Ms. Savacool served in several senior executive positions, including Senior Vice |

President, Total Benefit Administration Outsourcing. Ms. Savacool joined Hewitt in July 2005. Prior to July 2005, Ms. Savacool held a number of executive management positions at The Boeing Company since 1985.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Class A Ordinary Shares, $0.01 nominal value per share, are traded on the New York Stock Exchange. We hereby incorporate by reference the "Dividends paid per share" and "Price range" data in Note 17 "Quarterly Financial Data" of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report.

We have approximately 241 holders of record of our Class A Ordinary Shares as of February 5, 2016.

We hereby incorporate by reference Note 9, "Shareholders' Equity" of the Notes to Consolidated Financial Statements in Part II, Item 8 of this report.

The following information relates to the repurchases of equity securities by Aon or any affiliated purchaser during any month within the fourth quarter of the fiscal year covered by this report:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1) | Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1) |
|---|---|---|---|---|
| 10/1/15 – 10/31/15 | — | $— | — | $4,474,091,411 |
| 11/1/15 – 11/30/15 | 3,450,500 | 94.16 | 3,450,500 | 4,149,191,389 |
| 12/1/15 – 12/31/15 | 786,040 | 95.41 | 786,040 | 4,074,199,018 |
| | 4,236,540 | $94.39 | 4,236,540 | $4,074,199,018 |

(1)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. In November 2014, our Board of Directors authorized an additional $5 billion of Class A Ordinary Shares for repurchase. Under each program, shares may be repurchased through open market or privately negotiated transactions, based on prevailing market conditions, funded from available capital. During 2015, we repurchased 16.0 million shares at an average price per share of $97.04 for a total cost of $1.6 billion. The remaining authorized amount for share repurchase under our Share Repurchase Programs is $4.1 billion.

Information relating to the compensation plans under which equity securities of Aon are authorized for issuance is set forth under Part III, Item 12 "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this report and is incorporated herein by reference.

We did not make any sales of unregistered equity in 2015.

Item 6. Selected Financial Data.

Selected Financial Data

| (millions except shareholders, employees and per share data) | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|
| Income Statement Data | | | | | |
| Commissions, fees and other | $11,661 | $12,019 | $11,787 | $11,476 | $11,235 |
| Fiduciary investment income | 21 | 26 | 28 | 38 | 52 |
| Total revenue | $11,682 | $12,045 | $11,815 | $11,514 | $11,287 |
| Net income | 1,422 | 1,431 | 1,148 | 1,020 | 1,010 |
| Less: Net income attributable to noncontrolling interest | 37 | 34 | 35 | 27 | 31 |
| Net income attributable to Aon shareholders | $1,385 | $1,397 | $1,113 | $993 | $979 |
| Basic Net Income (Loss) Per Share Attributable to Aon Shareholders | $4.93 | $4.73 | $3.57 | $3.02 | $2.92 |
| Diluted Net Income (Loss) Per Share Attributable to Aon Shareholders | $4.88 | $4.66 | $3.53 | $2.99 | $2.87 |
| Balance Sheet Data | | | | | |
| Fiduciary assets (1) | $9,932 | $11,638 | $11,871 | $12,214 | $10,838 |
| Intangible assets including goodwill | 10,628 | 11,380 | 11,575 | 11,918 | 12,046 |
| Total assets | 27,164 | 29,772 | 30,251 | 30,486 | 29,552 |
| Long-term debt | 5,175 | 4,799 | 3,686 | 3,713 | 4,155 |
| Total equity | 6,163 | 6,631 | 8,195 | 7,805 | 8,120 |
| Class A Ordinary Shares and Other Data | | | | | |
| Dividends paid per share | $1.15 | $0.92 | $0.68 | $0.62 | $0.60 |
| Price range, per share: | | | | | |
| High | $107.08 | $98.10 | $84.33 | $57.92 | $54.58 |
| Low | 86.38 | 76.49 | 54.65 | 45.04 | 39.68 |
| At year-end: | | | | | |
| Market price, per share | $92.21 | $94.83 | $83.89 | $55.61 | $46.80 |
| Common shareholders of record | 242 | 255 | 281 | 240 | 8,107 |
| Shares outstanding | 269.8 | 280.0 | 300.7 | 310.9 | 324.4 |
| Number of employees | 68,790 | 68,633 | 65,547 | 64,725 | 62,443 |

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

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

EXECUTIVE SUMMARY OF 2015 FINANCIAL RESULTS

During 2015, we continued to face headwinds that had adversely impacted our business in prior periods. In our Risk Solutions segment, these headwinds included adverse 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 2015 financial results:

- Revenue decreased $363 million, or 3%, compared to the prior year to $11.7 billion in 2015 due primarily to a 6% unfavorable impact from changes in foreign currency exchange rates, partially offset by organic revenue growth of 3% in the Risk Solutions segment and 4% in the HR Solutions segment. Organic revenue for the year 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 $245 million, or 2%, compared to the prior year to $9.8 billion in 2015 due primarily to a $598 million favorable impact from changes in foreign currency exchange rates, a decrease in intangible asset amortization of $38 million, and a $35 million decrease in expense related to legacy litigation incurred in the prior year, partially offset by a $176 million increase in expense related to legacy litigation in the current year, a $19 million increase in expense resulting from acquisitions, net of divestitures, and an increase in expense associated with 3% organic revenue growth.

- Operating margin decreased to 15.8% in 2015 from 16.3% in 2014. The decrease in operating margin from the prior year is primarily related to expense related to legacy litigation and the unfavorable impact from changes in foreign currency exchange rates, partially offset by organic revenue growth of 3% and return on investments across the portfolio. Risk Solutions operating margin decreased to 20.3% in 2015 from 21.0% in 2014. HR Solutions operating margin increased to 12.5% in 2015 from 11.4% in 2014.

- Net income attributable to Aon shareholders was $1.4 billion, a decrease of $12 million, or 1%, from $1.4 billion in 2014. Diluted earnings per share increased 5% to $4.88 in 2015 from $4.66 in 2014.

- Cash flow provided by operating activities was $2.0 billion in 2015, an increase of $197 million, or 11%, from $1.8 billion in 2014, due primarily to declines in pension contributions, restructuring related payments, and cash paid for taxes, as well as working capital improvements, partially offset by cash paid to settle legacy litigation, and strong organic revenue growth in the fourth quarter.

We focus on four key non-GAAP metrics that we communicate to shareholders: organic revenue, adjusted operating margins, adjusted diluted earnings per share, and free cash flow. The following is our measure of performance against these four metrics for 2015:

- Organic revenue growth, a non-GAAP metric as defined under the caption "Review of Consolidated Results — Organic Revenue," was 3% in 2015. 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, partially offset by an unfavorable market impact in our Reinsurance business. In HR Solutions, organic growth was primarily driven by health care exchanges and HR BPO for cloud based solutions in the Outsourcing business, and growth across the Consulting business.

- Adjusted operating margin, a non-GAAP metric as defined under the caption "Review of Consolidated Results — Adjusted Operating Margin," was 20.0% for Aon overall, 23.6% for the Risk Solutions segment, and 18.1% for the HR Solutions segment in 2015. In 2014, adjusted operating margin was 19.5% for Aon overall, 22.9% for the Risk Solutions segment, and 17.1% 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 in data and analytics. The increase in adjusted operating margin for the HR Solutions segment reflects solid organic revenue growth, partially offset by costs associated with 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 $6.18

per share in 2015, an increase of $0.47 per share, or 8%, from $5.71 per share in 2014. The increase demonstrates solid operational performance and effective capital management, highlighted by $1.6 billion of share repurchase during 2015.

- Free cash flow, a non-GAAP metric as defined under the caption "Review of Consolidated Results — Free Cash Flow," was $1.7 billion in 2015, an increase of $163 million, or 10%, from $1.6 billion in 2014. The increase in free cash flow from the prior year was driven by record cash flow from operations of $2.0 billion, offset, in part, by a 13%, or $34 million, increase in capital expenditures.

## 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 Margins

We use adjusted operating margins as a non-GAAP measure of core operating performance of our Risk Solutions and HR Solutions segments. Adjusted operating margins exclude the impact of certain items, including intangible asset amortization, litigation settlements, and restructuring charges 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 reported operating margins is as follows (in millions):

| Year Ended December 31, 2015 | Total Aon (1) | Risk Solutions | HR Solutions |
|---|---|---|---|
| Revenue — U.S. GAAP | $11,682 | $7,426 | $4,303 |
| Operating income — U.S. GAAP | $1,848 | $1,506 | $536 |
| Intangible asset amortization | 314 | 109 | 205 |
| Legacy litigation | 176 | 137 | 39 |
| Operating income — as adjusted | $2,338 | $1,752 | $780 |
| Operating margins — U.S. GAAP | 15.8 % | 20.3 % | 12.5 % |
| Operating margins — as adjusted | 20.0 % | 23.6 % | 18.1 % |

| 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 |
| Legacy litigation | 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 % |

(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 intangible asset amortization and legacy litigation in 2015 and 2014 and restructuring charges and headquarter relocation costs in 2013, 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.

The effective tax rates used in the U.S. GAAP financial statements were 15.8% and 18.9% for the twelve months ended December 31, 2015 and 2014, respectively. Reconciling items are generally taxed at the effective tax rate. However, after adjusting the underlying annual tax rate to exclude the impact associated with expenses for legacy litigation in the second quarter of 2015, the adjusted effective tax rate for the full year of 2015 was 17.9%.

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, 2015 | U.S. GAAP | Adjustments | As Adjusted |
|---|---|---|---|
| Operating income | $1,848 | $490 | $2,338 |
| Interest income | 14 | — | 14 |
| Interest expense | (273) | — | (273) |
| Other income | 100 | — | 100 |
| Income before income taxes | 1,689 | 490 | 2,179 |
| Income taxes | 267 | 122 | 389 |
| Net income | 1,422 | 368 | 1,790 |
| Less: Net income attributable to noncontrolling interests | 37 | — | 37 |
| Net income attributable to Aon shareholders | $1,385 | $368 | $1,753 |
| Diluted earnings per share | $4.88 | $1.30 | $6.18 |
| Weighted average ordinary shares outstanding — diluted | 283.8 | | 283.8 |

| 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 |

| 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 |

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, | 2015 | 2014 | 2013 |
|---|---|---|---|
| Cash flow provided by operating activities - U.S. GAAP | $2,009 | $1,812 | $1,753 |
| Less: Capital expenditures | (290 ) | (256 ) | (229 ) |
| Free cash flow | $1,719 | $1,556 | $1,524 |

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 the current year's foreign exchange rates.

Translating prior year results at current year foreign exchange rates, currency fluctuations had an unfavorable impact of $0.41 on adjusted net income per diluted share during the year ended December 31, 2015; currency fluctuations had unfavorable impacts of $0.11 and $0.04 in the years ended 2014 and 2013, respectively, when prior year results were translated at rates prevalent in those years. These translations are performed for comparative purposes only and do not impact the accounting policies or practices for amounts included in the Consolidated Financial Statements and Notes thereto.

Summary of Results

Our consolidated results of operations follow (in millions):

| Years ended December 31, | 2015 | 2014 | 2013 |
|---|---|---|---|
| Revenue: | | | |
| Commissions, fees and other | $11,661 | $12,019 | $11,787 |
| Fiduciary investment income | 21 | 26 | 28 |
| Total revenue | 11,682 | 12,045 | 11,815 |
| Expenses: | | | |
| Compensation and benefits | 6,837 | 7,014 | 6,945 |
| Other general expenses | 2,997 | 3,065 | 3,199 |
| Total operating expenses | 9,834 | 10,079 | 10,144 |
| Operating income | 1,848 | 1,966 | 1,671 |
| Interest income | 14 | 10 | 9 |
| Interest expense | (273 ) | (255 ) | (210 ) |
| Other income | 100 | 44 | 68 |
| Income before income taxes | 1,689 | 1,765 | 1,538 |
| Income taxes | 267 | 334 | 390 |
| Net income | 1,422 | 1,431 | 1,148 |
| Less: Net income attributable to noncontrolling interests | 37 | 34 | 35 |
| Net income attributable to Aon shareholders | $1,385 | $1,397 | $1,113 |

Consolidated Results for 2015 Compared to 2014

Revenue

Revenue decreased by $363 million, or 3%, to $11.7 billion in 2015, compared to $12.0 billion in 2014. The decrease was driven by a 6% impact from unfavorable foreign exchange rates, partially offset by organic revenue growth of 3% in the Risk Solutions segment and 4% 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 strong 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, and strong management of the renewal book portfolio in continental Europe despite economic weakness. Reinsurance was down modestly due to an unfavorable market

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impact in treaty and a decline in capital markets transactions and advisory business, which more than offset strong net new business growth in treaty placements globally and modest growth in 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 solutions, including investment consulting and delegated investment solutions, and compensation consulting. Strong growth in health care exchanges, new client wins in HR BPO for cloud based solutions, and project-related revenue in benefits administration drove organic revenue growth in Outsourcing.

Compensation and Benefits

Compensation and benefits decreased $177 million, or 3%, compared to 2014. The decrease was driven by a $432 million favorable impact from changes in foreign currency exchange rates, partially offset by a $14 million increase in expenses resulting from acquisitions, net of divestitures and an increase in expense associated with 3% organic revenue growth.

Other General Expenses

Other general expenses decreased $68 million, or 2%, compared to 2014 due largely to a $166 million favorable impact from changes in foreign currency exchange rates, a $38 million decrease in intangible amortization, and a $35 million reduction in expense related to legacy litigation incurred in the prior year, partially offset by a $176 million increase in expense related to legacy litigation incurred in the current year and an increase in expense to support 3% organic growth.

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 $4 million, or 40%, from 2014, due to marginally higher average interest rates globally.

Interest Expense

Interest expense, which represents the cost of our worldwide debt obligations, increased $18 million, or 7%, from 2014. The increase in interest expense primarily reflects an increase in total debt outstanding.

Other Income

Other income increased $56 million from $44 million in 2014 to $100 million in 2015. Other income in 2015 includes, among other things, $82 million in net gains on disposal of businesses, foreign exchange gains of $30 million, and equity earnings of $13 million, partially offset by a $19 million loss from derivatives and a $5 million net loss on certain long term investments. Other income in 2014 include $24 million in net gains on disposal of businesses, foreign exchange gains of $18 million, equity earnings of $12 million, and a $4 million net gain on certain long term investments, partially offset by a $19 million loss from derivatives.

Income before Income Taxes

Income before income taxes was $1.7 billion in 2015, a decrease of $76 million, or 4%, from $1.8 billion in 2014 due to drivers identified above.

Income Taxes

The effective tax rate on net income was 15.8% in 2015 and 18.9% in 2014. The 2015 and 2014 rates reflect changes in the geographical distribution of income, a reduction in U.S. income resulting from the settlement of a legacy legal matter in the second quarter of 2015, and the impact of certain discrete items, none of which were individually material.

Net Income Attributable to Aon Shareholders

Net income decreased to $1.39 billion ($4.88 diluted net income per share) in 2015, compared to $1.40 billion ($4.66 diluted net income per share) in 2014.

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 Attributable to Aon Shareholders

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.

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, committed credit facilities, and debt capacity available through public debt markets, both short and long-term. Our primary uses of liquidity are operating expenses, capital expenditures, acquisitions, share repurchases, pension obligations, and shareholder dividends. We believe that cash flows from operations and available debt financing 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 $28 million to $740 million in 2015. During 2015, cash flow from operating activities increased $197 million to $2.0 billion. Additional sources of funds in 2015 included net sales of short term investments of $9 million, $205 million of proceeds from the sale of businesses, and issuances of debt, net of repayments of $253 million. The primary uses of funds in 2015 included share repurchases of $1.6 billion, cash contributions to our major defined benefit plans of $194 million, acquisition of businesses of $16 million, dividends paid to shareholders of $323 million, and capital expenditures of $290 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 $1.3 billion and we endeavor to manage our obligations to ensure we maintain our current investment grade ratings. At December 31, 2015, we had no borrowings on these credit lines.
During the quarter ended December 31, 2015, the Company reclassified certain cash flows related to employee shares withheld for taxes to align itself with peers and industry practice. This resulted in a reclassification of $227 million and $170 million for the years ended December 31, 2015 and 2014, respectively, from Accounts payable and accrued liabilities and Other assets and liabilities within Cash Flows from Operating Activities, to Issuance of shares for employee benefit plans within Cash Flows from Financing Activities resulting in a corresponding increase in Cash Flows From Operating Activities.
Operating Activities
Net cash provided by operating activities during 2015 increased $197 million, or 11%, to $2.0 billion. This amount represents net income reported by the Company, as adjusted for gains or losses on sales of businesses, financial instruments and foreign exchange, and our non-cash expenses, which include share-based compensation, depreciation, and amortization, as well as changes in working capital that relate primarily to the timing of payments of accounts payable and accrued liabilities and collection of receivables. The increase from the prior year was primarily driven by reductions in pension contributions, cash taxes paid, and restructuring payments, as well as working capital improvements, partially offset by an increase in payments for legacy litigation.

Pension contributions were $194 million during 2015 compared to $316 million during 2014. In 2016, we expect to contribute approximately $150 million to our pension plans, with the majority attributable to non-U.S. pension plans, which are subject to changes in foreign exchange rates

We expect cash generated by operations for 2015 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 access the commercial paper markets or borrow under our credit facilities to accommodate any timing differences in cash flows. We have committed credit facilities of approximately $1.3 billion, of which all was available at December 31, 2015, 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 used for investing activities in 2015 was $138 million. The primary drivers of the cash flow used for investing activities were $290 million for capital expenditures, $16 million for acquisitions of businesses, net of cash acquired

and $46 million of net purchases of long-term investments, partially offset by net sales of short-term investments of $9 million, and sale of businesses of $205 million.
Cash 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.

Cash 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, and acquisitions of businesses, net of cash acquired, of $54 million, partially offset by sales of long term investments of $93 million.

Financing Activities

Cash used for financing activities during 2015 was $1.7 billion. The primary drivers of the cash used for financing activities were share repurchases of $1.6 billion, dividends paid to shareholders of $323 million, and net cash payments of $30 million related to issuance of shares, partially offset by issuances of debt, net of repayments, of $253 million.

Cash used for financing activities during 2014 was $1.3 billion. The primary drivers of the cash flow used for financing activities were share repurchases of $2.3 billion, dividends paid to shareholders of $273 million, and issuance of shares for employee benefit plans of $105 million, partially offset by issuances of debt, net of repayments, of $1.3 billion.

Cash used for financing activities during 2013 was $1.1 billion. The primary drivers of the cash flow used for financing activities were share repurchases of $1.1 billion, dividends paid to shareholders of $212 million, and issuance of shares for employee benefit plans of $22 million, partially offset by issuances of debt, net of repayments, of $227 million.

Cash and Short-Term Investments

At December 31, 2015, our cash and cash equivalents and short-term investments were $740 million, a decrease of $28 million from December 31, 2014, primarily related to share repurchases of $1.6 billion and dividends of $323 million, partially offset by $2.0 billion in cash flow from operating activities and the net issuances of debt of $253 million. Of the total balance as of December 31, 2015, $105 million was restricted as to its use, which was comprised of $65 million of operating funds in the U.K., as required by the FCA, and $40 million held as collateral for various business purposes. At December 31, 2015, $2.6 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 $1.9 billion were held in other countries. Due to differences in tax rates, the repatriation of funds from certain countries into the U.S., if repatriated, could have an unfavorable tax impact.

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 $65 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, 2015 and 2014, non-U.S. cash balances of one or more entities were negative; however, the overall balance was positive.

