Aon plc
Form 10-Q
October 28, 2016

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED September 30, 2016

OR

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

Commission file number 1-7933

Aon plc
(Exact Name of Registrant as Specified in Its Charter)

ENGLAND AND WALES	98-1030901
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

122 LEADENHALL STREET, LONDON, ENGLAND	EC3V 4AN
(Address of Principal Executive Offices)	(Zip Code)

+44 20 7623 5500
(Registrant's Telephone Number, Including Area Code)

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

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

Indicate by check mark 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 x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO ý

Number of Class A Ordinary Shares of Aon plc, $0.01 nominal value, outstanding as of October 20, 2016:
263,094,046

PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Aon plc
Condensed Consolidated Statements of Income
(Unaudited)

(millions, except per share data)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Revenue				
Commissions, fees and other	$2,740	$ 2,736	$8,288	$ 8,378
Fiduciary investment income	6	6	16	16
Total revenue	2,746	2,742	8,304	8,394
Expenses				
Compensation and benefits	1,611	1,644	4,948	4,980
Other general expenses	713	685	2,079	2,283
Total operating expenses	2,324	2,329	7,027	7,263
Operating income	422	413	1,277	1,131
Interest income	1	3	6	10
Interest expense	(70)	(72)	(212)	(205)
Other income	9	8	27	51
Income before income taxes	362	352	1,098	987
Income taxes	48	49	177	155
Net income	314	303	921	832
Less: Net income attributable to noncontrolling interests	7	8	27	31
Net income attributable to Aon shareholders	$307	$ 295	$894	$ 801
Basic net income per share attributable to Aon shareholders	$1.15	$ 1.05	$3.32	$ 2.83
Diluted net income per share attributable to Aon shareholders	$1.14	$ 1.04	$3.30	$ 2.80
Cash dividends per share paid on ordinary shares	$0.33	$ 0.30	$0.96	$ 0.85
Weighted average ordinary shares outstanding - basic	267.5	280.9	269.1	283.2
Weighted average ordinary shares outstanding - diluted	269.6	283.8	271.0	285.9

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Aon plc
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net income	$314	$ 303	$921	$ 832
Less: Net income attributable to noncontrolling interests	7	8	27	31
Net income attributable to Aon shareholders	307	295	894	801
Other comprehensive (loss) income, net of tax:				
Change in fair value of financial instruments	—	(10)	(11)	(11)
Foreign currency translation adjustments	(89)	(229)	(227)	(376)
Post-retirement benefit obligation	18	18	(132)	62
Total other comprehensive loss	(71)	(221)	(370)	(325)
Less: Other comprehensive loss attributable to noncontrolling interests	—	(4)	—	(6)
Total other comprehensive loss attributable to Aon shareholders	(71)	(217)	(370)	(319)
Comprehensive income attributable to Aon shareholders	$236	$ 78	$524	$ 482

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Aon plc
Condensed Consolidated Statements of Financial Position

(millions, except nominal value)	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 483	$ 384
Short-term investments	463	356
Receivables, net	2,391	2,734
Fiduciary assets	8,710	9,932
Other current assets	424	329
Total Current Assets	12,471	13,735
Goodwill	8,452	8,448
Intangible assets, net	2,038	2,180
Fixed assets, net	738	765
Non-current deferred tax assets	278	234
Prepaid pension	711	1,033
Other non-current assets	564	592
TOTAL ASSETS	$ 25,252	$ 26,987
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,477	$ 1,772
Short-term debt and current portion of long-term debt	250	562
Fiduciary liabilities	8,710	9,932
Other current liabilities	929	819
Total Current Liabilities	11,366	13,085
Long-term debt	5,910	5,138
Non-current deferred tax liabilities	36	37
Pension, other post-retirement and post-employment liabilities	1,687	1,795
Other non-current liabilities	759	769
TOTAL LIABILITIES	19,758	20,824
EQUITY		
Ordinary shares - $0.01 nominal value Authorized: 750 shares (issued: 2016 - 263.5; 2015 - 269.8)	3	3
Additional paid-in capital	5,522	5,409
Retained earnings	3,702	4,117
Accumulated other comprehensive loss	(3,793)	(3,423)
TOTAL AON SHAREHOLDERS' EQUITY	5,434	6,106
Noncontrolling interests	60	57
TOTAL EQUITY	5,494	6,163
TOTAL LIABILITIES AND EQUITY	$ 25,252	$ 26,987

