

Request for Proposal for Professional Health and Welfare Consulting Services

State of Nebraska
(State Purchasing Bureau)

RFP Number 5297Z1

May 25, 2016 2:00 p.m. Central Time

May 25, 2016

Michelle Thompson/Teresa Fleming
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, NE 68508
402-471-6500

Dear Michelle Thompson/Teresa Fleming,

Thank you for allowing Aon the opportunity to participate in your search for a business partner to deliver professional health and welfare consulting services to the State of Nebraska (State). We appreciate the relationship that we have had with the State since 2008 and look forward to discussing how we can continue to provide the State the level of service it deserves in navigating the evolving healthcare and benefits landscape. Our response is intended to demonstrate our commitment to providing quality, fee-efficient, and timely services. More importantly, we hope it demonstrates our commitment to State of Nebraska and your management team.

Bringing Value to State of Nebraska

- Aon has the only Nebraska-based team that has the experience in providing services to large public sector groups required by the State
- We have a track record in strategic planning with the State that has resulted in savings of millions of dollars annually
- The quality of our team has been proven over the years with our actuarial services and management of the State's request for proposal process
- We continually demonstrate the value of our vast resources with projects such as developing an award-winning wellness program and addressing the complexities of pharmacy benefits
- We provide guidance with the impact of the considerable regulatory and legislative challenges to the State
- We collaborate with the State to meet a variety of reporting requirements important to your constituents

Please let us know if we can assist in any way as you work through the selection process.

Sincerely,

Aon



Kim Lobato

Senior Vice President

TA:wp

cc:

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Executive Summary

Continuing Our Partnership

Aon has had a significant relationship with the State's benefits team since 2008. We have been the actuary and strategic consultant for your health plan for the last eight years. Throughout our relationship, we have supported the State with compliance requirements, requests for proposals, wellness strategy, benchmarking, communications and numerous other projects. We are excited at the prospect of, and are committed to, advancing our partnership.

Aon is best suited to continue to serve as your partner for health and benefits consulting because:

We Know You...

We understand your culture, key stakeholders, and values. We have navigated through the changes that occur in public sector environments such as the State of Nebraska including changes in the administrative and management teams.

We understand that change takes time—there needs to be a thoughtful and phased approach to the State's overall healthcare strategy. The State has many constituents – internal and external – and must incorporate the impact of change on them in the strategic planning process. The State has a unique place in the Nebraska market as an employer and we understand that. We also understand the changing local healthcare landscape both at the payor level and at the provider level and we are trying to drive change that will fit within the State's requirements as well as provide long term savings opportunities.

We know the challenges of working within the constraints of the State's decision making process, as well as the accountability to the numerous stakeholders of the benefits program. We provide continuity in the strategy that has evolved over time and has been successful in controlling health care costs.

Most importantly, because we know you, we can hit the ground running. While we have accomplished a lot during our tenure with the State, there is still work to do.

You Know Us...

Over the last eight years, we have proven our value to you. Aon is repeatedly first to market with health and benefits strategies that improve satisfaction, increase productivity, and lower costs – and innovation will continue to be an important part of our relationship. You have seen first-hand our efforts at driving the market through value based contracting and network management. No other consulting firm is positioned like Aon to meet the needs of the State. We are committed to Nebraska because we are invested in your success.

Why Aon?

- We have demonstrated our value to the State over the course of our relationship. These are just a few of the more important highlights:
 - Guided the State out of a \$12 million deficit when we first were engaged as your benefits consultant and actuarial team. Difficult decisions had to be made and we provided the support to get them approved. The result was a solid financial foundation for the program with adequate reserves for the future.
 - Assisted with the request for proposal process that led to selection of UHC as the administrator of the health plan. The first year impact was a 13.4% reduction in costs that saved the State over \$20 million in the first year and continues to provide savings annually.
 - Developed a wellness strategy that fit within the considerable limitations of State statutes and union requirements that earned the C. Everett Koop Award in 2012. The approach to providing an incentive that fit within the State's requirements was very innovative and has been very successful.
 - Assisted in the request for proposal process for the voluntary benefits that the State provides to employees that has resulted in millions of dollars of savings to employees from improved coverage and lower premiums.

- Our expertise is unmatched in Nebraska:
 - Aon has considerable public sector expertise. Kim Lobato is a member of our Public Sector practice group, which shares ideas and information from our national client base, and works with several state clients.
 - The State's actuarial team is led by the Global Actuarial Compliance Officer, Rebecca Feldman, and provides the guidance needed to keep the plan financially sound.
 - Our subject matter experts including Hitesh Patel from our pharmacy practice group and Cindy Crozier from our Health Transformation team provide perspective on the evolving challenges in their respective practices.
 - We have accessed our compliance team at the highest levels for interpretation of regulatory issues as they relate to the State. This was helpful in sorting through ACA reporting requirements.

Partnering With Aon

Our solutions in this proposal are specifically tailored to the current and future needs of the State, and we are prepared to continue our partnership with you to enhance employee benefits while reducing annual spend. Your goals and objectives are aligned with ours as we strive to make an impact for our clients at the community level in Nebraska.

We look forward to discussing our proposal with you and your benefits team to answer any additional questions you may have, demonstrate our approach to serving the State, and further explain how we can partner to manage your employee benefits program.

III. Terms and Conditions

I. TERMS AND CONDITIONS

By signing the "Request for Proposal for Contractual Services" form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the Terms and Conditions unless otherwise agreed to, and certifies bidder maintains a drug free work place environment.

Bidders are expected to closely read the Terms and Conditions and provide a binding signature of intent to comply with the Terms and Conditions; provided, however, a bidder may indicate any exceptions to the Terms and Conditions by (1) clearly identifying the term or condition by subsection, and (2) including an explanation for the bidder's inability to comply with such term or condition which includes a statement recommending terms and conditions the bidder would find acceptable. Rejection in whole or in part of the Terms and Conditions may be cause for rejection of a bidder's proposal. **Bidders must include completed Section III with their proposal response.**

The State of Nebraska is soliciting bids in response to the RFP. The State of Nebraska will not consider proposals that propose the substitution of the bidder's contract, agreements, or terms for those of the State of Nebraska's. Any License, Service Agreement, Customer Agreement, User Agreement, Bidder Terms and Conditions, Document, or Clause purported or offered to be included as a part of this RFP must be submitted as individual clauses, as either a counter-offer or additional language, and each clause must be acknowledged and accepted in writing by the State. If the Bidder's clause is later found to be in conflict with the RFP or resulting contract the Bidder's clause shall be subordinate to the RFP or resulting contract.

A. GENERAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
100			

The contract resulting from this Request for Proposal shall incorporate the following documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The Request for Proposal form and the Contractor's Proposal, signed in ink
4. Amendments to RFP and any Questions and Answers; and
5. The original RFP document and any Addenda.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to Contract Award with the most recent dated amendment having the highest priority, 2) Contract Award and any attached Addenda, 3) the signed Request for Proposal form and the Contractor's Proposal, 4) Amendments to RFP and any Questions and Answers, 5) the original RFP document and any Addenda.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once proposals are opened they become the property of the State of Nebraska and will not be returned.

B. AWARD

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
lee			

All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, in whole or in part, or to award to multiple bidders in whole or in part, and at its discretion, may withdraw or amend the Request for Proposal at any time. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State. The Request for Proposal does not commit the State to award a contract. If, in the opinion of the State, revisions or amendments will require substantive changes in proposals, the due date may be extended.

By submitting a proposal in response to this Request for Proposal, the bidder grants to the State the right to contact or arrange a visit in person with any or all of the bidder's clients.

Once intent to award decision has been determined, it will be posted to the Internet at:
<http://das.nebraska.gov/materiel/purchasing.html>

Grievance and protest procedure is available on the Internet at:
http://das.nebraska.gov/materiel/purchase_bureau/docs/vendors/protest/ProtestGrievanceProcedureForVendors.pdf

Any protests must be filed by a vendor within ten (10) business days after the intent to award decision is posted to the Internet.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
lee			

The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their Subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev. Stat. §§ 48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all Subcontracts for services to be covered by any contract resulting from this Request for Proposal.

D. PERMITS, REGULATIONS, LAWS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			Aon Consulting, Inc. will materially comply with all federal, state, and local laws and regulations applicable to Aon Consulting, Inc. in our capacity as a service provider.

The Contractor shall procure and pay for all permits, licenses, and approvals necessary for the execution of the contract. The Contractor shall comply with all applicable local, state, and federal laws, ordinances, rules, orders, and regulations.

E. OWNERSHIP OF INFORMATION AND DATA

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		Kee	In order to continue its provision of consulting services to our clients, current and prospective, Aon Consulting, Inc. must retain sufficient ownership rights in its proprietary information and know-how. Aon Consulting, Inc. builds upon its proprietary information and know-how, which in turn distinguishes Aon Consulting, Inc. from its competitors and enables us to better serve our clients. Consequently, Aon Consulting, Inc. retains ownership of its underlying technology (whether pre-existing or newly developed), while our clients are granted a license to use such materials as they are embedded in any deliverables. Our clients will continue to own all information that they provide to Aon Consulting, Inc. to perform the services, and any final deliverable, subject to the licensing rights of embedded Aon Consulting, Inc. proprietary information.

The State of Nebraska shall have the unlimited right to publish, duplicate, use, and disclose all information and data developed or derived by the Contractor pursuant to this contract.

The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, and other rights or titles (e.g. rights to licenses transfer or assign deliverables) necessary to execute this contract. The contract price shall, without exception, include compensation for all royalties and costs arising from patents, trademarks, and copyrights that are in any way involved in the contract. It shall be the responsibility of the Contractor to pay for all royalties and costs, and the State must be held harmless from any such claims.

F. INSURANCE REQUIREMENTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		Kee	We cannot agree to the abuse and molestation coverage requirement under the Commercial General Liability coverage or the 3 rd Party Fidelity coverage under the Commercial Crime coverage. We would also like to recommend some language changes that do not affect the coverage requirements. We recommend a discussion around these changes to come to mutually agreeable coverage and language.

The Contractor shall not commence work under this contract until all the insurance required hereunder has been obtained and such insurance has been approved by the State. The Contractor shall maintain all required insurance for the life of this contract and shall ensure that the State Purchasing Bureau has the

most current certificate of insurance throughout the life of this contract. If Contractor will be utilizing any Subcontractors, the Contractor is responsible for obtaining the certificate(s) of insurance required herein under from any and all Subcontractor(s). The Contractor is also responsible for ensuring Subcontractor(s) maintain the insurance required until completion of the contract requirements. The Contractor shall not allow any Subcontractor to commence work on any Subcontract until all similar insurance required of the Subcontractor has been obtained and approved by the Contractor. Approval of the insurance by the State shall not limit, relieve, or decrease the liability of the Contractor hereunder.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Insurance coverages shall function independent of all other clauses in the contract, and in no instance shall the limits of recovery from the insurance be reduced below the limits required by this section.

1. WORKERS' COMPENSATION INSURANCE

The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contractors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the Subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. This policy shall include a waiver of subrogation in favor of the State. The amounts of such insurance shall not be less than the limits stated hereinafter.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any Subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any Subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an occurrence basis, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury, and Contractual Liability coverage. The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered excess and non-contributory. The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

3. INSURANCE COVERAGE AMOUNTS REQUIRED

COMMERCIAL GENERAL LIABILITY	
General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal/Advertising Injury	\$1,000,000 per occurrence
Bodily Injury/Property Damage	\$1,000,000 per occurrence
Fire Damage	\$50,000 any one fire
Medical Payments	\$10,000 any one person
Damage to Rented Premises	\$300,000 each occurrence
Contractual	Included
XCU Liability (Explosion, Collapse, and Underground Damage)	Included
Independent Contractors	Included
Abuse & Molestation	Included
<i>If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.</i>	

WORKER'S COMPENSATION	
Employers Liability Limits	\$500K/\$500K/\$500K
Statutory Limits- All States	Statutory - State of Nebraska
USL&H Endorsement	Statutory
Voluntary Compensation	Statutory
COMMERCIAL AUTOMOBILE LIABILITY	
Bodily Injury/Property Damage	\$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability	Included
Motor Carrier Act Endorsement	Where Applicable
UMBRELLA/EXCESS LIABILITY	
Over Primary Insurance	\$5,000,000
PROFESSIONAL LIABILITY	
Professional Liability (Errors & Omissions)	\$1,000,000 Per Claim / Aggregate
COMMERCIAL CRIME	
Crime/Employee Dishonesty Including 3 rd Party Fidelity	\$1,000,000
SUBROGATION WAIVER	
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."	
LIABILITY WAIVER	
"Commercial General Liability & Commercial Automobile Liability policies shall be primary and any insurance or self-insurance carried by the State shall be considered excess and non-contributory."	

4. EVIDENCE OF COVERAGE

The Contractor should furnish the State, with their proposal response, a certificate of insurance coverage complying with the above requirements to the attention of the Buyer at 402-471-2089 (fax)

Administrative Services
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, NE 68508

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Notice of cancellation of any required insurance policy must be submitted to Administrative Services State Purchasing Bureau when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

G. COOPERATION WITH OTHER CONTRACTORS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCE			

The State may already have in place or choose to award supplemental contracts for work related to this Request for Proposal, or any portion thereof.

1. The State reserves the right to award the contract jointly between two or more potential Contractors, if such an arrangement is in the best interest of the State.
2. The Contractor shall agree to cooperate with such other Contractors, and shall not commit or permit any act which may interfere with the performance of work by any other Contractor.

H. INDEPENDENT CONTRACTOR

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

It is agreed that nothing contained herein is intended or should be construed in any manner as creating or establishing the relationship of partners between the parties hereto. The Contractor represents that it has, or will secure at its own expense, all personnel required to perform the services under the contract. The Contractor's employees and other persons engaged in work or services required by the contractor under the contract shall have no contractual relationship with the State; they shall not be considered employees of the State.

All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination against the Contractor, its officers, or its agents) shall in no way be the responsibility of the State. The Contractor will hold the State harmless from any and all such claims. Such personnel or other persons shall not require nor be entitled to any compensation, rights, or benefits from the State including without limit, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

I. CONTRACTOR RESPONSIBILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

The Contractor is solely responsible for fulfilling the contract, with responsibility for all services offered and products to be delivered as stated in the Request for Proposal, the Contractor's proposal, and the resulting contract. The Contractor shall be the sole point of contact regarding all contractual matters.

If the Contractor intends to utilize any Subcontractor's services, the Subcontractor's level of effort, tasks, and time allocation must be clearly defined in the Contractor's proposal. The Contractor shall agree that it will not utilize any Subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State. Following execution of the contract, the Contractor shall proceed diligently with all services and shall perform such services with qualified personnel in accordance with the contract.

J. CONTRACTOR PERSONNEL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

The Contractor warrants that all persons assigned to the project shall be employees of the Contractor or specified Subcontractors, and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor. The Contractor shall include a similar provision in any contract with any Subcontractor selected to perform work on the project.

Personnel commitments made in the Contractor's proposal shall not be changed without the prior written approval of the State. Replacement of key personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or Subcontractor employee.

In respect to its employees, the Contractor agrees to be responsible for the following:

1. any and all employment taxes and/or other payroll withholding;
2. any and all vehicles used by the Contractor's employees, including all insurance required by state law;
3. damages incurred by Contractor's employees within the scope of their duties under the contract;
4. maintaining workers' compensation and health insurance and submitting any reports on such insurance to the extent required by governing State law; and
5. determining the hours to be worked and the duties to be performed by the Contractor's employees.

K. CONTRACT CONFLICTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

Contractor shall insure that contracts or agreements with sub-contractors and agents, and the performance of services in relation to this contract by sub-contractors and agents, does not conflict with this contract.

L. STATE OF NEBRASKA PERSONNEL RECRUITMENT PROHIBITION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			Aon Consulting, Inc. is fine with this restriction so long as it does not apply to employees responding to general solicitations.

The Contractor shall not, at any time, recruit or employ any State employee or agent who has worked on the Request for Proposal or project, or who had any influence on decisions affecting the Request for Proposal or project.

M. CONFLICT OF INTEREST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

By submitting a proposal, bidder certifies that there does not now exist any relationship between the bidder and any person or entity which is or gives the appearance of a conflict of interest related to this Request for Proposal or project.

The bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or appearance of conflict of interest.

The bidder certifies that it will not employ any individual known by bidder to have a conflict of interest.

N. PROPOSAL PREPARATION COSTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEE			

The State shall not incur any liability for any costs incurred by bidders in replying to this Request for Proposal, in the demonstrations and/or oral presentations, or in any other activity related to bidding on this Request for Proposal.

O. ERRORS AND OMISSIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEE			

The bidder shall not take advantage of any errors and/or omissions in this Request for Proposal or resulting contract. The bidder must promptly notify the State of any errors and/or omissions that are discovered.

P. BEGINNING OF WORK

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEE			

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful Contractor. The Contractor will be notified in writing when work may begin.

Q. ASSIGNMENT BY THE STATE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEE			

The State shall have the right to assign or transfer the contract or any of its interests herein to any agency, board, commission, or political subdivision of the State of Nebraska. There shall be no charge to the State for any assignment hereunder.

R. ASSIGNMENT BY THE CONTRACTOR

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		ILCO	Aon Consulting, Inc. requests the right to subcontract or assign tasks under an agreement to an Aon Consulting, Inc. affiliate and/or subsidiary in common control with Aon Consulting, Inc..

The Contractor may not assign, voluntarily or involuntarily, the contract or any of its rights or obligations hereunder (including without limitation rights and duties of performance) to any third party, without the prior written consent of the State, which will not be unreasonably withheld.

S. DEVIATIONS FROM THE REQUEST FOR PROPOSAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ILCO			

The requirements contained in the Request for Proposal become a part of the terms and conditions of the contract resulting from this Request for Proposal. Any deviations from the Request for Proposal must be clearly defined by the bidder in its proposal and, if accepted by the State, will become part of the contract. Any specifically defined deviations must not be in conflict with the basic nature of the Request for Proposal, mandatory requirements, or applicable state or federal laws or statutes. "Deviation", for the purposes of this RFP, means any proposed changes or alterations to either the contractual language or deliverables within the scope of this RFP. The State discourages deviations and reserves the right to reject proposed deviations.

T. GOVERNING LAW

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ILCO			

The contract shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the State of Nebraska regarding this Request for Proposal or any resultant contract shall be brought in the State of Nebraska administrative or judicial forums as defined by State law. The Contractor must be in compliance with all Nebraska statutory and regulatory law.

U. ATTORNEY'S FEES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		KCP	Subject to Contractor's mutually agreed upon limit of liability.

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Contractor agrees to pay all expenses of such action, as permitted by law, including attorney's fees and costs, if the State is the prevailing party.

V. ADVERTISING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCP			Aon Consulting, Inc. would like to be able to use the State's name on our client lists and proposals that are not intended for general public distribution.

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its services are endorsed or preferred by the State. News releases pertaining to the project shall not be issued without prior written approval from the State.

W. STATE PROPERTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		KCP	Subject to Contractor's mutually agreed upon limit of liability.

The Contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the Contractor's use during the performance of the contract. The Contractor shall reimburse the State for any loss or damage of such property; normal wear and tear is expected.

X. SITE RULES AND REGULATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCP			

The Contractor shall use its best efforts to ensure that its employees, agents, and Subcontractors comply with site rules and regulations while on State premises. If the Contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to between the State and the Contractor.

Y. NOTIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCO			

During the bid process, all communication between the State and a bidder shall be between the bidder's representative clearly noted in its proposal and the buyer noted in Section II.A. Procuring Office and Contact Person, of this RFP. After the award of the contract, all notices under the contract shall be deemed duly given upon delivery to the staff designated as the point of contact for this Request for Proposal, in person, or upon delivery by U.S. Mail, facsimile, or e-mail. Each bidder should provide in its proposal the name, title, and complete address of its designee to receive notices.

1. Except as otherwise expressly specified herein, all notices, requests, or other communications shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth above, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or three (3) calendar days following deposit in the mail.
2. Whenever the Contractor encounters any difficulty which is delaying or threatens to delay its timely performance under the contract, the Contractor shall immediately give notice thereof in writing to the State reciting all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by the State of any of its rights or remedies to which it is entitled by law or equity or pursuant to the provisions of the contract. Failure to give such notice, however, may be grounds for denial of any request for an extension of the delivery schedule because of such delay.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

For the duration of the contract, all communication between Contractor and the State regarding the contract shall take place between the Contractor and individuals specified by the State in writing. Communication about the contract between Contractor and individuals not designated as points of contact by the State is strictly forbidden.

Z. EARLY TERMINATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		KCE	Aon Consulting, Inc. requests that this provision be mutual.

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract at any time.
2. The State, in its sole discretion, may terminate the contract for any reason upon thirty (30) calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.
3. The State may terminate the contract immediately for the following reasons:
 - a. if directed to do so by statute;

- b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
- c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court;
- d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders;
- e. an involuntary proceeding has been commenced by any party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the Contractor has been decreed or adjudged a debtor;
- f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code;
- g. Contractor intentionally discloses confidential information;
- h. Contractor has or announces it will discontinue support of the deliverable;
- i. second or subsequent documented "vendor performance report" form deemed acceptable by the State Purchasing Bureau; or
- j. Contractor engaged in collusion or actions which could have provided Contractor an unfair advantage in obtaining this contract.

AA. FUNDING OUT CLAUSE OR LOSS OF APPROPRIATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCP			

The State may terminate the contract, in whole or in part, in the event funding is no longer available. The State's obligation to pay amounts due for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds for the contract. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. The State will give the Contractor written notice thirty (30) calendar days prior to the effective date of any termination, and advise the Contractor of the location (address and room number) of any related equipment. All obligations of the State to make payments after the termination date will cease and all interest of the State in any related equipment will terminate. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

BB. BREACH BY CONTRACTOR

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCP			

The State may terminate the contract, in whole or in part, if the Contractor fails to perform its obligations under the contract in a timely and proper manner. The State may, by providing a written notice of default to the Contractor, allow the Contractor to cure a failure or breach of contract within a period of thirty (30) calendar days (or longer at State's discretion considering the gravity and nature of the default). Said notice shall be delivered by Certified Mail, Return Receipt Requested, or in person with proof of delivery. Allowing the Contractor time to cure a failure or breach of contract does not waive the State's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any excess cost occasioned thereby.

CC. ASSURANCES BEFORE BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEP			

If any document or deliverable required pursuant to the contract does not fulfill the requirements of the Request for Proposal/resulting contract, upon written notice from the State, the Contractor shall deliver assurances in the form of additional Contractor resources at no additional cost to the project in order to complete the deliverable, and to ensure that other project schedules will not be adversely affected.

DD. ADMINISTRATION – CONTRACT TERMINATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEP			

1. Contractor must provide confirmation that upon contract termination all deliverables prepared in accordance with this agreement shall become the property of the State of Nebraska; subject to the ownership provision (section E) contained herein, and is provided to the State of Nebraska at no additional cost to the State.
2. Contractor must provide confirmation that in the event of contract termination, all records that are the property of the State will be returned to the State within thirty (30) calendar days. Notwithstanding the above, Contractor may retain one copy of any information as required to comply with applicable work product documentation standards or as are automatically retained in the course of Contractor's routine back up procedures.

EE. FORCE MAJEURE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEP			

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of the contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. The State may grant relief from performance of the contract if the Contractor is prevented from performance by a Force Majeure Event. The burden of proof for the need for such relief shall rest upon the Contractor. To obtain release based on a Force Majeure Event, the Contractor shall file a written request for such relief with the State Purchasing Bureau. Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under the contract.

FF. PROHIBITION AGAINST ADVANCE PAYMENT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		KEE	Upon full and final payment to Aon Consulting, Inc. hereunder, the State will own the deliverables.

Payments shall not be made until contractual deliverable(s) are received and accepted by the State.

GG. PAYMENT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEE			

State will render payment to Contractor when the terms and conditions of the contract and specifications have been satisfactorily completed on the part of the Contractor as solely determined by the State. Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §§ 81-2401 through 81-2408). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any services provided by the Contractor prior to the Effective Date, and the Contractor hereby waives any claim or cause of action for any such services.

HH. INVOICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEE			

Invoices for payments must be submitted by the Contractor to the agency requesting the services with sufficient detail to support payment. Invoices may be mailed to Wellness & Benefits Administrator, State of Nebraska, 1526 K Street, Suite 110, Lincoln, NE 68508. Upon agreement between the State and the Contractor, invoices may be e-mailed. The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

II. RIGHT TO AUDIT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEL			

Contractor shall establish and maintain a reasonable accounting system that enables the State to readily audit contract. The State and its authorized representatives shall have the right to audit, to examine, and to make copies of or extracts from all financial and related records (in whatever form they may be kept, whether written, electronic, or other) relating to or pertaining to this contract kept by or under the control of the Contractor, including, but not limited to those kept by the Contractor, its employees, agents, assigns, successors, and Subcontractors. Such records shall include, but not be limited to, accounting records, written policies and procedures; all paid vouchers including those for out-of-pocket expenses; other reimbursement supported by invoices; ledgers; cancelled checks; deposit slips; bank statements; journals; original estimates; estimating work sheets; contract amendments and change order files; back charge logs and supporting documentation; insurance documents; payroll documents; timesheets; memoranda; and correspondence.

Contractor shall, at all times during the term of this contract and for a period of five (5) years after the completion of this contract, maintain such records, together with such supporting or underlying documents and materials. The Contractor shall at any time requested by the State, whether during or after completion of this contract and at Contractor's own expense make such records available for inspection and audit (including copies and extracts of records as required) by the State. Such records shall be made available to the State during normal business hours at the Contractor's office or place of business. In the event that no such location is available, then the financial records, together with the supporting or underlying documents and records, shall be made available for audit at a time and location that is convenient for the State. Contractor shall ensure the State has these rights with Contractor's assigns, successors, and Subcontractors, and the obligations of these rights shall be explicitly included in any subcontracts or agreements formed between the Contractor and any Subcontractors to the extent that those Subcontracts or agreements relate to fulfillment of the Contractor's obligations to the State.

Costs of any audits conducted under the authority of this right to audit and not addressed elsewhere will be borne by the State unless certain exemption criteria are met. If the audit identifies overpricing or overcharges (of any nature) by the Contractor to the State in excess of one-half of one percent (.5%) of the total contract billings, the Contractor shall reimburse the State for the total costs of the audit. If the audit discovers substantive findings related to fraud, misrepresentation, or non-performance, the Contractor shall reimburse the State for total costs of audit. Any adjustments and/or payments that must be made as a result of any such audit or inspection of the Contractor's invoices and/or records shall be made within a reasonable amount of time (not to exceed 90 days) from presentation of the State's findings to Contractor.

JJ. TAXES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEL			

The State is not required to pay taxes of any kind and assumes no such liability as a result of this solicitation. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor.

KK. INSPECTION AND APPROVAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		KEP	Aon Consulting, Inc. is willing to support annual financial audits at its cost and expense upon reasonable notice. As regards to assistance with additional audits, depending on the nature and frequency, Aon Consulting, Inc. would like to reserve the right to discuss and negotiate at the time of the request or have any additional audits considered as additional services, billed at our then standard billing rates.

Final inspection and approval of all work required under the contract shall be performed by the designated State officials. The State and/or its authorized representatives shall have the right to enter any premises where the Contractor or Subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

LL. CHANGES IN SCOPE/CHANGE ORDERS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		KEP	All changes or new Services, whether material or not, will need be mutually agreed upon by the parties.

The State may, upon the written agreement of Contractor, make changes to the contract within the general scope of the RFP. The State may, at any time work is in progress, by written agreement, make alterations in the terms of work as shown in the specifications, require the Contractor to make corrections, decrease the quantity of work, or make such other changes as the State may find necessary or desirable. The Contractor shall not claim forfeiture of contract by reasons of such changes by the State. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, or a pro-rated value.

Corrections of any deliverable, service or performance of work required pursuant to the contract shall not be deemed a modification. Changes or additions to the contract beyond the scope of the RFP are not permitted.

MM. SEVERABILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEP			

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular provision held to be invalid.

NN. CONFIDENTIALITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		Kee	Subject to applicable FOIA obligations, Aon Consulting, Inc. recognizes and is highly sensitive to the confidential nature of the information it is provided regarding its clients and their participants. Accordingly, Aon Consulting, Inc. imposes stringent confidentiality obligations on its personnel. Aon Consulting, Inc. employs numerous procedures and safeguards to ensure that such information remains confidential, and we are happy to discuss the safeguards Aon Consulting, Inc. places on our client's information. Given the value to Aon Consulting, Inc. of its proprietary information, we would expect the inclusion of mutual confidentiality provisions. Aon Consulting, Inc. requires some flexibility with regard to the use of client's information in a de-identified and aggregate format, and would need to keep a copy of all information for archival purposes.

All materials and information provided by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information. All materials and information provided by the State or acquired by the Contractor on behalf of the State shall be handled in accordance with federal and state law, and ethical standards. The Contractor must ensure the confidentiality of such materials or information. Should said confidentiality be breached by a Contractor, Contractor shall notify the State immediately of said breach and take immediate corrective action.

It is incumbent upon the Contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable to Contractors by 5 U.S.C. 552a (m)(1), provides that any officer or employee of a Contractor, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

OO. PROPRIETARY INFORMATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

Data contained in the proposal and all documentation provided therein, become the property of the State of Nebraska and the data becomes public information upon opening the proposal. If the bidder wishes to have any information withheld from the public, such information must fall within the definition of proprietary information contained within Nebraska's public record statutes. **All proprietary information the bidder wishes the State to withhold must be submitted in a sealed package, which is separate from the remainder of the proposal, and provide supporting documents showing why such documents should be marked proprietary.** The separate package must be clearly marked PROPRIETARY on the outside of the package. **Bidders may not mark their entire Request for Proposal as proprietary.** Bidder's cost proposals may not be marked as proprietary information. Failure of the bidder to follow the instructions for submitting proprietary and copyrighted information may result in the information being viewed by other bidders and the public. Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. § 84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, bidders submitting information as proprietary may be required to prove specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive. Although every effort will be made

to withhold information that is properly submitted as proprietary and meets the State's definition of proprietary information, the State is under no obligation to maintain the confidentiality of proprietary information and accepts no liability for the release of such information.

PP. CERTIFICATION OF INDEPENDENT PRICE DETERMINATION/COLLUSIVE BIDDING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCP			

By submission of this proposal, the bidder certifies that it is the party making the foregoing proposal and that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and further that the bidder has not, directly or indirectly, submitted the proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

QQ. STATEMENT OF NON-COLLUSION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KCP			

The proposal shall be arrived at by the bidder independently and be submitted without collusion with, and without any direct or indirect agreement, understanding or planned common course of action with, any person; firm; corporation; bidder; Contractor of materials, supplies, equipment or services described in this RFP. Bidder shall not collude with, or attempt to collude with, any state officials, employees or agents; or evaluators or any person involved in this RFP. The bidder shall not take any action in the restraint of free competition or designed to limit independent bidding or to create an unfair advantage.

Should it be determined that collusion occurred, the State reserves the right to reject a bid or terminate the contract and impose further administrative sanctions.

RR. PRICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		Kee	Due to the varying scope of services among clients, the diversity of our client base, and the degree of customization of the services among each client, Aon Consulting, Inc. is unable to compare pricing or other terms across its client base in a consistent and equitable manner. Accordingly, Aon Consulting, Inc. is unable to agree to or administer a most favored pricing clause with respect to the services contemplated by this RFP.

All prices, costs, and terms and conditions outlined in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made or the Request for Proposal is cancelled.

Prices quoted on the Cost Proposal form shall remain fixed for the initial contract period which is three (3) years. Any request for a price increase subsequent to the initial contract period shall not exceed four percent (4%) of the previous Contract period and must be submitted in writing to the State Purchasing Bureau a minimum of 120 days prior to the end of the current contract period, and be accompanied by documentation justifying the price increase. Further documentation may be required by the State to justify the increase. The State reserves the right to deny any requested price increase. No price increases are to be billed to any State Agencies prior to written amendment of the contract by the parties.

The State will be given full proportionate benefit of any price decrease during the term of the contract. Contractor represents and warrants that all prices for services, now or subsequently specified, are as low as and no higher than prices which the Contractor has charged or intends to charge customers other than the State for the same or similar products and services of the same or equivalent quantity and quality for delivery or performance during the same periods of time. If, during the term of the contract, the Contractor shall reduce any and/or all prices charged to any customers other than the State for the same or similar products or services specified herein, the Contractor shall make an equal or equivalent reduction in corresponding prices for said specified products or services.

Contractor also represents and warrants that all prices set forth in the contract and all prices in addition, which the Contractor may charge under the terms of the contract, do not and will not violate any existing federal, state, or municipal law or regulations concerning price discrimination and/or price fixing. Contractor agrees to hold the State harmless from any such violation. Prices quoted shall not be subject to increase throughout the contract period unless specifically allowed by these specifications.

SS. BEST AND FINAL OFFER

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

The State will compile the final scores for all parts of each proposal. The award may be granted to the highest scoring responsive and responsible bidder. Alternatively, the highest scoring bidder or bidders may be requested to submit best and final offers. If best and final offers are requested by the State and submitted by the bidder, they will be evaluated (using the stated criteria), scored, and ranked by the Evaluation Committee. The award will then be granted to the highest scoring bidder. However, a bidder should provide its best offer in its original proposal. Bidders should not expect that the State will request a best and final offer.