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 $3.4 billion and $4.0 billion and fiduciary receivables of $6.5 billion and $7.7 billion at December 31, 2015 and 2014, 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 13 "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, 2015, our investments in money market funds and highly liquid debt instruments had a fair value of $1.4 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, 2015 (in millions):

| Asset Type | Statement of Financial Position Classification | | | |
|---|---|---|---|---|
| | Cash and Cash Equivalents | Short-term Investments | Fiduciary Assets | Total |
| Certificates of deposit, bank deposits or time deposits | $384 | $— | $2,354 | $2,738 |
| Money market funds | — | 356 | 1,040 | 1,396 |
| Highly liquid debt instruments | — | — | — | — |
| Other investments due within one year | — | — | — | — |
| Cash and investments | 384 | 356 | 3,394 | 4,134 |
| Fiduciary receivables | — | — | 6,538 | 6,538 |
| Total | $384 | $356 | $9,932 | $10,672 |

Share Repurchase Program
In April 2012, our Board of Directors authorized a share repurchase program (the "2012 Share Repurchase Program") under which up to $5.0 billion of Class A Ordinary Shares may be repurchased. In November 2014, our Board of Directors authorized a share repurchase program ("the 2014 Share Repurchase Program" and together, the "Share Repurchase Programs") pursuant to which $5.0 billion may be repurchased program in addition to the $5.0 billion of Class A Ordinary Shares authorized under the 2012 Share Repurchase Program. Under each program, shares may be repurchased through the open market or in privately negotiated transactions, based on prevailing market conditions, funded from available capital.
During 2015, the Company repurchased 16.0 million shares at an average price per share of $97.04 for a total cost of $1.6 billion. 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. In August 2015, the $5.0 billion of Class A Ordinary Shares authorized under the 2012 Share Repurchase Program was exhausted. At December 31, 2015, the remaining authorized amount for share repurchase under the 2014 Share Repurchase Program is $4.1 billion. Under the Repurchase Programs, the Company has repurchased a total of 78.1 million shares for an aggregate cost of $5.9 billion.
For information regarding share repurchases made during the fourth quarter of 2015, see Item 5. "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities" as previously described.
Dividends
During 2015, 2014, and 2013, we paid dividends on our Class A Ordinary Shares of $323 million, $273 million, and $212 million, respectively. Dividends paid per Class A Ordinary Share were $1.15, $0.92, and $0.68 for the years ended December 31, 2015, 2014, and 2013, respectively.
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, 2015 and 2014, we had distributable reserves in excess of $2.1 billion and $4.0 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, 2015 was $5.7 billion, which represents an increase of $155 million compared to December 31, 2014. This increase is primarily due to issuances of debt, net of repayments, of $253 million, which is net of a decrease in commercial paper outstanding of $118 million compared to December 31, 2014.

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On May 20, 2015, Aon plc issued $600 million of 4.750% Senior Notes due May 2045. The 4.750% Notes due May 2045 are fully and unconditionally guaranteed by Aon Corporation. We used the proceeds of the issuance for general corporate purposes.

On September 30, 2015, $600 million of 3.50% Senior Notes issued by Aon Corporation matured and were repaid.

On November 13, 2015, Aon plc issued $400 million of 2.80% Senior Notes due March 2021. The 2.80% Notes due March 2021 are fully and unconditionally guaranteed by Aon Corporation. We used the proceeds of the issuance for general corporate purposes.

Credit Facilities

As of December 31, 2015, we had two committed credit facilities outstanding: our $400 million U.S. credit facility expiring in March 2017 (the "2017 Facility") and $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). The 2020 Facility was entered into on February 2, 2015 and replaced the previous €650 million European credit facility. Each of these facilities is intended to support our commercial paper obligations and our general working capital needs. In addition, each of these facilities includes 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, tested quarterly. At December 31, 2015, we did not have borrowings under either the 2017 Facility or the 2020 Facility, and we were in compliance with the financial covenants and all other covenants contained therein during the twelve months ended December 31, 2015.

Effective February 2, 2016, the 2020 Facility terms were extended for 1 year and will expire in February 2021

Our total debt-to-EBITDA ratio at December 31, 2015 and 2014, is calculated as follows:

| Years Ended December 31, | 2015 | 2014 |
|---|---|---|
| Net income | 1,422 | 1,431 |
| Interest expense | 273 | 255 |
| Income taxes | 267 | 334 |
| Depreciation of fixed assets | 229 | 242 |
| Amortization of intangible assets | 314 | 352 |
| Total EBITDA | 2,505 | 2,614 |
| Total Debt | 5,737 | 5,582 |
| Total debt-to-EBITDA ratio | 2.3 | 2.1 |

We use EBITDA, as defined by our financial covenants, as a non-GAAP measure. This supplemental information related to EBITDA 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.

Shelf Registration Statement

On September 3, 2015, 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 22, 2016 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 |

A downgrade in the credit ratings of our senior debt and commercial paper could increase our borrowing costs, reduce or eliminate our access to debt capital, reduce our financial flexibility, increase our commercial paper interest rates, or 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 of approximately $58 million at December 31, 2015, compared to $95 million at December 31, 2014. 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 $104 million at December 31, 2015, compared to $112 million at December 31, 2014.

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 $12 million at December 31, 2015 compared to $14 million at December 31, 2014. During 2015, we funded $2 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 Item 1, "Information Concerning Forward-Looking Statements" and Item 1A, "Risk Factors."

Contractual Obligations

Summarized in the table below are our contractual obligations and commitments as of December 31, 2015 (in millions):

| | Payments due in | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 – 2018 | 2019 – 2020 | 2021 and beyond | Total |
| Short- and long-term borrowings | $562 | $274 | $599 | $4,302 | $5,737 |
| Interest expense on debt | 248 | 478 | 459 | 2,651 | 3,836 |
| Operating leases | 325 | 558 | 434 | 828 | 2,145 |
| Pension and other postretirement benefit plans (1) (2) | 120 | 384 | 351 | 700 | 1,555 |
| Purchase obligations (3) (4) (5) | 502 | 540 | 213 | 134 | 1,389 |
| Insurance premiums payable | 9,932 | — | — | — | 9,932 |
| | $11,689 | $2,234 | $2,056 | $8,615 | $24,594 |

(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.

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(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, 2015, the estimated winding-up deficit was £240 million ($360 million at December 31, 2015 exchange rates). 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 $12 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 $218 million of liabilities for uncertain tax positions due to our inability to reasonably estimate the period(s) when potential cash settlements will be made.

Financial Condition

At December 31, 2015, our net assets were $6.2 billion, representing total assets minus total liabilities, a decrease from $6.6 billion at December 31, 2014. The decrease was due primarily to share repurchases of $1.6 billion, dividends of $323 million, and an increase in Accumulated other comprehensive loss of $289 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, 2015. Working capital increased by $77 million from $809 million at December 31, 2014 to $886 million at December 31, 2015.

Accumulated other comprehensive loss increased $289 million at December 31, 2015 as compared to December 31, 2014, which was primarily driven by the following:

- negative net foreign currency translation adjustments of $436 million, which are attributable to the strengthening of the U.S. dollar against certain foreign currencies,
- a decrease of $155 million in net post-retirement benefit obligations, and
- net financial instrument losses of $8 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) | 2015 | 2014 | 2013 |
|---|---|---|---|
| Revenue | $7,426 | $7,834 | $7,789 |
| Operating income | 1,506 | 1,648 | 1,540 |
| Operating margin | 20.3% | 21.0% | 19.8% |

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 2015, pricing was modestly negative on average globally, and we still consider this 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 2015, we faced difficult conditions as a result of continued weakness in the global economy, and the repricing of credit risk. 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 64% of our consolidated total revenues in 2015. 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 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Retail brokerage: | | | |
| Americas | $3,294 | $3,288 | $3,191 |
| International (1) | 2,750 | 3,046 | 3,065 |
| Total retail brokerage | 6,044 | 6,334 | 6,256 |
| Reinsurance brokerage | 1,361 | 1,474 | 1,505 |
| Total | $7,405 | $7,808 | $7,761 |

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

In 2015, commissions, fees and other revenue decreased $403 million, or 5%, compared to 2014 due to an 8% unfavorable impact from foreign currency exchange rates, partially offset by 3% organic revenue growth. Reconciliation of organic revenue growth to reported commissions, fees and other revenue growth for 2015 versus 2014 is as follows:

| | Percent Change | Less: Currency Impact | Less: Acquisitions, Divestitures & Other | Organic Revenue |
|---|---|---|---|---|
| Retail brokerage: | | | | |
| Americas | —% | (4)% | —% | 4% |
| International (1) | (10) | (12) | (1) | 3 |
| Total retail brokerage | (5) | (8) | (1) | 4 |
| Reinsurance brokerage | (8) | (6) | (1) | (1) |
| Total | (5)% | (8)% | —% | 3% |

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

Retail brokerage Commissions, fees and other revenue decreased 5% in 2015 driven by an 8% impact from unfavorable foreign currency exchange rates and a 1% decrease in commissions and fees resulting from acquisitions, net of divestitures, partially offset by 4% organic revenue growth, reflecting revenue growth in both the Americas and International businesses.

Americas Commissions, fees and other revenue was flat in 2015 reflecting 4% organic revenue growth driven by strong growth across all regions and product lines, including strong new business generation in US Retail, offset by a 4% impact from unfavorable foreign currency exchange rates.

International Commissions, fees and other revenue decreased 10% in 2015 reflecting a 12% impact from unfavorable foreign currency exchange rates and a 1% decrease in commissions and fees resulting from acquisitions, net of divestitures, partially offset by 3% organic revenue growth driven by solid growth across Asia, the Pacific, and emerging markets, and strong management of the renewal book portfolio in continental Europe despite economic weakness.

Reinsurance Commissions, fees and other revenue decreased 8% in 2015 reflecting a 6% impact from from unfavorable foreign currency exchange rates, a 1% decrease in commissions and fees resulting from acquisitions, net of divestitures, and a 1% decline in organic revenue due primarily to an unfavorable market impact in treaty and a decline in capital markets transactions and advisory business, partially offset by net new business growth in treaty placements globally and modest growth in facultative placements.

Operating Income

Operating income decreased $142 million, or 9%, from 2014 to $1.5 billion in 2015. In 2015, operating income margins in this segment were 20.3%, a decrease of 70 basis points from 21.0% in 2014. The decline in operating margin was driven by an increase in expense related to legacy litigation, which more than offset solid organic revenue growth for the year.

HR Solutions

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Revenue | $4,303 | $4,264 | $4,057 |
| Operating income | 536 | 485 | 318 |
| Operating margin | 12.5% | 11.4% | 7.8% |

Our HR Solutions segment generated approximately 37% of our consolidated total revenues in 2015 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.
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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; administers benefits, payroll and other human resources processes; and records and manages talent, workforce and other core human resource process transactions as well as other complementary services such as flexible spending, dependent audit and participant advocacy.

Revenue

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

| Years ended December 31 | 2015 | 2014 | 2013 |
| --- | --- | --- | --- |
| Consulting services | $1,686 | $1,700 | $1,626 |
| Outsourcing | 2,658 | 2,607 | 2,469 |
| Intersegment | (41) | (43) | (38) |
| Total | $4,303 | $4,264 | $4,057 |

Commissions, fees and other revenue for HR Solutions increased $39 million, or 1%, in 2015 compared to 2014 due to 4% organic growth in commissions and fees, partially offset by a 3% impact from unfavorable foreign currency exchange rates.

Reconciliation of organic revenue growth to reported commissions, fees and other revenue growth for 2015 versus 2014 is as follows:

| Year ended December 31 | Percent Change | Less: Currency Impact | Less: Acquisitions, Divestitures & Other | Organic Revenue |
| --- | --- | --- | --- | --- |
| Consulting services | (1)% | (5)% | 1% | 3% |
| Outsourcing | 2 | (1) | (1) | 4 |
| Total | 1% | (3)% | —% | 4% |

Consulting services revenue decreased $14 million, or 1%, due primarily to a 5% impact from unfavorable foreign currency exchange rates, partially offset by organic revenue growth of 3% driven by strong growth in retirement solutions, including investment consulting and delegated investment solutions, as well as compensation consulting, and a 1% increase in commissions and fees resulting from acquisitions, net of divestitures.

Outsourcing revenue increased $51 million, or 2%, due to 4% organic revenue growth driven by strong growth in health care exchanges, new client wins in HR BPO for cloud based solutions, and project related revenue in benefits administration, partially offset by a 1% decrease in commissions and fees resulting from acquisitions, net of divestitures, and a 1% impact from unfavorable foreign currency exchange rates.

Operating Income

Operating income was $536 million, an increase of $51 million, or 11%, from 2014. Margins in this segment for 2015 were 12.5%, an increase of 110 basis points from 11.4% in 2014. Operating margin improvement was driven by solid organic revenue growth and return on investments, 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 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Operating income (loss): | | | |
| Risk Solutions | $1,506 | $1,648 | $1,540 |
| HR Solutions | 536 | 485 | 318 |
| Unallocated expense | (194) | (167) | (187) |
| Operating income | 1,848 | 1,966 | 1,671 |
| Interest income | 14 | 10 | 9 |
| Interest expense | (273) | (255) | (210) |
| Other income | 100 | 44 | 68 |
| Income before income taxes | $1,689 | $1,765 | $1,538 |

Unallocated operating expense includes corporate governance costs not allocated to the operating segments. Net unallocated expenses increased $27 million in 2015 compared to 2014 due to the timing of certain employee incentive and employee benefit related expenses, as well as certain investments in shared services.

Interest income, Interest expense and Other income. For a discussion of the components of Interest income, Interest expense and Other income, see Management's Discussion of Financial Condition and Results of Operations - Review of Consolidated Results.

## 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.

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., Netherlands and Canadian plans to the extent statutorily permitted.

In 2016, we estimate pension and post-retirement net periodic benefit cost for major plans to increase by $15 million to a benefit of approximately $54 million. The increase in the benefit is primarily due to a change in our approach to measuring service and interest cost. Effective December 31, 2015 and for 2016 expense, we have elected to utilize a full yield curve approach in the estimation of the service and interest cost components of net periodic pension and post-retirement benefit cost for our major pension and other post-retirement benefit plans by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. In 2015 and prior years, we estimated these components of net periodic pension and post-retirement benefit cost by applying a single weighted-average discount rate, derived from the yield curve used to measure the benefit obligation at the beginning of the period. We have made this change to improve the correlation between projected benefit cash flows and the corresponding yield curve spot rates and to provide a more precise measurement of service and interest costs. This change does not affect the measurement of the projected benefit obligation as the change in the service cost and interest cost is completely offset in the actuarial (gain) loss recorded in other comprehensive income. We accounted for this change as a change in estimate and, accordingly, will account for it prospectively.

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, 2015, 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 2016 amortization of loss by country (amounts in millions):

| | U.K. | U.S. | Other |
|---|---|---|---|
| Unrecognized actuarial gains and losses | $1,511 | $1,732 | $382 |
| Amortization period (in years) | 10 - 32 | 7 - 28 | 15 - 41 |
| Estimated 2016 amortization of loss | $37 | $52 | $10 |

The unrecognized prior service cost (income) at December 31, 2015 was $9 million, $46 million, and $(7) million in the U.S., U.K. and Other plans, respectively.

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



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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, 2015, the market-related value of assets was $2.1 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, 2015, 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, 2015:

| | U.K. | U.S. | Other |
|---|---|---|---|
| Expected return (in total) | 4.55% | 7.81% | 3.47 - 4.95% |
| Expected return on equities (1) | 6.7% | 9.8% | 5.8 - 7.5% |
| Expected return on fixed income | 4.3% | 6.4% | 4.0 - 4.1% |
| Asset mix: | | | |
| Target equity (1) | 17.5% | 70.0% | 31.4 - 40.0% |
| Target fixed income | 82.5% | 30.0% | 60.0 - 68.6% |

(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, 2015 was 66% equity and 34% 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, 2015, the U.K. and non-U.S. plans were invested between 23% and 34% in equity and between 77% and 66% in fixed income securities, respectively.

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 discount rate would have on our projected benefit obligation at December 31, 2015 (in millions):

| Estimated liability discount rate<br>Increase (decrease) in projected benefit obligation of December 31, 2015 (1) | 25 Basis Point Change in Discount Rate | |
|---|---|---|
| | Increase | Decrease |
| U.K. plans | $(219) | $231 |
| U.S. plans | (97) | 102 |
| Other plans | (50) | 54 |

(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 discount rate would have on our estimated 2016 pension expense (in millions):

| | 25 Basis Point Change in Discount Rate | |
|---|---|---|
| Increase (decrease) in expense | Increase | Decrease |
| U.K. plans | $(5) | $4 |
| U.S. plans | 1 | (1) |
| Other plans | (1) | 1 |

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 2016 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 $150 million to our pension plans in 2016 as compared with $194 million in 2015.

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 2015 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 2015 and 2014, 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, 2015. 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 2013 to 2015 performance period ended on December 31, 2015, the 2012 to 2014 performance period ended on December 31, 2014 and the 2011 to 2013 performance period ended on December 31, 2013.The LPP currently has two open performance periods: 2014 to 2016 and 2015 to 2017. A 10% upward adjustment in our estimated performance achievement percentage for both LPP plans would have increased our 2015 expense by approximately $2.7 million, while a 10% downward adjustment would have decreased our expense by approximately $6.9 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 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 deferred tax liability for permanently reinvested earnings of certain subsidiaries. Additional 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 and assets for income taxes currently payable and receivable 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 change 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, and
- tax laws, regulations, agreements and treaties change frequently, requiring us to modify existing tax strategies to conform to such changes.

NEW ACCOUNTING PRONOUNCEMENTS

Note 2 "Summary of Significant Accounting Principles and Practices" of the Notes to Consolidated Financial Statements contains a summary of our significant accounting policies, including a discussion of recently issued accounting pronouncements and their impact or future potential impact on our financial results, if determinable.

Item 7A. 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, 2015, we have hedged approximately 45% of our U.K. subsidiaries' expected exposures to both U.S. dollar and euro transactions for the years ending December 31, 2016 and 2017, respectively. 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 $32 million and $14 million at December 31, 2016 and 2017 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 North America, continental Europe, and the Asia Pacific region. A hypothetical, instantaneous parallel decrease in the year-end yield curve of 100 basis points would cause a decrease, net of derivative positions, of $39 million and $41 million to 2016 and 2017 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 $39 million and $41 million to 2016 and 2017 pretax income, respectively.
We have long-term debt outstanding with a fair market value of $5.4 billion and $5.3 billion at December 31, 2015 and 2014, respectively. This fair value was greater than the carrying value by $0.2 billion at December 31, 2015, and $0.5 billion greater than the carrying value at December 31, 2014. A hypothetical 1% increase or decrease in interest rates would change the fair value by a decrease of 10% or an increase of 11%, respectively, at December 31, 2015.
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.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Aon plc

We have audited the accompanying consolidated statements of financial position of Aon plc as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Aon plc at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Aon plc's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 22, 2016 expressed an unqualified opinion thereon.