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

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Aon plc
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)

(millions)	Shares	Ordinary Shares and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Non-controlling Interests	Total
Balance at December 31, 2015	269.8	$ 5,412	$ 4,117	$ (3,423)	$ 57	$ 6,163
Net income	—	—	894	—	27	921
Shares issued - employee benefit plans	0.6	40	—	—	—	40
Shares issued - employee compensation	3.5	(169)	—	—	—	(169)
Shares purchased	(10.4)	—	(1,051)	—	—	(1,051)
Tax benefit - employee benefit plans	—	60	—	—	—	60
Share-based compensation expense	—	228	—	—	—	228
Dividends to shareholders	—	—	(258)	—	—	(258)
Net change in fair value of financial instruments	—	—	—	(11)	—	(11)
Net foreign currency translation adjustments	—	—	—	(227)	—	(227)
Net post-retirement benefit obligation	—	—	—	(132)	—	(132)
Purchases of shares from noncontrolling interests	—	(46)	—	—	(4)	(50)
Dividends paid to noncontrolling interests on subsidiary common stock	—	—	—	—	(20)	(20)
Balance at September 30, 2016	263.5	$ 5,525	$ 3,702	$ (3,793)	$ 60	$ 5,494

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

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Aon plc
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(millions)	Nine Months Ended September 30, 2016	September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 921	$ 832
Adjustments to reconcile net income to cash provided by operating activities:		
Gain from sales of businesses and investments, net	(41)	(29)
Depreciation of fixed assets	171	169
Amortization of intangible assets	207	237
Share-based compensation expense	228	239
Deferred income taxes	(7)	(83)
Change in assets and liabilities:		
Fiduciary receivables	1,538	795
Short-term investments — funds held on behalf of clients	(438)	200
Fiduciary liabilities	(1,100)	(995)
Receivables, net	289	232
Accounts payable and accrued liabilities	(277)	(312)
Current income taxes	(29)	(69)
Pension, other post-retirement and other post-employment liabilities	(70)	(191)
Other assets and liabilities	83	270
CASH PROVIDED BY OPERATING ACTIVITIES	1,475	1,295
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	31	23
Purchases of investments	(47)	(3)
Net purchases of short-term investments — non-fiduciary	(108)	(9)
Acquisition of businesses, net of cash acquired	(198)	(26)
Proceeds from sale of businesses	104	54
Capital expenditures	(153)	(225)
CASH USED FOR INVESTING ACTIVITIES	(371)	(186)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share repurchase	(1,037)	(1,150)
Issuance of shares for employee benefit plans	(70)	(148)
Issuance of debt	2,729	3,494
Repayment of debt	(2,308)	(2,860)
Cash dividends to shareholders	(258)	(240)
Noncontrolling interests and other financing activities	(71)	(26)
CASH USED FOR FINANCING ACTIVITIES	(1,015)	(930)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	10	(155)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	99	24
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	384	374
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 483	$ 398

Supplemental disclosures:

Interest paid	$ 196	$ 190
Income taxes paid, net of refunds	$ 153	$ 180

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements and Notes thereto have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The Condensed 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 Condensed Consolidated Financial Statements include, in the opinion of management, all adjustments (consisting of normal recurring adjustments and reclassifications) necessary to present fairly the Company's consolidated financial position, results of operations and cash flows for all periods presented.

Certain information and disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. The results for the three and nine months ended September 30, 2016 are not necessarily indicative of operating results that may be expected for the full year ending December 31, 2016.

Reclassification

Certain amounts in prior years' Condensed Consolidated Financial Statements and related notes have been reclassified to conform to the 2016 presentation.

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. Prior to the fourth quarter of 2015, the Company presented amounts due to taxing authorities within Cash Flows From Operating Activities in the Condensed Consolidated Statements of Cash Flows. These 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 and share-based compensation guidance issued by the Financial Accounting Standards Board (the "FASB") in March 2016. The amount reported in Issuance of shares for employee benefit plans was $220 million for the nine months ended September 30, 2015. This amount, which was reclassified from Accounts payable and accrued liabilities and Other assets and liabilities, was $103 million and $117 million, respectively, for the nine months ended September 30, 2015.