TT. ETHICS IN PUBLIC CONTRACTING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
KEP			

No bidder shall pay or offer to pay, either directly or indirectly, any fee, commission compensation, gift, gratuity, or anything of value to any State officer, legislator, employee or evaluator based on the understanding that the receiving person's vote, actions, or judgment will be influenced thereby. No bidder shall give any item of value to any employee of the State Purchasing Bureau or any evaluator.

Bidders shall be prohibited from utilizing the services of lobbyists, attorneys, political activists, or consultants to secure the contract. It is the intent of this provision to assure that the prohibition of state contact during the procurement process is not subverted through the use of lobbyists, attorneys, political activists, or consultants. It is the intent of the State that the process of evaluation of proposals and award of the contract be completed without external influence. It is not the intent of this section to prohibit bidders from seeking professional advice, for example consulting legal counsel, regarding terms and conditions of this Request for Proposal or the format or content of their proposal.

If the bidder is found to be in non-compliance with this section of the Request for Proposal, they may forfeit the contract if awarded to them or be disqualified from the selection process.

UU. INDEMNIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		KEP	Aon Consulting, Inc. will to the extent practical and reasonably necessary, perform corrective services to the extent that it makes an error in the performance of services. Aon Consulting, Inc. is willing to accept liability for its errors up to an agreed upon annual cap approximately equal to the amount of annual fees paid to Aon Consulting, Inc. under the parties' contract. For other breaches of the agreement (such as intellectual property infringement, criminal misconduct, willful misconduct, etc.), Aon Consulting, Inc. is willing to accept total liability. Aon Consulting, Inc. is willing to accept only direct liability in connection with the contract, and therefore, to the extent permitted by law, Aon Consulting, Inc. expects to be indemnified by our clients from and against all third party claims (including, most significantly, claims by a client's plan participants) relating to Aon Consulting, Inc.'s services. To the extent that any third party claims causes losses, damages, etc. to our clients, Aon Consulting, Inc. will be liable for such losses, damages, etc. subject to the limitations described above. Aon Consulting, Inc. expects a mutual exclusion for any consequential and indirect damages.

1. GENERAL

The Contractor agrees to defend, indemnify, hold, and save harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, Subcontractors, consultants, representatives, and

agents, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. INTELLECTUAL PROPERTY

The Contractor agrees it will, at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to, the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the Contractor or its employees, Subcontractors, consultants, representatives, and agents; provided, however, the State gives the Contractor prompt notice in writing of the claim. The Contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the Contractor has indemnified the State, the Contractor shall, at the Contractor's sole cost and expense, promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the Contractor, and the State may receive the remedies provided under this RFP.

3. PERSONNEL

The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel provided by the Contractor.

4. SELF-INSURANCE

The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01 (Reissue 2008). If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,829 – 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (Section 81-8,294), Tort (Section 81-8,209), and Contract Claim Acts (Section 81-8,302), as outlined in Neb. Rev. Stat. § 81-8,209 *et seq.* and under any other provisions of law and accepts liability under this agreement to the extent provided by law.

VV. NEBRASKA TECHNOLOGY ACCESS STANDARDS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
			<p>Aon Consulting, Inc. understands its ability to maintain its reputation and the trust of its clients is dependent on having the appropriate safeguards in place to protect its clients' confidential data. For these and other important business reasons, executive management has initiated and continues to support an information security effort. One part of that effort is enumeration of Aon's Security Policies and Standards for clients and third-parties that do business with Aon Consulting, Inc., which we would be happy to provide to the State at your request. To the extent the State has any necessary security requirements which are not otherwise addressed in the attached policy, such requirements will need to mutually agreed upon and defined in an applicable statement of work or Agreement.</p>

Contractor shall review the Nebraska Technology Access Standards, found at <http://nitc.nebraska.gov/standards/2-201.html> and ensure that products and/or services provided under the contract are in compliance or will comply with the applicable standards to the greatest degree possible. In the event such standards change during the Contractor's performance, the State may create an amendment

to the contract to request the contract comply with the changed standard at a cost mutually acceptable to the parties.

WW. ANTITRUST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

XX. DISASTER RECOVERY/BACK UP PLAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

The Contractor shall have a disaster recovery and back-up plan, of which a copy should be provided to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue services as specified under the specifications in the contract in the event of a disaster.

YY. TIME IS OF THE ESSENCE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

Time is of the essence in this contract. The acceptance of late performance with or without objection or reservation by the State shall not waive any rights of the State nor constitute a waiver of the requirement of timely performance of any obligations on the part of the Contractor remaining to be performed.

ZZ. RECYCLING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
Kee			

Preference will be given to items which are manufactured or produced from recycled material or which can be readily reused or recycled after their normal use as per Neb. Rev. Stat. § 81-15,159.

AAA. DRUG POLICY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
1000			

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

BBB. EMPLOYEE WORK ELIGIBILITY STATUS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
1000			

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at <http://das.nebraska.gov/materiel/purchasing.html>

The completed United States Attestation Form should be submitted with the Request for Proposal response.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. § 4-108.

CCC. CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND INELIGIBILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
100			Aon currently has Contract 55000 O4 in place. This contract is being terminated early because the contract did not carry all services through 8/31/19; thus it did not meet the business needs of the State. It is not being terminated early due to performance issues of Aon.

The Contractor, by signature to this RFP, certifies that the Contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The Contractor also agrees to include the above requirements in any and all Subcontracts into which it enters. The Contractor shall immediately notify the Department if, during the term of this contract, Contractor becomes debarred. The Department may immediately terminate this contract by providing Contractor written notice if Contractor becomes debarred during the term of this contract.

Contractor, by signature to this RFP, certifies that Contractor has not had a contract with the State of Nebraska terminated early by the State of Nebraska. If Contractor has had a contract terminated early by the State of Nebraska, Contractor must provide the contract number, along with an explanation of why the contract was terminated early. Prior early termination may be cause for rejecting the proposal.

DDD. POLITICAL SUB-DIVISIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
100			

The Contractor may extend the contract to political sub-divisions conditioned upon the honoring of the prices charged to the State. Terms and conditions of the Contract must be met by political sub-divisions. Under no circumstances shall the State be contractually obligated or liable for any purchases by political sub-divisions or other public entities not authorized by Neb. Rev. Stat. § 81-145, listed as "all officers of the state, departments, bureaus, boards, commissions, councils, and institutions receiving legislative appropriations." A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

EEE. OFFICE OF PUBLIC COUNSEL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
100			

If it provides, under the terms of this contract and on behalf of the State of Nebraska, health and human services to individuals; service delivery; service coordination; or case management, Contractor shall submit to the jurisdiction of the Office of Public Counsel, pursuant to Neb. Rev. Stat. §§ 81-8,240 et seq. This section shall survive the termination of this contract and shall not apply if Contractor is a long-term care facility subject to the Long-Term Care Ombudsman Act, Neb. Rev. Stat. §§ 81-2237 et seq.

FFF. LONG-TERM CARE OMBUDSMAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
100			

If it is a long-term care facility subject to the Long-Term Care Ombudsman Act, Neb. Rev. Stat. §§ 81-2237 et seq., Contractor shall comply with the Act. This section shall survive the termination of this contract.

A. Proposal Submission

1. Request for Proposal Form

By signing the "Request for Proposal for Contractual Services" form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the Terms and Conditions stated in this Request for Proposal unless otherwise agreed to, and certifies bidder maintains a drug free work place environment.

The Request for Proposal for Contractual Services form must be signed in ink and returned by the stated date and time in order to be considered for an award.

Further, Section III. Terms and Conditions must be returned with the proposal response.

**State of Nebraska (State Purchasing Bureau)
REQUEST FOR PROPOSAL FOR CONTRACTUAL
SERVICES FORM**

RETURN TO:
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508
Phone: 402-471-6500
Fax: 402-471-2089

SOLICITATION NUMBER	RELEASE DATE
RFP 5297Z1	April 15, 2016
OPENING DATE AND TIME	PROCUREMENT CONTACT
May 25, 2016 2:00 p.m. Central Time	Michelle Thompson/Teresa Fleming

This form is part of the specification package and must be signed in ink and returned, along with proposal documents, by the opening date and time specified.

PLEASE READ CAREFULLY!

SCOPE OF SERVICE

The State of Nebraska, Administrative Services (AS), Materiel Division, State Purchasing Bureau, is issuing this Request for Proposal, RFP Number 5297Z1 for the purpose of selecting a qualified contractor to provide professional health and welfare consulting services for the employee insurance benefits program which includes health, wellness, dental, vision, life, long term disability, flexible spending accounts, health savings account, and employee assistance program.

Written questions are due no later than May 2, 2016, and should be submitted via e-mail to as.materielpurchasing@nebraska.gov Written questions may also be sent by facsimile to (402) 471-2089.

Bidder should submit one (1) original of the entire proposal. Proposals must be submitted by the proposal due date and time.

PROPOSALS MUST MEET THE REQUIREMENTS OUTLINED IN THIS REQUEST FOR PROPOSAL TO BE CONSIDERED VALID. PROPOSALS WILL BE REJECTED IF NOT IN COMPLIANCE WITH THESE REQUIREMENTS.

1. Sealed proposals must be received in State Purchasing Bureau by the date and time of proposal opening per the schedule of events. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
2. This form "REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES" MUST be manually signed, in ink, and returned by the proposal opening date and time along with bidder's proposal and any other requirements as specified in the Request for Proposal in order for a bidder's proposal to be evaluated.
3. It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address is as follows: <http://das.nebraska.gov/materiel/purchasing.html>

IMPORTANT NOTICE: Pursuant to Neb. Rev. Stat. § 84-602.02, all State contracts in effect as of January 1, 2014, and all contracts entered into thereafter, will be posted to a public website. Beginning July 1, 2014, all contracts will be posted to a public website managed by the Department of Administrative Services.

In addition, all responses to Requests for Proposals will be posted to the Department of Administrative Services public website. The public posting will include figures, illustrations, photographs, charts, or other supplementary material. Proprietary information identified and marked according to state law is exempt from posting. To exempt proprietary information you must submit a written showing that the release of the information would give an advantage to named business competitor(s) and show that the named business competitor(s) will gain a demonstrated advantage by disclosure of information. The mere assertion that information is proprietary is not sufficient. (Attorney General Opinion No. 92068, April 27, 1992) The agency will then determine if the interests served by nondisclosure outweigh any public purpose served by disclosure. Cost proposals will not be considered proprietary.

To facilitate such public postings, the State of Nebraska reserves a royalty-free, nonexclusive, and irrevocable right to copy, reproduce, publish, post to a website, or otherwise use any contract or response to this RFP for any purpose, and to authorize others to use the documents. Any individual or entity awarded a contract, or who submits a response to this RFP, specifically waives any copyright or other protection the contract or response to the RFP may have; and, acknowledge that they have the ability and authority to enter into such waiver. This reservation and waiver is a prerequisite for submitting a response to this RFP and award of the contract. Failure to agree to the reservation and waiver of protection will result in the response to the RFP being non-conforming and rejected.

Any entity awarded a contract or submitting a RFP agrees not to sue, file a claim, or make a demand of any kind, and will indemnify, hold, and save harmless the State and its employees, volunteers, agents, and its elected and appointed officials from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State, arising out of, resulting from, or attributable to the posting of contracts, RFPs and related documents.

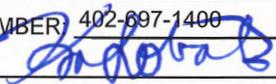
BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions unless otherwise agreed to (see Section III) and certifies that bidder maintains a drug free work place environment.

Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

____ **NEBRASKA CONTRACTOR AFFIDAVIT:** Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this RFP.

____ I hereby certify that I am a **Resident disabled veteran or business located in a designated enterprise zone** in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

FIRM: Aon Consulting, Inc.
COMPLETE ADDRESS: 11213 Davenport Street, Suite 201; Omaha, NE 68154
TELEPHONE NUMBER: 402-697-1400 FAX NUMBER: 402-697-0017
SIGNATURE:  DATE: May 25, 2016
TYPED NAME & TITLE OF SIGNER: Kim Lobato, Senior Vice President

2. Corporate Overview

A2a Bidder Identification and Information

The bidder must provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business and whether the name and form of organization has changed since first organized.

This proposal is submitted by Aon Consulting, Inc., an indirect, wholly owned subsidiary of Aon plc, a publicly traded company listed on the NYSE.

Our global headquarters is located at:

8 Devonshire Square
London, England EC2M 4PL

Our U.S. headquarters is located at:

200 E. Randolph Street
Chicago, IL 60601

Aon Consulting, Inc. was incorporated in New Jersey in 1978.

Former names since first organized include: The Ramapo Group, Inc. (1978-1986), and Alexander & Alexander Benefits Services Inc. (1986-1998).

A2b Financial Statements

The bidder must provide financial statements applicable to the firm. If publicly held, the bidder must provide a copy of the corporation's most recent audited financial reports and statements, and the name, address, and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information, must be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm must provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

The State may elect to use a third-party to conduct credit checks as part of the corporate overview evaluation.

Aon's audited annual financial statements are approximately 150 pages each, therefore we have included our 10K in the Appendix. In addition, a soft copy of Aon's full annual report can be found on our website at: ir.aon.com.

The fiscally responsible representative of our financial organization is:

Isabella Battista, BMO/Harris Bank
111 West Monroe Street, 5th Floor East | Chicago, IL 60603
312-461-5583

As might be expected of an organization of the size and complexity of Aon plc, there is a range of litigation pending against Aon or its subsidiaries in the ordinary course of business. Details can be found in Aon plc's annual Form 10-K filing (Note 15) and quarterly Form 10-Q filings (Note 15), which are available on our website (aon.com). Although the ultimate outcome of all such matters cannot be predicted with complete precision, it is our position that the likely disposition or ultimate determination of such claims is not expected to have a material effect on the financial position of Aon or any of its subsidiaries or impact our ability to perform services for the benefit of our clients.

A2c *Change of Ownership*

If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder must describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded vendor(s) will require notification to the State.

To our knowledge, our firm is not involved in any organizational transformation that would inhibit our ability to provide service to the State. Your account team will always keep you informed of broader developments to our service delivery model.

Aon continually assesses strategic acquisitions to complement its current business or to expand related services. Please see Aon Corporation's public filings for any publicly announced transactions. Securities laws prohibit us from providing any additional information.

A2d *Office Location*

The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska must be identified.

If Aon is selected to continue as your benefits consultant, the State would continue to be served from our Omaha, Nebraska office, located at:

11213 Davenport Street
Suite 201
Omaha, NE 68154

A2e *Relationships with the State*

The bidder shall describe any dealings with the State over the previous five (5) years. If the organization, its predecessor, or any party named in the bidder's proposal response has contracted with the State, the bidder shall identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

Aon currently has two contracts with the State of Nebraska: 1) one for employee benefits consulting and 2) one for property and casualty insurance brokerage. The current employee benefits contract is Contract 55000 O4, which became effective in February, 2013. Prior to the current contract, Aon held Contract 25698 O4, which was effective from July, 2007 through June, 2013.

The current property and casualty brokerage services contract is Contract 38303 24.

A2f *Bidder's Employee Relations to State*

If any party named in the bidder's proposal response is or was an employee of the State within the past five (5) years, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a Subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the bidder may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

To the best of our knowledge and belief none of the parties named to the service team presented in our proposal response is or was an employee of the State within the past five (5) years. And, to the best of our knowledge and belief, no employee of any agency of the State of Nebraska is employed by Aon or is a subcontractor to Aon.

A2g *Contract Performance*

If the bidder or any proposed Subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the bidder or litigated and such litigation determined the bidder to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other party's name, address, and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting party.

To best of our knowledge, we have had no terminations for default.

A2h *Summary of Bidder's Corporate Experience*

The bidder shall provide a summary matrix listing the bidder's previous projects similar to this Request for Proposal in size, scope, and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder must address the following:

A2h *Provide narrative descriptions to highlight the similarities between the bidder's experience and this Request for Proposal. These descriptions must include:*
iv.

A2h *The time period of the project;*

iv. a

A2h *The scheduled and actual completion dates;*

iv. b

A2h *The Contractor's responsibilities;*

iv. c

A2h *For reference purposes, a customer name (including the name of a contact person, a current telephone number, a facsimile number, and e-mail address); and*
iv. d

A2h *Each project description shall identify whether the work was performed as the prime Contractor or as a Subcontractor. If a bidder performed as the prime Contractor, the description must provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.*
iv. e

Aon has extensive experience with public entities, both locally and nationally, and understand your unique challenges. Based on our public sector experience, deep expertise, and extensive understanding of public sector plans and challenges, public entities like the State of Nebraska have selected Aon and have consistently scored us a "10 of 10" on our annual client satisfaction survey. We currently serve over 225 public entities nationwide including:

- 17 states
- 75 cities and county governments
- Nearly 30 counties
- 30+ local governments
- 45 school systems

Our experience runs deep within our firm as we have completed numerous projects similar to those requested by the State of Nebraska. We have provided a summary of three projects, representing clients coast-to-coast, in the following narratives:

Project Description #1	State of South Dakota Medical Administration RFP project
a. Timeframe	August, 2015 through February, 2016
b. The scheduled and actual completion dates	The project was completed within the scheduled timeframe.
c. Contractor's responsibilities	Aon supported the State of South Dakota in the development of the medical administration, PBM, medical management, wellness, HSA/HRA/FSA administration, and EAP services RFP issued in August and December, 2015. We developed the scoring matrix, provided guidance to the State of South Dakota evaluation team and completed the financial proposals submitted. We have also provided implementation assistance on the wellness program when a new vendor was selected. Finally, Aon developed an open enrollment presentation and conducted open enrollment meetings around the State to communicate substantial changes to the health insurance plan designs.
d. Client name	State of South Dakota Contact name: Tom Steckel Current telephone number: 605.773.4099 Facsimile number: 605.773.6840
e. Project description	Vendor RFP project Original schedule completion date and budget The original scheduled completion date was December, 2015. The RFP was reissued when the State's administrator was purchased by one of the State's largest health systems. The revised completion date was February, 2016. Actual (or currently planned) completion date February, 2016 Actual (or currently planned) budget Budget information is not available as the project was included in overall scope of services for our consulting services contract with the State of South Dakota.
Project Description #2	Commonwealth of Virginia Health Plan RFP
a. Timeframe	Late 2014 to early 2015
b. The scheduled and actual completion dates	The project was completed within the scheduled timeframe.
c. Contractor's responsibilities	Aon supported the Commonwealth of Virginia in the development of an RFP for the state's health plan. Multiple plan options cover approximately 250,000 members for state employees and a separate program for local government entities. The RFP scope included finding new administrators for a CDHP plan option a total population health vendor for all self-insured plan options and vendors. The scope of services provided in this project included: <ul style="list-style-type: none"> ▪ Review of the Commonwealth's master RFP that covers all contractual RFP requirements ▪ Development of the RFP service/quality response technical specifications

- Development of the RFP financial proposal specifications
- In collaboration with the Commonwealth RFP team, review, evaluation, and ranking of proposals.
- Participation in finalist negotiations

d. Client name	Commonwealth of Virginia Contact name: Gene Raney - Director, Office of Health Benefits Current telephone number: 804.371.7931 Facsimile number: Not available
e. Project description	Vendor RFP project Original schedule completion date and budget: Early 2015 Actual (or currently planned) completion date: The RFP was completely on time Actual (or currently planned) budget: Budget detail for this project is not available as it is within the overall scope of services for the account

Project Description #3	County of Riverside Employee Benefits RFP project
a. Timeframe	For Plan Year starting 2015
b. The scheduled and actual completion dates	April 2014 – August 2014
c. Contractor's responsibilities	Aon conducted an RFP process for all of Riverside County's employee benefits insurance plans, including the County's health plan. We completed a financial analysis, developed the final report, participated in negotiations with the carriers, and managed the implementation process.
d. Client name	County of Riverside, CA Contact name: Stacey Beale, Human Resources Services Manager Current telephone number: 951.955.1513 Facsimile number: Not available
e. Project description	Vendor RFP project Original schedule completion date and budget August, 2014. Actual (or currently planned) completion date Project was completed on time Actual (or currently planned) budget There was no budget associated with this project as it was included in our overall scope of services and not subject to a project fee

A2h Contractor and Subcontractor(s) experience must be listed separately. Narrative descriptions submitted for Subcontractors must be specifically identified as Subcontractor projects.

Not applicable

A2h vi. *If the work was performed as a Subcontractor, the narrative description shall identify the same information as requested for the Contractors above. In addition, Subcontractors shall identify what share of contract costs, project responsibilities, and time period were performed as a Subcontractor.*

Not applicable

A2i *Summary of Bidder's Proposed Personnel/Management Approach*
The State prefers the proposed account manager have a minimum of 10 years consulting experience in employee benefits, including a minimum of 5 years consulting experience in governmental benefits or employers with self-insured health plans with more than 10,000 employees enrolled. The State reserves the right to have complete approval rights to the account manager assigned to our account.

i.

The bidder must identify the specific professionals who will work on the State's project if their company is awarded the contract resulting from this Request for Proposal. The names and titles of the team proposed for assignment to the State project shall be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder shall provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the Request for Proposal in addition to assessing the experience of specific individuals.

Resumes must not be longer than three (3) pages. Resumes shall include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

Aon is committed to meeting your standards for responsiveness, quality, and stability—and to do so cost-effectively. We achieve this objective by maintaining one of the largest health and benefits consulting practices with 1,200 colleagues, including more than 230 health care actuaries and actuarial students.

At the end of the day, however, it is the combined talents of experienced individual team members who make the difference for our clients. Our client teams are carefully matched to each proposed engagement, with senior consultants leading each team.

The Aon team serving the State will primarily consist of those individuals currently serving you:

- Kim Lobato—Account Manager
- Rebecca Feldman—Lead Actuary
- Cristie Labus—Senior Actuarial Consultant
- Craig Currier—Financial Manager/Underwriter

In addition, the following colleagues will be added to the team to provide additional, focused support and subject matter expertise.

- Gina Samland—Backup Account Manager
- Hitesh Patel—Pharmacy Benefit Practice Leader
- Cynthia Crozier—Health Transformation Practice Leader
- Peter O'Hara—Legal Practice Leader

Team Leadership

Kim Lobato will continue to serve as Aon's Account Manager for the State. He will be responsible for overall project deliverables, the State's satisfaction, and making sure that necessary resources are at your disposal, and engaging senior management assistance where needed.

Kim meets the RFP's requirements that the account manager have a minimum of 10 years consulting experience in employee benefits, including a minimum of 5 years consulting experience in governmental benefits or employers with self-insured health plans with more than 10,000 employees enrolled.

Requirement	Demonstration of Account Manager's Experience
10 years of consulting experience	Kim has been a member of Aon's Omaha Health and Benefits practice team for 10 years. He has led the practice through substantial growth and the development of a sizable public sector practice that includes four states, a number of cities and counties and a public school district association pool.
5+ years of consulting in governmental benefits or employers with self-insured health plans with more than 10,000 employees.	As the account manager since the inception of Aon's relationship, Kim has worked for the State of Nebraska for the past 8 years. He has also worked with the states of Iowa, South Dakota and most recently Wyoming, all of which are similar to Nebraska in size and scope. Kim is a member of Aon's Public Sector practice group, which shares information across our national practice on matters that are common to the public sector industry.

Please know that Aon agrees that the State will have the ultimate decision-making authority regarding resources assigned to your account. And, while we have numerous resources available to assume responsibility on the client team and ensure seamless continuity of service, we trust you have been served well by Kim over the past 8 years. Aon is also adding a backup account manager, Gina Samland, to the team as request in the RFP. Gina has an extensive background in the Nebraska market and will provide day-to-day support to Kim in her role on the State's team.

If needed, we will work with you to survey the options available and assign team members that you concur fit with the needs and expectations for program delivery from that point forward.

Reporting Relationships



Primary Work Assignments

The following table explains in further detail the primary work assignments of each Aon colleague selected to serve the State.

Name and Title	Primary Work Assignments
Kim Lobato Senior Vice President	Account Manager Manage the strategic planning process for the State and ensure Aon resources are available to execute the plan
Rebecca Feldman Senior Vice President	Lead Actuary Provide actuarial services in the development of premium equivalent rates, as well as calculation of IBNP and claim fluctuation reserve balance
Gina Samland Assistant Vice President	Backup Account Manager Provide support to the Account Manager and be responsible for day-to-day issues that arise with the State
Cristie Labus Senior Actuarial Consultant	Actuarial Consultant Support the Lead Actuary in providing actuarial services to the State
Craig Carrier Vice President and Underwriting Manager	Financial Manager/Underwriter Develop and manage the claim experience report for the State and to provide data to the actuarial team
Hitesh Patel Vice President	Pharmacy Practice Lead To provide account management services as they relate the pharmacy benefit management program of the State
Cynthia Crozier Vice President	Health Transformation Practice Lead To provide account management services as they relate to the wellness program of the State
Peter O'Hara Assistant Vice President	Legal Practice Lead To provide legal consulting as it relates to the Patient Protection and Accountable Care Act and ERISA

Team Biographies

Please see the Appendix for biographies of each team member.

A2j *Subcontractors*

If the bidder intends to subcontract any part of its performance hereunder, the bidder must provide:

As a full-service HR consulting firm, we expect to provide all services requested by the State without the use of a partner or subcontractor.

A2j *name, address, and telephone number of the Subcontractor(s);*

vii.

Not applicable.

A2j *specific tasks for each Subcontractor(s);*

viii.

Not applicable.

A2j *percentage of performance hours intended for each Subcontract; and*

ix.

Not applicable.

A2j *total percentage of Subcontractor(s) performance hours.*

x.

Not applicable.

3. Technical Approach

3a. *Understanding of the project requirements;*

D. PROJECT REQUIREMENTS

Scope Requirements

The contractor will provide the following services:

1. Strategic consulting services for all health and welfare programs including the State's self-insured medical, pharmacy, wellness programs, and collective bargaining;	Confirmed
2. Actuarial services for the State's Employee Health Plan;	Confirmed
3. Health plan data analytics and reporting;	Confirmed
4. Assist with benefit plan requests for proposals (RFP); and	Confirmed
5. Legislative and Regulatory Analysis & Education.	Confirmed

As the State's current consultant, Aon fully understands the services and service levels required by the State.

Please see the Scope of Services section below for detailed information regarding the five categories of services summarized above.

3b. *Business Requirements;*

C. BUSINESS REQUIREMENTS

Scope Requirements

1. The contractor shall provide an Account Management team to oversee the services listed in detail under the Scope of Work. The Account Manager shall be accessible by phone and email. A backup to the Account Manager shall also be assigned when the Account Manager is not available.	Confirmed
2. The bidder shall have at least five years of business experience providing comprehensive employee benefit consulting services to large public sector and non-public sector employers which more than 10,000 employees and retirees.	Confirmed
3. The contractor shall have experience providing benefit consult services to large employers who offer a self-insured employee health plan and wellness program.	Confirmed
4. The contractor shall certify it, as well as any subcontractors that it utilizes, is in full compliance with HIPAA's regulations protecting the privacy of individually identifiable health information.	Confirmed
5. The contractor shall agree to sign the State's Business Associate Agreement.	Confirmed

1. Account Management Team

We believe that success with our clients is defined by them, not by us. Clients tell us that these characteristics are of value to them and we work every day to make sure we meet and exceed these expectations.

- **Listen before we advise**—Each client and each company has its own set of issues and challenges that need to be solved. We listen to what clients need, seek to understand their culture and business, and work hard to imagine how an idea will work in their situation
- **Solve specific problems**—We will examine your data to understand your organization. This allows us to pinpoint problems and leverage the appropriate resources
- **Garner trust and openness**—These characteristics are driven by honest, transparent personal relationships. We look for and encourage straight talk and work to earn your trust
- **Be proactive**—We thoughtfully bring any reasonable idea and solution to the problems at hand and recognize that part of our value is to 'see the future' and lead with both innovative and proven solutions that will work
- **Ensure compliance**—We ensure that our clients are aware of all applicable compliance and legislative requirements

Availability

Aon's goal is to be the most responsive, client-focused human capital company in the world. Everything we do is focused on creating distinctive value for our clients, based on a deep understanding of your business issues, insightful analysis, and careful execution. We understand that we can only accomplish that mission if we are available and responsive both during and outside normal business hours.

Our corporate hours of operation are standard business operating hours, 8am–5pm, Monday through Friday, excluding holidays. It is our goal to return phone calls on the same day and email within 24 hours. Your Account Manager—Kim—is the right place to start, but please know you should feel completely comfortable contacting anyone on your team. Everyone, from receptionists to senior leadership, will be committed to getting you what you need when you need it.

We will also make direct dial and mobile telephone numbers of key team members available to you. We commit that we will be available on a 24/7 basis. We can do this because we understand that most clients will not need access to us very often outside of normal business hours. At the same time, when you do need us, we understand that your need will likely be critical.

Selecting Teams

We consider a variety of factors in selecting consulting staff to serve clients, including: complexity of scope of work; capabilities needed; current consultant workload; industry knowledge, experience, and skills; and personality fit. We want to ensure that the Aon-State relationship is a win-win for both parties. With that in mind, we are always open to feedback regarding the staffing plan.

As the Account Manager for the State, Kim Lobato will ensure that all of Aon's resources are at your disposal and will engage senior management assistance where needed. He will lead the strategic planning process with the State.

Gina Samland is a new member to the team will be on point as the State's Backup Manager. She will provide additional guidance with the day-to-day service needs of the State when necessary.

2. Years of experience

We have provided services across the full range of human capital management consulting services for decades.

- Health and welfare: 70 years
- Communication: 50 years
- Customer engagement surveys/analytics: 40+years

- Global benefits: 25 years
- Health and welfare audit: 30+ years
- Prescription audit: 20 years
- Data warehouse consulting: 15+ years
- Voluntary Benefits/Elective Benefits – over 35 years.

Our health and benefits practice works with more than 5,000 clients in the U.S.—in both the public and private sectors, ranging in size from under 1,000 employees to over 100,000 employees. More than 300 of our health and benefits clients employ 10,000 or more employees, including more than 50 public sector clients.

Regarding the colleagues who will be serving the State, all of them have worked with large employer groups, both public and private, and understand their distinct needs and the challenges they face.

3. Experience with large employers who offer self-insured employee health plan and wellness program

Aon, and the team selected to serve the State have substantial experience working with large employers who offer self-insured employee health plans and wellness programs. Although we cannot provide lists of clients other than the references provided (due to confidentiality), we can share that:

- Most of our clients have a combination of insured and self-funded medical plans, and approximately 75 percent of the employees covered under the contracts we service are in self-funded or partially self-funded contract arrangements.
- Population health and wellbeing has become an integral part of our core consulting practice. As such, our consulting work typically includes facets of wellness.

Specific to the colleagues who will be serving the State, all members except Gina have already provided the State with services and have demonstrated their level of expertise.

4. HIPAA Compliance

Confirmed. We are compliant with all HIPAA requirements and regulations, as they are applicable to Aon. When providing services to benefit plans covered under HIPAA, Aon complies with HIPAA rules and standards for security and privacy, as well as file transmission as applicable.

In addition to a global Privacy Policy that addresses Aon's commitment to the protection of personal information, including any protected health information we might hold, we also have a global Security Policy for our benefits outsourcing and delivery services that addresses our confidentiality and security practices, deviations from these practices and the consequences of violating these practices.

Aon employees are educated on security policies during their orientation and are required to complete a training program focused on HIPAA privacy and security regulations as well as other compliance related issues. Employees are also informed that violations of our privacy and security policies are a violation of Aon's Code of Conduct, which can result in disciplinary action up to and including separation from the firm.

Aon has also established a Privacy Committee to address issues of security and privacy within the firm, as well as a mandatory global privacy training program to augment security training for each of our lines of business. We continually evaluate services that we provide to determine the nature and scope of personal information that we may collect, use, or disclose, and review safeguards and processes that address the security and privacy of personal information. For example, we require that authenticators be entered or verified before we permit access to confidential information.

Aon recognizes that it has new obligations as a business associate under HITECH and, accordingly, has taken numerous steps to meet those obligations. Actions include:

- Creating enterprise-wide compliance project led by the Privacy Office
- Forming a Task Force with leaders from across the business (e.g., Outsourcing, Consulting, IT)
- Conducting gap analysis
- Communicating HIPAA Policies and procedures
- Training all U.S., Puerto Rico, and India colleagues who handle or who have access to PHI
- Reviewing and updating Breach notification response process for HITECH requirements
- Amending Business Associate Agreements

Aon understands that the State of Nebraska's use and/or disclosure of personal information may be governed by the federal Gramm-Leach-Bliley Act ("GLB") and supports that obligation. Aon maintains a comprehensive data security program that includes reasonable and appropriate technical, organizational, administrative, and other security measures against the destruction, loss, unauthorized access to, or unauthorized alteration of personal data in the possession of Aon. Aon also maintains an Information Security Policy and Data Privacy Policy, which outline those technical, organizational, administrative, and security measures.

5. Business Associate Agreement

Confirmed. We have reviewed the Business Associate Agreement (BAA) provided by the State as a response to the written question submitted. If Aon's proposal is selected, certain provisions of the BAA require discussion. We are confident that, if selected, Aon can partner with the State to reach mutually acceptable language for the BAA.