Chicago, Illinois
February 22, 2016

Aon plc
Consolidated Statements of Income

| (millions, except per share data) Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Revenue | | | |
| Commissions, fees and other | $11,661 | $12,019 | $11,787 |
| Fiduciary investment income | 21 | 26 | 28 |
| Total revenue | 11,682 | 12,045 | 11,815 |
| Expenses | | | |
| Compensation and benefits | 6,837 | 7,014 | 6,945 |
| Other general expenses | 2,997 | 3,065 | 3,199 |
| Total operating expenses | 9,834 | 10,079 | 10,144 |
| Operating income | 1,848 | 1,966 | 1,671 |
| Interest income | 14 | 10 | 9 |
| Interest expense | (273) | (255) | (210) |
| Other income | 100 | 44 | 68 |
| Income before income taxes | 1,689 | 1,765 | 1,538 |
| Income taxes | 267 | 334 | 390 |
| Net income | 1,422 | 1,431 | 1,148 |
| Less: Net income attributable to noncontrolling interests | 37 | 34 | 35 |
| Net income attributable to Aon shareholders | $1,385 | $1,397 | $1,113 |
| Basic net income per share attributable to Aon shareholders | $4.93 | $4.73 | $3.57 |
| Diluted net income per share attributable to Aon shareholders | $4.88 | $4.66 | $3.53 |
| Cash dividends per share paid on ordinary shares | $1.15 | $0.92 | $0.68 |
| Weighted average ordinary shares outstanding - basic | 280.8 | 295.5 | 311.4 |
| Weighted average ordinary shares outstanding - diluted | 283.8 | 299.6 | 315.4 |

See accompanying Notes to Consolidated Financial Statements.

Aon plc

Consolidated Statements of Comprehensive Income

| (millions) Years Ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Net income | $1,422 | $1,431 | $1,148 |
| Less: Net income attributable to noncontrolling interests | 37 | 34 | 35 |
| Net income attributable to Aon shareholders | $1,385 | $1,397 | $1,113 |
| Other comprehensive (loss) gain, net of tax: | | | |
| Change in fair value of financial instruments | (8) | 4 | 7 |
| Foreign currency translation adjustments | (442) | (507) | (65) |
| Post-retirement benefit obligation | 155 | (260) | 293 |
| Total other comprehensive (loss) income | (295) | (763) | 235 |
| Less: Other comprehensive loss attributable to noncontrolling interests | (6) | (3) | (1) |
| Total other comprehensive (loss) income attributable to Aon shareholders | (289) | (760) | 236 |
| Comprehensive income attributable to Aon shareholders | $1,096 | $637 | $1,349 |

See accompanying Notes to Consolidated Financial Statements.

Aon plc
Consolidated Statements of Financial Position

| (millions, except nominal value) | As of December 31 | 2015 | 2014 |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | $384 | $374 |
| Short-term investments | | 356 | 394 |
| Receivables, net | | 2,734 | 2,815 |
| Fiduciary assets | | 9,932 | 11,638 |
| Other current assets | | 566 | 602 |
| Total Current Assets | | 13,972 | 15,823 |
| Goodwill | | 8,448 | 8,860 |
| Intangible assets, net | | 2,180 | 2,520 |
| Fixed assets, net | | 765 | 765 |
| Non-current deferred tax assets | | 141 | 144 |
| Prepaid pension | | 1,033 | 933 |
| Other non-current assets | | 625 | 727 |
| TOTAL ASSETS | | $27,164 | $29,772 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Fiduciary liabilities | | $9,932 | $11,638 |
| Short-term debt and current portion of long-term debt | | 562 | 783 |
| Accounts payable and accrued liabilities | | 1,772 | 1,805 |
| Other current liabilities | | 820 | 788 |
| Total Current Liabilities | | 13,086 | 15,014 |
| Long-term debt | | 5,175 | 4,799 |
| Non-current deferred tax liabilities | | 176 | 313 |
| Pension, other post retirement, and post employment liabilities | | 1,795 | 2,141 |
| Other non-current liabilities | | 769 | 874 |
| TOTAL LIABILITIES | | 21,001 | 23,141 |
| EQUITY | | | |
| Ordinary shares - $0.01 nominal value<br>Authorized: 750 shares (issued: 2015 - 269.8; 2014 - 280.0) | | 3 | 3 |
| Additional paid-in capital | | 5,409 | 5,097 |
| Retained earnings | | 4,117 | 4,605 |
| Accumulated other comprehensive loss | | (3,423) | (3,134) |
| TOTAL AON SHAREHOLDERS' EQUITY | | 6,106 | 6,571 |
| Noncontrolling interests | | 57 | 60 |
| TOTAL EQUITY | | 6,163 | 6,631 |
| TOTAL LIABILITIES AND EQUITY | | $27,164 | $29,772 |

See accompanying Notes to Consolidated Financial Statements.

Aon plc
Consolidated Statements of Shareholders' Equity

| (millions) | Shares | Ordinary Shares and Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss, Net of Tax | Noncontrolling Interests | Total |
|---|---|---|---|---|---|---|
| Balance at January 1, 2013 | 310.9 | $4,439 | $5,933 | $(2,610) | $43 | $7,805 |
| Net income | — | — | 1,113 | — | 35 | 1,148 |
| Shares issued — employee benefit plans | 0.7 | 28 | (1) | — | — | 27 |
| Shares issued — employee compensation | 5.9 | (50) | — | — | — | (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 financial instruments | — | — | — | 7 | — | 7 |
| 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 | 4,788 | 5,731 | (2,374) | 50 | 8,195 |
| Net income | — | — | 1,397 | — | 34 | 1,431 |
| Shares issued — employee benefit plans | 0.4 | 26 | — | — | — | 26 |
| Shares issued — employee compensation | 4.7 | (131) | — | — | — | (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 financial instruments | — | — | — | 4 | — | 4 |
| Net foreign currency translation adjustments | — | — | — | (504) | (3) | (507) |
| Net post-retirement benefit obligation | — | — | — | (260) | — | (260) |
| Sale of subsidiary shares from non-controlling interest | — | — | — | — | 3 | 3 |
| Dividends paid to non-controlling interests on subsidiary common stock | — | — | — | — | (24) | (24) |
| Balance at December 31, 2014 | 280.0 | 5,100 | 4,605 | (3,134) | 60 | 6,631 |
| Net income | — | — | 1,385 | — | 37 | 1,422 |
| Shares issued — employee benefit plans | 0.5 | 33 | — | — | — | 33 |
| Shares issued — employee compensation | 5.3 | (188) | — | — | — | (188) |
| Shares purchased | (16.0) | — | (1,550) | — | — | (1,550) |
| Tax benefit — employee benefit plans | — | 126 | — | — | — | 126 |
| Share-based compensation expense | — | 340 | — | — | — | 340 |
| Dividends to shareholders | — | — | (323) | — | — | (323) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net change in fair value of financial instruments | — | — | — | (8) | — | (8) |
| Net foreign currency translation adjustments | — | — | — | (436) | (6) | (442) |
| Net post-retirement benefit obligation | — | — | — | 155 | — | 155 |
| Sales of subsidiary shares to non-controlling interest | — | 1 | — | — | (7) | (6) |
| Dividends paid to non-controlling interests on subsidiary common stock | — | — | — | — | (27) | (27) |
| Balance at December 31, 2015 | 269.8 | $ 5,412 | $ 4,117 | $ (3,423) | $ 57 | $ 6,163 |

See accompanying Notes to Consolidated Financial Statements.

Aon plc
Consolidated Statements of Cash Flows

| (millions) Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | $1,422 | $1,431 | $1,148 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | |
| Gain from sales of businesses and investments, net | (81) | (44) | (65) |
| Depreciation of fixed assets | 229 | 242 | 240 |
| Amortization of intangible assets | 314 | 352 | 395 |
| Share-based compensation expense | 340 | 328 | 300 |
| Deferred income taxes | (223) | (135) | (14) |
| Change in assets and liabilities: | | | |
| Fiduciary receivables | 599 | (19) | (4) |
| Short-term investments — funds held on behalf of clients | 350 | (403) | 156 |
| Fiduciary liabilities | (949) | 422 | (152) |
| Receivables, net | (83) | (25) | 141 |
| Accounts payable and accrued liabilities | 87 | 4 | 110 |
| Restructuring reserves | (31) | (83) | 15 |
| Current income taxes | 116 | 42 | (116) |
| Pension, other post-retirement and other post-employment liabilities | (230) | (340) | (502) |
| Other assets and liabilities | 149 | 40 | 101 |
| CASH PROVIDED BY OPERATING ACTIVITIES | 2,009 | 1,812 | 1,753 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from investments | 220 | 52 | 93 |
| Payments for investments | (266) | (20) | (15) |
| Net sales (purchases) of short-term investments — non-fiduciary | 9 | 110 | (174) |
| Acquisition of businesses, net of cash acquired | (16) | (479) | (54) |
| Proceeds from sale of businesses | 205 | 48 | 40 |
| Capital expenditures | (290) | (256) | (229) |
| CASH USED FOR INVESTING ACTIVITIES | (138) | (545) | (339) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Share repurchase | (1,550) | (2,250) | (1,102) |
| Issuance of shares for employee benefit plans | (30) | (105) | (22) |
| Issuance of debt | 5,351 | 5,239 | 4,906 |
| Repayment of debt | (5,098) | (3,918) | (4,679) |
| Cash dividends to shareholders | (323) | (273) | (212) |
| Noncontrolling interests and other financing activities | (39) | 4 | (27) |
| CASH USED FOR FINANCING ACTIVITIES | (1,689) | (1,303) | (1,136) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (172) | (67) | (92) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 10 | (103) | 186 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 374 | 477 | 291 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $384 | $374 | $477 |
| Supplemental disclosures: | | | |
| Interest paid | $254 | $245 | $206 |
| Income taxes paid, net of refunds | 249 | 337 | 445 |

See accompanying Notes to Consolidated Financial Statements.

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Notes to Consolidated Financial Statements

1. Basis of Presentation

The accompanying Consolidated Financial Statements and Notes thereto have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The Consolidated Financial Statements include the accounts of Aon plc and all of its controlled subsidiaries ("Aon" or the "Company"). All intercompany accounts and transactions have been eliminated. The Consolidated Financial Statements include, in the opinion of management, all adjustments necessary to present fairly the Company's consolidated financial position, results of operations and cash flows for all periods presented.

Reclassification

Certain amounts in prior years' Consolidated Financial Statements and related notes have been reclassified to conform to the 2015 presentation.

In prior periods, long-term investments were included in Investments in the Consolidated Statement of Financial Position. These amounts are now included in Other non-current assets in the Consolidated Statement of Financial Position, as shown in Note 3 to these Consolidated Financial Statements. Long-term investments were $135 million at December 31, 2015 and $143 million at December 31, 2014.

In prior periods, prepaid pensions were included in Other non-current assets in the Consolidated Statement of Financial Position. These amounts are now separately disclosed in the Consolidated Statement of Financial Position. Prepaid pensions were $1,033 million at December 31, 2015 and $933 million at December 31, 2014.

Upon vesting of certain share-based payment arrangements, employees may elect to use a portion of the shares to satisfy tax withholding requirements, in which case Aon makes a payment to the taxing authority on the employee’s behalf and remits the remaining shares to the employee. The Company has historically presented amounts due to taxing authorities within Cash Flows From Operating Activities in the Consolidated Statements of Cash Flows. The amounts are now included in “Issuance of shares for employee benefit plans” within Cash Flows From Financing Activities. The Company believes this presentation provides greater clarity into the operating and financing activities of the Company as the substance and accounting for these transactions is that of a share repurchase. It also aligns the Company’s presentation to be consistent with industry practice. Amounts reported in Issuance of shares for employee benefit plans were $227 million, $170 million, and $120 million, respectively, for the years ended December 31, 2015, 2014 and 2013. These amounts, which were reclassified from Accounts payable and accrued liabilities and Other assets and liabilities, were $85 million and $85 million in 2014, and $62 million and $58 million in 2013, respectively.

Changes to the presentation in the Consolidated Statements of Cash Flows for 2014 and 2013 were made related to certain line items within financing activities. The following line items and respective amounts have been aggregated in a new line item titled “Noncontrolling interests and other financing activities” within financing activities.

| Years Ended December 31, | 2014 | 2013 |
|---|---|---|
| Purchases of shares from noncontrolling interests | 3 | (8) |
| Dividends paid to noncontrolling interests | (24) | (19) |
| Proceeds from sale-leaseback | 25 | — |

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 reserves and expenses. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management believes its estimates to be reasonable given the current facts available. Aon adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets, and foreign currency exchange rate movements increase the uncertainty inherent in such

estimates and assumptions. As future events and their effects cannot be determined, among other factors, with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment would, if applicable, 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 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. Qualifying 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 records 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, are not included in the computation of diluted income per share if their inclusion would be 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, 2015, Cash and cash equivalents and Short-term investments totaled $740 million compared to $768 million at December 31, 2014. Of the total balance, $105 million and $169 million was restricted as to its use at December 31, 2015 and 2014, respectively. Included within the December 31, 2015 and 2014 balances, respectively, were £43.3 million ($64.6 million at December 31, 2015 exchanges rates) and £42.0 million ($65.3 million at December 31, 2014 exchange rates) of operating funds required to be held by the Company in the U.K. by the Financial Conduct Authority, a U.K.-based regulator, which were included in Short-term investments. In addition, Cash and cash equivalents included additional restricted balances of $40 million and $104 million at December 31, 2015 and 2014, respectively.

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 $3.4 billion and $4.0 billion at December 31, 2015 and 2014, 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, net included an allowance for doubtful accounts of $58 million and $74 million at December 31, 2015 and 2014, 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 |

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. Any resulting difference will be a charge to Other general expenses in the Consolidated Statements of Income in the period in which the determination is made. 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 not amortized when 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 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.

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 in net foreign currency translation adjustments within the Consolidated Statements of Shareholders' Equity. 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 were gains of $11 million, $1 million, and $3 million in 2015, 2014, and 2013, respectively. Included in these amounts were hedging losses of $19 million in both 2015 and 2014 and hedging losses of 10 million in 2013.

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

Presentation of Deferred Taxes

In November 2015, the Financial Accounting Standards Board ("FASB") issued new accounting guidance on the balance sheet presentation of deferred taxes, which require that deferred tax liabilities and assets be classified as noncurrent. The guidance is effective for Aon in the first quarter of 2017, however, the Company is expecting to early adopt this guidance in 2016 and retrospectively apply its requirements to all periods presented. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

Debt Issuance Costs

In April 2015, the FASB issued new accounting guidance on the presentation of debt issuance costs, which requires debt

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issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. This guidance will also be applied to Aon's debt issuance costs related to its line-of-credit arrangements. The new guidance will be applied on a retrospective basis effective in the first quarter of 2016. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

Consolidations

In February 2015, the FASB issued new accounting guidance on consolidations, which will eliminate the deferral granted to investment companies from applying the variable interest entities guidance and make targeted amendments to the current consolidation guidance. The new guidance applies to all entities involved with limited partnerships or similar entities and requires re-evaluation of these entities under the revised guidance, which could change previous consolidation conclusions. The guidance is effective for the Company in the first quarter of 2016. The adoption of this guidance will not have a material impact on the Company's Consolidated Financial Statements.

Revenue Recognition

In May 2014, the FASB issued new accounting guidance on revenue from contracts with customers, which, when effective, will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principal of the guidance is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The guidance is effective for Aon in the first quarter of 2018 and early adoption is permitted beginning the first quarter of 2017. The guidance permits two methods of transition upon adoption: full retrospective and modified retrospective. Under the full retrospective method, prior periods would be restated under the new revenue standard, providing a comparable view across all periods presented. Under the modified retrospective method, prior periods would not be restated. Rather, revenues and other disclosures for pre-2018 periods would be provided in the notes to the financial statements as previously reported under the current revenue standard. The impact from the adoption of this guidance on the Company's Consolidated Financial Statements cannot be determined at this time as the standard is still undergoing changes. The Company is also determining the appropriate method of transition to the guidance and the timing of adoption of the guidance.

3. Other Financial Data

Consolidated Statements of Income Information

Other Income

Other income consists of the following (in millions):

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Equity earnings | $13 | $12 | $20 |
| Net gain on disposals of businesses | 82 | 24 | 10 |
| Foreign currency remeasurement gain | 30 | 18 | 13 |
| (Loss) income on financial instruments | (24) | (15) | 18 |
| Other | (1) | 5 | 7 |
| | $100 | $44 | $68 |

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, | 2015 | 2014 | 2013 |
|---|---|---|---|
| Balance at beginning of year | $74 | $90 | $118 |
| Provision charged to operations | 13 | 12 | 9 |
| Accounts written off, net of recoveries | (34) | (33) | (38) |
| Foreign currency translation | 5 | 5 | 1 |
| Balance at end of year | $58 | $74 | $90 |

Other Current Assets

The components of Other current assets are as follows (in millions):

| As of December 31 | 2015 | 2014 |
|---|---|---|
| Taxes receivable | $94 | $99 |
| Deferred tax assets | 232 | 212 |
| Prepaid expenses | 130 | 164 |
| Deferred project costs | 92 | 102 |
| Other | 18 | 25 |
| | $566 | $602 |

Fixed Assets, net

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

| As of December 31 | 2015 | 2014 |
|---|---|---|
| Software | $1,095 | $1,020 |
| Leasehold improvements | 422 | 413 |
| Computer equipment | 358 | 347 |
| Furniture, fixtures and equipment | 315 | 313 |
| Construction in progress | 76 | 94 |
| Other | 115 | 124 |
| | 2,381 | 2,311 |
| Less: Accumulated depreciation | 1,616 | 1,546 |
| Fixed assets, net | $765 | $765 |

Depreciation expense, which includes software amortization, was $229 million, $242 million, and $240 million for the years ended December 31, 2015, 2014, and 2013, respectively.

Other Non-Current Assets

The components of Other non-current assets are as follows (in millions):

| As of December 31 | 2015 | 2014 |
|---|---|---|
| Deferred project costs | 210 | 250 |
| Investments | 135 | 143 |
| Taxes receivable | 82 | 101 |
| Other | 198 | 233 |
| | $625 | $727 |

Other Current Liabilities

The components of Other current liabilities are as follows (in millions):

| As of December 31 | 2015 | 2014 |
|---|---|---|
| Deferred revenue | $394 | $408 |
| Taxes payable | 94 | 64 |
| Deferred tax liability | 1 | 2 |
| Other | 331 | 314 |
| | $820 | $788 |

Other Non-Current Liabilities

The components of Other non-current liabilities are as follows (in millions):

| As of December 31 | 2015 | 2014 |
|---|---|---|
| Taxes payable | $223 | $210 |
| Leases | 166 | 184 |
| Deferred revenue | 159 | 167 |
| Compensation and benefits | 59 | 57 |
| Other | 162 | 256 |
| | $769 | $874 |

4. Acquisitions and Dispositions

The number of acquisitions completed within each business segment is as follows:

| Years ended December 31 | 2015 | 2014 |
|---|---|---|
| Risk Solutions | 4 | 11 |
| HR Solutions | 3 | 2 |
| | 7 | 13 |

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 | 2015 | 2014 |
|---|---|---|
| Consideration | $27 | $461 |
| Intangible assets: | | |
| Goodwill | $18 | $292 |
| Other intangible assets | 6 | 328 |
| Total intangible assets | $24 | $620 |

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

The number of dispositions completed within each business segment is as follows:

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Risk Solutions | 4 | 2 | 7 |
| HR Solutions | 3 | — | 2 |
| | 7 | 2 | 9 |

Total pretax gains, net of losses, recognized were $82 million, $24 million, and $10 million, respectively, for the years ended December 31, 2015, 2014, and 2013. Gains and losses recognized as a result of a disposition 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, 2015 and 2014, respectively, are as follows (in millions):

| | Risk Solutions | HR Solutions | Total |
|---|---|---|---|
| Balance as of January 1, 2014 | $6,020 | $2,977 | $8,997 |
| Goodwill related to current year acquisitions | 287 | 5 | 292 |
| Goodwill related to disposals | (14) | — | (14) |
| Goodwill related to 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 |
| Goodwill related to current year acquisitions | 2 | 16 | 18 |
| Goodwill related to disposals | (1) | (76) | (77) |
| Goodwill related to prior year acquisitions | — | — | — |
| Transfer | — | — | — |
| Foreign currency translation | (319) | (34) | (353) |
| Balance as of December 31, 2015 | $5,593 | $2,855 | $8,448 |

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

| | As of December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2015 | | | 2014 | | |
| | 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 | 2,886 | 1,809 | 1,077 | 2,952 | 1,579 | 1,373 |
| Technology and other | 541 | 457 | 84 | 571 | 443 | 128 |
| | $4,446 | $2,266 | $2,180 | $4,542 | $2,022 | $2,520 |

Amortization expense from finite-lived intangible assets was $314 million, $352 million and $395 million during 2015, 2014 and 2013, respectively.