Changes to the presentation of the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 were made related to certain line items within financing activities. In 2016, Purchases of shares from noncontrolling interests and Dividends paid to noncontrolling interests have been aggregated in a new line item titled “Noncontrolling interests and other financing activities” within financing activities. The balances held in these line items for the nine months ended September 30, 2015 were outflows of $5 million and $21 million, respectively. Additionally, Restructuring reserves have been retrospectively reclassified to Other asset and liabilities. The balance held in Restructuring reserves for the nine months ended September 30, 2015 was an outflow of $25 million.

Use of Estimates

The preparation of the accompanying Condensed 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 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. Accounting Principles and Practices

New Accounting Pronouncements

Statement of Cash Flows

In August 2016, the FASB issued new accounting guidance on the classification of certain cash receipts and cash payments. Under the new guidance, an entity will no longer have discretion to choose the classification for a number of transactions, including contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, and distributions received from equity method investees. The new standard will be effective for the Company in the first quarter of 2018, with early adoption permitted. An entity will apply the new guidance through retrospective adjustment to all periods presented. The retrospective approach includes a practical expedient that entities may apply should retrospective adoption be impracticable; in this case, the amendments for these issues may be applied prospectively as of the earliest date practicable. Aon does not expect the adoption of this guidance to have a material impact upon the Company's Condensed Consolidated Financial Statements.

Credit Losses

In June 2016, the FASB issued new accounting guidance on the measurement of credit losses on financial instruments. The new guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. An entity will apply the new guidance through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The guidance is effective for Aon in the first quarter of 2020 and early adoption is permitted beginning in the first quarter of 2019. Aon is currently evaluating the impact that the standard will have on its Condensed Consolidated Financial Statements, as well as the method of transition and period of adoption.

Share-based Compensation

In March 2016, the FASB issued new accounting guidance on several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The new guidance requires all excess tax benefits and tax deficiencies to be recognized as income tax expense or benefit in the income statement and treated as discrete items in the reporting period. Further, excess tax benefits are required to be classified along with other income tax cash flows as an operating activity. Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value should be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. Amendments related to the presentation of employee taxes paid on the statement of cash flows when an employer withholds shares to meet the minimum statutory withholding requirement should be applied retrospectively. Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term should be applied prospectively. An entity may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition method or a retrospective transition method. The guidance is effective for Aon in the first quarter of 2017 and early adoption is permitted.

Aon expects to adopt the guidance in the first quarter of 2017 and is currently evaluating the method of transition. The Company is also finalizing its evaluation of the impact of the new guidance, specifically the changes to the accounting and presentation of excess tax benefits, which could have a significant impact on its Condensed Consolidated Financial Statements. This includes Income tax expense in the Condensed Consolidated Statement of Income, Additional paid-in capital in the Condensed Consolidated Statements of Financial Position, and Cash Flows from Operating Activities and Cash Flows from Financing Activities in the Condensed Consolidated Statements of Cash Flows. The impact will be driven by the Company’s share price at the time share-based payment transactions vest in future periods. Specifically, if the Company's share price increases between the date of grant and the vesting date of an equity award, the Company will recognize an income tax benefit, which will lower the effective tax rate. If the Company's share price decreases between the date of grant and the vesting date, the Company will recognize an income tax provision, which will increase the effective tax rate. The Company does not expect other elements of the guidance to have a material impact on its Condensed Consolidated Financial Statements.

Leases

In February 2016, the FASB issued new accounting guidance on leases, which requires lessees to recognize assets and liabilities for most leases. Under the new guidance, a lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from currently effective U.S. GAAP. The new standard will be effective for the Company in the first quarter of 2019, with early application permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. Aon is currently evaluating the impact the standard will have on its Condensed Consolidated Financial Statements, as well as the method of transition and period of adoption.

Financial Assets and Liabilities

In January 2016, the FASB issued new accounting guidance on recognition and measurement of financial assets and financial liabilities. The amendments in the new guidance make targeted improvements, which include the requirement to measure equity investments with readily determinable fair values at fair value through net income, simplification of the impairment assessment for equity investments without readily determinable fair values, adjustments to existing and additional disclosure requirements, and additional tax considerations. An entity should apply the amendments by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption of the guidance. The guidance is effective for the Company in the first quarter of 2018 and early adoption is permitted. Aon is currently evaluating the impact that the standard will have on the its Condensed Consolidated Financial Statements, as well as the method of transition and period of adoption.