3c. Respond to each section in Scope of Work; and

E. Scope of Work

Explain how the bidder will provide the services below to the State by completing the following tables. Response shall demonstrate experience performing similar services for other State or large employers including accomplishments and other information. Include examples of the bidder's work, when applicable.

1. Strategic Consulting Services

Scope Requirements

The contractor will provide strategic consulting services for all health and welfare programs listed above in Section IV. B. Project Environment. Services include, but not limited to, the following list of services.

- | | |
|--|-----------|
| <p>a. Regularly consult with the State on strategy and programs to which help manage the State's self-insured health and wellness plan including plan design, networks, pharmacy benefit program, stop loss, and carriers. Renewal timeline:</p> <ul style="list-style-type: none"> i. Plan Year begins: July 1 ii. Governor renewal review: February 1 iii. Final rates & plan design: March 1 | Confirmed |
| <p>b. Regularly meet with Employee Wellness and Benefit staff to stay abreast of administrative, programmatic, regulatory, and other issues and opportunities regarding the State's employee benefit programs</p> | Confirmed |
-

c.	Attend benefit plan vendor meetings as requested to provide input and recommendations.	Confirmed
d.	Provide on-going monitoring of developments in new benefit strategies.	Confirmed
e.	Assist in reviews, analysis and recommendations of employee benefits in preparation of labor negotiations and be available to attend onsite preparation meetings as requested.	Confirmed
f.	Train Administrative Services staff on topics including regulatory updates, industry trends, data analysis, and compliance.	Confirmed

1a Describe the bidder's approach to providing strategic consulting services to the State on all of the benefit programs. Include a summarized listing of services included with the proposal.

In order to meet our clients' short-term and long-term strategic needs, we deploy our strategic planning tools and benchmarking data. We will collaborate with the State of Nebraska on your current strategy and make recommendations as appropriate. This written strategy links your business and benefits strategies.

We frame the strategic process as Discover, Develop, Deliver, and Review:

- **Discover:** We will collaborate to explore current state and gathering information on peers, leadership perspectives, and business goals. Strategic priorities are determined and a plan for how to achieve them begins to form.
- **Develop:** We will jointly author a plan to define how we will work together during the year. This includes activities such as evaluating partners, plan design and funding, and contribution strategies.
- **Deliver:** We work together to bring the plan to employees and their families and determine how to measure effectiveness.
- **Review Continuously:** We will seek your input on how we are doing both through informal feedback sessions and annual surveys.



We recognize that a sound strategy must have goals that address employer and employee priorities. As such, the work that happens during this process is grounded in a framework that includes both employer and employee perspectives. Additionally, we recognize the external factors of the community and health care system that have a profound influence on your results. Our work with you will take all of these factors into account to produce measurable results for the State of Nebraska.

Aon recognizes that government clients require an array of specialized expertise, and through our public sector practice, is committed to serving the public sector in a variety of ways. Specifically to the requirements of your Request for Proposal, we will be:

- Assisting in the development of an overall long-term strategic plan to manage cost and deliver quality employee benefits
- Providing actuarial services including:
 - Developing annual plan costs, premium equivalent rates and employee contributions based on the State's cost share requirements
 - Calculating the Claim Fluctuation Reserve
 - Calculating the reserve estimates for Incurred But Not Reported (IBNR) claims liability
 - Assisting the State in evaluating the performance of the wellness program
- Performing health care claims data analysis to project and manage costs and measure the impact of changing demographics
- Developing reports for oversight boards, committees, and state executives, showing current plan status and recent costs, cost drivers, effect of program changes, and current demographics
- Assisting in vendor selection and management, including assessing and benchmarking performance in preparation for contract negotiations
- Assisting vendor selection committees by providing objective, expert evaluation while educating members to help come to a consensus
- Providing auditing services, such as:
 - Claims processor performance review and assessment
 - Audit and gap assessment of current HIPAA procedures

Fees for audit services are not included in our fee proposal for the core services required by the State's RFP. Fees for pre-implementation audit services are included in our fee proposal.

- Providing regulatory support to ensure the State is informed of any changes in laws, rules and regulations that may impact the employee benefit program
 - Projecting the potential ACA Excise Tax and evaluate alternatives for mitigating its impact
- Conducting actuarial valuations of Other Postemployment Benefits (OPEB) liability under GASB 43/45 if needed. Fees for OPEB valuations are not included in our proposal for the core services required by the State's RFP.

We are ready to help the State with any project that arises as the healthcare landscape evolves and the regulatory environment impacts the State's employee benefit programs.

1b *Describe the bidder's experience consulting on a self-insured health plan with over 20,000 participants.*

Most of our clients have a combination of insured and self-funded medical plans. Approximately 75 percent of the employees covered under the contracts we service are in self-funded or partially self-funded contract arrangements. While we do not track accounts by size, we can state that we serve 70 percent of the Fortune 500 companies in some capacity, many of which we provide services similar in scope and nature to the services the State of Nebraska seeks. Specifically as it relates to our experience in the public sector, we provide health and benefits consulting to more than 225 clients—including 17 states – similar in scope and nature to the services the State of Nebraska seeks. Most of the states we work with are self-funded groups.

1c Describe the services and resources available to assist the State in managing their pharmacy benefit program.

As health care costs continue to rise, and legislative and economic changes alter the benefit landscape, employers are seeking innovative and cost-efficient employee benefits solutions. Managing pharmacy costs is one area where employers would benefit from guidance. Employers must continue their laser focus on near-term cost management, including stronger vendor management and sound design and cost sharing tactics. At the same time, employers seek to change the longer-term cost curve by addressing employee health, lifestyle choices and productivity. Aon's pharmacy team works with employers to develop customized strategies and pharmacy benefit plans that are cost effective, improve medication adherence, drive engagement, promote responsibility and accountability, help participants manage health risk and chronic conditions, and reduce absence.

Resources and Years of Experience

Our national pharmacy team, which is part of our innovation group, consists of 15 fully-dedicated expert prescription drug consultants (four of whom are credentialed pharmacists) and 20 additional specialty trained consultants within our local regions and innovation team.

Hitesh Patel will be a member of the State of Nebraska team. Hitesh is a licensed pharmacist. After 12 years in the Pharmacy Benefit Management (PBM) industry, he joined Aon in 2007 to provide pharmaceutical services that ensure employers are obtaining an improved return on investment in their pharmacy benefit spending by focusing on appropriate benefit design, PBM selection and auditing. He also focuses on improving outcomes through improved health management programs. He has worked with the State of Nebraska from the beginning of our engagement.

Capabilities

We offer an array of post procurement solutions to clients, including a la carte services such as annual audits, plan design analysis, trend management and strategic vision. Our in-house team of subject matter experts that deal exclusively with the challenges associated with healthcare reform and work directly with the pharmacy team in providing our clients with the right solution given the client's overall benefit objectives.

Expertise and Differentiators

A successful pharmacy benefits strategy needs to be driven by data, enabled by the experience of your benefits staff and consulting team, and focused on driving a positive experience for your participants, while maximizing the program's overall financial efficiency. Partnering with the State, our pharmacy team leverages the collective expertise of a consulting team with significant knowledge of and experience working with large, complex organizations, our industry-leading tools and databases, and strong reputation with potential PBM providers to make certain the overall program effectively meets the needs of the State and its participants. We believe that we can uphold this promise better than our competitors for the following reasons:

Experience managing PBM procurement projects for complex clients

Our diverse client base includes many of the largest organizations in the United States and around the world. Our clients often have complex pharmacy benefit arrangements with multiple vendors, numerous plan designs, union/bargaining and retiree considerations, and intricate population group stratification. We believe Aon has more experience than any other consulting firm in dealing with the unique challenges faced by sophisticated organizations like the State.

Data-Driven Methodologies

We make it a priority to invest in industry-leading capability and resources that help our clients make better fact-based decisions and save money. We leverage our industry-leading benchmarking database to estimate the potential ROI from the marketing and to negotiate market-leading pricing terms. Our benchmarking database is a dynamic database containing all of the deals we negotiate on behalf of clients. Annually, we evaluate more than 350 financial offers. We also employ our industry-leading Pharmacy Financial Forecasting Model (PFFM) to analyze PBM vendor

financial proposals. Our analysis is based on actual claims utilization of prescription drugs at the retail, mail service, and specialty channels. We continually update the PFFM to address pricing nuances observed in the market to account for every significant pricing and utilization variable that impacts bottom-line results. Our model is fully customizable to trend factors and other key variables.

Experience Negotiating a Full Range of Financial Offers

Unmatched experience in negotiating and implementing traditional, transparent, and acquisition cost-based PBM financial arrangements for our clients is one of our many differentiators. Regardless of the pricing approach, we excel at enforcing full disclosure of contractual terms and conditions throughout the RFP process, including revenue flows to PBMs and our clients. We understand that there is no one best pricing structure for all clients, and help our clients to decide which financial structure makes the most sense for them. To that end, we conduct more financial procurements a year than any other consulting firm. Additionally our streamlined process of analytics has been proven to be best in class and as a testament to that we perform over 350 PBM financial reviews a year. Our level of experience to meet the complex demands of our clients remains unmatched in the industry and we are the trusted advisor for many of the larger commercial plans in the country including a significant portion of the Fortune 25.

Experienced Pharmacy Team

Compared to our competitors, our pharmacy benefit consulting team is highly unique. Twelve of our fifteen core team members, including Hitesh Patel, are former PBM insiders with a wide range of experience in PBM operations, clinical programs and PBM pricing algorithms. Specific to the individuals on your team, your project team leader has worked as a finance executive for two major PBM's and in that capacity worked intimately with the pricing teams of those organizations. Other team members have worked in clinical capacities at some large PBM's developing and deploying some of the more popular clinical initiatives in the industry today. In addition to the PBM insiders all of our team members have years of consulting experience with many of the largest employers in the country. Aon has developed a significant expertise for State plans, with Hitesh Patel having worked with over a dozen State plans on all issues related to pharmacy.

Tools

Aon has developed a number of tools over the last five years that are used frequently to help drive recommendations for our clients as they relate to the management of their pharmacy benefit. Two of those tools can be used for the next PBM RFP that the State will be releasing:

Tool / Approach Name	What it does
Pharmacy Financial Forecasting Model (PFFM)	The primary tool that we rely upon for financial evaluation and negotiation. This model utilizes your actual utilization data to project future prescription drug costs under multiple vendor arrangements, allowing for a detailed side by side comparison of vendor financial proposals.
PBM Deal Benchmarking Analysis	Our Deal Benchmarking Analysis is an invaluable tool to evaluate the overall competitiveness of your current PBM financial arrangement, identifying specific opportunities within the deal as well as providing projected savings that are likely to be achieved through a competitive marketing or vendor renegotiation process.

1d *Describe the bidder's experience consulting on a wellness program comparable in size to the State's wellness program.*

Aon's Health Transformation team worked with a large healthcare firm with 20,000+ employees. This group had a very diverse employee population, which included professional, call center and distribution center employees. The group had a strong directive to manage company costs to include health care spend.

The group had a basic wellbeing program focused on awareness activities such as health assessment and biometric screening along with traditional incentives. The program had limited results. Aon worked with this group to develop a comprehensive approach to overall wellbeing for both employees and families to foster a culture of health. Essential elements of the wellness strategy included:

- Achieving grass roots and grass tops support
- Evolving incentive design to drive behavior change
- Incorporating best practice reward tactics based on key principles

The program received industry recognition as a best-in-class wellbeing program. The group saw strong participation rates companywide:

- Health Assessment (HA) 75% (5%+)
- Screening 74% (13%+)
- HA & Screening combined 65% (6%+)
- Healthy Activity 50% (10%+)
- Above average and best in class risk change results (3.1% companywide)
- 4.26 : 1 ROI for wellbeing programs after 3 years

This experience of best in class results is similar to the impact that the State of Nebraska's wellness program had when it was introduced. Aon was involved in developing the strategy that the State adopted when wellness became a priority for helping to manage health care costs.

1e *Describe the bidder's collective bargaining experience assisting another State government, or large employer similar to the State of Nebraska.*

We have extensive experience supporting clients with labor negotiations. This includes supporting the largest companies in the world covering all major unionized industries from the perspective of both key constituents: management and labor. We also have extensive experience assisting public entities with labor negotiations. And our relationships with union representative colleagues are cordial and respectful, and our assistance is fact-based, which was evident during the last union negotiations with we participated in with the State of Nebraska in 2014.

The lead actuary aligned with the State of Nebraska has extensive collective bargaining experience. Rebecca Feldman has supported many clients over the last 16 years during their discussions and negotiations with their unions. She has annual meetings with one of her retail client's union representatives to share benchmarking, pricing and modeling. She supports that client's annual union negotiations by providing modeling and developing costing scenarios. She also works with a utility company that employs members of multiple unions. She works with the client's labor relations team in advance of each union's negotiations to help develop the strategy and associated budget. She sat at the table with the labor relations team during the last round of negotiations.

1f *What data analytic tools will be used to analyze medical and pharmacy claims data? Will the State have access to any of the data analytic tools?*

A key goal of our Aon team is to leverage our clients' investment in data, analytics, and reporting, and to truly optimize those investments already in-place. The State of Nebraska currently has access to data analytic tools through their relationship with UHC and Optum Health/Ingenix. Aon accesses the Optum Health data warehouse in the claim analysis process for the State.

Aon has strategic relationships with the larger data warehouse vendors (specifically, Thomson Reuters/Truven Healthcare Analytics and Verisk Health), and we are also very familiar with various other data warehouse vendors

and their corresponding tools. We work with these vendors in a number of different ways and in many instances we have preferred pricing arrangements in-place depending upon the necessary solution. If the State has data analytics needs beyond those provided by Optum Health, we can work with the State to determine the best course of action to select a vendor.

1g *What resources will be utilized to stay informed of best practices in employee benefits in State Government and other employers similar in size?*

Aon's Health & Benefits public sector practice consists of over 100 consultants and actuaries around the United States who consult with states, cities, counties, municipalities, transit agencies, schools, and other public sector entities of all sizes. Kim Lobato is an active member of the public sector practice.

This group connects to share information on topics of particular interest in the public sector, such as techniques for reducing OPEB liabilities, strategies for addressing the Excise Tax, successful trends and designs for wellness programs, benchmarking, retiree health care strategies, and population health improvement. The goal is to share best practices with each other and with our public sector clients when appropriate, always striving to maximize the value, impact, and long-term sustainability of our clients' benefit programs for their employees.

In addition, Aon creates industry-specific data cuts of a number of our renowned surveys—such as our annual Health Care Surveys—which provide industry-specific data and insights.

2. Actuarial Services & Related Reporting

The contractor shall provide actuarial services for the State's employee health insurance plan and wellness program. The following services and reports shall be prepared as part of this contract:

Scope Requirement		
a.	An annual plan cost analysis and annual calculation of the employer and employee contributions for each of the State's health plans.	Confirmed
b.	Analyze and recommend the annual Claims Fluctuation Reserve (CFR) level at the end of the plan year. The State currently maintains a CFR at a 90% confidence level.	Confirmed
c.	Analyze and recommend a projected Incurred But Not Recorded (IBNR) amount at the end of the plan year.	Confirmed
d.	Help the State prepare a Value on Investment (VOI or ROI) for the State's wellness program each year.	Confirmed

2a *Describe the bidder's experience in performing actuarial services for other States or companies of similar size.*

Aon has more than 230 health care actuarial consultants and actuarial students who provide consulting services to many of our nation's state and local government entities and Fortune 500 companies. In addition to having a broad understanding of the dynamics within the health care industry, our health care actuaries are responsible for modeling:

- Employee contributions
- Health plan pricing
- The impact of plan design changes
- Other actuarial calculations

This combination of health knowledge and actuarial mechanics makes our actuaries a valuable resource in assisting organizations with solving their human resources and financial challenges.

Our financial management services are tailored to meet the specific and complex needs of each client. Typical services include:

- Historical claims experience analysis by major plan segment
- Historical enrollment analysis, and enrollment mix projections
- Migration and health risk assessment (where applicable)
- Medical and pharmacy plan design modeling
- Network plan change and discount analysis
- Trend analysis and projections by plan
- Large claims, reinsurance, and pooling analysis
- Operational and administrative expense analysis
- Employee contribution and employer subsidy analysis and projections
- Development of projected budgets for the coming year
- Experience analysis and reporting
- Incurred, but not reported, claims reserves

If a client has a specific need, we can build enhancements into any of the projects listed above. For example, if a client is offering a new health plan design, we will extensively review and analyze enrollment projections, potential adverse selection, and impact on trend when we set budget rates for the upcoming year, as we have for the State of Nebraska at each renewal.

A number of our proprietary actuarial tools and models are considered the leading tools in the industry. These tools and models are used in our consulting work with hundreds of major organizations to evaluate costs, set budgets, model plan changes, analyze risk thresholds for large medical claims, compare benefit plan designs, produce financial reports, and establish contribution requirements across all benefits and health plan designs for active and retired employees. The data supporting these models represents more than 17.4 million members and over \$63 billion in claims data.

2b *Provide an example of a premium equivalents report for a self-insured health plan with multiple plans.*

A copy of the 2016-2018 Medical Pricing report, which includes the premium equivalent rates we develop for the State, is included in the Proprietary Information section. All State reports that we are submitting are considered proprietary as work product for the State of Nebraska.

2c *Explain the approach to analyzing and recommending a CFR level. Provide an example of a CFR report the State would receive.*

We will use one of our proprietary actuarial models, our stop loss model, to analyze the State's claims and recommend a Claim Fluctuation Reserve (CFR) level. We run our stop loss model to simulate expected claims based on the State's total projected medical and prescription drug claims developed as part of the annual pricing process. The model utilizes a random number generator and assigns expected claims from an underlying claims distribution. More than 50,000 iterations are performed. The model is calibrated to State specific claims and population demographics. We analyze the results at various confidence levels to determine the appropriate level of additional reserves the State should hold.

A copy of the 2015/2016 CFR report we develop for the State of Nebraska is included in the Proprietary Information section.

2d *Explain the approach to calculating IBNR. Provide an example of IBNR report the State would receive.*

While there are many different approaches that can be used to calculate IBNR reserves, Aon's model has been proven across hundreds of clients and decades of experience. Reserve estimates for the medical plans are developed by evaluating incurred and paid claims history as reported by you and your health plans. This analysis includes a series of actuarial calculations designed to predict future claim payments. Our tool develops the Incurred But Not Reported (IBNR) claims liability by projecting the outstanding amounts payable for claims that have already occurred, but have not yet been settled. Aon refers to this report as the Incurred But Not Paid (IBNP) Report.

Liabilities for medical, dental and prescription drug benefits are estimated based on the Development Method. The underlying principle of the Development Method is that the progression of claim payment follows runoff patterns that are assumed to remain stable over time. The results are then adjusted for months where data is deemed non-credible. These adjustments are made using the Projection Method, which is based on the change in costs per exposure unit over time.

The IBNR liability is further adjusted to reflect actuarial assumptions related to a number of factors/ contingencies that could affect reserve adequacy. Such factors / contingencies include changes in claim payment cycles, plan design, insurance carriers, large dollar shock claims, emerging claim trends, enrollment shifts, differences in the number of days in the projection period versus the baseline period, and other factors.

A copy of the 2015/2016 IBNR report we develop for the State of Nebraska is included in the Proprietary Information section.

2e *Describe the bidder's experience calculating VOI on a wellness program. Provide an example of a VOI report.*

ROI and VOI are the two most prevalent ways of evaluating the success of a wellbeing program in the industry today. While ROI has historically been the most common methodology for measuring the success of a program, it is limited to tangible savings and does not fully recognize other measures of success which may be of equal or greater value to an employer. ROI methodology relies on a single outcome—dollars saved, and assumes program failure in the wake of a neutral or negative ROI. In the context of health and wellbeing, this may misrepresent other results in the form of better self-management of conditions, healthier lifestyles or organization engagement. Additionally, the accuracy of ROI depends on methodology and costs included or omitted from calculation—thus ROI figures can vary significantly depending upon what evaluation components are included.

Accelerating change, driven by the evolution of technology and regulatory flux is transforming the availability of data at the personal and organizational level. This coupled with clients evolving programs to focus more holistically on wellbeing signified the demand for evaluating program impact in the same holistic way. One methodology that is gaining traction in the market, literature and is aligned with Aon's point of view on measurement is Value on Investment. Value on Investment (VOI) is a measurement framework which addresses an approach to understanding and interpreting the appropriate metrics for an evaluation plan using the conventions of a Cost Effectiveness Analysis (CEA). VOI is a flexible measurement methodology that allows the employer to choose the metrics that are most important to them outside of/ in addition to monetary cost avoidance. VOI can include a nearly infinite number of metrics within a defined framework and in accordance with business priorities to indicate success. If it can be accurately measured and tracked, a client can use it to evaluate the success of their wellbeing program. Additionally, value indicators monetized and used to measure ROI can also be included in a VOI methodology.

Regardless of the methodology an employer chooses it is important to clearly define the specific measures that will be included in the definition of success. Once the focus areas of a wellbeing program are defined, Aon can support clients in establishing custom measurement metrics that reflect both short- and long-term goals against which to measure progress. Developing these metrics should employ a multidisciplinary, collaborative approach, which starts by defining the value of a healthy and high-performing workforce as it relates to organizational success, and thinking innovatively about how to measure a program in relation to its objectives. It is important that the current or prospective program plan tactically and operationally supports gathering the necessary data to support the measurement strategy. By identifying the proper reporting methods at the inception of a measurement strategy, employers can drive efficiency and potentially yield measurements that are comparable year over year. Additionally, it is important to align the measurement strategy to show what is valuable to each individual organization. While there are best practices that can guide a measurement strategy, individual values and definitions of success should not be lost. A thorough measurement strategy should include both monetary and non-monetary measures that help define the success of a program.

Aon understands the State's interest in developing a standard measure of return for its wellness program. In the past, Aon has provided services to validate the State's wellness vendor's calculation of ROI for the program and we will offer that service as part of our core fee. As mentioned above, VOI metrics are prioritized and determined in accordance with the HERO framework and acknowledging client priorities through collaboration with our clients. As the literature indicates, there is no standard benchmark for VOI. To illustrate our experience in calculating VOI on a wellness program, we have included a presentation titled "Evaluating Value and Return" in the Appendix. Aon uses two tools to evaluate and measure VOI – Optimal Health Metrics and Health Intelligence on Demand.

Optimal Health Metrics (OHM) provides a framework for employers to evaluate their program from a variety of different perspectives that encompass best practices around measurement areas and goal setting. OHM encourages both leading and lagging indicators of success by identifying key indicators of how the strategy is improving employee wellbeing and the impact of those improvements on business results. These indicators organize measurement and goals around a broad spectrum of categories and can be assessed year over year. Indicators are typically taken from employers existing reporting. This solution utilizes internal and external report and is suitable for most clients. OHM employs HERO's measurement framework and guidelines for measuring value and focuses on the following components:

- Organizational Support
- Health Impact
- Productivity and Performance
- Financial Outcomes
- Participation
- Satisfaction

Health Intelligence on Demand (HIOD) is a concept and corresponding tool that integrates disparate data sources to create 360° person-centric portraits for every eligible member in order to create a dynamic population baseline of health, risk, productivity, and wellbeing experience. This is not a concept that sets out targeted goals for an employer but rather enables an employer to track and measure success in a multi-dimensional way—allowing employers to see interaction and corresponding value between different metrics within different data types. HIOD is a comprehensive custom solution which utilizes raw data elements and is suitable for comprehensive analysis purposes and clients.

OHM and HIOD are not included in our core service fee. We welcome the opportunity to discuss these tools with the State and collaborate on how one or both may be used to meet your needs.

3. Health Plan Analytics and Reporting

The contractor shall provide the State with the following services:

Scope Requirements

a. A monthly budget report of the State's health plan performance comparing actual to budgeted costs.	Confirmed
b. Pursuant to Nebraska Revised Statute 50-502, the State of Nebraska Health Insurance Plan Annual Report due November each year. See Attachment C for the most recent report.	Confirmed
c. Health plan reports including cost trending and multi-year forecasting projections as requested by the State.	Confirmed
d. Other reporting requirements may include health plan analytical reports, industry surveys, and benefit program performance and gaps.	Confirmed

3a *Provide an example of the monthly budget report for self-insured health plan.*

Aon collaborated with the State of Nebraska benefits team to develop the current Plan Experience Summary and Cost Review Report for the State. The report compares the actual monthly and annual costs for the operation of the State Health Plan against the premiums generated based on the premium equivalent rates developed by Aon by each plan design and in total. The report includes all direct and indirect costs associated with the State Health Plan, including wellness vendor costs. The Experience Summary and Cost Review Report is compared to the State's Health Plan Scorecard Report, which is a summary report showing total plan revenues and expenses. Aon can customize this report if necessary to meet the changing needs of the State.

A copy of the 2014/2015 State of Nebraska Monthly Experience Report is included in the Proprietary Information section.

3b *Describe the resources available to prepare a report similar to the State of Nebraska Health Insurance Plan Annual Report.*

Aon can use a range of resources necessary to create the State of Nebraska Health Insurance Plan Annual Report including local account management input and national communications practice support. For FY2015, ending on June 30, 2015, Aon provided much of the content included in the report. Aon has the capability to complete the entire report with guidance from the State of Nebraska benefits team if requested and is included in our core service fee.

3c *Provide a sample of a report which would be similar to the State of Nebraska Health Insurance Plan Annual Report.*

A copy of the FY2015 annual report is included in the Appendix.

3d *Provide a list and examples of other reports that are offered including health plan analytic reports.*

Aon has strategic relationships with the larger data warehouse vendors including Thomson Reuters/Truven Healthcare Analytics, Optum Health, and Verisk Health. There are numerous reports, both standard and ad hoc, that can be produced when using a data warehouse. We welcome an opportunity to demonstrate the capabilities of our

data warehouse partners and discuss the reporting capabilities available to the State. Data warehousing is not part of our core service fee.

As with the Plan Experience Summary and Cost Review Report, we are willing to develop other reports based on your reporting needs and availability of data through the State's current vendor, UHC/Optum Health. Developing reports with currently available data is included in our core service fee.

4. Benefit Plan Request for Proposals (RFP)

Scope Requirements

The contractor will assist the State in the preparation and evaluation process for all benefit plan RFP and in accordance with processes established by state statute and the State Purchasing Bureau. Services may include but not limited to develop the technical requirements: assist with questions from potential bidders, provide questions for oral interviews, develop scoring methodology, and conduct cost evaluations.	Confirmed
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4a Describe the bidder's experience in assisting other customers similar to the State with RFP.

Each year, we help hundreds of clients conduct bids for a variety of health and welfare plans. From this experience, we have developed standardized Request for Proposal templates that can be tailored specifically to the State's needs during the bid process. An example of this process is the RFP project we completed for the FY17 plan year for the State of South Dakota. The State of South Dakota has 13,400 employees on their health plan, similar to the State of Nebraska. We supported the State in each phase of the process from strategic planning to implementation. The State of South Dakota's RFP process was very complex as it included medical administration, medical management, pharmacy benefit management, FSA/HSA/HRA administration, and EAP as a single RFP where on bidder could bid on one module, multiple modules or all modules included in the RFP.

The following is a summary of our vendor search process, which we will customize based on information gained from our planning meeting (your input and our direction):



Phase I—Strategic Planning

Step 1: Project Planning

We understand that for the State of Nebraska, securing fees, rates, and a plan design is not a sufficient process for determining the most effective vendor for their benefit plan. It is critical that the marketing process begins by outlining your long-term strategy, key program objectives, and criteria for selecting the successful vendor. We understand that the State of Nebraska RFP process is highly visible and needs the appropriate process management to ensure that objective, supportable decisions will be made.

We will begin this project with a kick-off meeting of the State and Aon to arrive at a set of objectives. We will then refine the comprehensive procurement and analysis work plan that details key steps, timing, and deliverables and fits

within the State Purchasing requirements. We will also collaboratively document the objectives to have a clear understanding of items such as:

- Scope of Work
- Project Requirements
- Schedule of Events
- Evaluation Criteria

Step 2: Develop Evaluation Criteria

We will work closely with the State to develop the RFP within the State's template language and determine the evaluation criteria that will become a public document. Standard selection criteria that may be important to the State include, but are not limited to, the following:

- Network coverage, member disruption, and discounts
- Flexibility to design special network tiers
- Care management, chronic care management and case management services
- Superior customer service capabilities and availability
- Robust online participant tools
- Participant health management tools (e.g., health assessments, coaching, etc.)
- Claims payment processes and operations
- Provisions for the State internal audit and/or third-party audits
- Data warehouse / reporting capabilities
- Robust performance guarantees with fees at risk

Although Aon collects much of the above data from vendors through our National Medical RFI process, we understand that the State must follow certain guidelines in evaluating proposals and will work within the State's purchasing requirements to ensure a fair process for all vendors.

Step 3: Creation of the RFP

After the program objectives and evaluation criteria have been established, we will develop a comprehensive RFP customized to solicit the necessary information from each bidder to satisfy your specific goals. We will prepare the bid specifications and submit them to the State for review and comments developing the RFP within the State's template for publication.

The typical format of the bid specifications, which will be modified to meet the State's needs, includes the following sections:

- General Information—Overview of the State's objectives for its group benefits program, an explanation to the bidders of the basis for requesting proposals, and a timeline for the vendor selection process
- Selection Criteria—A detailed outline of the issues important to the selection of a program administrator
- Performance Standards—The performance standards that will be expected
- Administrator Responsibilities—Explanation of all services that will be expected. This also serves as a basis for providing a fee quotation by the bidder
- Cost Proposal Format—Specific proposal formats to ensure that comparative analysis is possible with minimal adjustment
- Quantitative Analysis—Member disruption, network discount analysis

- Proposal Questionnaire—Typically this is part of the bidding specifications, an integral part of the proposal evaluation process
- Summaries of Design Features—In addition to providing detailed descriptions of the plan(s) to be administered, we will also specify any key the State’s design administration requirements
- Customized Questions—We will create customized questions for the State to gather any information not included in the national RFI and to specifically assess program elements, approaches, expected results and fees applicable to the State

Step 4: Publish the RFP to the State’s Website

The vendor community treats an Aon RFP with priority and attention. Although the State will publish the RFP on your purchasing website, the vendor community understands our role as your consulting partner and will respond accordingly. As you well know from the last RFP process, Aon brings the required discipline to the purchasing process that will ensure vendors provide comprehensive proposals to address the short term objectives and long term goals of the State’s program.

Phase II—Analysis

Step 1: Evaluation of Proposals

Evaluation of proposals is more than just reading vendor responses; it involves analyzing the responses based on extensive experience and data. In working with the State on past RFP’s, we will ensure your team has the right information to assess the technical responses to the RFP. Aon makes this process more efficient and more meaningful by:

- Providing guidance to the evaluation team on the pertinent aspects of the RFP and how to prioritize the questions being asked of the vendors
- Creating easy-to-evaluate, side-by-side exhibits so that you can effectively note meaningful proposal differences
- Delivering a list of questions by vendor for further clarification during finalist meetings

In addition to our robust analytic tools, a key differentiator of Aon’s evaluation process is our ability to address the total member experience. With increasing emphasis on consumerism and self-service, a large portion of what the State will buy from the vendor is the member experience (the websites, materials, tools, and programs that participants see/use directly). We will ensure that member experience will be addressed in the RFP.

In one client example, we conducted the member experience scorecard for four health care vendors under consideration: Aetna, Anthem, Cigna, and United. We were able to identify specific issues (e.g., while technically accurate, Anthem’s Web site has a 4 percent member registration rate versus United at 32 percent; or Aetna did not send key materials home so dependents did not have easy access to information and tools) and were able to negotiate significant credits for the client to fix the gaps in the user experience. The client also told us that the member experience was the most powerful criteria to distinguish the different vendors—since increasingly the networks, plans, and costs are so similar. Member experience is also an important criterion for wellness, FSA and absence management programs.

Step 2: Vendor Discount Analysis Benchmarking and Member Disruption

Another key component of a medical provider selection project is the network discount analysis. We understand that our process cannot be used to change the proposals submitted to the State. However, we will leverage our Discount Analysis methodology to assess the financial impact of the differences in discounts proposed by each vendor. In the RFP process, we will require that the vendors provide us with average provider pricing and discount information for each three-digit ZIP Code in the state. This information will be used with our methodology in the analysis.

An analysis on member disruption will be conducted to assess potential impact to members based on a potential network change.

Step 3: Finalist Selection

Using the above analysis and scorecard methodology, we will sit down with the State to review the information collected, share our recommendations, and potentially select two to three vendors for finalist meetings. We also recommend performing reference checks for the finalists at this time. Our proposal assumes the State will call the references. Aon will be available to assist with determining appropriate questions for the references, if desired.

Phase III—Negotiations

Step 1: Finalist Meetings / Site Visits

We will assist the State in conducting face-to-face finalist meetings at the State's offices and/or conduct site visits at the finalists' facilities. Our trusted relationships with the vendor community serve us well in conducting and facilitating effective finalist meetings. We treat these meetings as an integral tool in the evaluation process.