The estimated future amortization for finite-lived intangible assets as of December 31, 2015 is as follows (in millions):

| | Risk Solutions | HR Solutions | Total |
|---|---|---|---|
| 2016 | $100 | $171 | $271 |
| 2017 | 90 | 136 | 226 |
| 2018 | 76 | 91 | 167 |
| 2019 | 66 | 72 | 138 |
| 2020 | 58 | 60 | 118 |
| Thereafter | 120 | 120 | 240 |
| | $510 | $650 | $1,160 |

6. Debt

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

| As of December 31 | 2015 | 2014 |
|---|---|---|
| 5.00% Senior Notes due September 2020 | 599 | 599 |
| 4.75% Senior Notes due 2045 | 598 | — |
| 3.50% Senior Notes due June 2024 | 597 | 597 |
| 4.60% Senior Notes due June 2044 | 549 | 549 |
| 2.875% Senior Notes due May 2026 (EUR 500M) | 545 | 605 |
| 8.205% Junior Subordinated Notes due January 2027 | 521 | 521 |
| 3.125% Senior Notes due May 2016 | 500 | 500 |
| 2.80% Senior Notes due 2021 | 399 | — |
| 4.00% Senior Notes due November 2023 | 349 | 349 |
| 6.25% Senior Notes due September 2040 | 298 | 298 |
| 4.76% Senior Notes due March 2018 (CAD 375M) | 271 | 322 |
| 4.45% Senior Notes due May 2043 | 249 | 248 |
| 4.25% Senior Notes due December 2042 | 196 | 196 |
| 3.50% Senior Notes due September 2015 | — | 599 |
| Commercial paper | 50 | 168 |
| Other | 16 | 31 |
| Total debt | 5,737 | 5,582 |
| Less short-term and current portion of long-term debt | 562 | 783 |
| Total long-term debt | $5,175 | $4,799 |

Revolving Credit Facilities

As of December 31, 2015, Aon plc had two committed credit facilities outstanding: its $400 million U.S. credit facility expiring in March 2017 (the "2017 Facility") and $900 million multi-currency U.S. credit facility expiring in February 2020 (the "2020 Facility"). The 2020 Facility was entered into on February 2, 2015 and replaced the previous €650 million European credit facility.

Effective February 2, 2016, the 2020 Facility terms were extended for 1 year and will expire in February 2021.

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, 2015, Aon plc did not have borrowings under either the 2017 Facility or the 2020 Facility, and was in compliance with these financial covenants and all other covenants contained therein during the twelve months ended December 31, 2015.

Notes

On November 13, 2015, Aon plc issued $400 million of 2.80% Senior Notes due March 2021. We used the proceeds of the issuance for general corporate purposes.

On September 30, 2015, $600 million of 3.50% Senior Notes issued by Aon Corporation matured and were repaid.

On May 20, 2015, the Aon plc issued $600 million of 4.750% Senior Notes due May 2045. The Company used the proceeds of the issuance for general corporate purposes.

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 from these issuances 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.

Each of the notes issued by Aon plc and described above is fully and unconditionally guaranteed by Aon Corporation. The 5.00% Senior Notes due 2020, 3.125% Senior Notes due 2016, 6.25% Senior Notes due 2040, 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. Similarly, the 3.50% Senior Notes repaid in 2015 had been issued by Aon Corporation and were 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, 2015.

During the year ended December 31, 2015, Aon Corporation's $500 million 3.125% Senior Notes due May 2016 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, a wholly-owned subsidiary of Aon plc, 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 that 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 $50.0 million and $168.0 million of commercial paper outstanding at December 31, 2015 and 2014, respectively, which was included in Short-term debt and current portion of long-term debt in the Company's Consolidated Statements of Financial Position. The weighted average commercial paper outstanding for 2015 and 2014 was $402.0 million and $308.0 million, respectively. The weighted average interest rate of the commercial paper outstanding during 2015 and 2014 was 0.50% and 0.35%, respectively.

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

| | |
|---|---|
| 2016 | $562 |
| 2017 | 3 |
| 2018 | 271 |
| 2019 | — |
| 2020 | 599 |
| Thereafter | 4,302 |
| | $5,737 |

7. 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.

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

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Rental expense | $454 | $455 | $520 |
| Less: Sub lease rental income | (83) | (75) | (77) |
| Net rental expense | $371 | $380 | $443 |

At December 31, 2015, 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):

| | |
|---|---|
| 2016 | $325 |
| 2017 | 291 |
| 2018 | 267 |
| 2019 | 235 |
| 2020 | 199 |
| Thereafter | 828 |
| Total minimum payments required | $2,145 |

8. Income Taxes

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

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Income before income taxes: | | | |
| U.K. | $149 | $347 | $96 |
| U.S. | (51) | (55) | 349 |
| Other | 1,591 | 1,473 | 1,093 |
| Total | $1,689 | $1,765 | $1,538 |
| Income tax expense (benefit): | | | |
| Current: | | | |
| U.K. | $43 | $1 | $(18) |
| U.S. federal | 137 | 156 | 111 |
| U.S. state and local | 54 | 75 | 52 |
| Other | 256 | 236 | 259 |
| Total current tax expense | $490 | $468 | $404 |
| Deferred tax expense (benefit): | | | |
| U.K. | $(39) | $38 | $43 |
| U.S. federal | (140) | (133) | (48) |
| U.S. state and local | (14) | (24) | 10 |
| Other | (30) | (15) | (19) |
| Total deferred tax benefit | $(223) | $(134) | $(14) |
| Total income tax expense | $267 | $334 | $390 |

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 2015, 2014 and 2013 reconciliations are based on the U.K. statutory corporate tax rate of 20.3%, 21.5%, and 23.0%, respectively. The reconciliation to the provisions reflected in the Consolidated Financial Statements is as follows:

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Statutory tax rate | 20.3% | 21.5% | 23.0% |
| U.S. state income taxes, net of U.S. federal benefit | 0.5 | 1.5 | 2.6 |
| Taxes on international operations (1) | (6.6) | (8.9) | (4.4) |
| Nondeductible expenses | 2.2 | 1.7 | 1.4 |
| Adjustments to prior year tax requirements | (1.3) | 0.9 | 0.1 |
| Deferred tax adjustments, including statutory rate changes | (0.1) | (0.7) | 1.4 |
| Deferred tax adjustments, international earnings | — | 1.0 | 3.3 |
| Adjustments to valuation allowances | (0.6) | 0.6 | (1.7) |
| Change in uncertain tax positions | 1.4 | 1.7 | (0.3) |
| Other — net | — | (0.4) | — |
| Effective tax rate | 15.8% | 18.9% | 25.4% |

(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 20.3%, 21.5% and 23.0% at December 31, 2015, 2014 and 2013, respectively. 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 | 2015 | 2014 |
|---|---|---|
| Deferred tax assets: | | |
| Employee benefit plans | $635 | $739 |
| Net operating/capital loss and tax credit carryforwards | 349 | 295 |
| Accrued interest | 293 | 303 |
| Other accrued expenses | 98 | 44 |
| Deferred revenue | 65 | 40 |
| Investment basis differences | 56 | 45 |
| Other | 56 | 6 |
| Total | 1,552 | 1,472 |
| Valuation allowance on deferred tax assets | (175) | (205) |
| Total | $1,377 | $1,267 |
| Deferred tax liabilities: | | |
| Intangibles and property, plant and equipment | $(961) | $(1,058) |
| Other accrued expenses | (99) | (40) |
| Deferred costs | (30) | (28) |
| Unrealized foreign exchange gains | (29) | (44) |
| Unremitted earnings | (18) | (28) |
| Other | (44) | (28) |
| Total | $(1,181) | $(1,226) |
| Net deferred tax asset | $196 | $41 |

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, | 2015 | 2014 |
|---|---|---|
| Deferred tax assets — current (1) | $232 | $212 |
| Deferred tax assets — non-current | 141 | 144 |
| Deferred tax liabilities — current (1) | (1) | (2) |
| Deferred tax liabilities — non-current | (176) | (313) |
| Net deferred tax asset | $196 | $41 |

(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 decreased by $30 million as of December 31, 2015 when compared to December 31, 2014, primarily attributable to the reversal of a valuation allowance and the impact of foreign currency translation.

The Company recognized, as an adjustment to additional paid-in-capital, income tax benefits attributable to employee stock compensation of $126 million, $89 million and $74 million in 2015, 2014 and 2013, respectively.

U.S. deferred income taxes of $20 million were accrued in 2015 on undistributed earnings that are not permanently reinvested. Undistributed earnings of non-U.S. entities were approximately $2.2 billion at December 31, 2015. U.S. income taxes have not been provided on these undistributed earnings because they are considered to be permanently reinvested 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, 2015 and 2014, the Company had U.K. operating loss carryforwards of $449 million and $154 million and capital loss carryforwards of $360 million and $380 million, respectively. In addition, at December 31, 2015 and 2014, the Company had U.S. federal operating loss carryforwards of $7.5 million and $18 million, and U.S. state operating loss carryforwards of $443 million and $451 million, respectively. In other non-U.S. jurisdictions, the Company had operating loss carryforwards of $245 million and $325 million and capital loss carryforwards of $206 million and $223 million as of December 31, 2015 and 2014, respectively. The U.K. operating losses and capital losses have an indefinite carryforward. The federal operating loss carryforwards as of December 31, 2015 expire at various dates from 2020 to 2035 and the state operating loss carryforwards as of December 31, 2015 expire at various dates from 2016 to 2035. Operating and capital losses, in other non-U.S. jurisdictions have various carryforward periods and will begin to expire in 2019.

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 $23 million, $7 million, and $3 million during the years ended December 31, 2015, 2014, and 2013, respectively. The impact of this tax holiday on diluted earnings per share was $0.08, $0.02, and $0.01 during the years ended December 31, 2015, 2014, and 2013, respectively.

Uncertain Tax Positions

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

| | 2015 | 2014 |
|---|---|---|
| Balance at January 1 | $191 | $164 |
| Additions based on tax positions related to the current year | 31 | 31 |
| Additions for tax positions of prior years | 53 | 10 |
| Reductions for tax positions of prior years | (18) | (6) |
| Settlements | (32) | — |
| Business combinations | — | 5 |
| Lapse of statute of limitations | (5) | (11) |
| Foreign currency translation | (2) | (2) |
| Balance at December 31 | $218 | $191 |

The Company's liability for uncertain tax positions as of December 31, 2015, 2014, and 2013, includes $180 million, $154 million, and $141 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. The Company accrued potential interest and penalties of $2 million, $4 million, and $2 million in 2015, 2014, and 2013, respectively. The Company recorded a liability for interest and penalties of $33 million, $31 million, and $27 million as of December 31, 2015, 2014, and 2013, 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.

9. Shareholders' Equity

Distributable Reserves

As a U.K. incorporated company, the Company is required under U.K. law to 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, 2015 and 2014, the Company had distributable reserves in excess of $2.1 billion and $4.0 billion, respectively.

Ordinary Shares

In April 2012, the Company's 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, 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" and, together, the "Repurchase Programs"). Under each program, shares may be repurchased through the open market or in privately negotiated transactions, based on prevailing market conditions, funded from available capital.

During 2015, the Company repurchased 16.0 million shares at an average price per share of $97.04 for a total cost of $1.6 billion under the Repurchase Programs. During 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. In August 2015, the $5 billion of Class A Ordinary Shares authorized under the 2012 Share Repurchase Program was exhausted. At December 31, 2015, the remaining authorized amount for share repurchase under the 2014 Share Repurchase Program is $4.1 billion. Under the Repurchase Programs, the Company repurchased a total of 78.1 million shares for an aggregate cost of $5.9 billion.

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Net Income Per Share

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

| | Year ended December 31, | | |
|---|---|---|---|
| | 2015 | 2014 | 2013 |
| Shares for basic earnings per share | 280.8 | 295.5 | 311.4 |
| Common stock equivalents | 3.0 | 4.1 | 4.0 |
| Shares for diluted earnings per share | 283.8 | 299.6 | 315.4 |

Certain ordinary share equivalents may be excluded from the computation of diluted net income per share if their inclusion would be antidilutive. There were no shares excluded from the calculation for in 2015, 2014, or 2013.

Dividends

During 2015, 2014, and 2013, the Company paid dividends on its Class A Ordinary Shares of $323.1 million, $273.0 million, and $212.0 million, respectively. Dividends paid per Class A Ordinary Share were $1.15, $0.92 and $0.68 for the years ended December 31, 2015, 2014, and 2013 respectively.

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 Financial Instruments (1) | Foreign Currency Translation Adjustments | Post-Retirement Benefit Obligation (2) | Total |
|---|---|---|---|---|
| Balance at January 1, 2013 | $ (28) | $ 233 | $ (2,815) | $ (2,610) |
| Other comprehensive loss before reclassifications: | | | | |
| Other comprehensive loss before reclassifications | 15 | (65) | 336 | 286 |
| Tax benefit | (8) | 1 | (136) | (143) |
| Other comprehensive loss before reclassifications, net | 7 | (64) | 200 | 143 |
| Amounts reclassified from accumulated other comprehensive loss: | | | | |
| Amounts reclassified from accumulated other comprehensive loss | 1 | — | 131 | 132 |
| Tax benefit | (1) | — | (38) | (39) |
| Amounts reclassified from accumulated other comprehensive loss, net | — | — | 93 | 93 |
| Net current period other comprehensive (loss) income | 7 | (64) | 293 | 236 |
| Balance at December 31, 2013 | (21) | 169 | (2,522) | (2,374) |
| Other comprehensive loss before reclassifications: | | | | |
| Other comprehensive loss before reclassifications | (13) | (492) | (563) | (1,068) |
| Tax benefit | 4 | (12) | 229 | 221 |
| Other comprehensive loss before reclassifications, net | (9) | (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 | 4 | (504) | (260) | (760) |
| Balance at December 31, 2014 | (17) | (335) | (2,782) | (3,134) |
| Other comprehensive loss before reclassifications: | | | | |
| Other comprehensive loss before reclassifications | (4) | (467) | 82 | (389) |
| Tax benefit | 1 | 31 | (9) | 23 |
| Other comprehensive loss before reclassifications, net | (3) | (436) | 73 | (366) |
| Amounts reclassified from accumulated other comprehensive loss: | | | | |
| Amounts reclassified from accumulated other comprehensive loss | 11 | — | 117 | 128 |
| Tax benefit | (16) | — | (35) | (51) |
| Amounts reclassified from accumulated other comprehensive loss, net | (5) | — | 82 | 77 |
| Net current period other comprehensive (loss) income | (8) | (436) | 155 | (289) |
| Balance at December 31, 2015 | $ (25) | $ (771) | $ (2,627) | $ (3,423) |

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(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

## 10. 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 | 2015 | 2014 | 2013 |
|---|---|---|---|
| U.S. | $133 | $123 | $123 |
| U.K. | 42 | 42 | 45 |
| Netherlands and Canada | 25 | 30 | 18 |
| | $200 | $195 | $186 |

### 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, 2015 and 2014 and a statement of the funded status as of December 31, 2015 and 2014, for the material U.K. plans, U.S. plans and other major plans, which are located in the Netherlands and Canada. These plans represent approximately 93% of the Company's projected benefit obligations.

| | U.K. | | U.S. | | Other | |
|---|---|---|---|---|---|---|
| (millions) | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Change in projected benefit obligation | | | | | | |
| At January 1 | $5,529 | $5,106 | $3,350 | $2,744 | $1,399 | $1,252 |
| Service cost | 1 | 1 | — | 2 | — | — |
| Interest cost | 198 | 230 | 131 | 129 | 33 | 47 |
| Participant contributions | — | — | — | — | — | — |
| Plan amendment | 27 | — | — | — | (10) | — |
| Curtailments | — | — | — | — | — | (16) |
| Plan transfer and acquisitions | (2) | — | (18) | 13 | — | — |
| Actuarial loss (gain) | (83) | (211) | (25) | 265 | 24 | (5) |
| Benefit payments | (217) | (192) | (133) | (130) | (38) | (51) |
| Actual expenses | — | — | — | — | — | (2) |
| Change in discount rate | (247) | 902 | (145) | 327 | (66) | 324 |
| Foreign currency impact | (221) | (307) | — | — | (165) | (150) |
| At December 31 | $4,985 | $5,529 | $3,160 | $3,350 | $1,177 | $1,399 |
| Accumulated benefit obligation at end of year | $4,985 | $5,529 | $3,160 | $3,350 | $1,135 | $1,316 |
| Change in fair value of plan assets | | | | | | |
| At January 1 | $6,224 | $5,398 | $2,036 | $1,855 | $1,161 | $1,061 |
| Actual return on plan assets | 91 | 1,199 | (60) | 190 | 8 | 253 |
| Participant contributions | — | — | — | — | — | — |
| Employer contributions | 65 | 166 | 108 | 121 | 21 | 28 |
| Plan transfer and acquisitions | (3) | — | — | — | — | — |
| Benefit payments | (217) | (192) | (133) | (130) | (38) | (51) |
| Actual Expenses | — | — | — | — | — | (2) |
| Foreign currency impact | (257) | (347) | — | — | (133) | (128) |
| At December 31 | $5,903 | $6,224 | $1,951 | $2,036 | $1,019 | $1,161 |
| Market related value at end of year | $5,903 | $6,224 | $2,064 | $1,950 | $1,019 | $1,161 |
| Amount recognized in Statement of Financial Position at December 31 | | | | | | |
| Funded status | $918 | $695 | $(1,209) | $(1,314) | $(158) | $(238) |
| Unrecognized prior-service cost | 46 | 22 | 9 | 11 | (7) | 3 |
| Unrecognized loss | 1,465 | 1,687 | 1,723 | 1,737 | 389 | 456 |
| Net amount recognized | $2,429 | $2,404 | $523 | $434 | $224 | $221 |

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

| | U.K. | | U.S. | | Other | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Prepaid benefit cost (1) | $1,012 | $918 | $— | $— | $— | $— |
| Accrued benefit liability (2) | (94) | (223) | (1,209) | (1,314) | (158) | (238) |
| Accumulated other comprehensive loss | 1,511 | 1,709 | 1,732 | 1,748 | 382 | 459 |
| Net amount recognized | $2,429 | $2,404 | $523 | $434 | $224 | $221 |

(1) Included in Prepaid pension

(2) Included in Other current liabilities and Pension, other post retirement, and post employment liabilities

Amounts recognized in Accumulated other comprehensive loss (income) that have not yet been recognized as components of net periodic benefit cost at December 31, 2015 and 2014 consist of (in millions):

| | U.K. | | U.S. | | Other | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Net loss | $1,465 | $1,687 | $1,723 | $1,737 | $389 | $456 |
| Prior service cost (income) | 46 | 22 | 9 | 11 | (7) | 3 |
| | $1,511 | $1,709 | $1,732 | $1,748 | $382 | $459 |

In 2015, 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 $3.2 billion, an ABO of $3.2 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 $1.2 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 $1.2 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 $1.1 billion and plan assets with a fair value of $1.0 billion.

In 2014, U.S. plans with a PBO and an 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 $1.3 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.