Presentation of Deferred Taxes

In November 2015, the FASB issued new accounting guidance on the balance sheet presentation of deferred taxes, which requires that deferred tax liabilities and assets be classified as non-current. Aon early adopted this guidance in the second quarter of 2016 and retrospectively applied its requirements to all periods presented. For the year ended December 31, 2015, Aon reclassified its current deferred tax positions to non-current and netted the new balances by jurisdiction, which increased Non-current deferred tax assets by $92 million and decreased Non-current deferred tax liabilities by $139 million on the Condensed Consolidated Statement of Financial Position.

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. This guidance was effective for Aon in the first quarter of 2016, which required retrospective application to prior year comparable periods. For the year ended December 31, 2015, Aon reclassified $4 million from Other current assets and $33 million from Other non-current assets to Long-term debt on the Condensed Consolidated Statement of Financial Position.

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 was effective for the Company in the first quarter of 2016. The adoption of this guidance did not have a material impact on the Company's Condensed 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 the Company 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. Aon is currently evaluating the impact that the standard will have on the Company's Condensed Consolidated Financial Statements. The Company is also determining the appropriate method of transition to the guidance, but expects to adopt upon the effective date of January 1, 2018.

3. Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents include cash balances and all highly liquid debt instruments 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, respectively, which approximates fair value.

At September 30, 2016, Cash and cash equivalents and Short-term investments were $946 million compared to $740 million at December 31, 2015. Of the total balances, $85 million and $105 million was restricted as to its use at September 30, 2016 and December 31, 2015, respectively. Included within the September 30, 2016 and December 31, 2015 balances, respectively, were £43.3 million ($56.2 million at September 30, 2016 exchange rates) and £43.3 million ($64.6 million at December 31, 2015 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.

4. Other Financial Data

Condensed Consolidated Statements of Income Information

Other Income

Other income consists of the following (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Foreign currency remeasurement gain (loss)	$ 2	$ 16	$(14)	$33
Gain on disposal of business	—	—	41	20
Equity earnings	4	4	7	10
Income (loss) on financial instruments	3	(12)	(7)	(12)
Other	—	—	—	—
Total	$ 9	$ 8	$27	$51

Condensed Consolidated Statements of Financial Position Information

Allowance for Doubtful Accounts

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Balance at beginning of period	$64	$65	$58	$74
Provision charged to Other general expenses	5	1	17	12
Accounts written off, net of recoveries	(4)	(5)	(11)	(27)
Foreign currency translation	—	2	1	4
Balance at end of period	$65	$63	$65	$63

Other Current Assets

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

	September 30, 2016	December 31, 2015
Taxes receivable	$ 169	$ 94
Prepaid expenses	150	130
Deferred project costs	92	92
Other	13	13
Total	$ 424	$ 329

Other Non-Current Assets

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

	September 30, 2016	December 31, 2015
Deferred project costs	$ 188	$ 210
Investments	124	135
Taxes receivable	73	82
Other	179	165
Total	$ 564	$ 592

Other Current Liabilities

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

	September 30, 2016	December 31, 2015
Deferred revenue	$ 413	$ 394
Taxes payable	74	94
Other	442	331
Total	$ 929	$ 819

Other Non-Current Liabilities

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

	September 30, 2016	December 31, 2015
Taxes payable	$ 268	$ 223
Deferred revenue	152	159
Leases	169	166
Compensation and benefits	56	59
Other	114	162
Total	$ 759	$ 769

5. Acquisitions and Dispositions of Businesses

Acquisitions

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

	Three months ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Risk Solutions	1	—	3	2
HR Solutions	—	1	2	3
Total	1	1	5	5

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):

	Nine months ended September 30,	
	2016	2015
Consideration	$ 207	$ 26
Intangible assets:		
Goodwill	$ 117	$ 18
Other intangible assets	93	1
Total	$ 210	$ 19

The results of operations of these acquisitions are included in the Condensed 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 reportable segment is as follows:

	Three months ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Risk Solutions	—	1	3	2
HR Solutions	—	—	1	1
Total	—	1	4	3

Total pretax gains, net of losses, recognized on the disposals was insignificant for both the three months ended September 30, 2016 and September 30, 2015. Total pretax gains, net of losses, recognized were $41 million and $20 million, respectively for the nine months ended September 30, 2016 and September 30, 2015. Gains and losses recognized as a result of a disposition are included in Other income in the Condensed Consolidated Statements of

Income.