Before the meetings occur, we develop complete discussion guides and agendas. We will ensure that the final meetings conform to the requirements of your purchasing process. We will work with you to make sure that the people the vendors bring and materials they present are relevant to you and are focused on the issues we raise during the proposal evaluation process.

Step 2: Best and Final

After finalist meetings are completed and all follow-up materials have been submitted, we will work with purchasing to request a Best and Final financial proposal. Once all documentation is received, we will complete the financial analysis required by your purchasing process. Our experience with Public Sector groups nationally and specifically with the State of Nebraska means that you can be confident that our process will be objective and result in the best decision for the State.

Step 3: Vendor Selection and Performance Guarantees

Once negotiations are complete, we will assist the State with preparing the Final Evaluation Document to be published on the State's website. In addition, we will work in conjunction with your staff to review contract terms and performance guarantees with the selected vendor.

Phase IV—Implementation

We view the implementation phase as just as important as the other phases of the RFP and encourage the State to leverage our experience. We already work with the vendors that will be bidding for the State's program and know their implementation process. Health plan benefits are complex and time and effort need to be taken to ensure they are set up correctly to ensure they reflect the intent of the State.

Phase IV—Implementation Step 1a: Vendor Kickoff Meeting

If a new vendor is selected and the State's contract negotiations are completed we will work with the State and the selected vendor to schedule an implementation kick off meeting. We find that an in-person meeting is best in order for you to meet and connect with your new vendor team. Our support will include coordinating the meeting itself as well as working with you and the vendor to establish the agenda and determine the appropriate attendees. During the meeting, we take notes, determine next steps, and identify responsible parties for action item. We also establish the ongoing meeting cadence at this time. Finally, we discuss and plan the pre-implementation audit.

Step 1b: Ongoing Implementation Calls

Based on the meeting cadence identified during the kickoff meeting, we attend ongoing calls alongside you and your vendor. We provide insight and recommendations on various decision points along the way and help keep the vendor accountable to keep the implementation process moving forward.

Step 1c: Implementation Wrap Up

After implementation is complete, we work with you and the vendor to document final decisions. At this time, we also assist you in providing feedback to the vendor and identifying any issues that would lead to a payment from the implementation performance guarantee. We are available to assist with any issues during the first few months the program is live.

Step 2: Pre-Implementation Audit

We work with the State and our specialty teams to coordinate and perform the pre-implementation audit of the medical and prescription drug components of the plan, and review the program set-up to ensure that it is properly coded to ensure benefits are being administered as desired and to identify and fix issues before the program goes live to ensure minimal disruption to you and your employees.

5. Legislative and Regulatory Analysis & Education

The contractor will assure the State is informed of any regulatory laws and changes which affects the State's employee benefit program. Services include:

Scope Requirement	
Provide guidance, impact analysis and training on all regulatory requirements which affect the State's benefit program. This includes COBRA, ACA, HIPAA, Section 125, IRS, and any other employment laws which affect the State's benefit programs.	Confirmed
Keep the State informed of pending and final federal and state legislation which may affect the State's employee benefit program.	Confirmed
Provide guidance and training to the State to assist them with complying with the Affordable Care Act.	Confirmed
Assist the State with preparing fiscal notes as requested while the Legislature is in session.	Confirmed

5a *Explain how the bidder educates their customers of updates and changes to ACA regulations. What resources are available specific to ACA?*

Aon proactively helps our clients and consultants remain up-to-date on legislative and tax changes, and the possible implications new legislation may have on health and welfare plans. The primary way we do so is to track health care, retirement, leave, wage, and other HR benefits issues at the U.S. federal and state- and country-specific levels, including the ACA.

Several firm-wide integration teams provide thought leadership and generate new ideas to share with consultants and clients. When appropriate, this information is funneled either to our actuarial experts, who have extensive experience in modeling the financial and plan design implications of the legislative changes, or our health benefits experts, who have extensive experience in health plan design and administration. Our legal consultants also periodically submit comment letters to federal agencies on proposed regulations that could have a potential impact on employers. In the letters, Aon often supplies recommendations to these federal agencies to facilitate easier implementation for employers once final regulations are issued.

For laws that impact all employers, such as mental health parity, we will provide general information on the impact of these laws on employers at no additional costs.

Publications

Aon provides several publications to keep our clients informed of these issues—including the ACA—many of which are available via email subscription. We believe it is helpful for each client to have regular access to the best information from Washington, worldwide, and across the firm as soon as it is available. A wealth of information is also available from Aon's website.

The following publications are available free of charge:

- Aon Hewitt Bulletins—Aon bulletins provide clients with the latest updates on relevant legislative and regulatory developments in the U.S. Our bulletins are not available via subscription, but Aon consultants can forward relevant bulletins to clients and many are posted on the Aon website
- Washington Report—This weekly email newsletter captures the key HR-related developments in Washington from the previous week. Occasionally, we also send comprehensive legislative and regulatory updates through our "Washington Report Special Edition." The Washington Report is available via subscription

In addition to routine updates, we will call or email you with any items that require immediate attention or which may be of particular interest. This process will be ongoing and proactive throughout our relationship with the State.

Webcasts

We also host annual national teleconferences, in-person conferences, local breakfast seminars, and roundtables. We use these forums to share information with our clients and provide an opportunity to leverage our knowledge and experience.

5b *Describe how the bidder stays updated with Federal and State regulations which affect employee benefit programs.*

As indicated above Aon proactively helps our clients and consultants remain up-to-date on legislative and tax changes, and the possible implications new legislation may have on health and welfare plans. The primary way we do so is to track health care, retirement, leave, wage, and other HR benefits issues at the U.S. federal and state- and country-specific levels.

Several firm-wide integration teams provide thought leadership and generate new ideas to share with consultants and clients. When appropriate, this information is funneled either to our actuarial experts, who have extensive experience in modeling the financial and plan design implications of the legislative changes, or our health benefits experts, who have extensive experience in health plan design and administration. Our legal consultants also periodically submit comment letters to federal agencies on proposed regulations that could have a potential impact on employers. In the letters, Aon often supplies recommendations to these federal agencies to facilitate easier implementation for employers once final regulations are issued.

For laws that impact all employers, such as mental health parity, we will provide general information on the impact of these laws on employers at no additional costs.

Keeping Our Colleagues Up-to-date

Our Health & Benefits colleagues have access to the information collected through legislative reporting and surveys; they dial in to webcasts and periodic practice training calls; they have access to robust internal databases that house related information; and receive training through Aon University as well as through on-the-job opportunities. Topics of webcasts, databases, etc. include but are not limited to health care reform; primary data collected through our surveys; new or improved tools; vendor-specific initiatives and changes.

5c *Describe tools and resources available to help stay compliant with all federal and state regulatory requirements.*

In addition to the publications and webcasts discussed earlier, Aon offers a wide range of compliance services to help proactively guide our clients and keep your programs compliant.

Compliance Calendar

Every January, Aon publishes a Compliance Calendar that identifies the significant compensation and benefit due dates for the upcoming year.

Compliance Dashboard

Through the innovative combination of web technology and legal research, Compliance Dashboard helps ensure employer compliance with health plan laws and mandates. Compliance dashboard:

- Informs you when a compliance task is due
- Provides the material and information to complete the task
- Monitors progress and sends reminders if needed
- Documents results providing an audit report

This interactive web portal will tell you what you have to do and when you have to do it. Compliance Dashboard is now used by hundreds of employers as an essential tool for health and welfare plan compliance.

Health & Benefits Legal Group

Our health and benefits legal team (H&B Legal) is composed of more than a dozen employee benefit attorneys, paralegals, and analysts with an average of fifteen years of experience in employee benefits law.

H&B Legal consults with employers on compliance regarding a wide range of federal and state laws relating to health and welfare plans, including: the Patient Protection and Affordable Care Act, the Internal Revenue Code, ERISA, HIPAA, COBRA, the Americans with Disabilities Act, state and federal health care reform legislation, and state insurance laws relating to regulation of fully-insured health care plans, such as prompt pay and any willing provider legislation. Aon's legal consultants also regularly work with benefits managers, in-house attorneys, and outside counsel to draft, negotiate, and finalize contracts for fully insured and self-insured health care plans and third party administrators, and conduct nondiscrimination testing on employer group health care plans. Our legal consultants also periodically submit comment letters to federal agencies on proposed regulations that could have a potential impact on employers. In the letters, Aon often suggests approaches to federal agencies to facilitate easier implementation for employers once final regulations are issued.

While Aon is not a law firm and does not provide legal advice, we work with internal and external legal counsel in designing and implementing your compliance strategy. And, while we do not lobby, we have provided data to Congressional committees and regulatory agencies on the impact of proposed changes to the employer-based health care system. We have also provided data on the advantages of maintaining a vigorous employer-based health care system serving 160 million Americans and presented the necessity of providing employers with tools for reducing the costs of health care as well as increasing access to health insurance.

Operational Assessments in Conjunction with Claim Audits

Aon can help the State fulfill its fiduciary responsibilities by assessing the quality of the administrator's plan management, claims handling, customer service, and audit programs. We share "best practice" concepts with the client and administrator.

- Facility Organization and Staffing—client/membership growth, technology, client retention, and experience of claims and customer service teams
- Claim Administration—inventory processes, claim processing capabilities, claim adjustment handling, complex medical claim review, overpayment recovery, coordination of benefits procedures, third party liability administration, and fraud detection capabilities
- Customer Service—availability of assistance, participant self-service capabilities, call recording, tracking, e-mail handling, service metrics, and performance levels
- Audit Programs—processor and customer service audits, payment authorization levels, performance guarantees, and self-reported performance

Operational assessments are not included in the core service fee.

Compliance Temperature Check

Aon can help the State remain compliant by providing you with a temperature check—an overview of Affordable Care Act provisions that apply to employer-sponsored group health plans. This process also helps apprise you of Affordable Care Act requirements. You will receive a summary results report and a checklist of notices and disclosures that you are required to distribute to participants. You are also interviewed by H&B Legal Consultant to help reduce the risk of non-compliance with Federal notice requirements that apply to employer sponsored group health plans. We will then provide sample model notices, as needed.

A compliance temperature check is included in the core service fee.

Compliance Assessment

For a more comprehensive diagnostic, an Aon legal consultant will meet with you to explain the requirements covered in a Compliance Assessment, followed by a second meeting to discuss your responses and answer your questions. The Compliance Assessment covers your primary medical plan and summary plan description. Some of the specific topics covered by the assessment include:

- ERISA reporting and disclosure
- ERISA claims and appeals
- COBRA
- HIPAA special enrollment and creditable coverage requirements
- HIPAA (privacy/security, nondiscrimination, special enrollment, and creditable coverage)
- Women's Health and Cancer Rights Act
- Cafeteria plan change-in-status rules
- Nondiscrimination testing results
- Annual disclosure to plan participants required by CMS related to prescription drug coverage

Compliance Checklist Section	Subsection	Source of Information	Score	Compliance Concerns Identified	Suggested Correction
ERISA Reporting and Disclosure	Summary Plan Description (SPD) ERISA Sec 102	Reviewed medical plan SPD (eff. Jan. 1, 2010) and SMAs from prior year		The SPD is missing information required under ERISA Sec 102 and its regulations	Ensure that the SPD is updated with missing information identified in revised SPD. See Exhibits in Final Report for a memorandum describing ERISA's disclosure and distribution rules.
Compliance with Basic Medicare Requirements	Medicare Part D	Interview with ABC Client, Responses from Vendor		ABC Client failed to submit annual Medicare Part D disclosure to CMS	See Exhibits for details on disclosure (e.g. participant Rx coverage data to be submitted to CMS within 60 days of beginning of plan year)
HIPAA Privacy and Security Rules	Documented HIPAA Privacy and Security Policies and Procedures	Interview with ABC Client		ABC Client indicated that it has documented HIPAA Privacy and Security Policies updated with the HITECH Act's requirements including interim final rules for Breaches of Unsecured PHI	N/A

The next step is a review of the State's primary medical plan documentation. Aon's assigned legal consultant will request a copy of the medical plan document and SPD, plus other key documents that are used as part of the State's administration of its medical plan. After the plan documentation is reviewed, Aon will provide you and your legal counsel with a compliance scorecard. The scorecard is intended to help the State assess what areas of administration and documentation need improvement from a compliance perspective.

A compliance assessment is not included in the core service fee.

2016 Aon Health Forums—*Navigating at the Speed of Health*

Since our Forums a year ago, the health environment has continued to evolve at top speed:

- Carriers consolidated, leaving three national health insurers
- The health care delivery system is more complex; for example: membership in Accountable Care Organizations has grown rapidly to over 25 million members
- Population health continues to decline, with up to 20 percent of health spending attributable to obesity
- Chronic and complex conditions, coupled with the cost of specialty medications, have become major challenges for employers and individuals
- Expectations of the Millennial generation, who will make up the majority of the workforce by 2020, for personalized, holistic rewards are redefining and reshaping benefits

These rapid changes are accompanied by incredible opportunity. During the forums held across the country during April and May, we shared new insights and progressive strategies to meet our client's unique challenges across the delivery system, Rx benefits and chronic care management programs. The Omaha forum on May 5th focused on pharmacy benefits.

The Full Picture Webinar Series

Provides clients and prospects with insights and analysis into the most critical topics in both risk and health. Our one-hour events take place every Wednesday of the month at 1 pm CST, rotating between risk and health-related discussions.

F. Perform Implementation

As part of the proposal, the bidder shall provide a plan detailing the implementation timeline. The plan shall define responsibilities assigned to the contractor and responsibilities assigned to the State. Implementation must be completed by September 1, 2016.

As the incumbent consulting firm for the State of Nebraska, there would be no need for an implementation process – we will hit the ground running from the date of the award if we are fortunate enough to continue our relationship. However, being mindful of the requirements of the RFP, we will illustrate what our process would have been and a step-by-step description of our transition process is provided below.

Step 1: Data Collection (July 1st – July 15th)

Aon will prepare a comprehensive data request encompassing any information that we (the State and Aon) feel is pertinent to a smooth transition. Information may need to be collected from the State, your existing vendor partners, and your current brokers. Items on this list might include:

- State information
 - Overview of organizational structure/reporting
 - Annual benefit cycles/timelines, including approval processes
 - 2016 census information
- Benefit plan design
 - 2016/2017 Options Guide/other employee communication

- Employee contributions
- Eligibility requirements
- History of recent plan changes (2-3 years)
- Any variances in benefits by employee group/locations
- Vendor information
 - Contact list
 - Contracts/service level agreements/performance guarantees
 - Account structure for reporting
 - Recent experience reports or annual summaries
 - Care management, disease management and wellness initiative reports
 - Prior year's renewal documents
 - Current or recent issues log
 - Access to data through UHC Optum
- 24 months history of plan performance
 - Enrollments
 - Claims experience/coverage volumes
 - Large claim history
 - Premium payments/reconciliations
- Other
 - Prior year benefits project plan
 - Exhibits outlining development of most recent budget rates/financial forecasts/pricing

We would ask to receive all data within 2-3 weeks from when the data request is first received (data may be transmitted in pieces as needed).

Step 2: Planning Kick-Off Meeting (week of July 1st)

We will schedule an initial meeting at the State's office to begin developing a thorough understanding of your health and benefits program objectives and determine the best way for us to help manage your programs based on those objectives. The agenda for this meeting will include:

- Confirm inventory of plans, discuss data request and data sources, and confirm roles and responsibilities (including those of the outgoing consultant)
- A discussion regarding how the State likes to work with its consultant and the methods by which we will communicate
- An introduction to your key consulting team members, their experience in working with client organizations, and their initial perceptions on the positioning of the State's benefit plans for the near term
- A review of the State's business and HR challenges and the initiatives we might consider for this year and beyond in response

Step 3: Vendor Relationship Transition (July 1st through July 21st)

We will prepare Letters of Authorization for the State to issue to all vendor partners, authorizing them to work with Aon on your behalf. Note that this may actually be done simultaneously with Steps 1-2. We will also schedule initial meetings/conference calls with each vendor to establish the necessary communication channels, and to gain their perspectives on the State's programs and how they are being managed.

The State's responsibilities in this area are limited to the initial Letters of Authorization.

Step 4: Replicate/Verify Financial Forecasts (July 8th through July 28th)

An important piece of the transition process is ensuring that we understand how existing rates/budgets have been established. We will attempt to replicate those calculations, and either confirm our agreement with the end result or establish any concerns we have with their accuracy/validity. This will serve as the starting point for taking over financial management responsibility of your benefit programs.

We will begin this step once we have received enough information from the data request to begin work. We anticipate this would occur July 8th through July 28th.

In the course of completing this step, we may need assistance from the State's HR and Finance team, and possibly your outgoing consultant, to confirm our understanding of financial projections and to answer any questions that may arise.

Step 5: Complete a Detailed Year One Project Plan (July 14th through July 28th)

We will work jointly with the State's benefits team to develop a comprehensive project plan that lists tasks, descriptions, target dates, and responsible parties by major project area for the upcoming year. We view this as a flexible, living document that helps identify implications of changes in direction, delayed decisions, new initiatives, etc. We will schedule monthly or biweekly meetings/calls to review the project plan and make updates as needed based on progress made.

B. Cost Proposal Requirements

This section describes the requirements to be addressed by bidders in preparing the Cost Proposal. The bidder must submit the Cost Proposal in a section of the proposal that is a separate section or is packaged separately as specified in this RFP from the Technical Proposal section.

The component costs of the fixed price proposal for providing the services set forth in the Request for Proposal must be provided by submitting forms substantially equivalent to those described below.

B1. Pricing Summary

This summary shall present the total fixed price to perform all of the requirements of the Request for Proposal. The bidder must include details in the Cost Proposal supporting any and all costs. These details must include, at a minimum, detailed descriptions and/or specifications of the goods and/or services to be provided, quantities, and timing and unit costs, if applicable.

The State reserves the right to review all aspects of the Cost Proposal for reasonableness and to request clarification of any proposal where the cost component shows significant and unsupported deviation from industry standards or in areas where detailed pricing is required.

Aon has completed Attachment A – Cost Proposal and Attachment B – Fixed Hourly Rates for your consideration. We are willing to place 25% of our fees at risk, based on your satisfaction levels with our work. In arrangements of this nature, we will work closely with you to mutually agree upon the performance measures that are most important to you and determine how they will be measured.

While we assume the specific measures and weights will be defined by the State of Nebraska and mutually agreed to by Aon, in the past, we have structured service agreements with clients to include:

- Adherence to project plans/meeting deadlines
- Customer service
- A qualitative scorecard that assesses:
 - Technical depth
 - Quality of thought, ideas, and solutions
 - Quality of deliverables
 - Quarterly monitoring of metrics

B2. Prices

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the bidder, F.O.B. destination named in the Request for Proposal. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

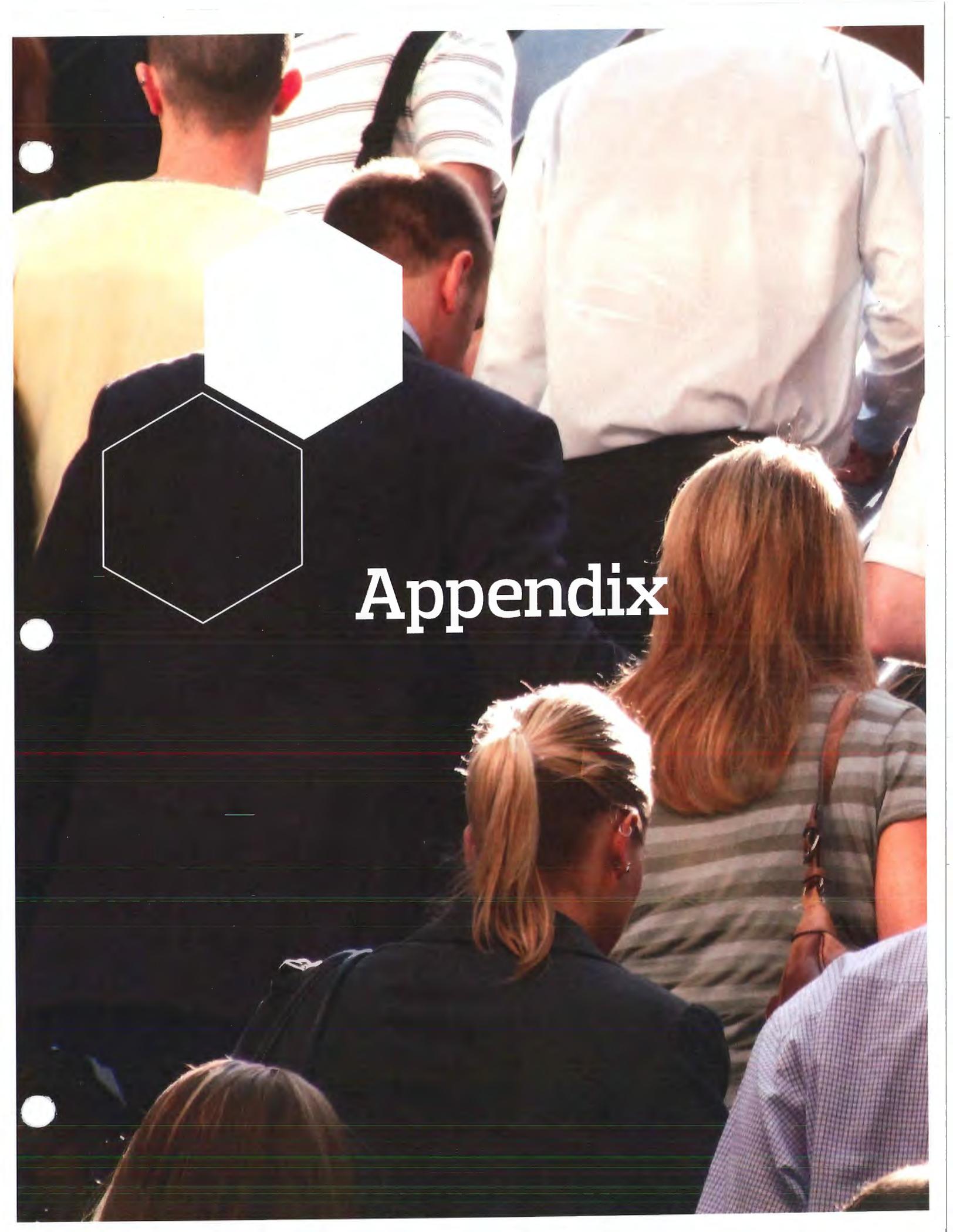
Confirmed.

C. Payment Schedule

Monthly invoices may be submitted by the Contractor on specific dates based on the completion and acceptance of related deliverables. No invoice will be approved unless the associated deliverables have been approved.

For additional services not included in the monthly contract fee, no invoices will be approved unless the associated deliverables have been completed and approved

Confirmed.



Appendix

Form A



Form A

Bidder Contact Sheet

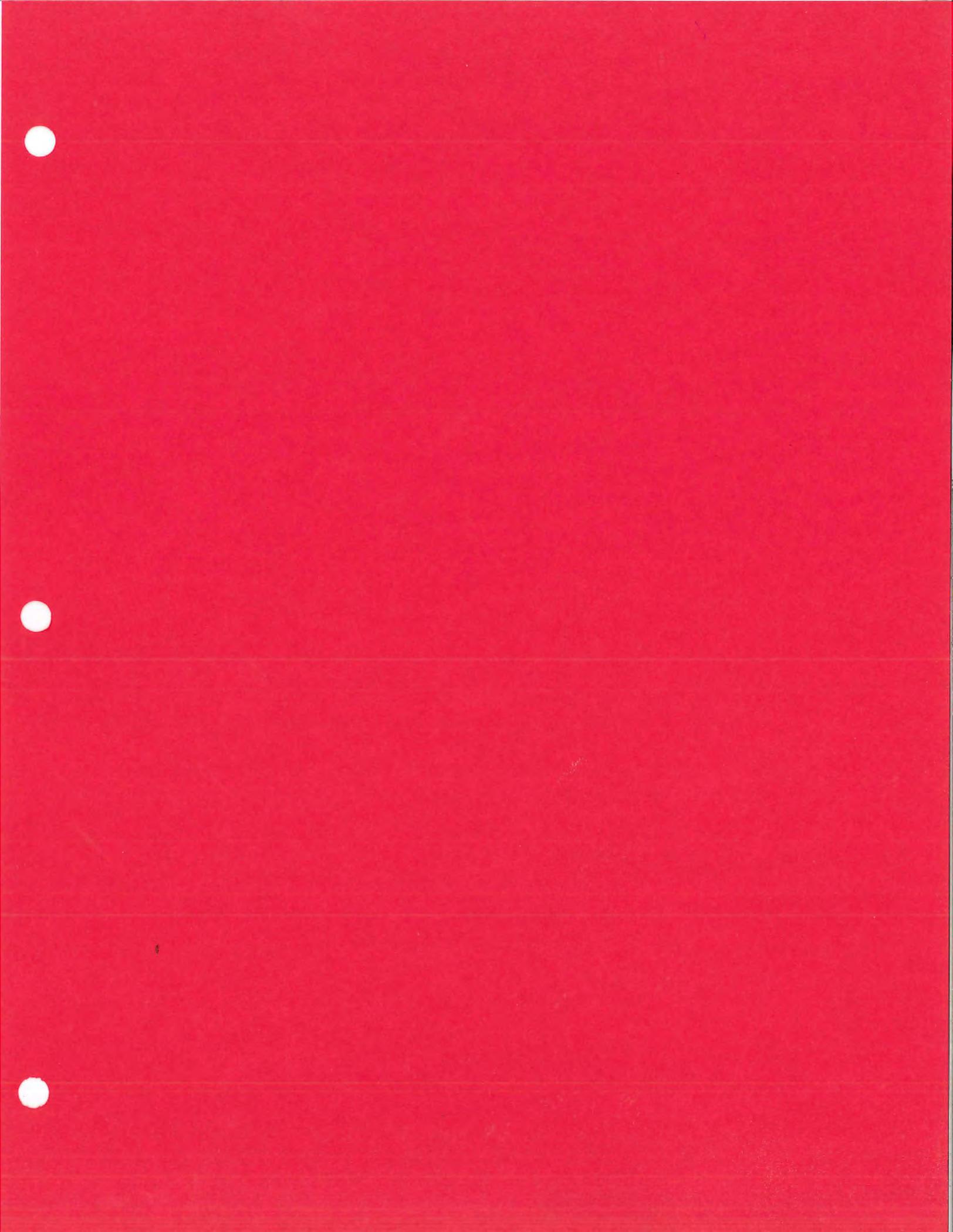
Request for Proposal Number 5297Z1

Form A should be completed and submitted with each response to this Request for Proposal. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	Aon Consulting, Inc.
Bidder Address:	11213 Davenport Street, Suite 201
Contact Person & Title:	Kim Lobato, Senior Vice President
E-mail Address:	kim.lobato@aon.com
Telephone Number (Office):	402.697.5223
Telephone Number (Cellular):	402.321.2024
Fax Number:	402.697.0017

Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	Aon Consulting, Inc.
Bidder Address:	11213 Davenport Street, Suite 201
Contact Person & Title:	Kim Lobato, Senior Vice President
E-mail Address:	kim.lobato@aon.com
Telephone Number (Office):	402.697.5223
Telephone Number (Cellular):	402.321.2024
Fax Number:	402.697.0017



Secretary of State Certification

STATE OF NEBRASKA

United States of America, } ss.
State of Nebraska }

Secretary of State
State Capitol
Lincoln, Nebraska

I, John A. Gale, Secretary of State of the
State of Nebraska, do hereby certify that

AON CONSULTING, INC.

a New Jersey corporation is authorized to transact business in Nebraska;

**that no occupation taxes due from and assessable against the Corporation are
unpaid and have become delinquent;**

**that no annual or biennial report required to be forwarded by the
Corporation to the Secretary of State has become delinquent;**

that a Certificate of Withdrawal has not been filed.

*This certificate is not to be construed as an endorsement,
recommendation, or notice of approval of the entity's financial
condition or business activities and practices.*

In Testimony Whereof,



I have hereunto set my hand and
affixed the Great Seal of the
State of Nebraska on this date of

May 3, 2016


Secretary of State



Certificate of Insurance





Aon Form 10k



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K**

(Mark One)

**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

**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)

ENGLAND AND WALES

(State or Other Jurisdiction of
Incorporation or Organization)

**122 LEADENHALL STREET,
LONDON, ENGLAND**

(Address of principal executive offices)

98-1030901

(I.R.S. Employer
Identification No.)

EC3V 4AN

(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
Class A Ordinary Shares, \$0.01 nominal value

**Name of Each Exchange
on Which Registered**

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 NO

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 NO

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 NO

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.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(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 NO

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.

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

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

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

IR 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, 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 our 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.

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

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

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 are 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 cyclicity 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 obsolescence 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 depositories 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.

<u>Name</u>	<u>Age</u>	<u>Position</u>
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
	<u>4,236,540</u>	<u>\$ 94.39</u>	<u>4,236,540</u>	<u>\$ 4,074,199,018</u>

(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

(in 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

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				Total
	Cash and Cash Equivalents	Short-term Investments	Fiduciary Assets		
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.

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 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.

- (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 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.
- *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

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 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):

Increase (decrease) in expense	25 Basis Point Change in Discount Rate	
	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):

Increase (decrease) in expense	25 Basis Point Change in Long-Term Rate of Return on Plan Assets	
	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.

Ernst & Young LLP

Chicago, Illinois
February 22, 2016

Aon plc
Consolidated Statements of Income

<i>(millions, except per share data)</i>	<i>Years ended December 31</i>		
	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

<i>millions)</i>	<i>Years Ended December 31</i>	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

	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		
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

<i>(millions)</i>	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

<i>(in millions)</i>	<i>Years ended December 31</i>		
	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.

Notes to Consolidated Financial Statements

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 exchange 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

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

evolving 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.

4. 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.

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)

(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.

(millions)	U.K.		U.S.		Other	
	2015	2014	2015	2014	2015	2014
<i>Change in projected benefit obligation</i>						
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
<i>Change in fair value of plan assets</i>						
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
<i>Amount recognized in Statement of Financial Position at December 31</i>						
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):

Asset Category	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 (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):

	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)
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.

Fair Value Measurements Using

	Balance at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 224	\$ 224	\$ —	\$ —
Equity investments:				
Pooled funds: (1)				
Global	203	—	203	—
Europe	16	—	16	—
Equity securities — global (2)	127	127	—	—
Derivatives (2)	—	—	—	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	279	—	279	—
Fixed income securities (3)	3,292	3,292	—	—
Annuities	836	—	—	836
Derivatives (3)	233	—	233	—
Other investments:				
Pooled funds: (1)				
Real estate (4)	39	—	—	39
Alternative investments (5)	968	—	—	968
Real estate	7	—	—	7
Total	\$ 6,224	\$ 3,643	\$ 731	\$ 1,850

- (1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.
- (2) Consists of equity securities and equity derivatives.
- (3) Consists of corporate and government bonds and fixed income derivatives.
- (4) Consists of property funds and trusts holding direct real estate investments.
- (5) Consists of limited partnerships, private equity and hedge funds.

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):

	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)
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.

	Fair Value Measurements Using			
	Balance at December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 12	\$ 12	\$ —	\$ —
Equity investments:				
Pooled funds: (1)				
Global	295	—	295	—
North America	42	—	42	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	629	—	629	—
Derivatives	18	—	18	—
Fixed income securities (2)	35	—	35	—
Derivatives (2)	74	—	74	—
Other investments:				
Pooled funds: (1)				
Commodities	21	—	21	—
REITS (3)	3	—	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):

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	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):

As of December 31	Notional Amount		Derivative Assets (1)		Derivative Liabilities (2)	
	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):

Derivatives accounted for as hedges:	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)	
	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):

Derivatives accounted for as hedges:	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)	
	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):

	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)
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 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

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 Gleds 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

Year Ended December 31, 2015

(millions)	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

Condensed Consolidating Statement of Income

Year Ended December 31, 2014

(millions)	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

Year Ended December 31, 2013

(millions)	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					
Noncontrolling interests	—	—	57	—	57
TOTAL EQUITY	6,106	369	28,338	(28,707)	6,106
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					
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

Year Ended December 31, 2013

(millions)	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.

Ernst + Young LLP

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.

(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.

- 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.

- 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.

- 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 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.

- 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.
- 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.

- 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.

- 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(a) to Aon's Annual Report on Form 10-K for the year ended December 31, 2006.
- 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.

- 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, 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.

- 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.
- 10.49*# 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.

- 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.

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

Subsidiaries of the Registrant.

- 21 List of Subsidiaries of Aon.

Consents of Experts and Counsel.

- 23 Consent of Ernst & Young LLP.

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

- 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.

* 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 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.

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

QuickLinks

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PART IV

Item 15. Exhibits and Financial Statement Schedules.