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

| | U.K. | | | U.S. | | | Other | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2015 | 2014 | 2013 | 2015 | 2014 | 2013 |
| Service cost | $1 | $1 | $1 | $— | $2 | $7 | $— | $— | $18 |
| Interest cost | 198 | 230 | 210 | 131 | 129 | 114 | 33 | 47 | 45 |
| Expected return on plan assets, net of administration expenses | (307) | (326) | (302) | (154) | (157) | (139) | (50) | (59) | (59) |
| Amortization of prior-service cost | 1 | 1 | 1 | 2 | 2 | — | — | — | — |
| Amortization of net actuarial loss | 41 | 52 | 49 | 54 | 42 | 52 | 11 | 10 | 23 |
| Curtailment gain and other | — | — | — | — | — | — | — | (2) | — |
| Net periodic benefit (income) cost | $(66) | $(42) | $(41) | $33 | $18 | $34 | $(6) | $(4) | $27 |

Effective December 31, 2015 and for 2016 expense, the Company has elected to utilize a full yield curve approach in the estimation of the service and interest cost components of net periodic pension and post-retirement benefit cost for our major pension and other post-retirement benefit plans by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. In 2015 and prior years, the

Company estimated

these components of net periodic pension and post-retirement benefit cost by applying a single weighted-average discount rate, derived from the yield curve used to measure the benefit obligation at the beginning of the period. The Company made this change to improve the correlation between projected benefit cash flows and the corresponding yield curve spot rates and to provide a more precise measurement of service and interest costs. This change does not affect the measurement of the projected benefit obligation as the change in the service cost and interest cost is completely offset in the actuarial (gain) loss recorded in other comprehensive income. The Company accounted for this change as a change in estimate and, accordingly, will account for it prospectively.

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

| | U.K. | | U.S. | | Other | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Discount rate | 3.96% | 3.70% | 3.69-4.43% | 3.37-4.08% | 2.43-3.96% | 2.03-3.91% |
| Rate of compensation increase | 3.63-4.13% | 3.35-4.05% | N/A | N/A | 2.00-3.50% | 2.25-3.50% |
| Underlying price inflation | 1.88% | 1.95% | N/A | N/A | 2.00-2.50% | 2.00-2.50% |

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

| | U.K. | | | U.S. | | | Other | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2015 | 2014 | 2013 | 2015 | 2014 | 2013 |
| Discount rate | 3.70% | 4.55% | 4.45% | 3.37 - 4.08% | 3.97 - 4.87% | 3.73 - 4.05% | 2.03 - 3.91% | 3.60 - 4.71% | 3.25 - 3.89% |
| Expected return on plan assets, net of administration expenses | 5.09% | 6.00% | 6.30% | 7.96% | 8.80% | 8.80% | 3.99 - 5.21% | 4.70 - 6.50% | 4.60 - 6.50% |
| Rate of compensation increase | 3.55 - 4.05% | 3.70 - 4.40% | 3.25 - 3.85% | NA | NA | 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 2016 are $52 million in the U.S. and $47 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 7.96% 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 2016.

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, 2015 and December 31, 2014, by asset category, are as follows (in millions):

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| Asset Category | Balance at December 31, 2015 | 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) | $33 | $33 | $— | $— |
| Equity investments: (2) | | | | |
| Large cap domestic | 299 | 299 | — | — |
| Small cap domestic | 88 | 30 | 58 | — |
| International | 262 | 52 | 210 | — |
| Equity derivatives | 203 | 170 | 33 | — |
| Fixed income investments: (3) | | | | |
| Corporate bonds | 484 | — | 148 | 336 |
| Government and agency bonds | 128 | 52 | 76 | — |
| Asset-backed securities | — | — | — | — |
| Fixed income derivatives | 69 | 47 | 22 | — |
| Other investments: | | | | |
| Alternative investments (4) | 305 | — | — | 305 |
| Commodity derivatives (5) | 13 | — | 13 | — |
| Real estate and REITS (6) | 67 | 67 | — | — |
| Total | $1,951 | $750 | $560 | $641 |

(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 and swaps on a commodity index.

(6) Consists of exchange traded real estate investment trusts ("REITS").

| Asset Category | Balance at December 31, 2014 | 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) | $68 | $68 | $— | $— |
| Equity investments: (2) | | | | |
| Large cap domestic | 329 | 329 | — | — |
| Small cap domestic | 85 | 22 | 63 | — |
| 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.

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, 2015 and December 31, 2014 (in millions):

| | Fair Value Measurement Using Level 3 Inputs |
|---|---|
| Balance at January 1, 2014 | $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 |
| Actual return on plan assets: | |
| Relating to assets still held at December 31, 2015 | (4) |
| Relating to assets sold during 2015 | (3) |
| Purchases, sales and settlements—net | 24 |
| Transfer in/(out) of Level 3 | — |
| Balance at December 31, 2015 | $641 |

The fair values of the Company's major U.K. pension plan assets at December 31, 2015 and December 31, 2014, by asset category, are as follows (in millions):

| | Balance at December 31, 2015 | 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 | $159 | $159 | $— | $— |
| Equity investments: | | | | |
| Pooled funds: (1) | | | | |
| Global | 360 | 61 | 299 | — |
| Europe | 17 | — | 17 | — |
| Equity securities — global (2) | 133 | 133 | — | — |
| Derivatives (2) | 66 | — | 66 | — |
| Fixed income investments: | | | | |
| Pooled funds: (1) | | | | |
| Fixed income securities | 283 | — | 259 | 24 |
| Fixed income securities (3) | 3,145 | 2,268 | 877 | — |
| Annuities | 827 | — | — | 827 |
| Derivatives (3) | 111 | — | 111 | — |
| Other investments: | | | | |
| Pooled funds: (1) | | | | |
| Real estate (4) | 65 | — | — | 65 |
| Alternative investments (5) | 717 | — | 4 | 713 |
| Real estate | 20 | — | — | 20 |
| Total | $5,903 | $2,621 | $1,633 | $1,649 |

(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, 2014 | 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 | $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.

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, 2015 and December 31, 2014 (in millions):

| | Fair Value Measurements Using Level 3 Inputs | | | | |
|---|---|---|---|---|---|
| | Annuities | Real Estate | Alternative Investments | Fixed | Total |
| Balance at January 1, 2014 | $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 |
| Actual return on plan assets: | | | | | |
| Relating to assets still held at December 31, 2015 | (32) | 11 | (17) | (7) | (45) |
| Relating to assets sold during 2015 | — | (10) | 2 | (1) | (9) |
| Purchases, sales and settlements—net | 58 | 41 | 60 | 9 | 168 |
| Transfers in/(out) of Level 3 | — | — | (266) | 24 | (242) |
| Foreign exchange | (35) | (3) | (34) | (1) | (73) |
| Balance at December 31, 2015 | $827 | $85 | $713 | $24 | $1,649 |

The fair values of the Company's Other major pension plan assets at December 31, 2015 and December 31, 2014, by asset category, are as follows (in millions):

| | Balance at December 31, 2015 | 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 | 270 | — | 270 | — |
| North America | 37 | — | 37 | — |
| Fixed income investments: | | | | |
| Pooled funds: (1) | | | | |
| Fixed income securities | 576 | — | 576 | — |
| Derivatives | 12 | — | 12 | — |
| Fixed income securities (2) | 30 | — | 30 | — |
| Derivatives (2) | 48 | — | 48 | — |
| Other investments: | | | | |
| Pooled funds: (1) | | | | |
| Commodities | 2 | — | 2 | — |
| REITS (3) | 3 | — | 3 | — |
| Alternative investments (4) | 9 | — | — | 9 |
| Derivatives | 21 | — | 21 | — |
| Total | $1,019 | $11 | $999 | $9 |

(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, 2014 | 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 | $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 | — | 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.

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, 2015 and December 31, 2014 (in millions):

| | Fair Value Measurements Using Level 3 Inputs | | |
|---|---|---|---|
| | Real Estate | Alternative Investments | Total |
| Balance at January 1, 2014 | $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 |
| Actual return on plan assets: | | | |
| Relating to assets still held at December 31, 2015 | — | 2 | 2 |
| Relating to assets sold during 2015 | — | — | — |
| Purchases, sales and settlements—net | — | — | — |
| Transfers in/(out) of Level 3 | — | — | — |
| Foreign exchange | — | (1) | (1) |
| Balance at December 31, 2015 | $— | $9 | $9 |

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, 2015, the weighted average targeted allocation for the U.K. and non-U.S. plans was 20% for equity investments and 80% for fixed income investments.

Cash Flows

Contributions

Based on current assumptions, in 2016, the Company expects to contribute approximately $79 million, $54 million, and $17 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, 2015 (in millions):

| | U.K. | U.S. | Other |
|---|---|---|---|
| 2016 | $143 | $164 | $38 |
| 2017 | 149 | 172 | 39 |
| 2018 | 157 | 184 | 40 |
| 2019 | 170 | 192 | 41 |
| 2020 | 180 | 187 | 42 |
| 2021 – 2025 | 1,048 | 952 | 227 |

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, 2015 and 2014 for the Company's other significant post-retirement benefit plans located in the U.S. and Canada (in millions):

| | 2015 | 2014 |
|---|---|---|
| Accumulated projected benefit obligation | $105 | $116 |
| Fair value of plan assets | 18 | 19 |
| Funded status | (87) | (97) |
| Unrecognized prior-service credit | (3) | (4) |
| Unrecognized loss | 7 | 15 |
| Net amount recognized | $(83) | $(86) |

Other information related to the Company's other post-retirement benefit plans are as follows:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Net periodic benefit cost recognized (millions) | $6 | $3 | $4 |
| Weighted-average discount rate used to determine future benefit obligations | 3.99-4.33% | 3.83 - 4.08 | 4.44 - 4.95 |
| Weighted-average discount rate used to determine net periodic benefit costs | 3.83-4.08% | 4.44 - 4.95 | 3.67 - 4.00 |

Amounts recognized in Accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost at December 31, 2015 are $7 million and $3 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 2016 is $0.1 million and $0.3 million of net gain and prior service credit, respectively.

Based on current assumptions, the Company expects:

- To contribute $4 million to fund significant other post-retirement benefit plans during 2016.
- Estimated future benefit payments will be approximately $6 million each year for 2016 through 2020, and $30 million in aggregate for 2021-2025.

The accumulated post-retirement benefit obligation is increased by $6 million and decreased by $5 million by a respective 1% increase or decrease to the assumed healthcare trend rate. The service cost and interest cost components of net periodic benefits cost is increased by $0.6 million and decreased by $0.5 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 4% to 9% per year, because of this cap, these plans are effectively limited to 5% per year in the future.

11. 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 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Restricted share units ("RSUs") | $201 | $187 | $174 |
| Performance share awards ("PSAs") | 127 | 132 | 117 |
| Share options | — | — | 2 |
| Employee share purchase plans | 11 | 9 | 7 |
| Total share-based compensation expense | 339 | 328 | 300 |
| Tax benefit | 95 | 94 | 81 |
| Share-based compensation expense, net of tax | $244 | $234 | $219 |

Restricted Share Units

RSUs generally vest between three and five years. The fair value of RSUs is based upon the market value of 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 on a straight-line basis 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):

| Years ended December 31 | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|
| | Shares | Fair Value (1) | Shares | Fair Value (1) | Shares | Fair Value (1) |
| Non-vested at beginning of year | 8,381 | $63 | 9,759 | $51 | 10,432 | $44 |
| Granted | 2,459 | 97 | 2,844 | 84 | 3,714 | 62 |
| Vested | (3,385) | 58 | (3,732) | 49 | (3,945) | 44 |
| Forfeited | (288) | 71 | (490) | 58 | (442) | 47 |
| Non-vested at end of year | 7,167 | 77 | 8,381 | 63 | 9,759 | 51 |

(1) Represents per share weighted average fair value of award at date of grant.

The fair value of RSUs that vested during 2015, 2014 and 2013 was $196 million, $183 million and $172 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 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. The grant date fair value of PSAs is based upon the market price of an Aon ordinary share at the date of grant. The performance conditions are not considered in the determination of the grant date fair value for these awards. Compensation expense is recognized over the performance period based on management's estimate of the number of units expected to vest. Management evaluates its estimate of the actual number of shares expected to be issued at the end of the programs on a quarterly basis. The cumulative effect of the change in estimate is recognized in the period of change as an adjustment to Compensation and benefits expense, if necessary. 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, 2015, 2014 and 2013, respectively, is as follows (shares in thousands, dollars in millions, except fair value):

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Target PSAs granted | 993 | 816 | 1,135 |
| Weighted average fair value per share at date of grant | $96 | $81 | $58 |
| Number of shares that would be issued based on current performance levels | 982 | 1,591 | 2,191 |
| Unamortized expense, based on current performance levels | $67 | $45 | $— |

During 2015, the Company issued approximately 1.6 million shares in connection with performance achievements related to the 2012 Leadership Performance Plan ("LPP") cycle. During 2014, the Company issued approximately 0.8 million shares in connection with performance achievements related to the 2011 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 performance achievements related to the 2010 LPP cycle and 0.1 million shares related to other performance plans.

Share Options

The Company did not grant any share options for the years ended December 31, 2015, 2014 and 2013.

A summary of the status of the Company's share options and related information is as follows (shares in thousands):

| Years ended December 31 | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|
| | Shares | Weighted-Average Exercise Price Per Share | Shares | Weighted-Average Exercise Price Per Share | Shares | Weighted-Average Exercise Price Per Share |
| Beginning outstanding | 2,300 | $ 32 | 3,462 | $ 32 | 5,611 | $ 32 |
| Granted | — | — | — | — | — | — |
| Exercised | (1,450) | 27 | (1,155) | 33 | (2,116) | 32 |
| Forfeited and expired | (13) | 39 | (7) | 37 | (33) | 34 |
| Outstanding at end of year | 837 | 40 | 2,300 | 32 | 3,462 | 32 |
| Exercisable at end of year | 837 | 40 | 2,273 | 32 | 3,270 | 32 |
| Shares available for grant | 12,179 | | 16,333 | | 11,330 | |

A summary of options outstanding and exercisable as of December 31, 2015 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 - 25.51 | 79 | 2.18 | $ 20.18 | 79 | 2.18 | $ 20.18 |
| 25.52 - 32.53 | 25 | 1.93 | 29.15 | 25 | 1.93 | 29.15 |
| 32.54 - 36.88 | 160 | 1.14 | 35.77 | 160 | 1.14 | 35.77 |
| 36.89 - 43.44 | 247 | 3.12 | 39.32 | 247 | 3.12 | 39.32 |
| 43.45 - 52.93 | 326 | 2.46 | 48.26 | 326 | 2.46 | 48.26 |
| | 837 | | | 837 | | |

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 $92.21 as of December 31, 2015, which would have been received by the option holders had those option holders exercised their options as of that date. At December 31, 2015, the aggregate intrinsic value of options outstanding was $44 million, of which $44 million was exercisable.

Other information related to the Company's share options is as follows (in millions):

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Aggregate intrinsic value of stock options exercised | $104 | $61 | $73 |
| Cash received from the exercise of stock options | 40 | 38 | 61 |
| Tax benefit realized from the exercise of stock options | 36 | 16 | 15 |

Unamortized deferred compensation expense, which includes both options and RSUs, amounted to $378 million as of December 31, 2015, 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. 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 2015, 2014, and 2013, 411,636 shares, 439,000 shares and 556,000 shares, respectively, were issued to employees under the plan. Compensation expense recognized was $9 million in 2015, $7 million in 2014, and $6 million in 2013.

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 2015, 2014, 2013, allowing for the purchase of a maximum of 100,000, 300,000, and 350,000 shares, respectively. In 2015, 2014, and 2013, 2,779 shares, 642 shares, and 172,110 shares, respectively, were issued under the plan. Compensation expense of $2 million was recognized in 2015 and 2014, as compared to $1 million of compensation expense in 2013.

12. 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. These derivatives are accounted for as hedges, and changes in fair value are recorded each period in Other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income.

The Company also uses foreign exchange derivatives, typically forward contracts and options to economically hedge 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, typically on a rolling 30-day basis, but may be 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.

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 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Foreign exchange contracts: | | | | | | |
| Accounted for as hedges | 778 | 1,200 | 32 | 46 | 18 | 58 |
| Not accounted for as hedges (3) | 280 | 165 | — | — | — | — |
| Total | $1,058 | $1,365 | $32 | $46 | $18 | $58 |

(1) Included within Other current assets ($15 million in 2015 and $24 million in 2014, respectively) or Other non-current assets ($17 million in 2015 and $22 million in 2014, respectively)

(2) Included within Other current liabilities ($13 million in 2015 and $52 million in 2014, respectively) or Other non-current liabilities ($5 million in 2015 and $6 million in 2014, 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) | |
|---|---|---|---|---|---|---|
| Derivatives accounted for as hedges: | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Foreign exchange contracts | 32 | 46 | (13) | (14) | 19 | 32 |

(1) Included within Other current assets ($6 million in 2015 and $12 million in 2014, respectively) or Other non-current assets ($13 million in 2015 and $20 million in 2014, 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) | |
|---|---|---|---|---|---|---|
| Derivatives accounted for as hedges: | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Foreign exchange contracts | 18 | 58 | (13) | (14) | 5 | 44 |

(2) Included within Other current liabilities ($4 million in 2015 and $40 million in 2014, respectively) or Other non-current liabilities ($1 million in 2015 and $4 million in 2014, respectively)

The amounts of derivative gains (losses) recognized in the Consolidated Financial Statements are as follows (in millions):

| Cash Flow Hedge - Foreign Exchange Contracts | Location of future reclassification from Accumulated Other Comprehensive Loss | | | | Gain (Loss) Recognized in Accumulated Other Comprehensive Loss: |
|---|---|---|---|---|---|
| | Compensation and Benefits | Other General Expenses | Interest Expense | Other Income (Expense) | Total |
| 2015 | 4 | (3) | — | (10) | (9) |
| 2014 | 11 | (3) | — | (10) | (2) |
| 2013 | (17) | — | — | 13 | (4) |

| Cash Flow Hedge - Foreign Exchange Contracts Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion): | Compensation and Benefits | Other General Expenses | Interest Expense | Other Income | Total |
|---|---|---|---|---|---|
| 2015 | 4 | (1) | (9) | (11) | (17) |
| 2014 | (5) | 3 | (10) | (2) | (14) |
| 2013 | (12) | (9) | (3) | 14 | (10) |

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 | | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2013 | 2015 | 2014 | 2013 |
| Fair value hedges: | | | | | | |
| Foreign exchange contracts (2) | $— | $(9) | $(8) | $— | $9 | $8 |

(1) Included in interest expense
(2) Relates to fixed rate debt

The Company estimates that approximately $7 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 2015, 2014 and 2013 was not material.

The Company recorded a loss of $8 million, $18 million, and $18 million in Other income for foreign exchange derivatives not designated or qualifying as hedges for 2015, 2014, and 2013, respectively.

13. 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, 2015 and 2014, respectively (in millions):

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Balance at December 31, 2015 | 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 (1) | $1,396 | $1,396 | $— | $— |
| Other investments: | | | | |
| Corporate bonds | — | — | — | — |
| Government bonds | 1 | — | 1 | — |
| Equity investments | 10 | 6 | 4 | — |
| Derivatives (2): | | | | |
| Interest rate contracts | — | — | — | — |
| Foreign exchange contracts | 32 | — | 32 | — |
| Liabilities: | | | | |
| Derivatives: | | | | |
| Foreign exchange contracts | 18 | — | 18 | — |

(1) Includes $1,396 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.

(2) See Note 12 "Derivatives and Hedging" for additional information regarding the Company's derivatives and hedging activity.

| | Balance at December 31, 2014 | 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 (1) | $1,850 | $1,850 | $— | $— |
| Other investments: | | | | |
| Corporate bonds | 1 | — | — | 1 |
| Government bonds | 6 | — | 6 | — |
| Equity investments | 11 | 6 | 5 | — |
| Derivatives (2): | | | | |
| 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.