6. Goodwill and Other Intangible Assets

The changes in the net carrying amount of goodwill by reportable segment for the nine months ended September 30, 2016 are as follows (in millions):

	Risk Solutions	HR Solutions	Total
Balance as of January 1, 2016	$ 5,593	$ 2,855	$ 8,448
Goodwill related to current year acquisitions	112	5	117
Goodwill related to disposals	(7)	(26)	(33)
Goodwill related to prior year acquisitions	2	—	2
Foreign currency translation	(56)	(26)	(82)
Balance as of September 30, 2016	$ 5,644	$ 2,808	$ 8,452

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

	September 30, 2016			December 31, 2015		
	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	2,913	1,945	968	2,886	1,809	1,077
Technology and other	540	489	51	541	457	84
Total	$ 4,472	$ 2,434	$ 2,038	$ 4,446	$ 2,266	$ 2,180

Amortization expense from finite lived intangible assets was $72 million and $207 million, respectively, for the three and nine months ended September 30, 2016. Amortization expense from finite lived intangible assets was $78 million and $237 million, respectively, for the three and nine months ended September 30, 2015.

The estimated future amortization for finite lived intangible assets as of September 30, 2016 is as follows (in millions):

	Risk Solutions	HR Solutions	Total
Remainder of 2016	$ 26	$ 40	$ 66
2017	99	134	233
2018	87	90	177
2019	76	73	149
2020	66	60	126
Thereafter	155	113	268
Total	$ 509	$ 510	$ 1,019

7. Debt

Revolving Credit Facilities

As of September 30, 2016, Aon plc had two primary committed credit facilities outstanding: its $400 million U.S. credit facility expiring in March 2017 (the "2017 Facility") and its $900 million multi-currency U.S. credit facility expiring in February 2021 (the "2021 Facility").

Each of these facilities includes 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 September 30, 2016, Aon plc did not have borrowings under either the 2017 Facility or the 2021 Facility, and was in compliance with all covenants contained therein during the nine months ended September 30, 2016.

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 a European multi-currency commercial paper program, which provides for commercial paper to be issued in an aggregate principal amount of up to €300 million. The U.S. commercial paper program is fully and unconditionally guaranteed by Aon plc and the European commercial paper program is fully and unconditionally guaranteed by Aon Corporation. In the aggregate, the Company had $244 million and $50 million of commercial paper outstanding at September 30, 2016 and December 31, 2015, respectively, which is included in Short-term debt and current portion of long-term debt in the Company's Condensed Consolidated Statements of Financial Position. The weighted average commercial paper outstanding for the three and nine months ended September 30, 2016 was $271 million and $251 million, respectively. The weighted average interest rate of the commercial paper outstanding for the three and nine months ended September 30, 2016 was 0.02% and 0.27%, respectively.

Notes

On March 1, 2016, Aon plc issued $750 million of 3.875% Senior Notes due December 2025. The Company used the proceeds of the issuance for general corporate purposes.

On May 27, 2016, $500 million of 3.125% Senior Notes due May 2016 issued by Aon Corporation matured and were repaid in full.

8. Income Taxes

The effective tax rate on net income was 13.2% and 16.1% for the three and nine months ended September 30, 2016, respectively. The effective tax rate on net income was 14.0% and 15.8% for the three and nine months ended September 30, 2015 respectively. The effective tax rate in the third quarter of 2016 was impacted by changes in the geographical distribution of income, including a reduction in forecasted U.S. income resulting from non-cash pension expenses expected in Q4, and certain favorable discrete items.

9. Shareholders' Equity

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 (the "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 (the "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, from time to time, based on prevailing market conditions, and will be funded from available capital.