SIGNATURES

**Aon plc and Consolidated Subsidiaries
Combined With Unconsolidated Subsidiaries
Computation of Ratio of Earnings to Fixed Charges**

(millions except ratio)	Years Ended December 31,				
	2015	2014	2013	2012	2011
Income from continuing operations before income taxes and noncontrolling interests	\$ 1,689	\$ 1,765	\$ 1,538	\$ 1,380	\$ 1,388
Less: Equity in earnings on less than 50% owned entities	13	12	20	13	7
Add back fixed charges:					
Interest on indebtedness	273	255	210	228	245
Interest on uncertain tax positions	—	4	5	5	—
Portion of rents representative of interest factor	45	50	52	42	55
Income as adjusted	<u>\$ 1,994</u>	<u>\$ 2,062</u>	<u>\$ 1,785</u>	<u>\$ 1,642</u>	<u>\$ 1,681</u>
Fixed charges:					
Interest on indebtedness	\$ 273	\$ 255	\$ 210	\$ 228	\$ 245
Interest on uncertain tax positions	—	4	5	5	—
Portion of rents representative of interest factor	45	50	52	42	55
Total fixed charges	<u>\$ 318</u>	<u>\$ 309</u>	<u>\$ 267</u>	<u>\$ 275</u>	<u>\$ 300</u>
Ratio of earnings to fixed charges	<u>6.3</u>	<u>6.7</u>	<u>6.7</u>	<u>6.0</u>	<u>5.6</u>

Aon plc - Worldwide Subsidiaries as of December 31, 2015

Name	Jurisdiction of Incorporation or Organization	
	Country	State/Province
Aon Angola Corretores de Seguros Limitada	Angola	
Admisseg SA	Argentina	
Aon Affinity Argentina S.A.	Argentina	
Aon Assist Argentina S.A.	Argentina	
Aon Benfield Argentina S.A.	Argentina	
Aon Consulting Argentina S.A.	Argentina	
Aon Risk Services Argentina S.A.	Argentina	
Asevasa Argentina S.A.	Argentina	
Hewitt Associates, S.A.	Argentina	
Marinero Dundas S.A.	Argentina	
SN Re S.A.	Argentina	
Swire Blanch MSTC II SA	Argentina	
Swire Blanch MSTC SA	Argentina	
Aon Aruba N.V.	Aruba	
Aon Captive Services Aruba N.V.	Aruba	
Aon Australian Holdco 1 Pty Ltd	Australia	
Aon Australian Holdco 2 Pty Ltd	Australia	
Aon Benfield Australia Limited	Australia	
Aon Charitable Foundation Pty Ltd	Australia	
Aon Corporation Australia Limited	Australia	
Aon Hewitt Financial Advice Limited	Australia	
Aon Hewitt Limited	Australia	
Aon Holdings Australia Pty Limited	Australia	
Aon Product Design & Development Australia Pty Limited	Australia	
Aon Risk Services Australia Limited	Australia	
Aon Services Pty Ltd.	Australia	
Aon Superannuation Pty Limited	Australia	
Hewitt Associates Pty Ltd	Australia	
HIA Insurance Services Pty Ltd.	Australia	
McDonald & Company (Australasia) Pty Ltd	Australia	
One Underwriting (AKA Freeman McMurrick Pty Ltd)	Australia	
Aon Austria Versicherungsmakler GmbH	Austria	
Aon Benfield Ruckversicherungsmakler GmbH	Austria	
Aon Hewitt GmbH	Austria	
Aon Holdings Austria GmbH	Austria	
Aon Jauch & Hubener GmbH	Austria	
Insurance Company of the Bahamas Limited	Bahamas	
J.S. Johnson & Company Limited	Bahamas	
Aon Bahrain W.L.L.	Bahrain	
Aon Insurance Managers (Barbados) Ltd.	Barbados	
Agenion N.V./SA	Belgium	
Aon Belgium B.V.B.A.	Belgium	
Crion N.V.	Belgium	
Probabilitas N.V./SA	Belgium	
Anchor Underwriting Managers Ltd.	Bermuda	

	Jurisdiction of Incorporation or Organization
Aon (Bermuda) Ltd.	Bermuda
on Benfield Group Limited	Bermuda
Aon Bermuda Holding Company Limited	Bermuda
Aon Bermuda QI Holdings Ltd.	Bermuda
Aon Delta Bermuda Ltd.	Bermuda
Aon Group (Bermuda) Ltd.	Bermuda
Aon Hewitt (Bermuda) Ltd.	Bermuda
Aon Insurance Managers (Bermuda) Ltd	Bermuda
Aon Underwriting Managers (Bermuda) Ltd.	Bermuda
Benfield Investment Holdings Limited	Bermuda
Benfield Juniperus Holdings Limited	Bermuda
International Risk Management Group Ltd	Bermuda
White Rock Insurance (Americas) Ltd.	Bermuda
White Rock Insurance (SAC) Ltd.	Bermuda
Aon Bolivia S.A. Corredores de Seguros	Bolivia
Aon Consulting Bolivia S.R.L.	Bolivia
Aon Re Bolivia S.A. Corredores de Reaseguros	Bolivia
Aon Botswana (Pty) Ltd.	Botswana
Aon Holdings Botswana (Pty) Ltd	Botswana
Aon Risk Management (Pty) Ltd	Botswana
Glenrand MIB Botswana (Pty) Ltd	Botswana
Vassal Properties (Pty) Ltd.	Botswana
Aon Affinity Administradora de Beneficios Ltda.	Brazil
Aon Affinity do Brasil Servicos e Corretora de Seguros Ltda.	Brazil
on Affinity Servicos e Participacoes Ltda.	Brazil
Aon Benfield Brasil Corretora de Resseguros Ltda.	Brazil
Aon Holdings Corretores de Seguros Ltda.	Brazil
Associação Instituto Aon	Brazil
Benfield do Brasil Participacoes Ltda. (dormant)	Brazil
Hewitt Associates Administradora e Corretora de Seguros Ltda.	Brazil
Hewitt Associates Servicos de Recursos Humanos Ltda.	Brazil
Aon Bulgaria Ltd.	Bulgaria
Aon Business Consulting Ltd.	Bulgaria
Andes Global Ltd.	BVI
Aon Group Limited	BVI
682465 Canada Ltd.	Canada
7193599 Canada Inc.	Canada
Alexander & Alexander Services Canada Inc.	Canada
Aon Benfield Canada ULC	Canada
Aon Canada Holdings N.S. ULC	Canada
Aon Canada Inc.	Canada
Aon Canada Intermediaries GP	Canada
Aon Direct Group Inc.	Canada
Aon Finance Canada 1 Corp.	Canada
Aon Finance Canada 2 Corp.	Canada
Aon Finance Canada 3 Corporation	Canada
Aon Finance Canada 4 Corporation	Canada
Aon Finance N.S. 1, ULC	Canada
on Finance N.S. 2, ULC	Canada

	Jurisdiction of Incorporation or Organization
Aon Finance N.S. 3, ULC	Canada
on Finance N.S. 4, ULC	Canada
Aon Finance N.S. 5, ULC	Canada
Aon Finco N.S. 2012-1, ULC	Canada
Aon Finco N.S. 2012-2, ULC	Canada
Aon Fire Protection Engineering Corporation	Canada
Aon Hewitt Inc.	Canada
Aon Hewitt Investment Management Inc.	Canada
Aon Parizeau Inc.	Canada
Aon Reed Stenhouse Inc.	Canada
Aon Risk Services Canada Inc.	Canada
Aon Securities Investment Management Inc.	Canada
Coles Hewitt Partnership	Canada
Dominion Mutual Insurance Brokers Ltd.	Canada
Groupe-Conseil Aon Inc.	Canada
Hewitt Amalco 1 ULC	Canada
Hewitt Amalco 2 ULC	Canada
Hewitt Amalco 3 ULC	Canada
Hewitt Amalco 4 ULC	Canada
Hewitt Amalco 5 ULC	Canada
Hewitt Associates Corporation	Canada
Hewitt Associates Partnership	Canada
Hewitt Holdings Canada Company	Canada
Hewitt Management Ltd.	Canada
Hewitt Western Management Amalco Inc.	Canada
AO Actuarial Consulting Services Canada Inc.	Canada
J. Allan Brown Consultants, Inc.	Canada
K&K Insurance Brokers, Inc. Canada	Canada
Linx Underwriting Solutions Inc.	Canada
M.A. Shakeel Management Ltd. Amalco	Canada
Minet Inc.	Canada
Risk Management Consultants of Canada Limited	Canada
USLP Underwriting Solutions LP	Canada
Aon Insurance Managers (Cayman) Ltd.	Cayman Islands
Aon Risk Solutions (Cayman) Ltd.	Cayman Islands
Aon Affinity Chile Ltda.	Chile
Aon Andueza Nikols Corredores de Seguros S.A.	Chile
Aon Benfield (Chile) Corredores de Reaseguros Ltda.	Chile
Aon Consulting (Chile) Limitada	Chile
Aon Risk Services (Chile) S.A.	Chile
Aon Risk Services Holdings (Chile) Ltda.	Chile
Asevasa Chile Peritaciones e Ingenieria de Riesgos, S.A.	Chile
Benfield Corredores de Reaseguro Ltda.	Chile
Excess Corredores de Reaseguros SA	Chile
Inversiones Benfield Chile Ltda.	Chile
Nikols Chile SA	Chile
Aon Hewitt Consulting (Shanghai) Co., Ltd.	China
Aon-COFCO Insurance Brokers Co., Ltd.	China
on Affinity Colombia Ltda. Agencia de Seguros	Colombia

	Jurisdiction of Incorporation or Organization
Aon Benfield Colombia Limitada Corredores de Reaseguros	Colombia
on Risk Services Colombia SA Corredores de Seguros	Colombia
Salud, Riesgos y Recursos Humanos Consultores Ltda. (former Aon Corporte Advisors Ltda.)	Colombia
Tecsefin, S.A. en liquidacion	Colombia
Aon Business Consultancy Ltd.	Croatia
Aon Insurance Brokerage Ltd.	Croatia
Alexander Insurance Managers (Netherlands Antilles) N.V.	Curacao
Aon Antillen N.V.	Curacao
Aon Captive Services Antilles N.V.	Curacao
Aon Holdings Antillen N.V.	Curacao
Aon Insurance Managers (Antilles) N.V.	Curacao
Aon Cyprus Insurance Broker Company Limited	Cyprus
Aon Hewitt (Cyprus) Limited	Cyprus
Aon Central and Eastern Europe a.s.	Czech Rep.
Aon Denmark A/S	Denmark
Aon Denmark Insurance Services A/S	Denmark
Aon Private Consulting A/S	Denmark
Optica A/S	Denmark
Optica Insurance Agency A/S	Denmark
Akaoasesores Cia. Ltda.	Ecuador
Aon Consulting Ecuador S.A.	Ecuador
Aon Risk Services Ecuador S.A. Agencia Asesora Productora de Seguros	Ecuador
Tecsefin Salvador (dormant)	El Salvador
Riskikonsultatsioonid OÜ	Estonia
on (Fiji) Ltd.	Fiji
Aon Finland Oy	Finland
Aon Monia Oy	Finland
Aon France SAS	France
Aon Holdings France SNC	France
Hewitt Associates SAS	France
International Space Brokers France SA	France
Kloud S.à.r.l.	France
Aon Beteiligungsmanagement Deutschland GmbH & Co. KG	Germany
Aon Credit International Insurance Broker GmbH	Germany
Aon Deutschland Beteiligungs GmbH	Germany
Aon Hewitt GmbH	Germany
Aon Hewitt Trust Solutions GmbH	Germany
Aon Holding Deutschland GmbH	Germany
Aon Pensions Insurance Brokers GmbH	Germany
Aon Risiko & Versicherungsberatungs GmbH	Germany
Aon Versicherungsagentur Deutschland GmbH	Germany
Aon Versicherungsmakler Deutschland GmbH	Germany
Hamburger Gesellschaft zur Forderung des Versicherungswesens mbH	Germany
Motor Versicherungsmakler GmbH	Germany
PRORÜCK Ruckversicherungs Aktiengesellschaft	Germany
UNIT Versicherungsmakler GmbH	Germany
WACUS Delkredere Management GmbH	Germany
Aon Insurance Managers Gibraltar Ltd.	Gibraltar

	Jurisdiction of Incorporation or Organization
White Rock Insurance (Gibraltar) Ltd.	Gibraltar
on Greece S.A.	Greece
Aon Hewitt S.A.	Greece
Agostini Insurance Brokers Grenada Ltd.	Grenada
Aon Insurance Micronesia (Guam) Inc	Guam (Micronesia)
Tecsefin Guatemala	Guatemala
Aon Insurance Managers (Guernsey) Ltd.	Guernsey
Aon Insurance Managers (Holdings) Ltd.	Guernsey
Aon PMI International Limited	Guernsey
Aon Services (Guernsey) Ltd	Guernsey
Lincolnshire Insurance Company PCC Limited	Guernsey
Lombard Trustee Company Limited	Guernsey
White Rock Insurance (Guernsey) ICC Limited	Guernsey
White Rock Insurance Company PCC Ltd.	Guernsey
Aon (CR) Insurance Agencies Company Limited	Hong Kong
Aon Agencies Hong Kong Limited	Hong Kong
Aon Assurance Agencies Hong Kong Limited	Hong Kong
Aon Benfield China Limited	Hong Kong
Aon Chevalier Risk Management Hong Kong Limited	Hong Kong
Aon Commercial Insurance Agencies Hong Kong Limited	Hong Kong
Aon Enterprise Insurance Agencies Hong Kong Limited	Hong Kong
Aon Hewitt Hong Kong Limited	Hong Kong
Aon Holdings Hong Kong Limited	Hong Kong
Aon Hong Kong Limited	Hong Kong
on Insurance Agencies (HK) Limited	Hong Kong
Aon Insurance Management Agencies (HK) Limited	Hong Kong
Aon Insurance Underwriting Agencies Hong Kong Limited	Hong Kong
Aon Life Insurance Agencies (HK) Limited (in liquidation)	Hong Kong
Aon Product Risk Services Hong Kong Limited	Hong Kong
Aon Securities (Hong Kong) Limited	Hong Kong
Aon Services Hong Kong Limited	Hong Kong
Aon Underwriting Agencies (HK) Limited	Hong Kong
Asian Reinsurance Underwriters Limited	Hong Kong
Contingency Insurance Brokers Limited	Hong Kong
Essar Insurance Services Limited	Hong Kong
EW Blanch Limited	Hong Kong
Aon Hungary Insurance Brokers Risk and Human Consulting LLC	Hungary
Aon Absence Management India Private Limited	India
Aon Consulting Private Limited	India
Aon Global Insurance Brokers Private Limited	India
Aon RPO India Private Limited	India
Aon Services India Private Limited	India
Aon Specialist Services Private Limited	India
Ennis Knupp & Associates India Private Limited	India
Hewitt Human Resource Services Limited	India
Hewitt Outsourcing Services India Limited	India
PT Aon Benfield Indonesia	Indonesia
PT Aon Hewitt Indonesia	Indonesia
Aon Indonesia	Indonesia

	Jurisdiction of Incorporation or Organization
Aon Broking Technology Limited	Ireland
on Centre for Innovation and Analytics Ltd	Ireland
Aon Commercial Services and Operations Ireland Limited	Ireland
Aon Global Risk Research Limited	Ireland
Aon Hewitt (Ireland) Limited	Ireland
Aon Insurance Managers (Dublin) Ltd.	Ireland
Aon Insurance Managers (Shannon) Limited	Ireland
Aon Investment Holdings Ireland Limited	Ireland
Aon MacDonagh Boland Group Ltd	Ireland
Bacon & Woodrow Partnerships (Ireland) Limited	Ireland
Beaubien Finance Ireland Limited	Ireland
Becketts (Trustees) Limited	Ireland
Becketts Limited	Ireland
Beech Hill Pension Trustees Ltd	Ireland
Benton Finance Ireland Limited	Ireland
Delany Bacon & Woodrow Partnership	Ireland
InsureForSure Ltd.	Ireland
MacDonagh Boland Crotty MacRedmond Ltd	Ireland
Private Client Trustees Ltd.	Ireland
Randolph Finance Limited	Ireland
Aon Risk Services (NI) Limited	Ireland (Northern)
Aon (Isle of Man) Limited	Isle of Man
Aon Corporate Services (Isle of Man) Limited	Isle of Man
Aon Holdings (Isle of Man) Limited	Isle of Man
on Insurance Managers (Isle of Man) Ltd.	Isle of Man
White Rock Insurance PCC (Isle of Man) Limited	Isle of Man
Aminim International Underwriters of Insurance Agencies (1990) Ltd.	Israel
Aon Benfield Israel Limited	Israel
Aon Holdings Israel Ltd.	Israel
Aon Israel Insurance Brokerage Ltd.	Israel
Delek Motors Insurance Agency (2003) Ltd	Israel
I. Beck Insurance Agency (1994) Ltd.	Israel
National Insurance Office Ltd.	Israel
Ronnie Elementary Insurance Agency Ltd	Israel
Aon Benfield Italia S.p.A.	Italy
Aon Hewitt Risk & Consulting S.r.l.	Italy
Aon Italia S.r.l.	Italy
Aon Re Trust Broker S.r.l.	Italy
Aon S.p.A. Insurance & Reinsurance Brokers	Italy
Asscom Insurance Brokers S.r.l.	Italy
Praesidium S.p.A. - Soluzioni Assicurative per il Management	Italy
US Underwriting Solutions S.r.l.	Italy
Aon Benfield Japan Ltd	Japan
Aon Hewitt Japan Ltd.	Japan
Aon Holdings Japan Ltd	Japan
Aon Japan Ltd	Japan
Y's Insurance Inc	Japan
Aon Consulting Kazakhstan LLP	Kazakhstan
Insurance Broker Aon Kazakhstan LLP	Kazakhstan

	Jurisdiction of Incorporation or Organization
Aon Consulting Ltd.	Kenya
on Kenya Insurance Brokers Ltd	Kenya
Minken Properties Ltd.	Kenya
Aon Hewitt Consulting Korea Inc.	Korea
Aon Korea Inc.	Korea
SIA "Aon Consulting"	Latvia
Aon Lesotho (Pty) Ltd.	Lesotho
Aon Insurance Managers (Liechtenstein) AG	Liechtenstein
UADBB Aon Baltic	Lithuania
Aon Finance Luxembourg S.à.r.l.	Luxembourg
Aon Global Risk Consulting Luxembourg S.à.r.l.	Luxembourg
Aon Holdings Luxembourg S.à.r.l.	Luxembourg
Aon Insurance Managers (Luxembourg) S.A.	Luxembourg
Aon Re Canada Holdings SARL	Luxembourg
Puricelli & Ghezzi International S.A.	Luxembourg
Aon Insurance Agencies (Macau) Limited	Macau
Aon Malawi Limited	Malawi
Aon Benfield Malaysia Limited	Malaysia
Aon Hewitt Malaysia Sdn. Bhd	Malaysia
Aon Insurance Brokers (Malaysia) Sdn Bhd	Malaysia
Aon Insurance Managers (Malta) PCC Limited	Malta
Aon Services (Malta) Ltd	Malta
White Rock Insurance (Europe) PCC Limited	Malta
White Rock Insurance (Netherlands) PCC Limited	Malta
on Hewitt Ltd.	Mauritius
Aon Mauritius Holdings Ltd.	Mauritius
Glenrand MIB (Mauritius) (Pte) Ltd	Mauritius
Aon Affinity Mexico Agente de Seguros y de Fianzas, S.A. de C.V.	Mexico
Aon Affinity Mexico, S.A. de C.V.	Mexico
Aon Benfield Mexico Intermediario de Reaseguro SA de CV	Mexico
Aon Life, Agente de Seguros, S.A. de C.V.	Mexico
Aon Mexico Business Support SA de CV	Mexico
Aon Mexico Holdings, S. de R.L. de C.V.	Mexico
Aon Risk Solutions Agente de Seguros y de Fianzas SA de CV	Mexico
Asevasa Mexico, S.A. de C.V.	Mexico
Hewitt Associates, S.C.	Mexico
Hewitt Beneficios Agente de Seguros y de Fianzas, S.A. de C.V.	Mexico
Aon Acore Sarl	Morocco
Casablanca Intermediation Company Sarl	Morocco
Aon Moçambique Corretores de Seguros, Limitada	Mozambique
Glenrand M I B (Moçambique) Corretores de Seguros Limitada	Mozambique
Aon Namibia (Pty) Ltd.	Namibia
Namibia Administration Fulfillment Company (PTY) Limited	Namibia
Alexander & Alexander B.V.	Netherlands
Alexander & Alexander Holding B.V.	Netherlands
Aon 2008 B.V.	Netherlands
Aon Americas Holdings BV	Netherlands
Aon B.V.	Netherlands
on Benfield Netherlands C.V.	Netherlands

	Jurisdiction of Incorporation or Organization
Aon CANZ Holdings B.V.	Netherlands
on Captive Services (Nederland) B.V.	Netherlands
Aon Cash Management B.V.	Netherlands
Aon Consulting Nederland C.V.	Netherlands
Aon Corporation EMEA B.V.	Netherlands
Aon Finance Netherlands B.V.	Netherlands
Aon Global Holdings 1 C.V.	Netherlands
Aon Global Holdings 2 C.V.	Netherlands
Aon Global Risk Consulting B.V.	Netherlands
Aon Groep Nederland B.V.	Netherlands
Aon Group Holdings International 1 B.V.	Netherlands
Aon Group Holdings International 2 B.V.	Netherlands
Aon Group International N.V.	Netherlands
Aon Hewitt Risk & Financial Management B.V.	Netherlands
Aon Holdings B.V.	Netherlands
Aon Holdings International B.V.	Netherlands
Aon Holdings Mid Europe B.V.	Netherlands
Aon International Coöperatief U.A.	Netherlands
Aon Nederland C.V.	Netherlands
Aon Netherlands Operations B.V.	Netherlands
Aon Nikols Chile B.V.	Netherlands
Aon Participations B.V.	Netherlands
Aon Restructuring B.V.	Netherlands
Aon Risk Services EMEA B.V.	Netherlands
on Southern Europe B.V.	Netherlands
Aon Trust Services B.V.	Netherlands
B.V. Assurantiekantoor Langeveldt-Schroder	Netherlands
Bekouw Mendes C.V.	Netherlands
Beursstraat 1A B.V.	Netherlands
Bonnikerplein 18-22 B.V.	Netherlands
Celinvest Amsterdam B.V.	Netherlands
COT Instituut voor Veiligheids-en Crisismanagement B.V.	Netherlands
De Admiraal B.V.	Netherlands
Dorhout Mees Assurantie B.V.	Netherlands
Hewitt Associates B.V.	Netherlands
Hewitt Associates Outsourcing B.V.	Netherlands
Jacobs & Brom B.V.	Netherlands
Kerkenbos 1061 B.V.	Netherlands
Paalbergweg 2-4 B.V.	Netherlands
Aon Benfield New Zealand Limited	New Zealand
Aon Holdings New Zealand	New Zealand
Aon New Zealand	New Zealand
Aon New Zealand Group	New Zealand
Aon Saver Limited	New Zealand
Superannuation Management Nominees Limited	New Zealand
Aon Norway AS	Norway
Aon Majan LLC	Oman
Aon Insurance Brokers (Pvt) Ltd.	Pakistan
on Benfield Panama, S.A.	Panama

	Jurisdiction of Incorporation or Organization
Aon Broking Services SA	Panama
acsefin Centroamerica, S.A.	Panama
Aon Benfield Peru Corredores de Reaseguros SA	Peru
Aon Graña Peru Corredores de Seguros SA	Peru
Graña Asociados Soluciones, S.A.C.	Peru
Aon Insurance and Reinsurance Brokers Philippines Inc.	Philippines
Aon Hewitt (PNG) Ltd.	PNG
Aon Risk Services (PNG) Ltd.	PNG
Aon Superannuation (PNG) Limited	PNG
Aon Hewitt Sp. z o.o.	Poland
Aon Polska Services Sp. z o.o.	Poland
Aon Polska Services Sp. z o.o.	Poland
Aon Polska Sp. z o.o.	Poland
Aon Polska Sp. z o.o.	Poland
Carstens i Schües Poland Sp. z o.o.	Poland
Aon Motor - Gestao E Consultoria de Frotas Unipessoal, Ltda	Portugal
Aon Portugal - Consultores, Unipessoal, Lda.	Portugal
Aon Portugal Corretores de Seguros, S.A.	Portugal
Aon Re Bertoldi Corretagem de Resseguros S.A.	Portugal
Aon Qatar LLC	Qatar
Asesores y Corredores de Seguros SA	Rep. Dominica
Aon Romania Broker de Asigurare - Reasigurare SRL	Romania
Business Risk Consultants (Brisk) S.R.L.	Romania
Aon Rus Insurance Brokers LLC	Russia
on Rus LLC	Russia
Agostini Insurance Brokers St. Lucia Ltd.	Saint Lucia
Aon Sint Maarten N.V.	Saint Martin
Aon Insurance Micronesia (Saipan) Inc	Saipan (Micronesia)
Aon Hewitt Saudi Arabia LLC	Saudi Arabia
Aon Saudi Arabia LLC	Saudi Arabia
Alexander & Alexander (Asia) Holdings Pte Ltd	Singapore
Aon Benfield Asia Pte. Ltd.	Singapore
Aon Hewitt Singapore Pte. Ltd.	Singapore
Aon Hewitt Wealth Management Pte. Ltd.	Singapore
Aon Insurance Agencies Pte Ltd	Singapore
Aon Insurance Managers (Singapore) Pte Ltd	Singapore
Aon Singapore (Broking Centre) Pte. Ltd.	Singapore
Aon Singapore Center for Innovation, Strategy and Management Pte. Ltd.	Singapore
Aon Singapore Pte. Ltd.	Singapore
Stenhouse (South East Asia) Private Limited	Singapore
Aon Benfield Bratislava s.r.o.	Slovak Republic
Aon Consulting South Africa (Pty) Ltd.	South Africa
Aon Holdings Sub-Sahara Africa (Pty) Ltd.	South Africa
Aon Limpopo (Pty) Ltd.	South Africa
Aon Re Africa (Pty) Limited	South Africa
Aon South Africa (Pty) Ltd.	South Africa
Aon Worldaware (Pty) Ltd.	South Africa
Claims Fulfilment Company (Pty) Ltd.	South Africa
yborg Systems (Africa) Pty Ltd.	South Africa

	Jurisdiction of Incorporation or Organization
Mafube Risk and Insurance Consultants (Pty) Ltd.	South Africa
Aon Insurance Brokers (Pty) Ltd.	South Africa
Aon Benfield Iberia Correduria de Reaseguros, S.A.U.	Spain
Aon Cover Agencia de Suscripcion, S.L.U.	Spain
Aon Gil y Carvajal, S.A.U. Correduria de Seguros	Spain
Aon Hewitt España S.A.U.	Spain
Aon Management Solutions, S.A.U.	Spain
Aon Marketing Directo, S.A.U.	Spain
Aon Re Iberia Cover Holder, S.L.	Spain
Aon Southern Europe y Cia SC	Spain
Aon Southern Holding Spain, S.L.	Spain
Asevasa Asesoramiento y Valoraciones S.A.U.	Spain
Control de Riesgos, S.L.	Spain
Fundación Aon España	Spain
Aon Swaziland (Pty) Ltd	Swaziland
Aon Global Risk Consulting AB	Sweden
Aon Hewitt AB	Sweden
Aon Sweden AB	Sweden
SINSER Holding AB	Sweden
Aon Insurance Managers (Switzerland) AG	Switzerland
Aon Schweiz AG	Switzerland
Inpoint Switzerland GmbH	Switzerland
Aon Management Consulting Taiwan Ltd.	Taiwan
Aon Taiwan Ltd.	Taiwan
Aon Tanzania Limited	Tanzania
Aon (Thailand) Limited	Thailand
Aon Consulting (Thailand) Limited	Thailand
Aon Group (Thailand) Limited	Thailand
Aon Hewitt (Thailand) Ltd.	Thailand
Aon Re (Thailand) Limited	Thailand
Aon Risk Services (Thailand) Limited	Thailand
AB Insurances Ltd. Co.	Trinidad and Tobago
Agostini Insurance Brokers Ltd.	Trinidad and Tobago
AIB Services Limited	Trinidad and Tobago
Aon Energy Caribbean Limited	Trinidad and Tobago
Cardea Health Solutions Limited	Trinidad and Tobago
Aon Tunisia So.car.gest S.A., Société Anonyme de Conseil en Assurances et Réassurances et de Gestion	Tunisia
Aon Danismanlik Hizmetleri AS	Turkey
Aon Sigorta ve Reasurans Brokerligi ve A.S.	Turkey
J.S. Johnson & Company (Turks & Caicos) Ltd.	Turks & Caicos
Aon Uganda Limited	Uganda
Alexander & Alexander Services UK Limited (in liquidation)	UK
Alexander Clay	UK
Alexander Stenhouse & Partners Limited (in liquidation)	UK
Aon 180412 Limited (in liquidation)	UK
Aon 2007 Limited (in liquidation)	UK
Aon Adjudication Services Limited	UK
Aon ANZ Holdings Limited	UK

	Jurisdiction of Incorporation or Organization
Aon Benfield Limited	UK
on Consulting (Benefits) Holdings Limited	UK
Aon Consulting (Benefits) Limited	UK
Aon Consulting (Pensions) Limited	UK
Aon Consulting Financial Services Limited	UK
Aon Consulting Limited	UK
Aon DC Pension Trustee Limited	UK
Aon Delta UK Limited	UK
Aon Fiscal Representatives Limited	UK
Aon Global Holdings Limited	UK
Aon Global Operations Limited	UK
Aon Hewitt Limited	UK
Aon Hewitt US Holdings Limited	UK
Aon Holdings Limited	UK
Aon Holdings UK (in liquidation)	UK
Aon Kloud Limited	UK
Aon Overseas Holdings Limited	UK
Aon Pension Trustees Limited	UK
Aon Risk Services UK Limited (in liquidation)	UK
Aon Risk Services US Holdings Limited	UK
Aon Securities Limited	UK
Aon SIPP Trustees Limited (in liquidation)	UK
Aon Trust Corporation Limited	UK
Aon UK Group Limited	UK
on UK Holdings Intermediaries Limited	UK
Aon UK Limited	UK
Aon UK Trustees Limited	UK
Aon US & International Holdings Limited	UK
Bacon & Woodrow Limited	UK
Bacon & Woodrow Partnerships Limited	UK
Bain Hogg Group Limited (in liquidation)	UK
Bankassure Insurance Services Limited	UK
Beaubien Finance Limited	UK
Beaubien UK Finance Limited	UK
Benfield Greig Holdings Limited	UK
Benfield Group Limited (in liquidation)	UK
Benton Finance Limited	UK
CoSec 2000 Limited	UK
Crawley Warren Group Limited (in liquidation)	UK
Doveland Services Limited	UK
E. W. Blanch Holdings Limited	UK
E. W. Blanch Investments Limited	UK
Hewitt Associates (Europe) Limited (in liquidation)	UK
Hewitt Associates Financial Services Limited (in liquidation)	UK
Hewitt Associates Outsourcing Limited	UK
Hewitt Risk Management Services Limited	UK
Hogg Group Limited	UK
International Space Brokers Europe Limited	UK
ternational Space Brokers Limited	UK

	Jurisdiction of Incorporation or Organization	
Jenner Fenton Slade Limited	UK	
Leslie & Godwin (UK) Limited (in liquidation)	UK	
McLagan (Aon) Limited	UK	
Minet Consultancy Services Ltd	UK	
Minet Group	UK	
NBS Nominees Limited	UK	
Nicholson Leslie Investments Limited (in liquidation)	UK	
Randolph Finance Limited	UK	
Rasini Vigano Limited	UK	
Ringley Investments Limited	UK	
Scorpio Partnership Limited	UK	
SLE Worldwide Limited	UK	
The Aon MasterTrustee Limited	UK	
Aon Ukraine LLC	Ukraine	
Aon (DIFC) Gulf LLC	United Arab Emirates	
Aon Hewitt Middle East Limited	United Arab Emirates	
Aon Middle East Co LLC	United Arab Emirates	
Aon Benfield Middle East Limited	United Arab Emirates - DIFC	
Aon Benfield Latin America SA	Uruguay	
Asevasa Caricam, S.A.	Uruguay	
Asevasa Panama, S.A.	Uruguay	
Marinero Dundas SA	Uruguay	
Access Plans USA, Inc.	USA	Oklahoma
Affinity Insurance Services, Inc.	USA	Pennsylvania
Affinity Insurance Agency, Inc.	USA	California
AIS Insurance Agency, Inc.	USA	Washington
Alexander Reinsurance Intermediaries, Inc.	USA	New York
Allen Insurance Associates, Inc.	USA	California
Alliance HealthCard of Florida, Inc.	USA	Georgia
Alliance HealthCard, Inc.	USA	Georgia
Allied Group Holdings LLC	USA	Delaware
Allied North America Insurance Brokerage of California, LLC	USA	Delaware
Allied North America Insurance Brokerage of New York, LLC	USA	Delaware
Allied North America Insurance Brokerage of Texas, LLC	USA	Delaware
Allied Risk Solutions, LLC	USA	Delaware
American Insurance Services Corp.	USA	Texas
American Safety Consultants, LLC	USA	Delaware
American Special Risk Insurance Company	USA	Delaware
AMXH, LLC	USA	Delaware
Aon Advisors, Inc.	USA	Virginia
Aon Advisory Services Inc.	USA	Delaware
Aon Aviation, Inc.	USA	Illinois
Aon Benefit Solutions Inc.	USA	Oklahoma
Aon Benfield Fac Inc.	USA	Illinois
Aon Benfield Global, Inc.	USA	Delaware
Aon Benfield Inc.	USA	Illinois