(2) See Note 12 "Derivatives and Hedging" for additional information regarding the Company's derivatives and hedging activity.

There were no transfers of assets or liabilities between fair value hierarchy levels during 2015 or 2014. The Company recognized no realized or unrealized gains or losses in the Consolidated Statements of Income during 2015 related to assets and liabilities measured at fair value using unobservable inputs. There were no realized or unrealized gains or losses recognized 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.

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 | 2015 | | 2014 | |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Long-term debt | $5,175 | $5,386 | $4,799 | $5,268 |

## 14. 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. While Aon maintains meaningful E&O insurance and other insurance programs 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 Consolidated Statements of Financial Position and have been recognized in Other general expenses in the 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.

We have included in the matters described below certain matters in which (1) loss is probable (2) loss is reasonably

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possible; that is, more than remote but not probable, or (3) there exists the reasonable possibility of loss greater than the accrued amount. In addition, we may from time to time disclose matters for which the probability of loss could be remote but the claim amounts associated with such matters are potentially significant. 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 $0.3 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 may change, and the estimates themselves may 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.

Current Matters

A 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. In March 2015, the trial court granted partial summary judgment in favor of plaintiffs and against the insurers, holding generally that the plaintiffs are entitled to $200 million in coverage under the language of the policies. In August 2015, a jury returned a verdict in favor of Opry Mills and against the insurers in the amount of $204 million. Aon understands that the insurers intend to appeal both of these trial court decisions. 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 sought approximately £189 million ($282 million at December 31, 2015 exchange rates), plus interest and costs. In June 2015, the High Court ordered Philips to clarify several aspects of its claim. In its clarification, Philips increased the amount of its claim to £290 million ($432 million at December 31, 2015 exchange rates), plus interest and costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these allegations.

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 business acquired by 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 sought damages of approximately CHF 46 million ($47 million at December 31, 2015 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 17 million ($17 million at December 31, 2015 exchange rates) and $3 million, plus

interest and adverse costs. The entire amount of the judgment, including interest through December 31, 2014, totaled CHF 28 million ($28 million at December 31, 2015 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, 2015 exchange rates) and $5 million without Aon admitting liability. The Aon subsidiary appealed those aspects of the judgment it retained the right to appeal. IRU did not appeal. The Aon subsidiary's maximum liability on appeal is limited to CHF 9 million ($9 million at December 31, 2015 exchange rates) and $115,000 (plus interest and costs) beyond what the subsidiary has already paid. The appeal is now under submission.

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 ($67 million at December 31, 2015 exchange rates). In December 2014, the Court of Appeal granted the employer leave to appeal the High Court decision. The Court of Appeal hearing was set for October 2015, but has been postponed to permit the parties to discuss possible settlement. Aon believes that it has meritorious defenses and intends to vigorously defend itself against this potential claim.

On June 29, 2015, Lyttelton Port Company Limited ("LPC") sued Aon New Zealand (Aon) in the Christchurch Registry of the High Court of New Zealand. LPC alleges, among other things, that Aon was negligent and in breach of contract in arranging LPC’s property insurance program for the period covering June 30, 2010, to June 30, 2011. LPC contends that acts and omissions by Aon caused LPC to recover less than it otherwise would have from insurers for losses suffered in the 2010/2011 Canterbury Earthquakes. LPC claims damages of approximately NZD $184 million ($126 million at December 31, 2015 exchange rates) plus interest and costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

Settled/Closed Matters

As described more fully in our Form 10-Q for the period ended June 30, 2015, in the second quarter of 2015, we settled legacy litigation with Huntington Ingalls Industries, Inc. in exchange for a payment of $150 million made by Aon during the same period, and an arbitral panel issued an award that rejected claims made by AXA Versicherung Aktiengesellschaft (“AXA”) and ordered AXA to reimburse Aon for its legal fees and costs in the amount of €2 million ($2 million at June 30, 2015 exchange rates).

In addition, 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 into 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), and (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.

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 of approximately $58 million at December 31, 2015, compared to $95 million at December 31, 2014. 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 $12 million at December 31, 2015 compared to $14 million at December 31, 2014. During 2015, the Company funded $2 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 $104 million at December 31, 2015 compared to $112 million at December 31, 2014.

15. 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 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Risk Solutions | $7,426 | $7,834 | $7,789 |
| HR Solutions | 4,303 | 4,264 | 4,057 |
| Intersegment eliminations | (47) | (53) | (31) |
| Total revenue | $11,682 | $12,045 | $11,815 |

Commissions, fees and other revenues by product are as follows (in millions):

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Retail brokerage | $6,044 | $6,334 | $6,256 |
| Reinsurance brokerage | 1,361 | 1,474 | 1,505 |
| Total Risk Solutions Segment | 7,405 | 7,808 | 7,761 |
| Consulting services | 1,686 | 1,700 | 1,626 |
| Outsourcing | 2,658 | 2,607 | 2,469 |
| Intrasegment | (41) | (43) | (38) |
| Total HR Solutions Segment | 4,303 | 4,264 | 4,057 |
| Intersegment | (47) | (53) | (31) |
| Total commissions, fees and other revenue | $11,661 | $12,019 | $11,787 |

Fiduciary investment income by segment is as follows (in millions):

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Risk Solutions | $21 | $26 | $28 |
| HR Solutions | — | — | — |
| Total fiduciary investment income | $21 | $26 | $28 |

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

| Years ended December 31 | 2015 | 2014 | 2013 |
|---|---|---|---|
| Risk Solutions | $1,506 | $1,648 | $1,540 |
| HR Solutions | 536 | 485 | 318 |
| Segment income before income taxes | 2,042 | 2,133 | 1,858 |
| Unallocated expenses | (194) | (167) | (187) |
| Interest income | 14 | 10 | 9 |
| Interest expense | (273) | (255) | (210) |
| Other income | 100 | 44 | 68 |
| Income before income taxes | $1,689 | $1,765 | $1,538 |

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 remeasurement.

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 |
|---|---|---|---|---|---|---|
| 2015 | $11,682 | $6,063 | $1,053 | $1,527 | $1,909 | $1,130 |
| 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 |

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 |
|---|---|---|---|---|---|---|
| 2015 | $13,051 | $7,072 | $416 | $2,723 | $2,270 | $570 |
| 2014 | 13,805 | 7,793 | 493 | 2,700 | 2,179 | 640 |

16. Guarantee of Registered Securities

As described in Note 14, in connection with the Redomestication, Aon plc entered into various agreements pursuant to which it agreed to guarantee the obligations of Aon Corporation arising under issued and outstanding debt securities, including the 3.125% Notes due May 2016, the 5.00% Notes due September 2020, the 8.205% Notes due January 2027 and the 6.25% Notes due September 2040 (collectively, the "Aon Corp Notes"). Aon Corporation is a 100% indirectly owned subsidiary of Aon plc. All guarantees of Aon plc are full and unconditional. There are no other subsidiaries of Aon plc that are guarantors of the Aon Corp Notes.

In addition, Aon Corporation entered into an agreement pursuant to which it agreed to guarantee the obligations of Aon plc arising under the 4.250% Notes due 2042 exchanged for Aon Corporation's outstanding 8.205% Notes due January

2027 and also agreed to guarantee the obligations of Aon plc arising under the 4.45% Notes due 2043, the 4.00% Notes due November 2023, the 2.875% Notes due May 2026, the 3.50% Notes due June 2024, the 4.60% Notes due June 2044, the 4.75% Notes due May 2045, and the 2.80% Notes due March 2021 (collectively, the "Aon plc Notes"). In each case, the guarantee of Aon Corporation is full and unconditional. There are no subsidiaries of Aon plc, other than Aon Corporation, that are guarantors of the Aon plc Notes. As a result of the existence of these guarantees, the Company has elected to present the financial information set forth in this footnote in accordance with Rule 3-10 of Regulation S-X.

The following tables set forth condensed consolidating statements of income, condensed consolidating statements of comprehensive income for the years ended December 31, 2015, 2014, and 2013, condensed consolidating statements of financial position as of December 31, 2015 and December 31, 2014, and condensed consolidating statements of cash flows for the years ended December 31, 2015, 2014, and 2013 in accordance with Rule 3-10 of Regulation S-X. The condensed consolidating financial information includes the accounts of Aon plc, the accounts of Aon Corporation, and the combined accounts of the non-guarantor subsidiaries. The condensed consolidating financial statements are presented in all periods as a merger under common control. The principal consolidating adjustments are to eliminate the investment in subsidiaries and intercompany balances and transactions.

In January 2015, Aon plc transferred its ownership of all of its directly held subsidiaries to Aon Global Holdings Limited, an intermediate holding company. The financial results of Aon Global Holdings Limited are included in the Other Non-Guarantor Subsidiaries column of the Condensed Consolidating Financial Statements. The Company has reflected the transfer of Aon Corporation from Aon plc to Aon Global Holdings Limited below for all periods presented.

Certain amounts in prior year's consolidating statements of income have been reclassified and adjusted to conform to the 2015 presentation. In prior periods, other income (expense) from intercompany transactions were recognized in Compensation and benefits and Other general expenses. These amounts are now included in Intercompany other income (expense) in the Condensed Consolidating Statements of Income. The Company believes this provides greater clarity into the income generated from operations and intercompany transactions.

Condensed Consolidating Statement of Income

| (millions) | Year Ended December 31, 2015 Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Commissions, fees and other | $— | $— | $11,661 | $— | $11,661 |
| Fiduciary investment income | — | — | 21 | — | 21 |
| Total revenue | — | — | 11,682 | — | 11,682 |
| Expenses | | | | | |
| Compensation and benefits | 136 | 32 | 6,669 | — | 6,837 |
| Other general expenses | 8 | 7 | 2,982 | — | 2,997 |
| Total operating expenses | 144 | 39 | 9,651 | — | 9,834 |
| Operating (loss) income | (144) | (39) | 2,031 | — | 1,848 |
| Interest income | (19) | 14 | 19 | — | 14 |
| Interest expense | (121) | (130) | (22) | — | (273) |
| Intercompany interest income (expense) | 429 | (479) | 50 | — | — |
| Intercompany other income (expense) | 302 | (422) | 120 | — | — |
| Other Income | (1) | — | 101 | — | 100 |
| Income (loss) before taxes | 446 | (1,056) | 2,299 | — | 1,689 |
| Income tax expense (benefit) | 45 | (262) | 484 | — | 267 |
| Income (loss) before equity in earnings of subsidiaries | 401 | (794) | 1,815 | — | 1,422 |
| Equity in earnings of subsidiaries, net of tax | 984 | 1,319 | 525 | (2,828) | — |
| Net income | 1,385 | 525 | 2,340 | (2,828) | 1,422 |
| Less: Net income attributable to noncontrolling interests | — | — | 37 | — | 37 |
| Net income attributable to Aon shareholders | $1,385 | $525 | $2,303 | $(2,828) | $1,385 |

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Condensed Consolidating Statement of Income

| (millions) | Year Ended December 31, 2014 Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Commissions, fees and other | $— | $— | $12,019 | $— | $12,019 |
| Fiduciary investment income | — | — | 26 | — | 26 |
| Total revenue | — | — | 12,045 | — | 12,045 |
| Expenses | | | | | |
| Compensation and benefits | 140 | 16 | 6,858 | — | 7,014 |
| Other general expenses | 3 | 5 | 3,057 | — | 3,065 |
| Total operating expenses | 143 | 21 | 9,915 | — | 10,079 |
| Operating (loss) income | (143) | (21) | 2,130 | — | 1,966 |
| Interest income | (9) | 2 | 17 | — | 10 |
| Interest expense | (75) | (139) | (41) | — | (255) |
| Intercompany interest income (expense) | 449 | (298) | (151) | — | — |
| Intercompany other income (expense) | 342 | (390) | 48 | — | — |
| Other income | 2 | 5 | 37 | — | 44 |
| Income (loss) before taxes | 566 | (841) | 2,040 | — | 1,765 |
| Income tax expense (benefit) | 74 | (192) | 452 | — | 334 |
| Income (loss) before equity in earnings of subsidiaries | 492 | (649) | 1,588 | — | 1,431 |
| Equity in earnings of subsidiaries, net of tax | 905 | 1,214 | 565 | (2,684) | — |
| Net income | 1,397 | 565 | 2,153 | (2,684) | 1,431 |
| Less: Net income attributable to noncontrolling interests | — | — | 34 | — | 34 |
| Net income attributable to Aon shareholders | $1,397 | $565 | $2,119 | $(2,684) | $1,397 |

Condensed Consolidating Statement of Income

| (millions) | Year Ended December 31, 2013<br>Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustment | Consolidated |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Commissions, fees and other | $3 | $— | $11,784 | $— | $11,787 |
| Fiduciary investment income | — | — | 28 | — | 28 |
| Total revenue | 3 | — | 11,812 | — | 11,815 |
| Expenses | | | | | |
| Compensation and benefits | 111 | 50 | 6,784 | — | 6,945 |
| Other general expenses | — | — | 3,199 | — | 3,199 |
| Total operating expenses | 111 | 50 | 9,983 | — | 10,144 |
| Operating (loss) income | (108) | (50) | 1,829 | — | 1,671 |
| Interest income | — | 3 | 6 | — | 9 |
| Interest expense | (20) | (138) | (52) | — | (210) |
| Intercompany interest (expense) income | 120 | 24 | (144) | — | — |
| Intercompany other (expense) income | 38 | (168) | 130 | — | — |
| Other income (expense) | — | 19 | 49 | — | 68 |
| (Loss) income before taxes | 30 | (310) | 1,818 | — | 1,538 |
| Income tax (benefit) expense | 12 | (64) | 442 | — | 390 |
| (Loss) income before equity in earnings of subsidiaries | 18 | (246) | 1,376 | — | 1,148 |
| Equity in earnings of subsidiaries, net of tax | 1,095 | 1,061 | 815 | (2,971) | — |
| Net income | 1,113 | 815 | 2,191 | (2,971) | 1,148 |
| Less: Net income attributable to noncontrolling interests | — | — | 35 | — | 35 |
| Net income attributable to Aon shareholders | $1,113 | $815 | $2,156 | $(2,971) | $1,113 |

Condensed Consolidating Statement of Comprehensive Income

| | Year Ended December 31, 2015 | | | | |
|---|---|---|---|---|---|
| (millions) | Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
| Net income | $1,385 | $525 | $2,340 | $(2,828) | $1,422 |
| Less: Net income attributable to noncontrolling interests | — | — | 37 | — | 37 |
| Net income attributable to Aon shareholders | $1,385 | $525 | $2,303 | $(2,828) | $1,385 |
| Other comprehensive (loss) income, net of tax: | | | | | |
| Change in fair value of financial instruments | — | — | (8) | — | (8) |
| Foreign currency translation adjustments | — | (47) | (395) | — | (442) |
| Post-retirement benefit obligation | — | 12 | 143 | — | 155 |
| Total other comprehensive loss | — | (35) | (260) | — | (295) |
| Equity in other comprehensive loss of subsidiaries, net of tax | (289) | (268) | (303) | 860 | — |
| Less: Other comprehensive loss attributable to noncontrolling interests | — | — | (6) | — | (6) |
| Total other comprehensive loss attributable to Aon shareholders | (289) | (303) | (557) | 860 | (289) |
| Comprehensive income attributable to Aon shareholders | $1,096 | $222 | $1,746 | $(1,968) | $1,096 |

Condensed Consolidating Statement of Comprehensive Income

| | Year Ended December 31, 2014 | | | | |
|---|---|---|---|---|---|
| (millions) | Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
| Net income | $1,397 | $565 | $2,153 | $(2,684) | $1,431 |
| Less: Net income attributable to noncontrolling interests | — | — | 34 | — | 34 |
| Net income attributable to Aon shareholders | $1,397 | $565 | $2,119 | $(2,684) | $1,397 |
| Other comprehensive income (loss), net of tax: | | | | | |
| Change in fair value of financial instruments | — | (3) | 7 | — | 4 |
| Foreign currency translation adjustments | — | (31) | (476) | — | (507) |
| Post-retirement benefit obligation | — | (315) | 55 | — | (260) |
| Total other comprehensive loss | — | (349) | (414) | — | (763) |
| Equity in other comprehensive income of subsidiaries, net of tax | (760) | (411) | (760) | 1,931 | — |
| Less: Other comprehensive loss attributable to noncontrolling interests | — | — | (3) | — | (3) |
| Total other comprehensive income attributable to Aon shareholders | (760) | (760) | (1,171) | 1,931 | (760) |
| Comprehensive income attributable to Aon shareholders | $637 | $(195) | $948 | $(753) | $637 |

Condensed Consolidating Statement of Comprehensive Income

| | Year Ended December 31, 2013 | | | | |
|---|---|---|---|---|---|
| (millions) | Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
| Net income | $1,113 | $815 | $2,191 | $(2,971) | $1,148 |
| Less: Net income attributable to noncontrolling interests | — | — | 35 | — | 35 |
| Net income attributable to Aon shareholders | $1,113 | $815 | $2,156 | $(2,971) | $1,113 |
| Other comprehensive loss, net of tax: | | | | | |
| Change in fair value of financial instruments | — | 5 | 2 | — | 7 |
| Foreign currency translation adjustments | — | (60) | (5) | — | (65) |
| Post-retirement benefit obligation | — | 223 | 70 | — | 293 |
| Total other comprehensive loss | — | 168 | 67 | — | 235 |
| Equity in other comprehensive loss of subsidiaries, net of tax | 236 | 69 | 237 | (542) | — |
| Less: Other comprehensive income attributable to noncontrolling interests | — | — | (1) | — | (1) |
| Total other comprehensive loss attributable to Aon shareholders | 236 | 237 | 305 | (542) | 236 |
| Comprehensive income attributable to Aon shareholders | $1,349 | $1,052 | $2,461 | $(3,513) | $1,349 |

Condensed Consolidating Statement of Financial Position
As of December 31, 2015

| (millions) | Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $— | $2,083 | $1,242 | $(2,941) | $384 |
| Short-term investments | — | 209 | 147 | — | 356 |
| Receivables, net | 1 | — | 2,733 | — | 2,734 |
| Fiduciary assets | — | — | 9,932 | — | 9,932 |
| Intercompany receivables | 432 | 1,950 | 7,957 | (10,339) | — |
| Other current assets | 3 | 218 | 347 | (2) | 566 |
| Total Current Assets | 436 | 4,460 | 22,358 | (13,282) | 13,972 |
| Goodwill | — | — | 8,448 | — | 8,448 |
| Intangible assets, net | — | — | 2,180 | — | 2,180 |
| Fixed assets, net | — | — | 765 | — | 765 |
| Deferred tax assets | 154 | 558 | 107 | (678) | 141 |
| Intercompany receivables | 375 | 526 | 8,633 | (9,534) | — |
| Prepaid Pension | — | 6 | 1,027 | — | 1,033 |
| Other non-current assets | 28 | 124 | 557 | (84) | 625 |
| Investment in subsidiary | 11,804 | 16,534 | 369 | (28,707) | — |
| TOTAL ASSETS | $12,797 | $22,208 | $44,444 | $(52,285) | $27,164 |
| LIABILITIES AND EQUITY | | | | | |
| Fiduciary liabilities | $— | $— | $9,932 | $— | $9,932 |
| Short-term debt and current portion of long-term debt | — | 550 | 12 | — | 562 |
| Accounts payable and accrued liabilities | 2,988 | 45 | 1,680 | (2,941) | 1,772 |
| Intercompany payables | 167 | 9,518 | 654 | (10,339) | — |
| Other current liabilities | 47 | 56 | 720 | (3) | 820 |
| Total Current Liabilities | 3,202 | 10,169 | 12,998 | (13,283) | 13,086 |
| Long-term debt | 3,482 | 1,418 | 275 | — | 5,175 |
| Deferred tax liabilities | — | — | 854 | (678) | 176 |
| Pension, other post-retirement and other post-employment liabilities | — | 1,313 | 482 | — | 1,795 |
| Intercompany payables | — | 8,799 | 735 | (9,534) | — |
| Other non-current liabilities | 7 | 140 | 705 | (83) | 769 |
| TOTAL LIABILITIES | 6,691 | 21,839 | 16,049 | (23,578) | 21,001 |
| TOTAL AON SHAREHOLDERS’ EQUITY | 6,106 | 369 | 28,338 | (28,707) | 6,106 |
| Noncontrolling interests | — | — | 57 | — | 57 |
| TOTAL EQUITY | 6,106 | 369 | 28,395 | (28,707) | 6,163 |
| TOTAL LIABILITIES AND EQUITY | $12,797 | $22,208 | $44,444 | $(52,285) | $27,164 |