In the three months ended September 30, 2016, the Company repurchased 2.7 million shares at an average price per share of $110.26 for a total cost of approximately $301 million under the Repurchase Programs. During the nine months ended September 30, 2016, the Company repurchased 10.4 million shares at an average price per share of $101.16 for a total cost of approximately $1.1 billion under the Repurchase Programs. Included in the 2.7 million shares and 10.4 million shares repurchased during the three and nine months ended September 30, 2016 was 128 thousand shares that did not settle until October 2016. These shares were settled at an average price per share of $112.00 and total cost of $14.3 million. In the three months ended September 30, 2015, the Company repurchased 6.3 million shares at an average price per share of $95.75 for a total cost of approximately $600 million. During the nine months ended September 30, 2015, the Company repurchased 11.7 million shares at an average price per share of $98.00 for a total cost of $1.15 billion. In August 2015, the $5 billion of Class A Ordinary Shares authorized under the 2012 Share Repurchase Program was exhausted. At September 30, 2016, the remaining authorized amount for share repurchase under the 2014 Share Repurchase Program was $3.0 billion. Under the Repurchase Programs, the Company has repurchased a total of 88.4 million shares for an aggregate cost of approximately $7.0 billion.

Net Income Per Share

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Shares for basic earnings per share	267.5	280.9	269.1	283.2
Common stock equivalents	2.1	2.9	1.9	2.7
Shares for diluted earnings per share	269.6	283.8	271.0	285.9

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 the three and nine months ended September 30, 2016 and no shares excluded from the calculation for the three and nine months ended September 30, 2015.

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 December 31, 2015	$ (25)	$ (771)	$ (2,627)	$ (3,423)
Other comprehensive (loss) income before reclassifications, net	(16)	(227)	(234)	(477)
Amounts reclassified from accumulated other comprehensive loss:				
Amounts reclassified from accumulated other comprehensive loss	7	—	136	143
Tax benefit	(2)	—	(34)	(36)
Amounts reclassified from accumulated other comprehensive loss, net	5	—	102	107
Net current period other comprehensive (loss) income	(11)	(227)	(132)	(370)
Balance at September 30, 2016	$ (36)	$ (998)	$ (2,759)	$ (3,793)

(1) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Other income, Other general expenses, and Compensation and benefits. See Note 12 "Derivatives and Hedging" for additional information regarding the Company's derivative and hedging activity.
(2) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Compensation and benefits.
In March 2016, the Company entered into an insurance contract that covers a portion of the assets within select U.K. pension schemes. The transaction resulted in a decrease in Prepaid pension assets and Accumulated other comprehensive income of $267 million as the fair value in the insurance policies was deemed to be the present value of the current obligation.

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10. Employee Benefits

The following table provides the components of the net periodic (benefit) cost recognized in the Condensed Consolidated Statements of Income in Compensation and benefits for Aon's material U.K., U.S., and other significant international pension plans located in the Netherlands and Canada (in millions):

	Three months ended September 30,					
	U.K.		U.S.		Other	
	2016	2015	2016	2015	2016	2015
Service cost	$—	$—	$—	$—	$—	$—
Interest cost	37	50	28	33	7	8
Expected return on plan assets, net of administration expenses	(58)	(77)	(39)	(38)	(12)	(12)
Amortization of prior-service cost	—	—	1	—	—	—
Amortization of net actuarial loss	7	11	12	14	3	2
Net periodic (benefit) cost	(14)	(16)	2	9	(2)	(2)
Loss on pension settlement	—	—	—	—	—	—
Curtailment gain and other	—	—	—	—	—	—
Total net periodic cost (benefit)	$(14)	$(16)	$2	$9	$(2)	$(2)

	Nine months ended September 30,					
	U.K.		U.S.		Other	
	2016	2015	2016	2015	2016	2015
Service cost	$—	$—	$—	$2	$—	$—
Interest cost	123	149	83	99	21	25
Expected return on plan assets, net of administration expenses	(187)	(229)	(117)	(115)	(36)	(37)
Amortization of prior-service cost	1	—	2	—	—	—
Amortization of net actuarial loss	24	31	37	41	8	8
Net periodic (benefit) cost	(39)	(49)	5	27	(7)	(4)
Loss on pension settlement	61	—	—	—	—	—
Curtailment gain and other	—	—	—	(1)	—	—
Total net periodic cost (benefit)	$22	$(49)	$5	$26	$(7)	$(4)

Beginning in 2016, 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 Aon's 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.