Jurisdiction of Incorporation or Organization

Aon Benfield Puerto Rico Inc.	USA	Puerto Rico
.on Brazil Holdings, LLC	USA	Delaware
Aon Capital Managers, LLC	USA	Delaware
Aon Capital Partners, Inc.	USA	Delaware
Aon Chile Holdings, LLC	USA	Delaware
Aon Consulting & Insurance Services	USA	California
Aon Consulting Worldwide, Inc.	USA	Maryland
Aon Consulting, Inc.	USA	New York
Aon Consulting, Inc.	USA	New Jersey
Aon Corporation	USA	Delaware
Aon Finance US 1, LLC	USA	Delaware
Aon Finance US 2, LLC	USA	Delaware
Aon Finance US 3, LLC	USA	Delaware
Aon Finance US LP	USA	Delaware
Aon Financial & Insurance Solutions, Inc.	USA	California
Aon Fire Protection Engineering Corporation	USA	Delaware
Aon Fire Protection Engineering of Illinois P.C.	USA	Illinois
Aon Global Market Solutions, Inc.	USA	Indiana
Aon Group, Inc.	USA	Maryland
Aon Hewitt Benefit Payment Services, LLC	USA	Illinois
Aon Hewitt Financial Advisors, LLC	USA	Delaware
Aon Hewitt Health Market Insurance Solutions Inc.	USA	California
Aon Hewitt Intermediaries, Inc.	USA	Delaware
Aon Hewitt Investment Consulting, Inc.	USA	Illinois
on Hewitt LLC	USA	Delaware
Aon Human Capital Services, LLC	USA	Delaware
Aon Insurance Management Services - Virgin Islands, Inc.	USA	US Virgin Islands
Aon Insurance Managers (Puerto Rico) Inc.	USA	Puerto Rico
Aon Insurance Managers (USA) Inc.	USA	Vermont
Aon Insurance Managers (USVI), Inc.	USA	US Virgin Islands
Aon International Energy, Inc.	USA	Texas
Aon International Holdings, Inc.	USA	Maryland
Aon Life Agency of Texas, Inc.	USA	Texas
Aon Life Insurance Company	USA	Vermont
Aon Mexico Holdings, LLC	USA	Delaware
Aon National Flood Services, Inc.	USA	Delaware
Aon NFS Holdings, Inc.	USA	Delaware
Aon PHI Acquisition Corporation of California	USA	California
Aon Premium Finance, LLC	USA	Delaware
Aon Private Risk Management Insurance Agency, Inc.	USA	Illinois
Aon Private Risk Management of California Insurance Agency, Inc.	USA	California
Aon Property Risk Consulting, Inc.	USA	New York
Aon Realty Services, Inc.	USA	Pennsylvania
Aon Recovery, Inc.	USA	Delaware
Aon Retirement Plan Advisors, LLC	USA	Delaware
Aon Risk Consultants, Inc.	USA	Illinois
Aon Risk Insurance Services West, Inc.	USA	California
Aon Risk Services (Holdings) of Latin America, Inc.	USA	Delaware
on Risk Services (Holdings) of the Americas, Inc.	USA	Illinois

	Jurisdiction of Incorporation or Organization	
Aon Risk Services Central, Inc.	USA	Illinois
Aon Risk Services Companies, Inc.	USA	Maryland
Aon Risk Services International (Holdings) Inc.	USA	Delaware
Aon Risk Services Northeast, Inc.	USA	New York
Aon Risk Services South, Inc.	USA	North Carolina
Aon Risk Services Southwest, Inc.	USA	Texas
Aon Risk Services, Inc. of Florida	USA	Florida
Aon Risk Services, Inc. of Hawaii	USA	Hawaii
Aon Risk Services, Inc. of Maryland	USA	Maryland
Aon Risk Services, Inc. of Washington, D.C.	USA	District of Columbia
Aon Risk Solutions of Puerto Rico, Inc.	USA	Puerto Rico
Aon Risk Technologies, Inc.	USA	Delaware
Aon Securities Inc.	USA	New York
Aon Service Corporation	USA	Illinois
Aon Services Group, Inc.	USA	Delaware
Aon Special Risk Resources, Inc.	USA	Delaware
Aon Trust Company	USA	Illinois
Aon Underwriting Managers, Inc.	USA	Delaware
Aon US Holdings, Inc.	USA	Delaware
Aon Ward Financial Corporation	USA	Ohio
Aon/Albert G. Ruben Insurance Services, Inc.	USA	California
ARM International Corp.	USA	New York
ARM International Insurance Agency Corp.	USA	Ohio
ARMRISK CORP.	USA	New Jersey
ARMRISK SPN Insurance Agency, LLC	USA	Delaware
Association of Rural and Small Town Americans	USA	Missouri
Assurance Licensing Services, Inc.	USA	Illinois
Atlantic Star Administrators LLC	USA	Delaware
Atlantic Star Intermediaries, LLC	USA	Delaware
B E P International Corp.	USA	New Jersey
Benefit Marketing Solutions, L.L.C.	USA	Oklahoma
Benfield Advisory Inc.	USA	Delaware
Benfield Finance (London) LLC	USA	Delaware
Benfield Finance (Westport) LLC	USA	Delaware
Blanch Americas Inc.	USA	Delaware
BMS Insurance Agency, L.L.C.	USA	Oklahoma
Bowes & Company, Inc., of New York	USA	New York
Cananwill Corporation	USA	Delaware
Cananwill, Inc.	USA	California
Cananwill, Inc.	USA	Pennsylvania
CICA SPE, LLC	USA	Delaware
Citadel Insurance Managers, Inc.	USA	California
Coalition for Benefits Equality and Choice	USA	California
Corporate Investigative Solutions, Inc.	USA	New Jersey
Crawley, Warren (U.S.A.) Inc.	USA	Massachusetts
E.W. Blanch Capital Risk Solutions, Inc.	USA	Delaware
E.W. Blanch Insurance Services Inc.	USA	Delaware
E.W. Blanch International Inc.	USA	Delaware
E.W. Blanch Knupp Secondary Market Services, LLC	USA	Delaware

	Jurisdiction of Incorporation or Organization	
Financial & Professional Risk Solutions, Inc.	USA	Illinois
Forturity Group, Inc.	USA	Nevada
Gateway Alternatives, L.L.C.	USA	Delaware
Global Insurance Strategies, LLC	USA	Delaware
Grant Park Capital, LLC	USA	Delaware
Healthy Paws Pet Insurance LLC	USA	Washington
Hewitt Associates Caribe, Inc.	USA	Puerto Rico
Hewitt Associates International Services, Inc.	USA	Delaware
Hewitt Associates LLC	USA	Illinois
Hewitt Associates Public Sector Consulting LLC	USA	Illinois
Hewitt Financial Services LLC	USA	Illinois
Hewitt Insurance Brokerage LLC	USA	Delaware
Hewitt Insurance, Inc.	USA	Puerto Rico
Hewitt International Holdings LLC	USA	Delaware
Hogg Robinson North America, Inc.	USA	Delaware
Holdco #1, Inc.	USA	Delaware
Holdco #2, Inc.	USA	Delaware
Huntington T. Block Insurance Agency, Inc.	USA	District of Columbia
Impact Forecasting, L.L.C.	USA	Illinois
INPOINT, INC.	USA	Illinois
International Accident Facilities, Inc.	USA	Massachusetts
International Claims Administrators, Inc.	USA	Kansas
International Risk Management (Americas), Inc.	USA	Ohio
International Space Brokers, Inc.	USA	Virginia
InterM/GRC Holding Inc.	USA	Delaware
Inter H Minet Puerto Rico Inc.	USA	Puerto Rico
Johnson Rooney Welch, Inc.	USA	California
K & K Insurance Group of Florida, Inc.	USA	Florida
K & K Insurance Group, Inc.	USA	Indiana
K2 Technologies Inc.	USA	California
McLagan Partners Asia, Inc.	USA	Delaware
McLagan Partners, Inc.	USA	Delaware
Membership Leasing Trust	USA	Delaware
Minet Holdings Inc.	USA	New York
Minet Re North America, Inc.	USA	Georgia
Muirfield Underwriters, Ltd.	USA	Delaware
NFS Edge Insurance Agency, Inc.	USA	Florida
Paragon Strategic Solutions Inc.	USA	Delaware
Premier Auto Finance, Inc.	USA	Delaware
Private Equity Partnership Structures I, LLC	USA	Delaware
Project Technologies International L.L.C.	USA	Delaware
Protective Marketing Enterprises, Inc.	USA	Tennessee
Redwoods Dental Underwriters, Inc.	USA	North Carolina
Rewards Plus of America Corporation	USA	Maryland
SINSER Management Services (Vermont), Inc.	USA	Vermont
Specialty Benefits, Inc.	USA	Indiana
T.J.E. Management, LLC	USA	Minnesota
The Capella Group, Inc.	USA	Texas
The Underwriters Marine Services, Inc.	USA	Louisiana

	Jurisdiction of Incorporation or Organization	
VSC SPE, LLC	USA	Delaware
ard Financial Group, Inc.	USA	Ohio
Wexford Underwriting Managers, Inc.	USA	Delaware
White Rock USA Ltd.	USA	Vermont
William Gallagher Associates of New Jersey, Inc.	USA	New Jersey
Worldwide Integrated Services Company	USA	Texas
Wrapid Specialty, Inc.	USA	California
Aon (Vanuatu) Ltd.	Vanuatu	
Administradora Aon, C.A.	Venezuela	
Aon Group Venezuela, Corretaje de Reaseguro C.A.	Venezuela	
Aon Risk Services Venezuela, Corretaje de Seguros C.A.	Venezuela	
Aon Vietnam Limited	Vietnam	
Aon Zambia Limited	Zambia	
Aon Zambia Pension Fund Administrators Limited	Zambia	

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

Registration Statement		
Form	Number	Purpose
S-8	333-55773	Pertaining to Aon's stock award plan, stock option plan, and employee stock purchase plan
S-4	333-168320	Pertaining to the registration of 4,545,566 shares of common stock registered on Post Effective Amendment No. 1 related to the Amended and Restated Global Stock and Incentive Compensation Plan of Hewitt Associates, Inc.
S-8	333-103344	Pertaining to the Aon Stock Incentive Plan
S-8	333-106584	Pertaining to Aon's deferred compensation plan
S-8	333-145928	Pertaining to the Aon Stock Incentive Plan
S-8	333-145930	Pertaining to the registration of common stock underlying equity securities issued to Aon's president and chief executive officer
S-8	333-174788	Pertaining to Aon's 2011 stock incentive plan and 2011 employee stock purchase plan
S-8	333-178906	Pertaining to Aon's savings plan
S-4	333-178991	Pertaining to the registration of 355,110,708 Class A Ordinary Shares of Aon Global Limited, and in the related Proxy Statement / Prospectus of Aon Global and Aon Corporation contained therein
S-8	333-184999	Pertaining to Aon plc Company Share Save Plan
S-8	333-199759	Pertaining to the registration of an additional 9,000,000 Class A Ordinary Shares to be issued pursuant to the Aon plc 2011 Incentive Plan
S-3	333-206759	Pertaining to the registration of debt securities, guarantees, preference shares, Class A Ordinary Shares, Convertible Securities, share purchase contracts and share purchase units of Aon plc and debt securities and guarantees of Aon Corporation

our reports dated February 22, 2016, with respect to the consolidated financial statements of Aon plc and the effectiveness of internal control over financial reporting of Aon plc, included in this Annual Report (Form 10-K) for the year ended December 31, 2015.

/s/ ERNST & YOUNG LLP

Chicago, Illinois
February 22, 2016

CERTIFICATIONS

I, Gregory C. Case, the Chief Executive Officer of Aon plc, certify that:

1. I have reviewed this annual report on Form 10-K of Aon plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2016

/s/ GREGORY C. CASE

Gregory C. Case
Chief Executive Officer

CERTIFICATIONS

I, Christa Davies, the Chief Financial Officer of Aon plc, certify that:

1. I have reviewed this annual report on Form 10-K of Aon plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTA DAVIES

Christa Davies
Chief Financial Officer

Date: February 22, 2016

**Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code**

I, Gregory C. Case, the Chief Executive Officer of Aon plc (the "Company"), certify that (i) the Annual Report on Form 10-K of the Company for the year ended December 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GREGORY C. CASE

Gregory C. Case
Chief Executive Officer

February 22, 2016

**Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code**

I, Christa Davies, the Chief Financial Officer of Aon plc (the "Company"), certify that (i) the Annual Report on Form 10-K of the Company for the year ended December 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHRISTA DAVIES

Christa Davies
Chief Financial Officer

February 22, 2016



Team Biographies



Kim Lobato, ARM

Senior Vice President

11213 Davenport St., Ste. 201

Omaha, NE 68154

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Mobile +1.402.630.4952

kim.lobato@aon.com



Responsibilities

Kim is a senior vice president and business development leader in Aon's Health and Benefits practice in Omaha, Nebraska. His primary function is to develop the Health and Benefits practice of Aon Risk Solutions in Omaha and provide strategic solutions to his clients.

Experience

Kim first began working in the industry in 1989, and joined Aon in 2003 as a Senior Consultant in our Business Development unit, responsible for developing new clients.

He began his career as an accountant with Fred A. Lockwood & Co., a regional firm based in Scottsbluff, Nebraska, before moving into risk management and employee benefits. During his more than 25 years of experience in the field, Kim worked with Omaha-based companies Foxley Cattle, Mutual of Omaha, and as the Vice President of Risk Management for Millard Refrigerated Services. In 2001, Kim joined Marcotte Insurance as an account executive responsible for new business production and account management.

Expertise

Kim has expertise in strategic employee benefits planning and consumer directed healthcare for self-funded organizations. He has given numerous presentations on topics related to integrated healthcare. Most recently, he presented at the National League of Cities Trustees Convention in San Antonio on "The Road Ahead – Navigating the Future of Healthcare in a Post-ACA World." He has worked with several large employers in many different industry segments, including four states and numerous cities, counties and school district programs.

Kim has served on the boards of many service and non-profit organizations, including the Nebraska Self-Insurers Association and the Governor's Council on Health Promotion and Physical Activity. He is a member of the Human Resource Association of the Midlands.

Personal References

Tom Steckel
Director of Benefits
State of South Dakota
500 E. Capitol Ave.
Pierre, SD 57501
Phone: 605.773.4099

Megan Berry Barlow
Human Resource Director
Nebraska Furniture Mart
700 South 72nd Street
Omaha, NE 68114
Phone: 402.361.2094

Shara Swapp
Director of Corporate
Benefits
Lozier Corporation
6336 John J Pershing
Drive
Omaha, NE 68110
Phone: 402.457.8351

Education

Kim holds a Bachelor of Arts from Chadron State College and an MBA from the University of Nebraska at Omaha. He has also earned the Associate in Risk Management (ARM) designation.

Kim is a licensed consultant with the State of Nebraska Department of Insurance and also holds Nebraska Property/Casualty, Life Insurance/Annuities, Sickness and Accident/Health producer's licenses.

Rebecca Feldman, FSA, MAA, FCA

Lead Actuary, Senior Vice President

3000 Town Center, Suite 3000
Southfield, MI 48075
Office +1.248.936.5223
Mobile +1.248.514.5476

rebecca.feldman@aonhewitt.com



Responsibilities

Rebecca is a senior vice president and consulting actuary with Aon's Health and Benefits Practice in Southfield, Michigan. As a strategic financial consultant, Rebecca develops and implements benefit programs for clients, including a variety of consumer driven health care strategies. Using client-specific experience, she performs numerous actuarial analyses including projecting rates and annual budgets, and analyzing health plan network efficiency and discounts.

Experience

Rebecca first began working in the industry in 2000 and has been with the organization for the last 16 years. During her tenure with Aon, she has been the lead actuary on dozens of client teams, managed the consulting and actuarial team in the Southfield office, and held various leadership positions within the actuarial practice. She currently divides her time between serving clients and her role as the Global H&B Actuarial Compliance Officer.

Expertise

Rebecca has been the lead actuary on many large merger and acquisition projects where she worked with the merging organizations to develop and price new benefit platforms for the merged company. She has also supported many clients through union negotiations in a variety of roles, ranging from "behind the scenes" modeling to sitting at the bargaining table with her clients.

Personal References

Jerry VanderWal
Benefits Design Manager
Meijer
2929 Walker NW
Grand Rapids, Michigan
49544
Phone: 616.791.5310

Joyce M. Heckmann
Assistant Vice President,
Benefits and
Compensation
Carnegie Mellon
University
5000 Forbes Avenue
Pittsburgh, PA 15213-
3815
Phone: 412.268.5402

Lisa Meddock
System Director, Benefits
and Wellness
Ohio Health
Phone: 614.544.4561

Education

Rebecca received her Bachelor of Science degree in Industrial Engineering from Columbia University's School of Engineering and Applied Science.

She is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, and a Fellow of the Conference of Consulting Actuaries.

Cristie Labus, ASA, MAAA

Senior Actuarial Consultant

200 E. Randolph Street
Chicago, IL 60601
Office +1.312.381.3917
Mobile +1.708.712.8073

cristie.labus@aonhewitt.com



Responsibilities

Cristie Labus is a Senior Actuarial Consultant in the Health & Benefits practice of Aon Hewitt's Chicago office. Services she performs for clients (both private and public sector) includes analyzing health care claim experience, participation, and plan designs to develop budgets, rates, and contributions and evaluate savings related to plan design or provider network changes. She helps employers understand and maintain compliance with the Affordable Care Act. Additionally, Cristie works on traditional actuarial projects such as incurred but not reported (IBNR) valuations and Medicare Part D cost analyses.

Experience

Cristie joined Aon in 2012 and has 7+ years of actuarial consulting experience with a focus in health and benefits.

Prior to joining Aon Hewitt, Cristie was an Actuarial Analyst at Ernst & Young.

Personal References

Bob Lyter
Senior Director, Rewards
Aon Service Corporation
4 Overlook Point
Lincolnshire, IL 60069
Phone: 312.381.3243

Frank Wilson, CPA
EGID Administrator
Office of Management
and Enterprise Services
State of Oklahoma
3545 N.W. 58th St.
Oklahoma City, OK 73112
Phone: 405.717.8828

Jeff Branstetter
Director of Human
Resources
Creighton University
2500 California Plaza
Omaha, NE 68178
Phone: 402.280.5530

Education

Cristie is an Associate of the Society of Actuaries, and holds an MAAA.

She graduated from University of Illinois with a Bachelor of Science degree in Actuarial Science

Gina Samland

Backup Account Manager, Assistant Vice President

11213 Davenport St., Ste. 201

Omaha, NE 68154

Office +1.402.697.5230

Mobile +1. 402.203.3780

gina.samland@aon.com



Responsibilities

Gina Samland is an Account Executive in Aon's Health & Benefits Practice based in Omaha, NE. Her primary functions include the overall direction and management of her clients, which includes renewal negotiations, strategic planning and compliance.

Experience

Ms. Samland has over 25 years of experience. Prior to joining Aon in May 2016 she managed insurance consulting offices for Wells Fargo and USI Insurance Services. She has extensive experience in all aspects of service to clients of any size, funding methods, plans and designs as well as employee communications via written documents and meetings.

Education

Ms. Samland holds a Bachelor of Science degree from University of Nebraska at Omaha. She majored in Accounting. She holds a Nebraska Life and Health license, a non-resident Iowa Life and Health license as well as a Nebraska Consultant license.

Personal References

Kevin Kirkle
Director, Talent Solutions
NMC Group, Inc.
11002 Sapp Bros. Drive
Omaha NE 68138
Phone: 402.891.7655

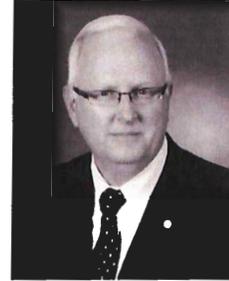
Medha Johnson
Vice President of Human
Resources
American Enterprise
Services Corp.
601 6th Avenue
Des Moines IA 50309
Phone: 515.245.2247

Joanne Mueller
Director of Human
Resources
Buckle, Inc.
2407 W. 24th Street
Kearney NE 68845
Phone: 308.698.2716

Craig Currier

Vice President

11213 Davenport Street, Suite 201
Omaha, NE 68154
Office +1.402.697.5764
Mobile +1.402.290.4960
craig.currier@aon.com



Responsibilities

Craig holds the position of vice president & underwriting manager on Aon's Health and Benefits team. He is responsible for providing technical assistance and underwriting expertise to Aon clients in the areas of cost projections, plan design modeling, and renewal evaluation and negotiation.

Experience

Craig has more than 30 years of experience in underwriting, benefits management and client consulting, having first joined the industry in 1981. Craig joined Aon in 2006 after five years with another national consulting firm in the Omaha area. Prior to his consulting career, Craig worked in the actuarial and group underwriting department.

Expertise

As the Underwriting Manager for the Aon Omaha office, Craig works primarily as an advisor to Aon clients who have self-funded contract arrangements. His focus is on claim and plan cost forecasting, premium equivalent and contribution modeling, plan change modeling and plan performance reporting. Craig also assists in carrier contract negotiation and is the office contact for accessing Aon actuarial resources and tools on behalf of our clients.

Craig currently serves as past President of the Omaha Association of Health Underwriters and he serves as the Federal and State Legislative chair on the board of the Nebraska Association of Health Underwriters.

Personal References

Peggy E. Smith
Total Rewards Manager
Wells Enterprises, Inc.
1 Blue Bunny Drive
LeMars, IA 51031
Phone: 712.548.5788

Douglas McDaniel, MBA,
SPHR
Director, Human
Resources
Lincoln/Lancaster County
555 South 10th St., Ste.
302
Lincoln, NE 68508
Phone: 402.441.7888

James Shramek
Director of Benefits &
Wellness
Boys Town
378 Bucher Drive
Boys Town, NE 68010
Phone: 402.498.1759

Education

Craig holds a Bachelor of Science degree in management from Bellevue University. He also holds the industry designation of Group Benefits Associate through the Wharton School of business and the International Foundation of Employee Benefit Plans, and is currently pursuing the designation of Chartered Healthcare Consultant through The American College.

Cynthia Crozier

Clinical and Wellness Expert, Vice President

500 East Pratt Street
Baltimore, MD Zip
Office +1. 410.547.2808
Mobile +1.443.867.7844
cynthia.crozier@aonhewitt.com



Responsibilities

Cynthia is a vice president and national clinical consultant in the health and benefits practice of Aon, helping self-insured employers and state/local government entities to define, implement, and evaluate healthcare strategy.

Experience

Cindy joined Aon in 2001, and has 30+ years of clinical and managed care experience, having first began working in the industry in 1985. Prior to joining Aon, Cindy worked at OptumHealth, the managed care division of United Health Group, in the Customer Solutions area. She was responsible for the development, implementation, and ongoing performance management of custom care management models, specifically integrated medical and behavioral health teams, for UHC's complex employer and public sector clients.

Expertise

Cindy specializes in clinical analysis of health care data, health management program design, marketing, integration, assessment, and audit. She works with clients on programs spanning the care continuum including wellness, utilization and case management, condition management, specialty care, end of life, and onsite/occupational health.

Education

Cindy earned her Bachelor of Science degree in Nursing from the University of Maryland.

Personal References

Patti Hagedorn
Manager Health and
Wellness
Dover Corporation
3005 Highland Parkway,
Suite 200
Downers Grove, IL 60515
Phone: 630.743.5080

Gene Raney
Director, Office of Health
Benefits
Commonwealth of Virginia
101 N. 14th Street, 12th
Floor
Richmond, VA 23219
Phone: 804.371.7931

Becky Drayton, MPH
Wellness Coordinator
Southern States
Cooperative, Inc.
P.O. Box 26234
Richmond, VA 23260
Phone: 804.281.1589

Hitesh Patel, RPh, MM

Consulting Pharmacist, Vice President

200 E Randolph, Suite 900
Chicago, IL 60601
Office +1.312.381.4852
Mobile +1.312.391.4105

hitesh.patel@aonhewitt.com



Responsibilities

Hitesh is a vice president in Aon's pharmacy benefits practice. A licensed pharmacist, Hitesh provides a well-rounded clinical, managerial, and outcomes focus to the practice. He provides pharmaceutical services that ensure employers are obtaining an improved return on investment in their pharmacy benefit spending by focusing on appropriate benefit design, PBM selection and auditing. He also focuses on improving outcomes through improved health management programs.

Experience

Hitesh joined Aon Hewitt in January 2007, and first began working in the industry in 1981. Before joining Aon, Hitesh worked for 12 years in the PBM industry in various clinical, financial, analytical, and outcomes leadership roles. Previous to that, Hitesh worked in the hospital pharmacy industry in various managerial roles for 15 years and in the retail industry in the United Kingdom for one year.

Expertise

With his wide experience, Hitesh provides clients with an in-depth understanding of the pharmaceutical marketplace and recommendations on how to improve their pharmacy benefit programs and improve the health of their members.

Hitesh has presented at the Academy of Managed Care Pharmacists, the International Society of Pharmacoeconomics and Outcomes Research, various national and regional PBM conferences, employer coalitions, the National Managed Health Care Congress, the University of Arizona and the DNA forum. Topics presented include various pharmacy benefit issues such as prescription trends, specialty drug management, pharmacy benefits management programs, prior authorizations, Medicare Part D, compliance programs, disease management, and outcomes measurement.

Personal References

Keith Athow
Director of Pharmacy,
FSA and HSA Benefits
Division of Benefits
Administration
State of Tennessee
Tennessee Tower, 19th
Floor
312 Rosa L. Parks Ave.,
Nashville, TN 37243
Phone: 615.253.4692

Jenny Goins
Department of Employee
Insurance
State of Kentucky
501 High Street
Frankfort, KY 40601
Phone: 502.564.0358

Tom Steckel
Director of Benefits
State of South Dakota
500 E. Capitol Ave.
Pierre, SD 57501
Phone: 605.773.4099

Education

Hitesh earned his bachelor's degrees in Pharmacy from the University of London in the United Kingdom and from Long Island University in New York. And he earned his master's degree in Management from Northwestern University in Illinois.

Hitesh is also a member of the Academy of Managed Care Pharmacists, the International Society of Pharmacoeconomics and Outcomes Research, and the American Society of Healthcare Pharmacists

Peter M. O'Hara, J.D.

Assistant Vice President—Legal

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Mobile +1.914.806.1036

peter.ohara@aonhewitt.com



Responsibilities

Peter is an assistant vice president in the Aon Health & Benefits Legal Group (H&B Legal). In this capacity, he consults with clients on plan design, compliance, and communications, with a concentration in ERISA and the Patient Protection and Affordable Care Act.

Experience

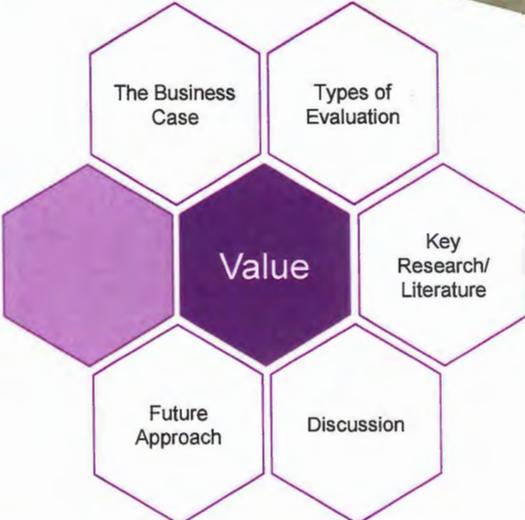
Peter joined Aon in 2014. A solutions-focused health and welfare benefits attorney, Peter has extensive experience working closely with a broad range of public and private clients.

Prior to joining Aon, Peter practiced at a large law firm in all areas of ERISA and executive compensation. He also worked for several years as an ERISA consultant for Buck Consultants and an ERISA and executive compensation legal analyst for Bloomberg L.P.

Education

A member of the New York State bar, Peter is a graduate of Middlebury College and earned his law degree from the State University of New York at Buffalo.

Evaluating Value and Return



Evaluating Value and Return

Literature Review of Key Recent Measurement Research Addressing the Value of Health Improvement

Risk. Reinsurance. Human Resources.



Level Setting and Business Case

Summary

Organizations have been implementing workplace health improvement programs to influence the long-term trajectory of employee health through behavior change. These initiatives have the capacity to deliver business results to the employer in the form of improved engagement and productivity while also preventing and decreasing illness and its associated costs. As employers continue to invest in these health improvement programs, there is increasing demand to understand program outcomes and how they can be improved.

Historically, this evaluation focused on Return on Investment (ROI) to measure financial outcomes as an indicator of program effectiveness. Because the data source is merely one among many silos, this approach provides a narrow view of the organization with limited analytic value. A key reason why many organizations still embrace ROI only evaluation models is the persistent cultural divide between health experts and finance. Health experts focus on improving quality and the individual experience and hope that this will improve the health of their population. Financial managers strive to reduce per-capita costs. Each constituency has a different definition of value and, consequently, its own ideas about evaluating the value of an investment.

Accelerating change, driven by the evolution of technology and regulatory flux is transforming the availability of data at the personal and organizational level. This coupled with employers evolving programs to focus more holistically on wellbeing signified the demand for evaluating program impact in the same holistic way. In a value-based environment, a comprehensive and multidimensional evaluation by an interdisciplinary team is critical to ensure organization's long-term success.

Such evaluation encompass more than money saved or earned; it must take into account both qualitative benefits such as improved employee safety and improved employee engagement among others measures. All of these measures are interdependent. Improvements in health and wellbeing within an organization can cause a ripple effect and generate secondary financial returns in the form of improved qualitative measures closely related to business outcomes. In failing to consider these corollary benefits, standard ROI only evaluation models fail to deliver a holistic view of the value of an organization's investments.

This Whitepaper will study variations in evaluation measures by outlining recent literature and providing recommendations to guide our clients towards an appropriate evaluation and measurement approach.

Key Findings

- Traditional program value and impact employed a one dimensional measurement strategy with a financial return focus. This severely limits an employers ability to see the complexities that exist in evaluating the impact of the program(s) in place.
- It is critical that employers measure the success of their programs using a variety of differently dimensions. Ideally a measurement strategy includes both financial based measures of success such as ROI as well as other value based metrics which assess the measures of success that are determined most important to the employer

Note: All Sources are referenced on slides 11 and 12 of this presentation.



Aon Hewitt defines wellbeing in four key dimensions:

- Physical
- Social
- Emotional
- Financial

A holistic wellbeing program should address, measure and report on all four dimensions

Types of Evaluations

Summary

ROI and VOI are the two most prevalent ways of evaluating the success of a wellbeing program in the industry today. While ROI has historically been the most common methodology for measuring the success of a program, it is limited to tangible savings and does not fully recognize other measures of success which may be of equal or greater value to an employer.

One methodology that is gaining traction in the market is Value on Investment. VOI is a flexible measurement methodology that allows the employer to choose the metrics that are most important to them outside of monetary cost avoidance. VOI can include a nearly infinite number of metrics to indicate success. If it can be accurately measured and tracked, an employer can use it to evaluate the success of their wellness program. Additionally, value indicators monetized and used to measure ROI can also be included in a VOI methodology.

Regardless of the methodology an employer chooses it is important to clearly define the specific measures that will be included in the definition of success. A thorough measurement strategy should include both monetary and non monetary measures that help define the success of a program. In addition to being specific and thorough in creating a measurement strategy it is also important to set realistic goals related to these metrics and measures.

Details on each of these types of evaluations can be found on the following pages.

Key Findings

- In recent years there has been a shift in thinking from purely a return on investment focused on medical cost avoidance to measuring value on investment and considering the elements that are most important to each individual organization and how they define success.

1. Return on Investment (ROI)

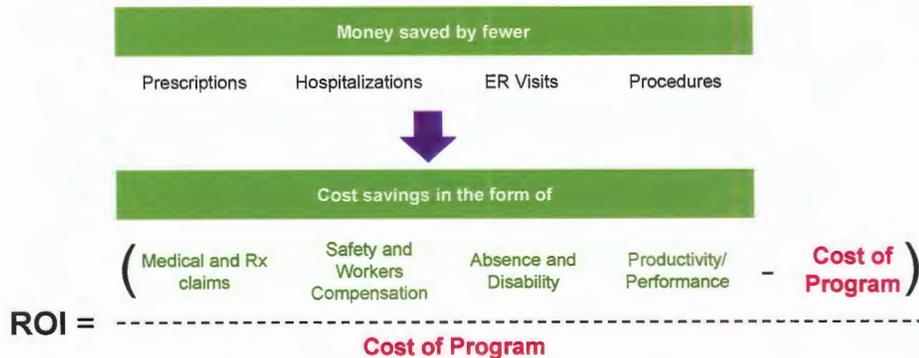


What is it?

When assessing health, employers who investigate ROI primarily measure savings in health care costs or cost avoided through a particular plan or strategy. This form of analysis compares costs and benefits in financial terms so all outcomes are monetized and yield the net return on investment over time.

Evaluation Components

In an ROI calculation, return is usually thought of as revenue—money earned for investment made. However, in health improvement programs, financial value is thought of as cost avoidance—money not spent due to prevented outcomes. Thus, financial metrics related to health improvement programs may include the medical claims, workers compensation, disability, and productivity/performance.