Condensed Consolidating Statement of Financial Position
As of December 31, 2014

| (millions) | Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|---|---|---|---|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | $— | $2,727 | $1,361 | $(3,714) | $374 |
| Short-term investments | — | 165 | 229 | — | 394 |
| Receivables, net | — | — | 2,815 | — | 2,815 |
| Fiduciary assets | — | — | 11,638 | — | 11,638 |
| Intercompany receivables | 455 | 2,814 | 9,156 | (12,425) | — |
| Other current assets | 2 | 226 | 407 | (33) | 602 |
| Total Current Assets | 457 | 5,932 | 25,606 | (16,172) | 15,823 |
| Goodwill | — | — | 8,860 | — | 8,860 |
| Intangible assets, net | — | — | 2,520 | — | 2,520 |
| Fixed assets, net | — | — | 765 | — | 765 |
| Deferred tax assets | 159 | 570 | 113 | (698) | 144 |
| Intercompany receivables | 7,399 | 600 | 111 | (8,110) | — |
| Prepaid Pension | — | 6 | 927 | — | 933 |
| Other non-current assets | 20 | 121 | 678 | (92) | 727 |
| Investment in subsidiary | 4,962 | 15,200 | 1,880 | (22,042) | — |
| TOTAL ASSETS | $12,997 | $22,429 | $41,460 | $(47,114) | $29,772 |
| LIABILITIES AND EQUITY | | | | | |
| Fiduciary liabilities | $— | $— | $11,638 | $— | $11,638 |
| Short-term debt and current portion of long-term debt | — | 767 | 16 | — | 783 |
| Accounts payable and accrued liabilities | 3,755 | 58 | 1,706 | (3,714) | 1,805 |
| Intercompany payables | 122 | 8,960 | 3,343 | (12,425) | — |
| Other current liabilities | — | 49 | 772 | (33) | 788 |
| Total Current Liabilities | 3,877 | 9,834 | 17,475 | (16,172) | 15,014 |
| Long-term debt | 2,544 | 1,917 | 338 | — | 4,799 |
| Deferred tax liabilities | — | — | 1,011 | (698) | 313 |
| Pension, other post-retirement and other post-employment liabilities | — | 1,396 | 745 | — | 2,141 |
| Intercompany payables | — | 7,277 | 833 | (8,110) | — |
| Other non-current liabilities | 5 | 125 | 836 | (92) | 874 |
| TOTAL LIABILITIES | 6,426 | 20,549 | 21,238 | (25,072) | 23,141 |
| TOTAL AON SHAREHOLDERS' EQUITY | 6,571 | 1,880 | 20,162 | (22,042) | 6,571 |
| Noncontrolling interests | — | — | 60 | — | 60 |
| TOTAL EQUITY | 6,571 | 1,880 | 20,222 | (22,042) | 6,631 |
| TOTAL LIABILITIES AND EQUITY | $12,997 | $22,429 | $41,460 | $(47,114) | $29,772 |

Condensed Consolidating Statement of Cash Flows

| | Year Ended December 31, 2015 | | | | |
|---|---|---|---|---|---|
| (millions) | Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | $695 | $464 | $2,523 | $(1,673) | $2,009 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from investments | — | 27 | 193 | — | 220 |
| Payments for investments | (13) | (47) | (219) | 13 | (266) |
| Net (purchases) sales of short-term investments - non-fiduciary | — | (42) | 51 | — | 9 |
| Acquisition of businesses, net of cash acquired | — | — | (16) | — | (16) |
| Proceeds from sale of businesses | — | — | 205 | — | 205 |
| Capital expenditures | — | — | (290) | — | (290) |
| CASH USED FOR (PROVIDED BY) INVESTING ACTIVITIES | (13) | (62) | (76) | 13 | (138) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Share repurchase | (1,550) | — | — | — | (1,550) |
| Advances from (to) affiliates and other (1) | 232 | (326) | (2,339) | 2,433 | — |
| Issuance of shares for employee benefit plans | (29) | — | (1) | — | (30) |
| Issuance of debt | 1,318 | 4,026 | 7 | — | 5,351 |
| Repayment of debt | (330) | (4,746) | (22) | — | (5,098) |
| Cash dividends to shareholders | (323) | — | — | — | (323) |
| Noncontrolling interests and other financing activities | — | — | (39) | — | (39) |
| CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES | (682) | (1,046) | (2,394) | 2,433 | (1,689) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | — | — | (172) | — | (172) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | — | (644) | (119) | 773 | 10 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | — | 2,727 | 1,361 | (3,714) | 374 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | $— | $2,083 | $1,242 | $(2,941) | $384 |

(1) Advances from (to) affiliates and other includes activity related to the Company's intercompany and cash pooling arrangements.

Condensed Consolidating Statement of Cash Flows

| | Year Ended December 31, 2014 | | | | |
|---|---|---|---|---|---|
| (millions) | Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | $769 | $(927) | $1,970 | $— | $1,812 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from investments | — | 39 | 13 | — | 52 |
| Payments for investments | — | (20) | — | — | (20) |
| Net purchases of short-term investments - non-fiduciary | — | (3) | 113 | — | 110 |
| Acquisition of businesses, net of cash acquired | — | — | (479) | — | (479) |
| Proceeds from sale of businesses | — | — | 48 | — | 48 |
| Capital expenditures | — | — | (256) | — | (256) |
| CASH USED FOR INVESTING ACTIVITIES | — | 16 | (561) | — | (545) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Share repurchase | (2,250) | — | — | — | (2,250) |
| Advances from (to) affiliates and other (1) | 19 | 3,215 | (536) | (2,698) | — |
| Issuance of shares for employee benefit plans | (105) | — | — | — | (105) |
| Issuance of debt | 2,908 | 2,326 | 5 | — | 5,239 |
| Repayment of debt | (1,068) | (2,150) | (700) | — | (3,918) |
| Cash dividends to shareholders | (273) | — | — | — | (273) |
| Noncontrolling interests and other financing activities | — | — | 4 | — | 4 |
| CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES | (769) | 3,391 | (1,227) | (2,698) | (1,303) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | — | — | (67) | — | (67) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | — | 2,480 | 115 | (2,698) | (103) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | — | 247 | 1,246 | (1,016) | 477 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | $— | $2,727 | $1,361 | $(3,714) | $374 |

(1) Advances from (to) affiliates and other includes activity related to the Company's intercompany and cash pooling arrangements.

Condensed Consolidating Statement of Cash Flows

| (millions) | Year Ended December 31, 2013<br>Aon plc | Aon Corporation | Other Non-Guarantor Subsidiaries | Consolidating Adjustments | Consolidated |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | $70 | $(441) | $2,124 | $— | $1,753 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from investments | — | 8 | 85 | — | 93 |
| Payments for investments | — | (15) | — | — | (15) |
| Net sales of short-term investments - non-fiduciary | — | (74) | (100) | — | (174) |
| Acquisition of businesses, net of cash acquired | — | — | (54) | — | (54) |
| Proceeds from sale of businesses | — | 7 | 33 | — | 40 |
| Capital expenditures | — | — | (229) | — | (229) |
| CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES | — | (74) | (265) | — | (339) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Share repurchase | (1,102) | — | — | — | (1,102) |
| Advances from (to) affiliates | 460 | 996 | (479) | (977) | — |
| Issuance of shares for employee benefit plans | (22) | — | — | — | (22) |
| Issuance of debt | 1,730 | 2,944 | 232 | — | 4,906 |
| Repayment of debt | (1,055) | (3,377) | (247) | — | (4,679) |
| Cash dividends to shareholders | (212) | — | — | — | (212) |
| Noncontrolling interests and other financing activities | | — | (27) | — | (27) |
| CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES | (201) | 563 | (521) | (977) | (1,136) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | — | — | (92) | — | (92) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (131) | 48 | 1,246 | (977) | 186 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 131 | 199 | — | (39) | 291 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | $— | $247 | $1,246 | $(1,016) | $477 |

17. Quarterly Financial Data (Unaudited)

Selected quarterly financial data for the years ended December 31, 2015 and 2014 are as follows (in millions, except per share data):

| | 1Q | 2Q | 3Q | 4Q | 2015 |
|---|---|---|---|---|---|
| INCOME STATEMENT DATA | | | | | |
| Commissions, fees and other revenue | $2,842 | $2,800 | $2,736 | $3,283 | $11,661 |
| Fiduciary investment income | 5 | 5 | 6 | 5 | 21 |
| Total revenue | $2,847 | $2,805 | $2,742 | $3,288 | $11,682 |
| Operating income | $441 | $277 | $413 | 717 | $1,848 |
| Net income | 341 | 188 | 303 | 590 | 1,422 |
| Less: Net income attributable to noncontrolling interests | 13 | 10 | 8 | 6 | 37 |
| Net income attributable to Aon shareholders | $328 | $178 | $295 | $584 | $1,385 |
| PER SHARE DATA | | | | | |
| Basic net income per share attributable to Aon shareholders | $1.15 | $0.63 | $1.05 | $2.12 | $4.93 |
| Diluted net income per share attributable to Aon shareholders | $1.14 | $0.62 | $1.05 | $2.09 | $4.88 |
| CLASS A ORDINARY SHARE DATA | | | | | |
| Dividends paid per share | $0.25 | $0.30 | $0.30 | $0.30 | $1.15 |
| Price range: | | | | | |
| High | $107.08 | $104.70 | $103.38 | $97.79 | $107.08 |
| Low | $89.35 | $95.32 | $87.58 | $86.38 | $86.38 |
| Shares outstanding | 281.7 | 279.8 | 273.9 | 269.8 | 269.8 |
| Average monthly trading volume | 24.5 | 24.9 | 26.5 | 26.6 | 25.6 |

| | 1Q | 2Q | 3Q | 4Q | 2014 |
|---|---|---|---|---|---|
| INCOME STATEMENT DATA | | | | | |
| Commissions, fees and other revenue | $2,941 | $2,913 | $2,873 | $3,292 | $12,019 |
| Fiduciary investment income | 6 | 6 | 7 | 7 | 26 |
| Total revenue | $2,947 | $2,919 | $2,880 | $3,299 | $12,045 |
| Operating income | $469 | $445 | $417 | $635 | $1,966 |
| Net income | 336 | 313 | 315 | 467 | 1,431 |
| Less: Net income attributable to noncontrolling interests | 11 | 9 | 6 | 8 | 34 |
| Net income attributable to Aon shareholders | $325 | $304 | $309 | $459 | $1,397 |
| PER SHARE DATA | | | | | |
| Basic net income per share attributable to Aon shareholders | $1.07 | $1.02 | $1.06 | $1.60 | $4.73 |
| Diluted net income per share attributable to Aon shareholders | $1.06 | $1.01 | $1.04 | $1.56 | $4.66 |
| CLASS A ORDINARY SHARE DATA | | | | | |
| Dividends paid per share | $0.18 | $0.25 | $0.25 | $0.25 | $0.92 |
| Price range: | | | | | |
| High | $87.45 | $91.07 | $91.28 | $98.10 | $98.10 |
| Low | $76.49 | $78.60 | $83.06 | $78.26 | $76.49 |
| Shares outstanding | 296.5 | 290.5 | 285.1 | 280.0 | 280.0 |
| Average monthly trading volume | 32.6 | 28.5 | 26.3 | 34.1 | 30.4 |

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.
None.
Item 9A. Controls and Procedures.
Evaluation of Disclosure Controls and Procedures
We have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this annual report of December 31, 2015. Based on this evaluation, our chief executive officer and chief financial officer concluded as of December 31, 2015 that our disclosure controls and procedures were effective such that the information relating to Aon, including our consolidated subsidiaries, required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to Aon's management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.
Management's Report on Internal Control Over Financial Reporting
Management of Aon plc is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the Internal Control — Integrated Framework (2013 Framework). Based on this assessment, management has concluded our internal control over financial reporting is effective as of December 31, 2015.
The effectiveness of our internal control over financial reporting as of December 31, 2015 has been audited by Ernst & Young, LLP, the Company's independent registered public accounting firm, as stated in their report titled "Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting."
Changes in Internal Control Over Financial Reporting
No changes in Aon's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during 2015 that have materially affected, or that are reasonably likely to materially affect, Aon's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

Board of Directors and Shareholders
Aon plc

We have audited Aon plc's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). Aon plc's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Aon plc maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated statements of financial position of Aon plc as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2015 and our report dated February 22, 2016 expressed an unqualified opinion thereon.

Chicago, Illinois
February 22, 2016

Item 9B. Other Information.

Not applicable.

## PART III

### Item 10. Directors, Executive Officers and Corporate Governance.

Information relating to Aon's Directors is set forth under the heading "Proposal 1 — Resolutions Regarding the Election of Directors" in our Proxy Statement for the 2016 Annual General Meeting of Shareholders to be held on June 24, 2016 (the "Proxy Statement") and is incorporated herein by reference from the Proxy Statement. Information relating to the executive officers of Aon is set forth in Part I of this Form 10-K and is incorporated by reference. Information relating to compliance with Section 16(a) of the Exchange Act is incorporated by reference from the discussion under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement. The remaining information called for by this item is incorporated herein by reference to the information under the heading "Corporate Governance" and the information under the heading "Board of Directors and Committees" in the Proxy Statement.

We have adopted a code of ethics that applies to the Company’s directors, officers and employees, including the Chief Executive Officer, Chief Financial Officer, Controller and Chief Accounting Officer and other persons performing similar functions. The text of our code of ethics, which we call our Code of Business Conduct, is available on our website as disclosed in Item 1 of this report. We will provide a copy of the code of ethics without charge upon request to the Company Secretary, Aon plc, 122 Leadenhall Street, London EC3V 4AN, United Kingdom. We will disclose on our website any amendment to or waiver from our code of ethics on behalf of any of our executive officers or directors.

### Item 11. Executive Compensation.

Information relating to director and executive officer compensation is set forth under the headings "Compensation Committee Report," "Compensation Discussion and Analysis," and "Executive Compensation" in the Proxy Statement, and all such information is incorporated herein by reference.

The material incorporated herein by reference to the information set forth under the heading "Compensation Committee Report" in the Proxy Statement shall be deemed furnished, and not filed, in this Form 10-K and shall not be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act as a result of this furnishing, except to the extent that it is specifically incorporated by reference by Aon.

Information relating to compensation committee interlocks and insider participation is incorporated by reference to the information under the heading "Compensation Discussion and Analysis - Compensation Committee Interlocks and Insider Participation" in the Proxy Statement.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information relating to equity compensation plans and the security ownership of certain beneficial owners and management of Aon's ordinary shares is set forth under the headings "Equity Compensation Plan Information", "Principal Holders of Voting Securities" and "Security Ownership of Directors and Executive Officers" in the Proxy Statement and all such information is incorporated herein by reference.

### Item 13. Certain Relationships and Related Transactions, and Director Independence.

Aon hereby incorporates by reference the information under the headings "Corporate Governance — Director Independence" and "Certain Relationships and Related Transactions" in the Proxy Statement.

### Item 14. Principal Accountant Fees and Services.

Information required by this Item is included under the caption "Auditor Fees" in the Proxy Statement and is hereby incorporated by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) (1) and (2). The following documents have been included in Part II, Item 8.

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on Financial Statements
Consolidated Statements of Financial Position — As of December 31, 2015 and 2014
Consolidated Statements of Income — Years Ended December 31, 2015, 2014 and 2013
Consolidated Statements of Comprehensive Income — Years Ended December 31, 2015, 2014 and 2013
Consolidated Statements of Shareholders' Equity — Years Ended December 31, 2015, 2014 and 2013
Consolidated Statements of Cash Flows — Years Ended December 31, 2015, 2014 and 2013
Notes to Consolidated Financial Statements

The following document has been included in Part II, Item 9.

Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, on Internal Control over Financial Reporting

All schedules for the Registrant and consolidated subsidiaries have been omitted because the required information is not present in amounts sufficient to require submission of the schedules or because the information required is included in the respective financial statements or notes thereto.

(a)(3). List of Exhibits (numbered in accordance with Item 601 of Regulation S-K)

Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession.

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| 2.1* | Agreement and Plan of Merger and Reorganization by and among Aon Corporation and Market Mergeco Inc. dated January 12, 2012 — incorporated by reference to Annex A of the Registration Statement on Form S-4/A (File No. 333-178991) filed by Aon Global Limited on February 6, 2012. |

Articles of Association.

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| 3.1* | Articles of Association of Aon plc — incorporated by reference to Exhibit 3.1 to Aon's Current Report on Form 8-K filed on April 2, 2012. |

Instruments Defining the Rights of Security Holders, Including Indentures.