In March 2016, the Company announced a plan to offer a voluntary one-time lump sum payment option to certain eligible former employees under one of the Company’s U.K. pension plans, that if accepted, would settle the Company’s pension obligations to them. The lump sum cash payment offer closed during the second quarter of 2016. In total, lump sum payments from plan assets of £116 million ($159 million using June 30, 2016 exchange rates) were paid. As a result of this settlement, the Company remeasured the assets and liabilities of the U.K. pension plan during the second quarter of 2016, which in aggregate resulted in a net reduction to the projected benefit obligation of £103 million ($141 million using June 30, 2016 exchange rates) as well as a non-cash settlement charge of £42 million ($61 million using average June 2016 exchange rate) in the second quarter of 2016.

In August 2016, the Company announced a plan to offer a voluntary one-time lump sum payment option to certain eligible former employees under one of the Company's U.S. pension plans, that if accepted, would settle the Company's pension obligations to them. As of September 30, 2016, the offer was still open and a settlement charge is expected in the fourth quarter.

Contributions

The Company expects to contribute approximately $79 million, $54 million, and $17 million, based on exchange rates as of December 31, 2015, to its significant U.K., U.S., and other significant international pension plans, respectively, during 2016. During the three months ended September 30, 2016, contributions of $19 million, $5 million, and $4 million were made to the Company's significant U.K., U.S., and other significant international pension plans, respectively. During the nine months ended September 30, 2016, contributions of $53 million, $24 million, and $14 million were made to the Company's significant U.K., U.S., and other significant international pension plans, respectively.

During the three months ended September 30, 2015, contributions of $16 million, $41 million, and $3 million were made to the Company's significant U.K., U.S., and other significant international pension plans, respectively. During the nine months ended September 30, 2015, contributions of $50 million, $103 million, and $11 million were made to the Company's significant U.K., U.S., and other significant international pension plans, respectively.

11. Share-Based Compensation Plans

The following table summarizes share-based compensation expense recognized in the Condensed Consolidated Statements of Income in Compensation and benefits (in millions):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Restricted share units ("RSUs")	$ 44	$ 44	$ 149	$ 153
Performance share awards ("PSAs")	25	28	70	77
Share options	—	—	—	—
Employee share purchase plans	3	3	9	9
Total share-based compensation expense	$ 72	$ 75	$ 228	$ 239

Restricted Share Units

A summary of the status of the Company's RSUs is as follows (shares in thousands):

	Nine months ended September 30,			
	2016		2015	
	Shares	Fair Value (1)	Shares	Fair Value (1)
Non-vested at beginning of period	7,169	$ 77	8,381	$ 63
Granted	2,108	101	2,298	98
Vested	(2,729)	70	(3,217)	58
Forfeited	(333)	81	(228)	70
Non-vested at end of period	6,215	$ 88	7,234	$ 77

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

Performance Share Awards

The vesting of PSAs is contingent upon meeting a cumulative level of earnings per share performance over a three-year period. The performance conditions are not considered in the determination of the grant date fair value for these awards. The fair value of PSAs is based upon the market price of an Aon ordinary share at the date of grant. Compensation expense is recognized over the performance period based on management's estimate of the number of awards expected to vest. Compensation expense is adjusted to reflect the actual number of shares issued at the end of the programs. The actual issue of shares may range from 0-200% of the target number of PSAs granted, based on the terms of the plan and level of achievement of the related performance target. Dividend equivalents are not paid on PSAs.

Information as of September 30, 2016 regarding the Company's target PSAs granted and shares that would be issued at current performance levels for PSAs granted during the nine months ended September 30, 2016 and the years ended December 31, 2015 and 2014, respectively, is as follows (shares in thousands, dollars in millions, except fair value):

	2016	2015	2014
Target PSAs granted during period	783	993	816
Weighted average fair value per share at date of grant	$100	$96	$81
Number of shares that would be issued based on current performance levels	779	959	1,541
Unamortized expense, based on current performance levels	$64	$40	$11

Share Options

The Company did not grant any share options during either the nine months ended September 30, 2016 or the nine months ended September 30, 2015.