Methodology

An ROI calculation is as follows:

$$\text{ROI} = \frac{\text{Gains} - \text{Cost}}{\text{Cost}}$$

As an example of what falls under costs and gains, consider a simplified program that costs \$500 to implement and yields a \$2,000 gain:

$$\text{ROI} = \frac{\$2,000 - \$500}{\$500} = \text{3 or 300\%}$$



Interpretation

ROI is expressed as a ratio
Dollars Saved: Dollars Spent

3:1
OR
\$3 returned for every \$1 invested

Limitations

ROI methodology relies on a single outcome—dollars saved, and assumes program failure in the wake of a neutral or negative ROI. In the context of health and wellness, this may misrepresent other results in the form of reduced hospitalizations, better self-management of conditions, smoking cessation, or healthier lifestyles.

Additionally, the accuracy of ROI depends on methodology and costs included or omitted from calculation—thus ROI figures can vary significantly depending upon what evaluation components are included.

2. Value on Investment (VOI)



What is it?

Value on Investment (VOI) is a measurement framework which addresses an approach to understanding and interpreting the appropriate metrics for an evaluation plan using the conventions of a Cost Effectiveness Analysis (CEA). VOI metrics, allow employers to measure the full impact of their healthcare strategy by capturing emerging metrics which are not as easily monetized. The VOI realizes both tangible and intangible items and can allows employers to view programs results within a multi-year time frame.

Evaluation Components

The health status and behaviors of the workforce are leading indicators in future health and productivity savings. By measuring these metrics and connecting them back to a particular wellness strategy, employers can more clearly tell the whole story by measuring on the following:

- Organizational Support
- Health Impact
- Productivity and Performance
- Financial Outcomes
- Participation
- Satisfaction



Methodology

While VOI is an early measure and no complete methodology exists, a VOI calculation uses conventions similar to a Cost Effectiveness Analysis (CEA) and thus puts a numerator representing a cost component above a denominator that represents an outcome. This is the reverse of an ROI calculation, and therefore, does not preclude performing an ROI calculation if one is desired.

The numerator an a VOI calculation can represent

- **Direct costs;** program fees or incentive costs
- **Indirect costs;** employee time, contract personnel, or facility space
- **Tangential costs;** company reputation, legal challenges, or employee morale

Interpretation

Similar to a CEA, VOI is expressed as a cost per unit of outcome. For example:

- \$/Quality Adjusted Life Years (QALY) gained
- \$/averted health outcome
- \$/unit increase in satisfaction

Limitations

Because VOI allows an individualized approach and customization across different metrics, there is no standard way to benchmark against others

Not all best practice measures can be easily quantified and assessed . Some measures may need to be developed internally

Note: All Sources are referenced on slides 11 and 12 of this presentation.

Key Research – 2015

Evaluation Type:  (positive ROI),  (negative ROI),  (value on investment),  (value on health),  (savings)

Program Evaluated:  (lifestyle),  (condition),  (both)

Article	Program Evaluated	Key Statistic	Key Findings	Aon Hewitt Comments
 Economic Analysis of the Return-on-Investment of a Worksite Wellness Program for a Large Multistate Retail Grocery Organization Light et al. <i>Journal of Occupational & Environmental Medicine</i>	<ul style="list-style-type: none"> Employees participating in one of the following <ul style="list-style-type: none"> Well@Work* long-term program Telephonic coaching, At least two Personal Health Assessments (PHA), or Tobacco cessation programming and related incentive Comparison study of participants vs. non participants <p>*Minimum 4 week weight loss challenges, pedometer/activity challenges, and various other multi-week behavioral interventions</p>	<ul style="list-style-type: none"> Reductions in medical costs were observed at several risk and participation levels An average savings of \$133 per participant A 3-year savings estimate of \$285,706 Achieved an overall return on investment of \$4.33 for every dollar invested 	<ul style="list-style-type: none"> The positive ROI and savings estimate indicate that wellness interventions added economic value to Price Chopper/Golub Corporation 	<ul style="list-style-type: none"> Wide variety of programs define a participant All programs not considered equal regarding participation based on best practice <ul style="list-style-type: none"> Even two PHAs would not be considered as rigorous as other three options The study only considers medical cost
 An Evaluation of the Well at Dell Health Management Program: Health Risk Change and Financial Return on Investment Musich et al. <i>American Journal of Health Promotion</i>	<ul style="list-style-type: none"> Incentive-driven, outcomes-based multicomponent corporate health management program including: <ul style="list-style-type: none"> Health risk appraisal (HRA) Wellness/lifestyle management Disease management Comparison study of participants vs. non participants for continuously enrolled employees over 2 years (2010 and 2011) 	<ul style="list-style-type: none"> The Well at Dell program achieved an overall return on investment of \$2.48 for every dollar invested in 2011 	<ul style="list-style-type: none"> Most savings were realized from the HRA/wellness component of the program An incentive-driven, well-managed comprehensive corporate health management program can continue to achieve significant health improvement while promoting health care and productivity cost savings in an employee population 	<ul style="list-style-type: none"> Considers absence through the assessment of short term disability claims Unexpected that HRA/wellness component the most impactful as it would typically be considered largely an increase awareness activity vs. driving behavior change
 For What Illnesses Is a Disease Management Program Most Effective? Jutkowitz et al. <i>Journal of Occupational & Environmental Medicine</i>	<ul style="list-style-type: none"> Disease Management program for 11 chronic conditions: <ul style="list-style-type: none"> Diabetes Asthma Cardiovascular problems Congestive heart failure Arthritis Depression Osteoporosis Musculoskeletal Low-back pain Migraines Gastrointestinal problems Differences-in-differences regression equations were estimated to determine the effect of Disease Management participation by chronic condition 	<ul style="list-style-type: none"> Savings from participating in Disease Management by chronic condition (average health care expenditure difference between participants and nonparticipants) <ul style="list-style-type: none"> Asthma (-\$260) Cardiovascular problems (-\$210) Congestive heart failure (-\$1,182) Depression (-\$266) Musculoskeletal (-\$219) Low back pain (-\$156) Migraines (-\$174) Hospitalizations and avoidable hospitalizations 	<ul style="list-style-type: none"> Disease Management participation did not have an effect on absenteeism for any of the chronic conditions The following conditions experienced a significant reduction in health care spend <ul style="list-style-type: none"> Asthma Cardiovascular problems Congestive heart failure Depression Musculoskeletal Low back pain Migraines 	<ul style="list-style-type: none"> Poses a different question than simple return on programs Dives deeper into the question of which conditions are most impacted through a traditional disease management program Statistically significant impact in health care expenditures and hospitalizations only

Note: All Sources are referenced on slides 11 and 12 of this presentation.

Key Research – 2014

Evaluation Type:  (positive ROI),  (negative ROI),  (value on investment),  (value on health),  (savings)
 Program Evaluated:  (lifestyle),  (condition),  (both)

Article	Program Evaluated	Key Statistic	Key Findings	Aon Hewitt Comments
 Managing Manifest Diseases, But Not Health Risks, Saved PepsiCo Money Over Seven Years  Caloyeras et al.  <i>Health Affairs</i> 	<ul style="list-style-type: none"> Evaluated the PepsiCo wellness program by analyzing health and pharmacy plan claims data with Healthy Living eligibility and participation data for all employees and dependents 	<ul style="list-style-type: none"> Disease Management produced healthcare savings of \$136 PMPM, largely because of a 29% reduction in hospital admission For each dollar invested on Disease Management, the company saw a return of \$3.78 For each dollar invested on Lifestyle Management, it only saw a return of \$0.48 	<ul style="list-style-type: none"> Disease Management generated cost savings No savings can be attributed to the lifestyle management components of PepsiCo's program 	<ul style="list-style-type: none"> The study provides limited information on methodological considerations such as the crossover between Disease Management and Lifestyle Management, employee turnover during study period, and program design—therefore the degree to which best practice design dimensions were met cannot be discerned, especially for Lifestyle Management program elements
 Sustained Economic Value of a Wellness and Disease Prevention Program: An 8-Year Longitudinal Evaluation  Schwartz et al. <i>Population Health Management</i>	<ul style="list-style-type: none"> Determined the sustained economic impact of a health promotion/disease prevention program delivered through a large regional health plan Conducted retrospective analysis of health risk, health claims, and cost Compared program participants to nonparticipants 	<ul style="list-style-type: none"> Return on Investment (ROI) Ratios range from a low of \$1.16 and to a high of \$2.83 for every dollar invested The average ROI collapsed across all 8 years was \$2.02 for every dollar invested ROI approximated over \$6 million in total savings 	<ul style="list-style-type: none"> Each program year generated a positive ROI 	<ul style="list-style-type: none"> The short study duration and view of available data offered a limited understanding of program impact and sustainability within the direct strategy and unique culture of the organization
 Estimating the Return on Investment From a Health Risk Management Program Offered to Small Colorado-Based Employers  Goetzel et al. <i>Journal of Occupational and Environmental Medicine</i>	<ul style="list-style-type: none"> Tracked changes in 10 modifiable health risks for workers at 121 Colorado businesses that participated in a comprehensive worksite health promotion program 	<ul style="list-style-type: none"> ROI model estimated medical and productivity savings of \$2.03 for every \$1.00 invested 	<ul style="list-style-type: none"> Small businesses can realize a positive ROI from effective risk reduction programs 	<ul style="list-style-type: none"> Small businesses can realize greater potential savings through relatively modest changes A culture of health can be created internally—and interest can be garnered through available resources for an effective risk reduction program
 The Relationship Between Return on Investment and Quality of Study Methodology in Workplace Health Promotion Programs Baxter et al. <i>American Journal of Health Promotion</i>	<ul style="list-style-type: none"> Determine the relationship between (ROI) and quality of study methodology in workplace health promotion programs 	<ul style="list-style-type: none"> Overall weighted ROI was \$1.38 (± \$1.97) for every dollar invested, which indicates a 138% return on investment High-quality studies had a smaller mean ROI, 0.26 ± 1.74 compared to moderate 0.90 ± 1.25 and low-quality 2.32 ± 2.14 studies 	<ul style="list-style-type: none"> Almost all studies reported a positive ROI with significant range ROI estimations may depend on the quality of the study methodology Methodological quality has improved over time 	<ul style="list-style-type: none"> As the industry has shifted towards valuation of health, the quality of evaluation methodology is critical to understanding ROI reporting It is critical that employers and clients have a significant understanding of the ROI methodology and quality of analysis A more conservative ROI that considers all associated program costs may deliver more realistic results

Note: All Sources are referenced on slides 11 and 12 of this presentation.

Key Research – 2013

Evaluation Type:  (positive ROI),  (negative ROI),  (value on investment),  (value on health),  (savings)

Program Evaluated:  (lifestyle),  (condition),  (both)

	Article	Program Evaluated	Key Statistic	Key Findings	Aon Hewitt Comments
  	A Hospital System's Wellness Program Linked To Health Plan Enrollment Cut Hospitalizations But Not Overall Costs Gowrisankaran et al. <i>Health Affairs</i>	<ul style="list-style-type: none"> Examined the effectiveness of a comprehensive wellness program for a hospital system Specific focus on financial outcomes 	<ul style="list-style-type: none"> 12% reduction in hospitalizations \$22.20 PMPM decrease in inpatient health claims cost \$19 PMPM increase in non-inpatient claims costs 41% decrease in hospitalization rates 	<ul style="list-style-type: none"> Although the program did cut hospitalizations, it did not save money for the employer in the short term Affordable Care Act incited wellness program incentives are unlikely to greatly reduce short run health care spending 	<ul style="list-style-type: none"> Employees appeared to be motivated by the financial incentive to participate in the wellness program and the "culture of health" promoted by their institution Reduced hospitalizations may have resulted from earlier detection and treatment, better self-management of conditions, smoking cessation, or healthier lifestyles
 	The Impact of the Highmark Employee Wellness Programs on 4-Year Healthcare Costs Naydeck et al. <i>Journal of Occupational and Environmental Medicine</i>	<ul style="list-style-type: none"> Examined the ROI on an employee wellness program designed for 12,000 employees of a health insurance provider Analysis of medical claims from 2001-2005 	<ul style="list-style-type: none"> ROI of \$1.65 for every dollar invested on the program 4-year savings of \$1,335,524 compared with program expenses of \$808,403 \$176 decrease in PMPM health care expenses \$182 decrease in PMPM inpatient expenses 	<ul style="list-style-type: none"> A comprehensive health promotion program can lower the rate of health care cost increases and produce a positive ROI 	<ul style="list-style-type: none"> This study combatted the notion that only the healthy people participate in wellness programs ROI calculations took into consideration all program costs (cost of education, onsite programs etc.) therefore although the ROI was conservative, the methodology was tight, and still showed significant cost savings
  	Can Health Insurance Improve Employee Health Outcome and Reduce Cost? An Evaluation of Geisinger's Employee Health and Wellness Program Maeng et al. <i>Journal of Occupational and Environmental Medicine</i>	<ul style="list-style-type: none"> Evaluated the impact of a private health plan driven employee health and wellness program known as <i>MyHealth Rewards</i> Analyzed claims data, time of first claims related to stroke or MI and total cost of care 	<ul style="list-style-type: none"> Cumulative ROI was approximately \$1.60 for ever dollar invested GHS employee cohort experienced a stroke or MI later than the non-GHS comparison group 10% to 13% cost reduction during the 2nd and 3rd years of the program 	<ul style="list-style-type: none"> Health plan–driven employee health and wellness programs similarly designed as <i>MyHealth Rewards</i> can potentially have a desirable impact on employee health and cost 	<ul style="list-style-type: none"> This study realized population-wide benefits despite 17% active participation in <i>MyHealth Rewards</i> Impact may be due to the program influencing the most appropriate individuals—those at high risk for adverse health outcomes who account for a significant portion of the total cost of care
 	Medical Care Savings From Workplace Wellness Programs: What Is a Realistic Savings Potential? Bolnick et al. <i>Journal of Occupational and Environmental Medicine</i>	<ul style="list-style-type: none"> Estimated long-term potential medical cost savings from workplace wellness programs by linking them with potential reductions in disease Analyzed World Health Organization Global Burden of Disease Study (GBD) and Medical Expenditure Panel Surveys (MEPS) 	<ul style="list-style-type: none"> Lowering risk factors to their theoretical minimums, would reduce average annual costs per working-age adult by 18.4%, 28.4% for retirees, and very low for dependent children. 	<ul style="list-style-type: none"> The potential savings from workplace wellness programs are quite large and supportive of the widespread interest by employers—although, the actual avoidable Cost of Illness (COI) will be less than the attributable COI Medical care savings from workplace wellness programs will increase with time given that more eligible wellness program members participate 	<ul style="list-style-type: none"> This study provides a robust estimate of potential saving associated with workplace wellness programs supporting Aon's point of view

Note: All Sources are referenced on slides 11 and 12 of this presentation.

Discussion of Key Recent Research

Key Trends in Research

As an industry, wellness programming has transformed in two ways: (1) programs are addressing health and wellbeing more holistically—within all four dimensions of wellbeing (physical, emotional, social and financial). As this occurs, the development of holistic evaluation metrics are following at a slower pace. (2) Conversely, holistic health and wellbeing programs have begun identifying and improving on targeted segments of the population to manage specific conditions. Thus, there is an industry-wide recognition to evaluate on narrowly tailored programs rather than an umbrella wellness/wellbeing initiative.

As the industry experiences this shift, methodological considerations and the valuation of health have followed. Study design has more diligently incorporated all or as many program costs as possible to yield the most accurate return. Tighter and more detailed methodology typically cites a more conservative ROI. This does not indicate diminishing returns on programming, rather a higher level of accuracy within evaluation.

Key Findings

Overall most research mature enough to show results are focused on ROI rather than more comprehensive measures of success. Within these studies ROI was positive for some or all of the programs assessed—ranging from \$0.48 to \$4.33 for every dollar invested in wellbeing. The variation among the research results supports that many different types of programs are being implemented and the measurement focus also varies. Although most studies show a positive ROI, the transition to other value based metrics is following at a slower pace. Major studies in 2013 and 2014 were focused on financial return as well as health outcomes driven by medical and pharmacy claims. Only in 2015 did the research begin to address factors beyond medical and pharmacy claims, such as absenteeism and productivity.

Limitations

Conclusively, the most significant limitation to measuring a health and wellness program is the inability to capture benefits that accrue personally within an ROI or VOI calculation—for example quitting smoking, becoming more physically active, eating well-balanced and nutritious meals, and better managing stress. While methodology has shifted to incorporate custom measurement metrics, there is still difficulty identifying successful and quantifiable behavior change within a population because the cited return is based on a cost avoidance rather than monetary gain.

Based on a review of literature, a majority of research on the measurement of health and wellness programs has been conducted using the retrospective cohort methodology. Procedurally, bias may affect the selection of participants and non-participants in a retrospective cohort study and results may be misattributed to potentially unrelated factors. Additionally, the measurement of impact may look at a group of appropriate individuals, discounting healthier individuals and over representing results. Despite these limitations, study design in recent literature has recognized the importance of a long study period and the multidimensional approach to encompass a wider view of wellbeing.

Designing Future Evaluation and Measurement

Summary

Once the focus areas of a wellbeing program are defined, employers should establish custom measurement metrics that reflect both short- and long-term goals against which to measure progress. Developing these metrics should employ a multidisciplinary, collaborative approach, which starts by defining the value of a healthy and high-performing workforce as it relates to organizational success, and thinking **innovatively** about how to measure a program in relation to its objectives. It is important that the current or prospective program plan tactically and operationally supports gathering the necessary data to support the measurement strategy. By identifying the proper reporting methods at the inception of a measurement strategy, employers can drive **efficiency** and potentially yield measurements that are comparable year over year. Additionally, it is important to align the measurement strategy to show what is **valuable** to each individual organization. While there are best practices that can guide a measurement strategy, individual values and definitions of success should not be lost.

Key Findings

- When designing a future evaluation and measurement plan it is important to look at the value and success of a program holistically utilizing a multidisciplinary, collaborative approach. Looking at limited measures of success such as financial outcomes provides an incomplete picture of the impact a program is having and may discount the value
- Understanding and defining the organization specific value proposition as informed by employer's culture and overarching broader business goals is critical. A comprehensive evaluation and measurement plan that aligns with broader organizational and business goals is more effective at demonstrating relevant impact
- Ensuring necessary data to support any measurement strategy is available or can be measured and of high quality is key, as the outcomes are only as reliable as the data that feeds them
- Leading and lagging indicators of success must be considered when designing a comprehensive evaluation and measurement approach. Allowing the program data to mature over the appropriate timeframe is the only way to truly assess its effectiveness



Innovation



Efficiency



Value

Aon Hewitt Resources

Aon Hewitt Health and Benefits consultants can develop measurement and evaluation strategies for wellbeing initiatives that reflect both short- and long-term goals against which to measure progress. The following tools are commonly used by Aon Hewitt Health and Benefits Consultants to guide clients in their measurement strategy year over year:

Optimal Health Metrics (OHM)

A framework for employers to evaluate their program from a variety of different perspectives that encompass best practices around measurement areas and goal setting. Optimal Health Metrics encourages both leading and lagging indicators of success by identifying key indicators of how the strategy is improving employee wellbeing and the impact of those improvements on business results. These indicators organize measurement and goals around a broad spectrum of categories and can be assessed year over year. Indicators are typically taken from employers existing reporting.

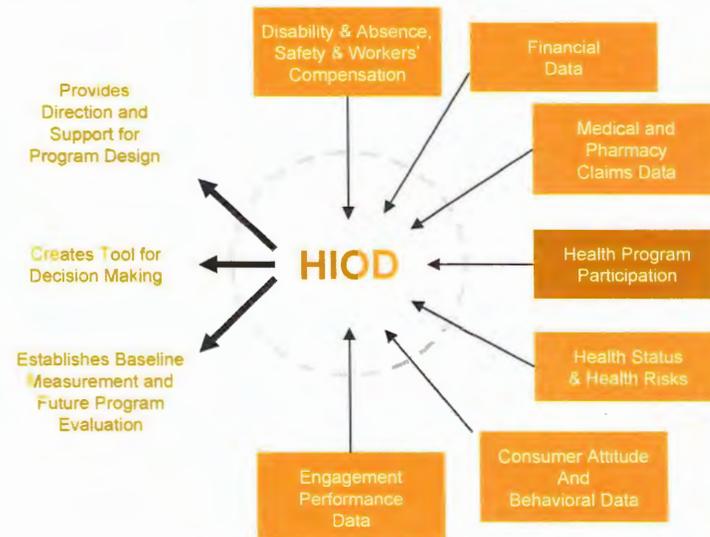
This solution utilizes internal and external report and is suitable for most clients.



Health Intelligence on Demand (HIOD)

A concept and corresponding tool that integrates disparate data sources to create 360° person-centric portraits for every eligible member in order to create a dynamic population baseline of health, risk, productivity, and wellbeing experience. This is not a concept that sets out targeted goals for an employer but rather enables an employer to track and measure success in a multi-dimensional way—allowing employers to see interaction and corresponding value between different metrics within different data types.

This is a comprehensive custom solution which utilizes raw data elements and is suitable for comprehensive analysis purposes and clients



Contact your local Aon Hewitt consultant for additional information on how these services can support your organization.

Note: All Sources are referenced on slides 11 and 12 of this presentation.

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Appendix

Risk. Reinsurance. Human Resources.

Additional Foundational Literature

Article	Program Evaluated	Key Statistic	Key Findings	Aon Hewitt Insights
2014				
<p>Do Workplace Health Promotion (Wellness) Programs Work?</p> <p>Goetzel et al.</p> <p><i>Journal of Occupational and Environmental Medicine</i></p>			<ul style="list-style-type: none"> Workplace programs can be evaluated using a measurement framework organized into the following three categories: program structure, delivery process, and expected clinical, health care utilization/cost, and productivity outcomes. 	<ul style="list-style-type: none"> Before implementing a wellness program, it is critical to consider its goals and whether the organizational culture can facilitate success—and that key plans are in agreement of these outcomes at the inception of the program When evaluating a program, understand the outcomes expected by each stakeholder before beginning or renewing a program
2013				
<p>Workplace Wellness Program Study</p> <p>Matkke et al.</p> <p><i>RAND Health</i></p>	<ul style="list-style-type: none"> Investigates the characteristics of workplace wellness programs, their prevalence, their impact on employee health and medical cost, facilitators of their success, and the role of incentives in such programs 	<ul style="list-style-type: none"> The average annual difference in health care costs is an estimated \$157, but the change is not statistically significant 	<ul style="list-style-type: none"> Participation in a wellness program over 5 years is associated with lower health care costs and decreasing health care use The database analysis noted statistically significant, clinically meaningful and sustainable improvements in physical activity, smoking behavior and weight control 	<ul style="list-style-type: none"> The literature finds positive impacts from workplace wellness programs on health-related behavior and health risks among program participants
<p>A Systematic Review of the Evidence Concerning the Economic Impact of Employee-Focused Health Promotion and Wellness Programs</p> <p>Lerner et al.</p> <p><i>Journal of Occupational and Environmental Medicine</i></p>	<ul style="list-style-type: none"> Assessed the evidence regarding the economic impact of worker health promotion programs by conducting meta analysis of 44 published peer-reviewed research articles 	<ul style="list-style-type: none"> Only 10 studies were of high enough quality to be considered sources of evidence regarding any aspect of the economic impact of WHP programs Few methodologically strong studies 	<ul style="list-style-type: none"> It is premature to conclude that scientific evidence supports a positive, neutral or negative Evidence regarding economic impact is limited and inconsistent. Higher-quality research is needed to demonstrate the value of specific programs. 	<ul style="list-style-type: none"> There has been an industry shift to new methodology and valuation of health—which is why studies are beginning to see mixed results with regard to ROI estimates. Lerner et al highlight the critical point that methodology matters, and influences final numbers in an ROI evaluation
<p>Wellness Incentives in the Workplace: Cost Savings Through Cost Shifting to Unhealthy Workers</p> <p>Horwitz et al</p> <p><i>Health Affairs</i></p>	<ul style="list-style-type: none"> Reviewed results of randomized controlled trials to identify challenges for workplace wellness programs to function as intended 	<ul style="list-style-type: none"> Program savings may not, in fact, derive from health improvements. Instead, they may come from making workers with health risks pay more for their health care than workers without health risks do 	<ul style="list-style-type: none"> Employers savings may come from cost shifting, with the most vulnerable employees probably bearing greater costs that in effect subsidize their healthier colleagues Employers should not interfere with the private lives of employees 	<ul style="list-style-type: none"> Government regulations have made clear distinctions between wellness program incentives that are based on “participation only,” “activity only,” and “outcomes.” Ultimately, Workplace health promotion programs are an expense that employers bear with the anticipation of achieving meaningful rewards—to both employees and the organization
<p>Medicaid Incentive Programs To Encourage Healthy Behavior Show Mixed Results To Date And Should Be Studied And Improved</p> <p>Blumenthal, et al</p> <p><i>Health Affairs</i></p>	<ul style="list-style-type: none"> Tested the effectiveness of the Medicaid incentive program Analyzed credit redemption 		<ul style="list-style-type: none"> Medicaid incentives should be understandable and attractive enough to motivate participation Medicaid incentives should be subject to rigorous evaluation 	<ul style="list-style-type: none"> Despite the large allocation of funds, a health and wellness program that does not clearly convey clear goals and support population needs with defined evaluation metrics at inception may not achieved desired outcomes This study demonstrates the importance of creating a defined and ongoing measurement plan to establish effectiveness

Note: All Sources are referenced on slide 15 of this presentation.

Sources of Footnotes

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1. Ron Z. Goetzel; Rachel Mosher Henke; Maryam Tabrizi; Kenneth R. Pelletier (2014). Do Workplace Health Promotion (Wellness) Programs Work? *Journal of Occupational and Environmental Medicine*. Retrieved from http://journals.lww.com/joem/Abstract/2014/09000/Do_Workplace_Health_Promotion_Wellness_Programs.6.aspx
2. Soeren Mattke, Hangsheng Liu, John Caioyeras, Christina Y. Huang, Kristin R. Van Busum, Dmitry Khodyakov, Victoria Shier (2013). Workplace Wellness Program Study. *RAND Health*. Retrieved from http://www.rand.org/pubs/research_reports/RR254.html
3. Lerner, Debra; Rodday, Angie Mae; Cohen, Joshua; Rogers, William (2013). A Systematic Review of the Evidence Concerning the Economic Impact of Employee-Focused Health Promotion and Wellness Programs. *Journal of Occupational and Environmental Medicine*. Retrieved from http://journals.lww.com/joem/Abstract/2013/02000/A_Systematic_Review_of_the_Evidence_Concerning_the.15.aspx
4. Jill Horwitz, Brenna Kelly, John DiNardo (2013). Wellness Incentives in the Workplace: Cost Savings Through Cost Shifting to Unhealthy Workers. *Health Affairs*. Retrieved from <http://content.healthaffairs.org/content/32/3/468.short>
5. Karen J. Blumenthal, Kathryn A. Saulsgiver, Laurie Norton, Andrea B. Troxel, Joseph P. Anarella, Foster C. Gesten (2013). Medicaid Incentive Programs To Encourage Healthy Behavior Show Mixed Results To Date And Should Be Studied And Improved. *Health Affairs*. Retrieved from <http://content.healthaffairs.org/content/32/3/497.long>



State of Nebraska FY2015 Annual Report

Pete Ricketts, Governor

December 1, 2015

Senator Heath Mello
Appropriations Committee, Chairperson
PO Box 94604
State Capital Building
Lincoln, NE 68509

Dear Chairman Mello:

Nebraska Department of Administrative Services is pleased to submit the State of Nebraska Health Insurance Plan Annual Report for the plan year July 1, 2014 to June 30, 2015. This submission is pursuant to Nebraska Revised Statute 50-502.

This report provides an overview of the financial management, participation, and outcomes for the State's most recent health plan year. It also includes a brief summary of changes made for the current health plan year (July 1, 2015 to June 30, 2016) and a glossary of health insurance terminology used throughout the report.

We appreciate the committee's interest in the State's health insurance program and look forward to answering any of the committee's questions concerning this report at a future date and time.

Sincerely,



Byron L. Diamond, Director
Department of Administrative Services

cc: Members of the Appropriations Committee

State of Nebraska Health Insurance Plan Annual Report

**Presented to the
Legislature's Appropriations Committee
November 2015**

**For the Plan Year
July 1, 2014 to June 30, 2015**

**Prepared by
State of Nebraska
Department of Administrative Services**



Introduction

The Nebraska Department of Administrative Services (DAS) submits this annual report pursuant to Nebraska Revised Statute 50-502. The agency assures the State's health plans and all other benefits programs comply with state and federal guidelines; provides assistance to state agencies and employees regarding wellness and benefit issues; manages third party administrators and actuarial consultants; provides financial management to the health plan; and continuously researches health care and benefit program trends to assure the State continues to offer a competitive employment package to State employees.



Providing employees health insurance is one of the largest costs of doing business in the modern economy. This is no exception for the State of Nebraska.

In order to manage costs and ensure the program is on solid financial footing, significant plan design changes have been implemented over the last several years including but not limited to: increasing deductibles, adjusting copays and coinsurance, and increasing maximum out-of-pocket expenses for employees.



And like many businesses, in 2009, the State of Nebraska began focusing on employee wellness as a means to contain health care costs and improve the health of employees and their spouses. The State created a Wellness health plan, becoming one of the first states to launch an integrated plan for health coverage tied to wellness program participation. The Wellness health plan, in conjunction with its wellness program, called **wellNEssoptions**, is a unique value-based package which emphasizes smart use of health care along with individually tailored wellness programs.

The State of Nebraska has set a standard for others in the public sector to follow. Since its implementation, the State of Nebraska has earned several prestigious national awards.

DAS will continue to evaluate programs and take steps to control costs, which benefits agencies, employees, and taxpayers across the state. A glossary of commonly used health plan terms used throughout this report has been added at the end of this document.

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Health Plan Overview

For 2014-2015, the State of Nebraska's health insurance program consisted of four (4) self-insured health plans that included the Wellness Plan, Regular Plan, Consumer Focused Plan and High Deductible Plan. The Consumer-Focused Health Plan was added to provide an option for employees to take advantage of Health Savings Accounts to set aside pre-tax funds for future health care expenses.



The Choice Health Plan was no longer offered after June 30, 2014. The State also notified employees the High Deduction Health Plan would be discontinued on June 30, 2015.

Each plan included medical and pharmacy coverage for in-network and out-of-network providers, as well as wellness benefits. The plan year ran from July 1, 2014 through June 30, 2015 with open enrollment running from May 13, 2014 – May 27, 2014. The State ran an active open enrollment, thus, all employees were required to enroll or re-enroll in health insurance during Open Enrollment.

Coverage was offered to eligible State of Nebraska employees and COBRA participants. There were no prerequisites or requirements for employees to participate in the Consumer Focused Plan, Regular Plan or High Deductible Plan. To enroll in the Wellness Health Plan, employees and spouses were required to complete specific programs in the wellNEssoptions program, the requirements include (1) Complete an annual biometric health screening; (2) Complete the annual online health assessment; and (3) Enroll and complete a Wellness Program.

When covered employees and their dependents incurred medical claims, health providers (hospitals, doctors, etc.) sent claims to the State's third party administrators. For the 2014-2015 plan year, United Healthcare (UHC) was the third party administrator for health care claims and its subsidiary, OptumRx, was the third party administrator for pharmacy claims. UHC and OptumRx assured that submitted claims were adjudicated correctly under the provisions outlined in the plan documents set forth by the State of Nebraska. UHC and OptumRx then paid the providers, and once payment cleared the bank, the State reimbursed UHC or OptumRx for the claims through the State Employee Insurance Fund.

What does Self-Insured mean?

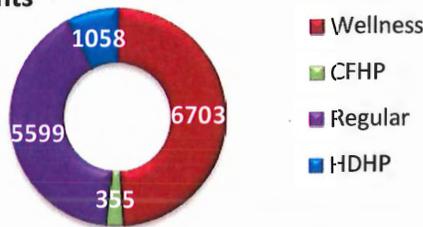
The State assumes the financial risk for providing health care benefits to its employees and contracts with United Healthcare (UHC) to process the claims. Instead of paying fixed premiums to UHC, which are inflated to include profit margins and taxes, the State collects contributions from employees and State agencies which are deposited in to a trust fund and used to pay for health care claims for plan participants after copays and deductibles.

Enrollment & Eligibility

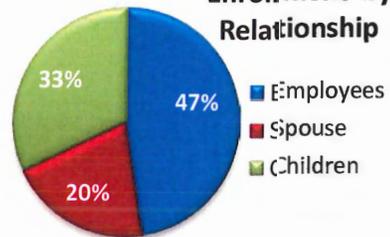
State statute 84-1601 and statute 84-1604 allows for permanent full-time and part-time employees who work a minimum of 20 hours per week to participate in the State health plans. These employees are eligible for coverage the first of the month following 30 days of employment. In addition, state statute 84-1601 and statute 84-1604 also allows temporary employees working a minimum of 20 hours per week and hired into an assignment that is 6 months or longer to also be eligible for coverage in the State health plans after the standard waiting period. State of Nebraska retirees can continue coverage in a State health insurance plan until they are Medicare eligible, which is age 65, as allowed in State of Nebraska Personnel Rules and Regulations, Chapter 17.014; and the NAPE/AFSCME (NAPE) and State of Nebraska Labor Contract, Article 13.2.