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| 4.1* | 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. (amending and restating the Indenture, dated as of January 13, 1997, as supplemented by the First Supplemental Indenture, dated as of January 13, 1997) — incorporated by reference to Exhibit 4.3 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 4.2* | Capital Securities Guarantee Agreement dated as of January 13, 1997 between Aon and The Bank of New York, as Guarantee Trustee — incorporated by reference to Exhibit 4.8 to Aon's Registration Statement on Form S-4 (File No. 333-21237) filed on February 6, 1997. |
| 4.3* | Capital Securities Exchange and Registration Rights Agreement dated as of January 13, 1997 among Aon, Aon Capital A, Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. — incorporated by reference to Exhibit 4.10 to Aon's Registration Statement on Form S-4 (File No. 333-21237) filed on February 6, 1997. |
| 4.4* | Debenture Exchange and Registration Rights Agreement dated as of January 13, 1997 among Aon, Aon Capital A, Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. — incorporated by reference to Exhibit 4.11 to Aon's Registration Statement on Form S-4 (File No. 333-21237) filed on |

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| | February 6, 1997. |
| 4.5* | Guarantee Exchange and Registration Rights Agreement dated as of January 13, 1997 among Aon, Aon Capital A, Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. — incorporated by reference to Exhibit 4.12 to Aon's Registration Statement on Form S-4 (File No. 333-21237) filed on February 6, 1997. |
| 4.6* | 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 (amending and restating the Indenture, dated as of December 16, 2002, between Aon Corporation and The Bank of New York Mellon Trust Company, N.A.) — incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on April 2, 2012. |

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| 4.7* | Indenture dated as of April 12, 2006 among Aon Finance N.S.1, ULC, Aon and Computershare Trust Company of Canada, as Trustee — incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on April 18, 2006. |
| 4.8* | 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 (amending and restating the Indenture, dated as of September 10, 2010, between Aon Corporation and The Bank of New York Mellon Trust Company, N.A.) — incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 4.9* | Form of 3.50% Senior Note due 2015 — incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on September 10, 2010. |
| 4.10* | Form of 5.00% Senior Note due 2020 — incorporated by reference to Exhibit 4.3 to Aon's Current Report on Form 8-K filed on September 10, 2010. |
| 4.11* | Form of 6.25% Senior Note due 2040 — incorporated by reference to Exhibit 4.4 to Aon's Current Report on Form 8-K filed on September 10, 2010. |
| 4.12* | Indenture dated as of March 8, 2011, among Aon Finance N.S. 1, ULC, Aon Corporation and Computershare Trust Company of Canada. — incorporated by reference to Exhibit 4.1 to Aon's Current Report on Form 8-K filed on March 8, 2011. |
| 4.13* | First Supplemental Indenture, dated as of April 2, 2012, among Aon Finance N.S. 1, ULC, Aon Corporation, as guarantor, Aon plc, as guarantor, and Computershare Trust Company of Canada, as trustee (supplementing the Indenture dated as of March 8, 2011 among Aon Finance N.S.1, ULC, Aon Corporation, as guarantor, and Computershare Trust Company of Canada, as trustee) — incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 4.14* | Form of 3.125% Senior Note due 2016 — incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on May 27, 2011. |
| 4.15* | Indenture, dated as of December 12, 2012 by and among Aon plc, Aon Corporation, The Bank of New York Mellon Trust Company, N.A. — incorporated by reference to Exhibit 4.1 to Aon's Current Report on Form 8-K filed on December 13, 2012. |
| 4.16* | Form of 4.250% Senior Note Due 2042 - incorporated by reference to Exhibit 4.6 to Aon's Registration Statement on Form S-4 (File No. 333-187637) filed on March 29, 2013. |
| 4.17* | Indenture, dated as of May 24, 2013, among Aon, Aon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (including the Guarantee) — incorporated by reference to Exhibit 4.1 to Aon's Current Report on Form 8-K filed on May 24, 2013. |
| 4.18* | Form of 4.45% Senior Note due 2043 — incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on May 24, 2013. |
| 4.19* | Form of 4.00% Senior Note due 2023 — incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on November 26, 2013. |

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| 4.20* | Form of 2.875% Senior Note due 2016 - incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on May 13, 2014. |
| 4.21* | Form of 3.500% Senior Note due 2024 - incorporated by reference to Exhibit 4.2 to Aon's Current Report on Form 8-K filed on May 27, 2014. |
| 4.22* | Form of 4.600% Senior Note due 2044 - incorporated by reference to Exhibit 4.3 to Aon's Current Report on Form 8-K filed on May 27, 2014. |
| 4.23* | Amended and Restated Indenture, dated as of May 20, 2015, among Aon plc, Aon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (including the Guarantee) - incorporated by reference to Exhibit 4.1 to Aon's Current Report on Form 8-K filed on May 20, 2015. |
| 4.24* | Form of 4.750% Senior Note due 2045 - incorporated by reference to Exhibit 4.1 to Aon's Current Report on Form 8-K filed on May 20, 2015. |
| 4.25* | Indenture, dated as of November 13, 2015, among Aon plc, Aon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (including the guarantee) - incorporated by reference to Exhibit 4.1 to Aon's Current Report on Form 8-K filed on November 13, 2015. |

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| 4.26* | Form of 2.800% Senior Note due 2021 - incorporated by reference to Exhibit 4.1 to Aon's Current Report on Form 8-K filed on November 13, 2015. |

Material Contracts.

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| 10.1* | Amended and Restated Agreement among the Attorney General of the State of New York, the Superintendent of Insurance of the State of New York, the Attorney General of the State of Connecticut, the Illinois Attorney General, the Director of the Illinois Department of Insurance, and Aon Corporation and its subsidiaries and affiliates effective as of February 11, 2010 — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on February 16, 2010. |
| 10.2* | $400,000,000 Five-Year Credit Agreement dated as of March 20, 2012 among Aon Corporation, Citibank, N.A. as Administrative Agent, JP Morgan Chase Bank, N.A. and Bank of America, N.A., as Syndication Agents, The Royal Bank of Scotland Plc and Wells Fargo Bank, National Association, as documentation agents and Citigroup Global Markets, Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner and Smith Incorporated, as joint lead arrangers and joint book managers and the lenders party thereto — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on March 21, 2012. |
| 10.3* | Joinder Agreement executed by Aon plc as of April 2, 2012 (modifying the $400,000,000 Five-Year Credit Agreement, dated as of March 20, 2012, among Aon Corporation, as borrower, Citibank, N.A., as administrative agent and the other agents and lenders party thereto) — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.4* | European Facility Amendment and Restatement Agreement, dated as of March 30, 2012, among Aon Corporation, Aon plc, the subsidiaries of Aon Corporation party thereto as borrowers, Citibank International plc, as agent, and the other agents and lenders party thereto, amending and restating the European Facility Agreement dated as of October 15, 2010 and amended on July 18, 2011 — incorporated by reference to Exhibit 10.3 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.5* | $900,000,000 Five-Year Credit Agreement among Aon plc, Aon Corporation and Aon UK Limited with Citibank, N.A., as administrative agent, the lenders party thereto, Bank of America, N.A. and Morgan Stanley Senior Funding, Inc., as syndication agents, and Citigroup Global Markets, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley Senior Funding, Inc., as joint lead arrangers and joint book managers - incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on February 4, 2015. |
| 10.6*# | Aon Corporation Outside Director Corporate Bequest Plan (as amended and restated effective January 1, 2010) — incorporated by reference to Exhibit 10.1 to Aon's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010. |
| 10.7*# | Aon Stock Incentive Plan, as amended and restated — incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on May 24, 2006. |
| 10.8*# | First Amendment to the Amended and Restated Aon Stock Incentive Plan — incorporated by reference to Exhibit 10(au) to Aon's Annual Report on Form 10-K for the year ended December 31, 2006. |

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| 10.9*# | Second Amendment to the Amended and Restated Aon Stock Incentive Plan, dated April 2, 2012 — incorporated by reference to Exhibit 10.10 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.10*# | Form of Stock Option Agreement — incorporated by reference to Exhibit 99.D(7) to Aon's Schedule TO (File Number 005-32053) filed on August 15, 2007. |
| 10.11*# | Aon Stock Award Plan (as amended and restated through February 2000) — incorporated by reference to Exhibit 10(a) to Aon's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000. |
| 10.12*# | First Amendment to the Aon Stock Award Plan (as amended and restated through 2000) — incorporated by reference to Exhibit 10(as) to Aon's Annual Report on Form 10-K for the year ended December 31, 2006. |
| 10.13*# | Form of Restricted Stock Unit Agreement — incorporated by reference to Exhibit 10.20 to Aon's Annual Report on Form 10-K for the year ended December 31, 2007. |
| 10.14*# | Aon Stock Option Plan as amended and restated through 1997 — incorporated by reference to Exhibit 10(a) to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997. |
| 10.15*# | First Amendment to the Aon Stock Option Plan as amended and restated through 1997 — incorporated by reference to Exhibit 10(a) to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999. |
| 10.16*# | Second Amendment to the Aon Stock Option Plan as amended and restated through 1997 — incorporated by reference to Exhibit 99.D(3) to Aon's Schedule TO (File Number 005-32053) filed on August 15, 2007. |

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| 10.17*# | Third Amendment to the Aon Stock Option Plan as amended and restated through 1997 — incorporated by reference to Exhibit 10(at) to Aon's Annual Report on Form 10-K for the year ended December 31, 2006. |
| 10.18*# | Aon Deferred Compensation Plan (as amended and restated effective as of November 1, 2002) — incorporated by reference to Exhibit 4.6 on Aon's Registration Statement on Form S-8 (File Number 333-106584) filed on June 27, 2003. |
| 10.19*# | First Amendment to Aon Deferred Compensation Plan (as amended and restated effective as of November 1, 2002) — incorporated by reference to Exhibit 10.26 to Aon's Annual Report on Form 10-K for the year ended December 31, 2007. |
| 10.20*# | Seventh Amendment to the Aon Deferred Compensation Plan (as amended and restated effective as of November 1, 2002) — incorporated by reference to Exhibit 10.27 to Aon's Annual Report on Form 10-K for the year ended December 31, 2007. |
| 10.21*# | Aon Deferred Compensation Plan (as amended and restated effective as of September 20, 2013) — incorporated by reference to Exhibit 10.1 to Aon's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013. |
| 10.22*# | Aon Deferred Compensation Plan (as Amended and Restated Effective as of January 1, 2008) - incorporated by reference to Exhibit 4.2 to Post-Effective Amendment No. 1 to Aon's Registration Statement on Form S-8 (File Number 333-106584) filed on April 2, 2012. |
| 10.23*# | First Amendment to the Aon Deferred Compensation Plan - incorporated by reference to Exhibit 10.8 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015. |
| 10.24*# | Executive Committee Combined Severance and Change in Control Plan - incorporated by reference to Exhibit 10.8 to Aon's Quarterly Report on Form 10-Q for the quarter ended December 11, 2015. |
| 10.25*# | Form of Indemnification Agreement for Directors and Officers of Aon Corporation — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on February 5, 2009. |
| 10.26*# | Form of Deed of Indemnity for Directors of Aon plc — incorporated by reference to Exhibit 10.4 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.27*# | Form of Deed of Indemnity for Gregory C. Case — incorporated by reference to Exhibit 10.5 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.28*# | Form of Deed of Indemnity for Executive Officers of Aon plc — incorporated by reference to Exhibit 10.6 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.29*# | Aon Corporation Executive Special Severance Plan, as amended and restated April 2, 2012 and as assumed by Aon plc as of April 2, 2012 — incorporated by reference to Exhibit 10.14 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.30*# | Employment Agreement dated April 4, 2005 between Aon and Gregory C. Case — incorporated by reference to Exhibit 10.1 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, |

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| | 2005. |
| 10.31*# | Amended and Restated Employment Agreement dated as of November 13, 2009 between Aon and Gregory C. Case — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on November 17, 2009. |
| 10.32*# | Amended and Restated Employment Agreement, dated as of January 16, 2015, by and between Aon plc, Aon Corporation and Gregory C. Case — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on January 23, 2015. |
| 10.33*# | Amended and Restated Change in Control Agreement dated as of November 13, 2009 between Aon and Gregory C. Case — incorporated by reference to Exhibit 10.2 to Aon's Current Report on Form 8-K filed on November 17, 2009. |
| 10.34*# | International Assignment Letter dated as of January 12, 2012 by and between Aon and Gregory C. Case — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on January 13, 2012. |
| 10.35*# | Amended International Assignment Letter with Gregory C. Case dated July 1, 2014 — incorporated by reference to Exhibit 10.2 to Aon's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014. |
| 10.36*# | Employment Agreement dated as of October 3, 2007 between Aon Corporation and Christa Davies — incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on October 3, 2007. |

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| 10.37*# | Amendment effective as of March 27, 2012 to Employment Agreement between Aon Corporation and Christa Davies dated as of October 3, 2007 — incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on March 30, 2012. |
| 10.38*# | Amendment to Employment Agreement, dated as of February 20, 2015, by and between Aon Corporation and Christa Davies - incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 26, 2015. |
| 10.39*# | International Assignment Letter dated as of January 12, 2012 by and between Aon and Christa Davies — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on January 13, 2012 |
| 10.40*# | Amended International Assignment Letter with Christa Davies dated July 1, 2014 — incorporated by reference to Exhibit 10.3 to Aon's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014. |
| 10.41*# | Change in Control Agreement entered into as of March 27, 2012 by and between Aon Corporation and Christa Davies — incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on March 30, 2012. |
| 10.42*# | Employment Agreement dated December 7, 2010, between Aon Corporation and Stephen P. McGill — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on December 13, 2010. |
| 10.43*# | Amended and Restated Employment Agreement, dated as of July 8, 2015, by and between Aon Corporation and Stephen P. McGill - incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on July 14, 2015. |
| 10.44*# | Change in Control Agreement dated December 7, 2010 between Aon Corporation and Stephen P. McGill — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on December 13, 2010. |
| 10.45*# | International Assignment Letter dated as of January 12, 2012 by and between Aon and Stephen P. McGill — incorporated by reference to Exhibit 10.1 to Aon's Current Report on Form 8-K filed on January 13, 2012. |
| 10.46*# | Amended International Assignment Letter with Stephen P. McGill dated July 1, 2014 — incorporated by reference to Exhibit 10.4 to Aon's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014. |
| 10.47*# | Employment Agreement, dated as of January 1, 2014, by and between Aon Corporation and Peter M. Lieb. - incorporated by reference to Exhibit 10.46 to Aon's Annual Report on Form 10-K for the year ended December 31, 2014. |
| 10.48*# | Change-in-Control Agreement, dated as of January 1, 2014, by and between Aon Corporation and Peter M. Lieb. - incorporated by reference to Exhibit 10.47 to Aon's Annual Report on Form 10-K for the year ended December 31, 2014. |
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| | International Assignment Letter, dated as of January 12, 2012, by and between Aon Corporation and Peter M. Lieb. - incorporated by reference to Exhibit 10.48 to Aon's Annual Report on Form 10-K for the year ended December 31, 2014. |
| 10.50*# | Amended International Assignment Letter with Peter M. Lieb dated July 1, 2014. - incorporated by reference to Exhibit 10.49 to Aon's Annual Report on Form 10-K for the year ended December 31, 2014. |
| 10.51*# | Employment Agreement dated as of September 30, 2010 between Aon Corporation and Kristi Savacool — incorporated by reference to Exhibit 10.8 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. |
| 10.52*# | Amendment to Employment Agreement dated as of May 16, 2011 between Aon Corporation and Kristi Savacool — incorporated by reference to Exhibit 10.9 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. |
| 10.53*# | Amended and Restated Employment Agreement, dated as of February 24, 2015, by and between Aon Corporation and Kristi Savacool - incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 26, 2015. |
| 10.54*# | Change in Control Agreement, dated as of February 24, 2015, by and between Aon plc, Aon Corporation and Kristi Savacool - incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on February 26, 2015. |
| 10.57*# | Aon plc Leadership Performance Program for 2013-2015 - incorporated by reference to Exhibit 10.4 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013. |

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| 10.58*# | Aon plc Leadership Performance Program for 2014-2016 - incorporated by reference to Exhibit 10.1 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014. |
| 10.59*# | Aon plc Leadership Performance Program for 2015-2017 - incorporated by reference to Exhibit 10.6 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015. |
| 10.60*# | Executive Committee Incentive Compensation Plan - incorporated by reference to Exhibit 10.2 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014. |
| 10.61*# | Executive Committee Incentive Compensation Plan - incorporated by reference to Exhibit 10.7 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015. |
| 10.62*# | Amended and Restated Global Stock and Incentive Compensation Plan of Hewitt Associates, Inc. — incorporated by reference to Exhibit 10.5 to Hewitt's Quarterly Report on Form 10-Q for the quarter ended December 31, 2007 (Commission File No. 001-31351). |
| 10.63*# | First Amendment to the Amended and Restated Global Stock and Incentive Compensation Plan of Hewitt Associates, Inc., dated April 2, 2012 — incorporated by reference to Exhibit 10.8 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.64*# | Aon plc 2011 Incentive Plan, as amended and restated effective June 24, 2014 — incorporated by reference to Exhibit 10.1 to Aon's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014. |
| 10.65*# | Deed of Assumption of Aon plc dated April 2, 2012 — incorporated by reference to Exhibit 10.7 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.66*# | Master Amendment dated April 2, 2012 to the Aon Savings Plan, Aon Supplemental Savings Plan, Aon Corporation Supplemental Employee Stock Ownership Plan, Aon Corporation 2011 Employee Stock Purchase Plan, Aon Deferred Compensation Plan, Aon Stock Award Plan, Aon Stock Option Plan and the Employment Agreement dated as of April 4, 2005, between Aon Corporation and Gregory C. Case — incorporated by reference to Exhibit 10.8 to Aon's Current Report on Form 8-K filed on April 2, 2012. |
| 10.67*# | Form of Change in Control Agreement — incorporated by reference to Exhibit 10.15 to Aon's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. |
| 10.68*# | Form of Assignment, Assumption and Amendment to Change in Control Agreement for Executive Officers of Aon plc — incorporated by reference to Exhibit 10.13 to Aon's Current Report on Form 8-K filed on April 2, 2012. |

Statement re: Computation of Ratios.

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| 12.1. | Statement regarding Computation of Ratio of Earnings to Fixed Charges. |

Subsidiaries of the Registrant.

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| 21 | List of Subsidiaries of Aon. |

Consents of Experts and Counsel.

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|---|---|
| 23 | Consent of Ernst & Young LLP. |

Rule 13a-14(a)/15d-14(a) Certifications.

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|---|---|
| 31.1. | Rule 13a-14(a) Certification of Chief Executive Officer of Aon in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2. | Rule 13a-14(a) Certification of Chief Financial Officer of Aon in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. |

Section 1350 Certifications.

| | |
|---|---|
| 32.1. | Section 1350 Certification of Chief Executive Officer of Aon in accordance with Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2. | Section 1350 Certification of Chief Financial Officer of Aon in accordance with Section 906 of the Sarbanes-Oxley Act of 2002. |

XBRL Exhibits.

Interactive Data Files. The following materials are filed electronically with this Annual Report on Form 10-K:

101.INS XBRL Report Instance Document.

101.SCH XBRL Taxonomy Extension Schema Document.

101.CAL XBRL Taxonomy Calculation Linkbase Document.

101.DEF XBRL Taxonomy Definition Linkbase Document.

101.PRE XBRL Taxonomy Presentation Linkbase Document.

101.LAB XBRL Taxonomy Calculation Linkbase Document.

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* Document has been previously filed with the Securities and Exchange Commission and is incorporated herein by reference herein. Unless otherwise indicated, such document was filed under Commission File Number 001-07933.

# Indicates a management contract or compensatory plan or arrangement.

The registrant agrees to furnish to the Securities and Exchange Commission upon request a copy of (1) any long-term debt instruments that have been omitted pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, and (2) any schedules omitted with respect to any material plan of acquisition, reorganization, arrangement, liquidation or succession set forth above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Aon plc
By: /s/ GREGORY C. CASE
Gregory C. Case, President
and Chief Executive Officer

Date: February 22, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ GREGORY C. CASE<br>Gregory C. Case | President, Chief Executive Officer and Director (Principal Executive Officer) | February 22, 2016 |
| /s/ LESTER B. KNIGHT<br>Lester B. Knight | Non-Executive Chairman and Director | February 22, 2016 |
| /s/ FULVIO CONTI<br>Fulvio Conti | Director | February 22, 2016 |
| /s/ CHERYL A. FRANCIS<br>Cheryl A. Francis | Director | February 22, 2016 |
| /s/ JAMES W. LENG<br>James W. Leng | Director | February 22, 2016 |
| /s/ J. MICHAEL LOSH<br>J. Michael Losh | Director | February 22, 2016 |
| /s/ ROBERT S. MORRISON<br>Robert S. Morrison | Director | February 22, 2016 |
| /s/ RICHARD B. MYERS<br>Richard B. Myers | Director | February 22, 2016 |
| /s/ RICHARD C. NOTEBAERT<br>Richard C. Notebaert | Director | February 22, 2016 |
| /s/ GLORIA SANTONA<br>Gloria Santona | Director | February 22, 2016 |
| /s/ CAROLYN Y. WOO<br>Carolyn Y. Woo | Director | February 22, 2016 |
| /s/ CHRISTA DAVIES<br>Christa Davies | Executive Vice President and Chief Financial Officer (Principal Financial Officer) | February 22, 2016 |

| | | |
|---|---|---|
| /s/ LAUREL MEISSNER<br>Laurel Meissner | Senior Vice President and Global Controller (Principal Accounting Officer) | February 22, 2016 |

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SIGNATURES