As of June 30, 2015, the plan had 13,715 employees enrolled, which included about 277 retirees and 62 COBRA participants. The total number of covered lives was 28,897 which increased .5% from 2013-2014 plan year. Ongoing dependent verification audits were conducted for all new dependents added to the health plan.

13,715 Participants Enrolled

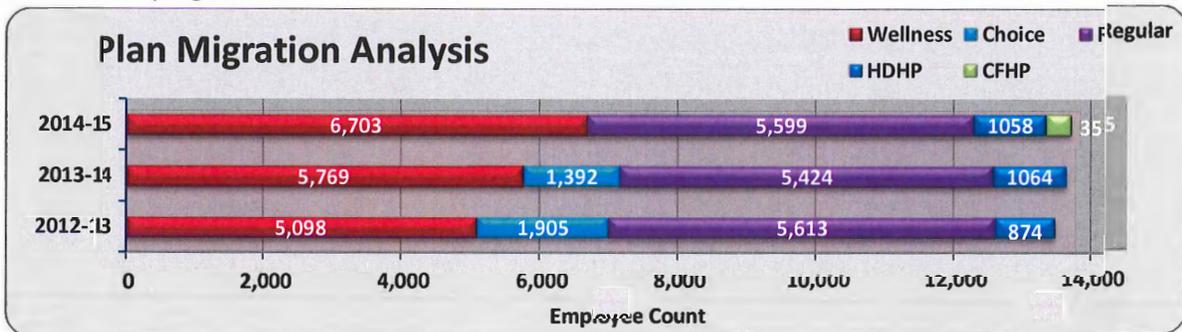


Enrollment by Relationship



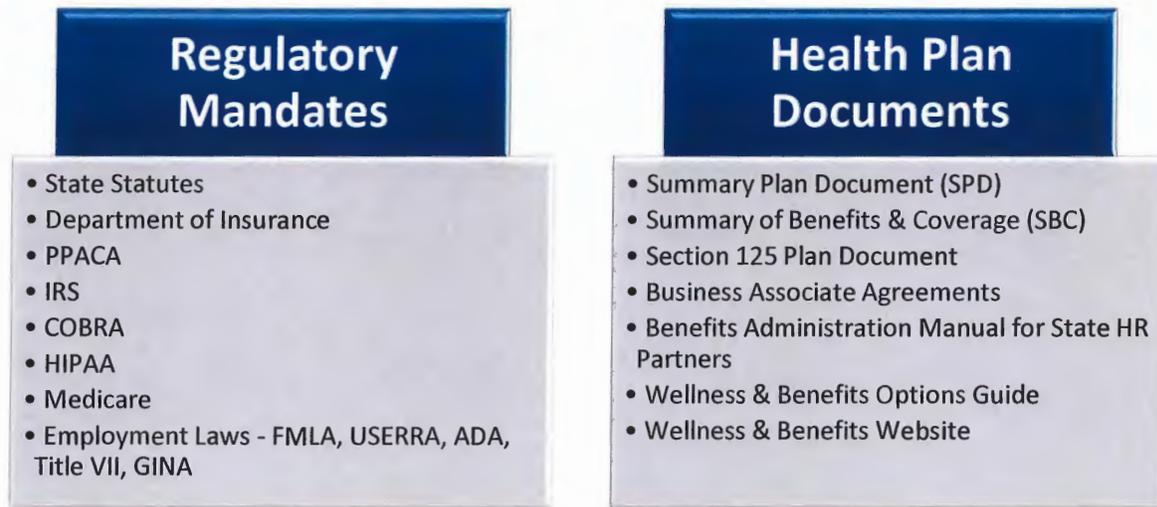
Approximately 56% of employees were female and 44% were male. The average age of employees enrolled in the plan was 47.4, slightly lower than prior year's average of 47.6.

Total enrollment in the State Health Insurance Plan over the past two years has increased 1.7%, potentially due to the impact from the ACA requirement that everyone have healthcare. Individual plan enrollments have changed significantly. Since the Choice plan was eliminated, employees have migrated to the Regular, Wellness or High Deductible plan. The Wellness plan had 49% of the employees enrolled in a health plan during the 2014-2015 plan year, which reflects the importance of the wellness program.



Plan Management & Fund Management

DAS assures the State's health plans and all other benefits programs comply with state and federal guidelines and provides financial management to the health plan. DAS consults with experts in health plan management including AON Hewitt, UHC, and attorneys to constantly monitor changes in health plan management and assure our plan and documentation is in compliance.



State statute 84-1613 established the State Employees Insurance Fund #68960 to pay medical and pharmacy claims, administrative fees and wellness program fees. This fund was administered by DAS and reserve targets were adjusted annually using cost projections from the State's actuary and health care consulting firm. For the 2014-2015 plan year the actuary and health care consultant was Aon Hewitt.

Reserves are imperative to successful management of a self-insured health plan for over 28,000 covered lives. The Health Insurance History Fund #68922 is a subsidiary fund of the State Employees Insurance Fund #68960 and contained the Claims Fluctuation Reserve (CFR). Health Insurance History Fund #68922 is designed to pay for the costs of coverage of unusual or high volume claims that may occur. Health Insurance History Fund #68922 also contains the amount to finance the operation of Program 606, Wellness and Benefits Administration, as approved by and stated in the biennium budget bill. The amount required for Program 606 operation was transferred by the State Treasurer from Fund Health Insurance History Fund #68922 to Health and Life Benefit Administration Fund #28010, established in state statute 84-1616.

During the 2014-2015 plan, the first payment of the Transitional Reinsurance Fee, required under the PPACA, was made. For the calendar year 2014, the fee was \$63 per participant, or approximately \$1.5M. The first installment of \$1.25M was paid in January, 2015. The second installment will be paid in November, 2015. For the calendar year 2015, the fee will be reduced to \$44 per participant.

Another new fee required under PPACA is the PCORI (Patient-Centered Outcomes Research Institute) fee. This fee will be paid every July. In July 2014 the State paid \$23,500 for PCORI and in July 2015 the fee increased to \$47,300.

Self-insured health plans can purchase Stop Loss insurance to limit the amount a plan pays each year for each participant. In 2012-2013 the State of Nebraska purchased a Specific Stop Loss insurance policy through UHC with a \$1 million deductible. Thus, the State's health fund is only responsible for the first \$1 million of claims paid for an individual participant for the plan year.

Each year during renewal, the State analyzes whether or not to continue purchasing Stop Loss Insurance. The State looked at claims for the State and industry health care. Based on the growing frequency of high cost claimants who exceed \$100,000 and health care cost trends, the State decided to continue Stop Loss insurance for 2014-2015 plan year.

In 2014-2015 one participant exceeded \$2 million in claims and eight additional participants exceeded \$500,000. This illustrates the continuing trend of high cost claimants. In 2013-2014, only four claimants exceeded \$500,000 in claims. The State recovered \$1,642,000 in stop loss insurance payments and paid \$653,000 in stop loss premiums.

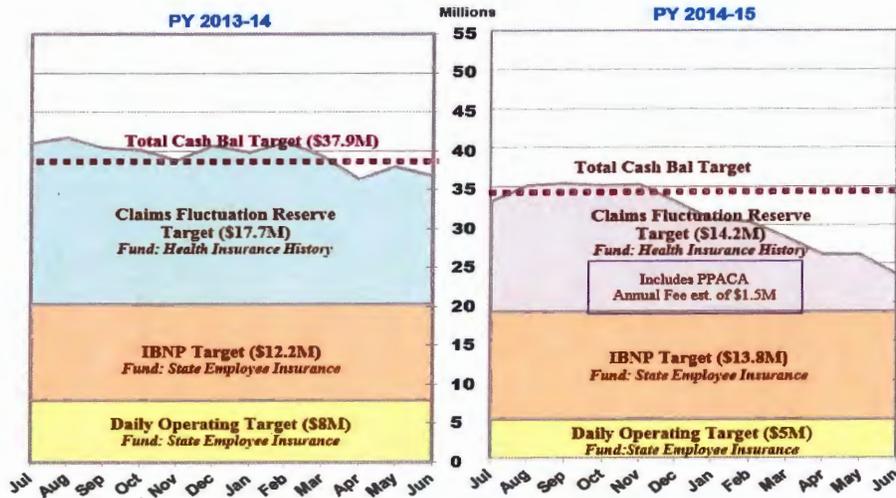
During 2014-15, DAS conducted three audits of the State's 2013-14 health plan. DAS contracted with AON Hewitt to conduct a medical claims audit. DAS contracted with Myers & Stauffer to complete a pharmacy claims audit which also included rebates, customer service, and appeals. Myers & Stauffer also completed a UHC customer service audit. DAS has shared outcomes and recommendations from these audits with our vendors to assure accuracy of claims processing and an improved customer service for our participants.

Aon Hewitt in conjunction with DAS prepared an Incurred But Not Paid (IBNP) Analysis Report, Premium Rate Analysis Report, and Claims Fluctuation Reserve (CFR) Analysis Report for the State. These reports were reviewed at meetings conducted between the Wellness and Benefits Administrator, Personnel Director, Director of DAS, Budget Division, and the Governor to establish plan contribution funding, effective plan designs, and set targets for the plan year.

For plan year 2014-2015, Aon Hewitt recommended a CFR of at least \$14.2 million and IBNP of \$13.8 million. In accordance, the State established a CFR targeted balance of \$14.2 million in Health Insurance History Fund and a targeted balance of \$18.8 million in the State Employees Insurance Fund #68960 which included a Daily Operating Target of \$5 million to cover daily expenses and IBNP of \$13.8 million to cover claims run out from the prior plan year. The Cash Balance Target was reduced from \$37.9 million to \$34.5 million as recommended by AON Hewitt.

A summary of financial activities in State Employees Insurance Fund #68960 for the plan years ending June 30, 2014 and June 30, 2015 are shown on the following page.

PY 2013-14 vs. PY 2014-15
Health Cash Balance*
 PY = Plan Year = Fiscal Year



State of Nebraska Health Insurance Fund
Summary of State Employees Insurance Fund #68960 Activity
Comparison of Plan Years Ending June 30, 2014 and 2015

	Plan Year 2014-2015	Plan Year 2013-2014	Change	
			Dollars	Percent
Contributions				
Contributions	\$167,392,946	\$160,848,652	\$6,544,294	4%
Investment Income	\$331,073	\$330,572	\$501	0%
Total Contributions	\$167,724,019	\$161,179,214	\$6,544,795	4%
Distributions				
Medical Claims & IBNR	\$131,211,499	\$124,130,373	\$7,081,126	5%
Pharmacy Claims	\$37,971,608	\$33,098,022	\$4,873,586	13%
Wellness-Health Fitness	*\$2,885,150	\$2,042,507	\$842,643	29%
Administration Fees	\$8,390,622	**\$6,912,538	\$1,478,084	18%
Total Distributions	\$180,458,879	\$166,183,440	\$14,275,439	8%
Net Difference	-\$12,734,859	-\$5,004,227		

*2014-2015 Wellness-Health Fitness fees included carry over from prior year.

**2013-2014 Administration Fee were lower due to performance guarantees.

State of Nebraska Health Insurance Funds
As of June 30, 2015

	6/30/2015	6/30/2014	\$ Change	% Change
State Employees Insurance Fund #68960	\$9,675,057	\$17,793,411	-\$8,118,354	-46%
Health Insurance History Fund #68922	\$14,499,927	\$18,922,188	-\$4,422,261	-23%
Total Reserves	\$24,174,984	\$36,715,599	-\$12,540,615	-34%

2013-2014 contributions included a \$7.3 million subsidy from reserves.

2014-15 contributions included a \$5.2 million subsidy from reserves.

Health Plan Contributions

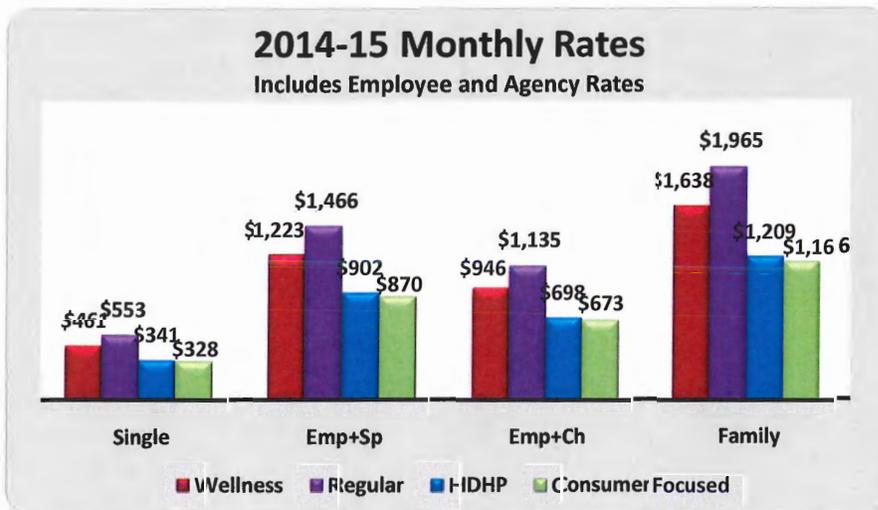
The State Employees Insurance Fund #68960 is funded by health plan contributions from participants and the State. Contributions are collected from employees through payroll deductions and combined with State contributions.

In accordance with state statute 84-1611, the State pays 79% of monthly rates and active, full-time employees pay 21%. Statute 84-1604 requires part-time employees (21-39 hours a week) receive only a proportion of the State contribution. Part-time employees pay 21% of the monthly rate plus a pro-rated amount of the State’s share. Retirees pay 100% of the monthly rate and COBRA participants pay 100% of the monthly rate plus a 2% administration fee.

Health plan contributions are reviewed each year. In December 2013, Aon Hewitt provided the Wellness and Benefits Administrator with a Preliminary Premium Rate Analysis Report. The Wellness and Benefits Administrator, Personnel Director, and Director of DAS reviewed the report along with the State Budget Division and Governor. Contributions and plan design changes were approved in February 2014 and communicated to employees in April 2014, prior to Open Enrollment, and implemented on July 1, 2015.

Contributions to the plan increased from \$161 million to \$168 million.

Monthly rates for all State health plans are determined by actual claims history, projected enrollment, and projected health plan costs. Each health plan is adjusted individually for plan design and experience which can result in different rate changes by plan. In addition, the Regular plan is negotiated as part of the Nebraska Association of Public Employees (NAPE) labor contract. The projected cost increases for 2014-2015 were offset by a \$5.2 million premium subsidy.



2014-15 Rate Increases

- Wellness – 9.6%
- HDHP – 9.7%
- Regular – 10.8%

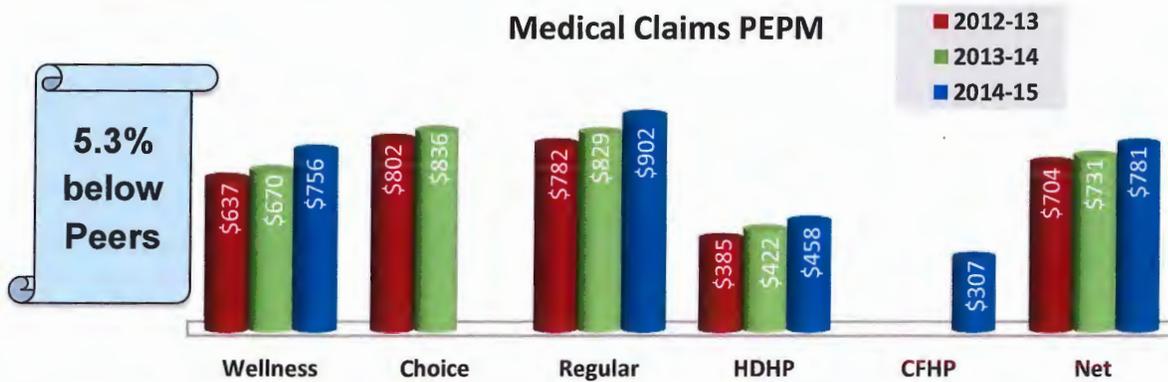
Medical Claims Review

Medical claims were administered by UHC and include costs associated with hospital stays, outpatient services, emergency care, behavior health care, physician office visits and preventive health care, among other services.

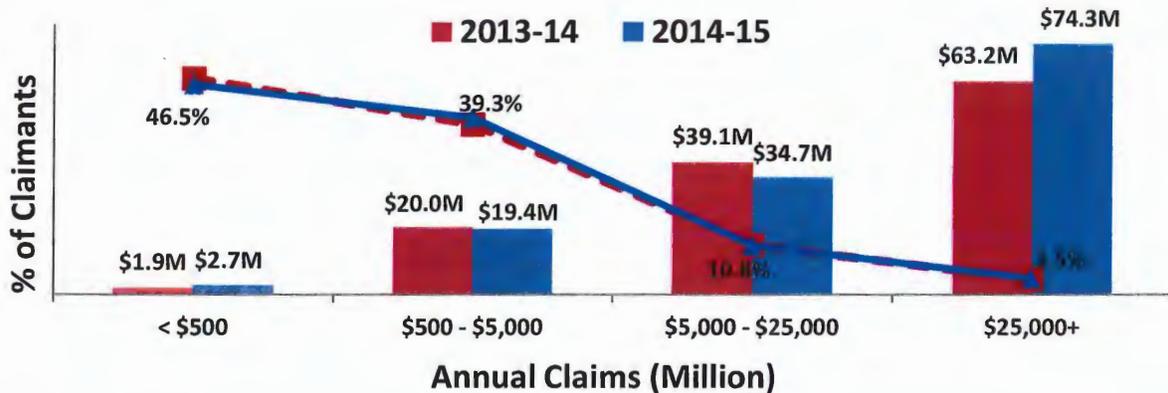
The State Employees Insurance Fund #68960 paid approximately \$131 million of medical claims during plan year 2014-2015, which reflected a 5% increase from the prior year. Factors attributed to this increase include a 13.5% increase in claimants exceeding \$100,000 of medical claims (High Cost Claimants), increase in participants, and increased number of participants utilizing medical benefits.

Consistent with 2013-2014, treatment for musculoskeletal conditions, neoplasms (cancer), and circulatory (heart disease) were the top cost driver of medical claims. Combined, these three diagnosis drive 36% of total medical claims paid per employee per month (PEPM).

The Net Paid PEPM of \$781 reflects a 6.8% increase from the previous year but was 5.3% below our peer group according to UHC. Despite an increase, the Net PEPM remains below 2011-2012 cost per employee.



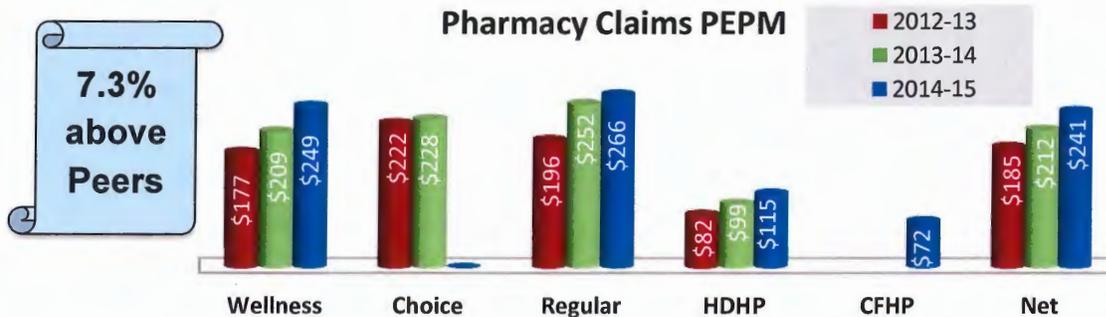
Consistent with other group health plans, a small percentage of participants incurred a high proportion of total medical claims paid. Of the \$131 million spent on medical claims, the plan paid nearly \$74.3 million for 3.5% (998 lives) of the total plan participation of 28,897. Compared to prior year, the percentage of claimants remained consistent for each claims group, however, the plan saw a \$11.1 million increase in claims paid for those who incurred claims of \$25,000 or more.



Pharmacy Claims Review

Pharmacy claims were administered by OptumRx, an affiliate of UHC. The plan paid about \$38M for prescription claims in 2014-2015, a 13% increase from the previous year. The cost paid by the plan per employee was 7.3% higher than the peer group due to higher utilization of specialty drugs, according to UHC.

Roughly 24,700 participants utilized pharmacy benefits in the health plan, filling about 433,000 prescriptions. The average cost per prescription of \$91 increased from \$82 paid the prior year. On average, each participant filled 15.0 prescriptions annually compared to peer group of 10.6.



Members pay a copay for each prescription and the remainder of the cost is paid by the plan.

UHC’s plan breaks drugs in to 3 tiers by cost. Tier 1 includes mostly generic plus some low-cost brand name drugs. Encouraging participants to choose generic prescriptions, primarily in Tier 1, reduces costs for both the employee and the plan.

	2014-15	2013-14	% Change	Peer
Annual Scripts per Participant	15.0	14.6	3.1%	10.6
Average Cost	\$126.25	\$113.44	11.3%	\$116.07
Plan Cost Share	89.9%	87.9%	2.0	87.8%
Employee Cost Share	10.1%	12.2%	-2.1	15.2%
Generic Utilization	82.8%	81.2%	1.6	

Wellness Program - wellNEssoptions



The State’s wellness program was administered by *HealthFitness™*, which provided the State with two dedicated, onsite Wellness employees. Wellness program fees were paid through the State Employees Insurance Fund #68960

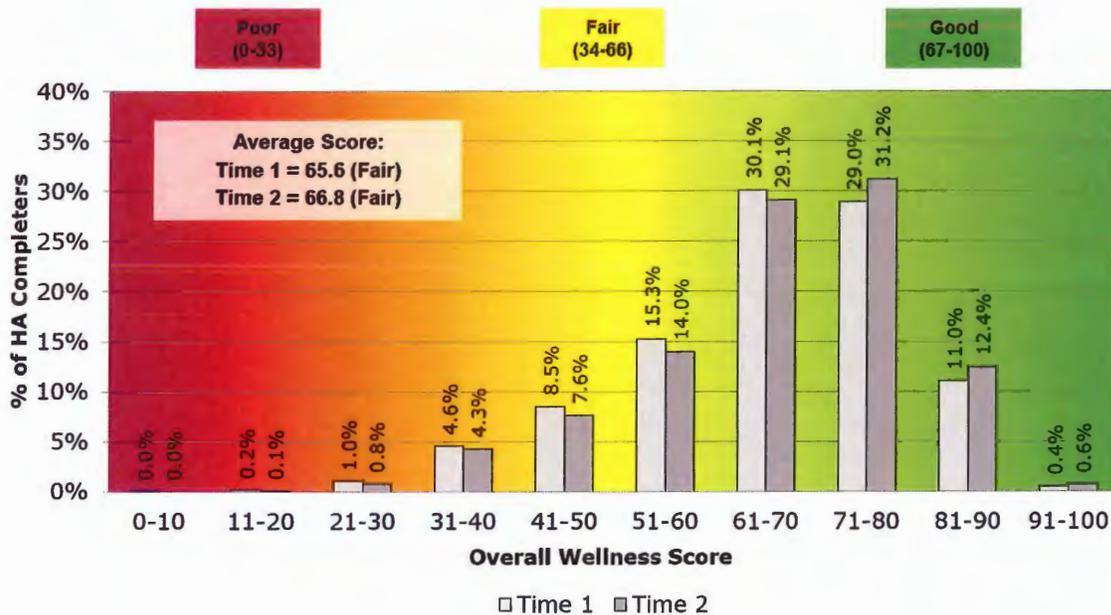
and cost about \$2.9 million for the plan year ending June 30, 2015. The fees in the report include some expenses incurred in 2013-2014 but paid in 2014-15 due to timing of billing. These costs, shared by the State and employees enrolled in the State health plans, provided a comprehensive wellness program that yielded positive health and economic benefits now and likely will in the future.

Wellness Programs

- Interactive Health Platform
- Biometric Screenings
- Health Risk Assessment
- EMPOWERED Coaching
- Personalized Lifestyle Program
- Walk This Way
- Cardio Log
- Preventive Reminders
- Chronic Care Reminders
- Online Resources

Employees and spouses who complete each of (1) Biometric Screening, (2) Health Risk Assessment, and (3) their choice of a wellness program are eligible to elect the Wellness Health Plan which offers lower out of pocket costs for medical and pharmacy health care. For 2014-2015, about 49% of health plan participants qualified and enrolled in the Wellness Health Plan.

Participation in the health screenings and health risk assessments offered during April through May 2015 through *wellNEssoptions* remained consistent with prior year. About 10,700 employees and spouses participated in these event. Employees and spouses who completed a health assessment in 2014 and 2015 saw their overall health score improve 1.8%.



State of Nebraska recognizes individuals and agencies who participate in the **wellNEssoptions** program throughout the year.



Wellness Incentive

Employees and spouses who complete the incentive requirements receive an incentive to elect the Wellness Health Plan for the upcoming year. Over 6,400 employees met the incentive requirements in 2014-2015 and were eligible to elect the wellness health plan on July 1, 2015.

Walk This Way Recognition

In April 2015 Governor Pete Ricketts honored participants in the **wellNEssoptions** Walk This Way® program in the Capitol. Participants in the program averaged over 1.9 million steps during the program year.



Wellness Award Luncheon

On September 11, 2015, over 100 employees joined Governor Ricketts at the Wellness Award Luncheon to honor our 140 Wellness Champions, Wall of Fame recipients, and Agency Directors for their help with promoting and supporting a culture of wellness. This year the following individuals and agencies were recognized for going above and beyond in promoting and establishing a healthy lifestyle.

Wellness Champion Awards

Douglas Barry, Department of Environmental Quality
Kris Bourke, Department of Administrative Services

Agency Wellness Culture Awards

Department of Education
Department of Roads
Nebraska State Treasurer's Office

Snapshot of 2014-2015 Health Program Outcomes

Financial

- Net PEPM for medical increased 6.8%.
- Excluding catastrophic claims, medical PEPM is trending 1.9%.
- Net PEPM for pharmacy increased 13.6%
- Medical PEPM was 5.3% below peer group.
- Pharmacy PEPM was 7.3% above peer group.
- Back and joint replacement surgery account for 8% medical spend.
- Network discount rate was 39% and saved \$91 million.
- 168 participants drive 26% of total spend and exceed \$100,000 in claims.
- 1 participant exceeded \$2 million in claims.

Clinical

- Age/gender risk is 10.4% higher than peer.
- Emergency room visits are 35.0% lower than UHC Peer group.
- Inpatient utilization decreased 2.0%; Outpatient decreased 0.5%.
- Top three diagnosis was diabetes, hypertension, and back pain.
- Muskeletal, cancer, and diabetes drive 36% of medical costs.
- Increased prevalence since 2012-2013 of Chronic Obstructive Pulmonary Disease (COPD), diabetes, and pregnancy.
- Claimants with COPD increased 21% over the last two years.
- 9.2% of members have primary diagnosis of diabetes.

Engagement

- 53.5% of eligible employees and spouses participate in wellness.
- Wellness Health Plan participation increased 16%.
- Over 4,000 employees received a flu shot at a State onsite clinic.
- Over 11,900 participants participated in **wellNEssoptions** programs.
- 95% of high cost claimants engaged in clinical program with UHC.
- Overall wellness score increased 1.8% for for 2-year participants.
- Healthy eating and physical activity are top coaching goals.
- 5,793 participants enrolled in wellNEssoptions coaching programs.
- Wellness & Benefits traveled statewide hosting education meetings and help desks about health plans and wellness.

Looking Ahead

The State continues to focus on providing employees with a quality health insurance program integrated with wellness. The State discontinued the High Deductible Health Plan on June 30, 2015. The strategy of the plan designs is to offer three distinct options: a wellness and non-wellness PPO plan and a qualified high deductible plan with lower premiums. This strategy is designed to leverage the value of wellness and the value of a tax advantaged consumer-focused health plan.

Aon Hewitt provided the State with actuarial cost projections. Costs were impacted by new PPACA plan design requirements and fees, health care trend of 5 to 7%, and eliminating premium subsidies which reduced premium increases in previous years but also reduced reserves in the State Health Insurance Funds. Plan design changes were bargained for the Regular plan with NAPE for the 2015-16 and 2016-17 plan years through negotiations.

	2015-2016 Contribution Increases
Wellness Health Plan	11.0%
Regular Health Plan	11.0%
Consumer Focused Health Plan	6.5%

The Accountable Care Act continues to impact the State's health plan cost and administrative requirements for compliance. Beginning July 1, 2015, the State is required to offer health insurance at full-time rates for employees working 30 hours or more on average. The State determines eligibility for employees working more than 30 hours a week through a 12-month look-back measurement.

Also, in January 2016, the State will be required to report to the IRS and to employees eligible and enrolled on the State's health insurance coverage during 2015.

Finally, the State continues to monitor the impact of the excise tax exposure that will affect the health plans and other tax advantaged benefits beginning in 2018.

HealthFitness continues to administer **wellNEssoptions** for 2015-16. The following changes were implemented beginning April 1, 2015:

- ✓ Added a nutrition program called Colorful Choices.
- ✓ Coaching participants must complete 10 or more goals to qualify for Wellness Health Plan.

The State is continually monitoring health care trends in the industry and partnering with groups such as Aon Hewitt, UHC and others to seek out, analyze and provide the best features and options for employees and taxpayers. The State is researching alternative cost management solutions including value based network agreements.

The State also recognizes the total health of our workforce extends beyond physical well-being to also include other personal and economic needs. In addition to a competitive health and wellness program, DAS also works to ensure that employees and their families are able to participate in other group benefits including dental, vision, employee assistance program, flexible spending accounts, life and long term disability. We offer a quality benefit package designed to attract and retain a best in class State of Nebraska workforce.

Glossary

Aon Hewitt – An independent, nationally recognized actuary and health care consulting firm.

Brand Name Drug - A drug that has a trade name and is protected by a patent (It can be produced and sold only by the company holding the patent).

CFR (Claims Fluctuation Reserve) - An amount of money set aside (reserved) to pay for an unusually high volume of claims or unexpected number of claims.

Chronic Conditions - A diagnosis of diabetes mellitus, migraine, hypertension, hypertensive heart disease, heart failure, chronic bronchitis, asthma, etc.

Claimant - A unique participant for whom a claim was submitted for payment.

Claims Fluctuation Reserve Report – Report illustrating the appropriate level for various claim fluctuation reserves developed through simulation modeling of expected claims.

COBRA (Consolidated Omnibus Budget Reconciliation Act) - An option for a worker to continue group health benefits for a limited time following the termination of those benefits due to job loss, reduction in work hours, etc.

Employee - The primary subscriber of the health benefits. Employee includes active employees, retirees, and COBRA participants.

Generic Drug - Drug which contains the same active ingredients as brand-name medications but often cost less. Once the patent of a brand-name medication ends, the FDA can approve a generic version with the same active ingredients.

HealthFitness™ - Administrator of the State's wellness program, [wellNESSoptions](#).

High Cost Claimant - A claimant whose total net payments for a given time period are equal to or in excess of \$100,000.

HIPAA (Health Insurance Portability and Accountability Act of 1996) – Law designed to help people keep health insurance and provide privacy standards to protect healthcare information.

IBNP (Incurred But Not Paid) - Estimate of health plan claims incurred for a time period for which payments have not been processed.

IBNR Analysis Report – Report prepared by Aon Hewitt for the State which provides an estimate of medical and pharmacy claims incurred as of the last day of the plan year but not yet processed for payment.

Glossary (continued)

NAPE/AFSCME – Nebraska Association of Public Employees, Local 61, of the American Federation of State, County and Municipal Employees. The labor union who represents several groups of employees who work at the State of Nebraska.

Net Paid - The total amount paid by the plan, after the application of discounts and after any member responsibility and coordination of benefits.

Network Discount Percent - Amount of reduction from billed amount that the third party administrator has negotiated with the provider.

Network Utilization - Eligible charges incurred using in-network providers.

OptumRx – Pharmacy benefit manager affiliated with UHC and administrator of the State’s pharmacy benefit plan.

Norm - Based on a peer group average and not adjusted for characteristics of covered population.

Outpatient – Medicare care or treatment that does not require an overnight stay in a hospital or medical facility. It may be provided in a medical office, hospital or outpatient surgery center.

Participant - A person eligible for plan benefits. A participant may be an employee, covered spouse or other legal dependent.

Peer Group - A group of city, state, and county public employers selected by UHC.

PEPM (Per Employee Per Month) - The average revenues, expense, or utilization of services for one employee for one month.

PMPM (Per Member Per Month) - The average revenues, expense or utilization of services for one participant for one month.

PPACA (Patient Protected and Affordable Care Act) – Health care legislation signed in to law March 23, 2010. The law includes new health plan provisions rolled out over multiple years.

Premium Rate Analysis Report – Report used to project contribution rates for the upcoming plan year(s) based on claims experience and participant data.

Preventive Visits - Professional office visits considered precautionary.

United Healthcare (UHC) – Administrator of the State’s health insurance program.

wellNEssoptions - The State of Nebraska’s wellness program, administered by HealthFitness™.





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