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

	Nine months ended September 30,			
	2016		2015	
	Shares	Weighted- Average Exercise Price	Shares	Weighted- Average Exercise Price
Beginning outstanding	837	$ 40	2,300	$ 32
Granted	—	—	—	—
Exercised	(286)	38	(1,432)	27
Forfeited and expired	(4)	42	(13)	39
Outstanding at end of period	547	41	855	40
Exercisable at end of period	547	41	855	40

The weighted average remaining contractual life, in years, of outstanding options was 2.2 years and 2.6 years at September 30, 2016 and 2015, respectively.

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 $112.49 as of September 30, 2016, which would have been received by the option holders had those option holders exercised their options as of that date. At September 30, 2016, the aggregate intrinsic value of options outstanding, all of which were exercisable, was $39 million.

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Aggregate intrinsic value of stock options exercised	$ 1	$ 3	$ 18	$ 103
Cash received from the exercise of stock options	—	1	11	39
Tax benefit realized from the exercise of stock options	1	1	5	36

Unamortized deferred compensation expense, which includes both options and RSUs, amounted to $416 million as of September 30, 2016, with a remaining weighted-average amortization period of approximately 2.1 years.

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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, enters into monetary intercompany transfers denominated in a currency that differs from its functional currency, or enters into 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 Condensed 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 Condensed Consolidated Statements of Income.

The notional and fair values of derivative instruments are as follows (in millions):

	Notional Amount		Derivative Assets (1)		Derivative Liabilities (2)	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Foreign exchange contracts:						
Accounted for as hedges	$ 794	$ 778	$ 15	$ 32	$ 9	$ 18
Not accounted for as hedges (3)	209	280	—	—	—	—
Total	$ 1,003	$ 1,058	$ 15	$ 32	$ 9	$ 18

(1) Included within Other current assets ($5 million at September 30, 2016 and $15 million at December 31, 2015) or Other non-current assets ($10 million at September 30, 2016 and $17 million at December 31, 2015).
(2) Included within Other current liabilities ($5 million at September 30, 2016 and $13 million at December 31, 2015) or Other non-current liabilities ($4 million at September 30, 2016 and $5 million at December 31, 2015).
(3) These contracts typically are for 30 day durations are executed close to the last day of the most recent reporting month, thereby resulting in nominal fair values at the balance sheet date.

Offsetting of financial assets and derivatives assets are as follows (in millions):

	Gross Amounts of Recognized Assets		Gross Amounts Offset in the Statement of Financial Position		Net Amounts of Assets Presented in the Statement of Financial Position (1)	
Derivatives accounted for as hedges:	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Foreign exchange contracts	$ 15	$ 32	$ (1)	$ (13)	$ 14	$ 19

(1) Included within Other current assets ($4 million at September 30, 2016 and $6 million at December 31, 2015) or Other non-current assets ($10 million at September 30, 2016 and $13 million at December 31, 2015).

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 (1)	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Foreign exchange contracts	$ 9	$ 18	$ (1)	$ (13)	$ 8	$ 5

(1) Included within Other current liabilities ($4 million at September 30, 2016 and $4 million at December 31, 2015) or Other non-current liabilities ($4 million at September 30, 2016 and $1 million at December 31, 2015).

The amounts of derivative gains (losses) recognized in the Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2016 and 2015 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:
Three months ended September 30,	Compensation and Benefits	Other General Expenses	Interest Expense	Other Income (Expense)	Total
2016	$ 10	$ (4)	$ —	$ (7)	$ (1)
2015	(8)	(2)	—	(4)	(14)

Cash Flow Hedge - Foreign Exchange Contracts	Location of future reclassification from Accumulated Other Comprehensive Loss				Gain (Loss) Recognized in Accumulated Other Comprehensive Loss:
Nine months ended September 30,	Compensation and Benefits	Other General Expenses	Interest Expense	Other Income (Expense)	Total
2016	$ 8	$ (9)	$ —	$ (18)	$ (19)
2015	(2)	(1)	—	2	(1)

Cash Flow Hedge - Foreign Exchange Contracts	Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion):				
Three months ended September 30,	Compensation and Benefits	Other General Expenses	Interest Expense	Other Income	Total
2016	$ 1	$ (1)	$ —	$ (2)	$ (2)
2015	2	—	(2)	—	—

Cash Flow Hedge - Foreign Exchange Contracts	Gain (Loss) Reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion):
Nine months ended September 30,	Total

	Compensation and Benefits	Other General Expenses	Interest Expense	Other Income	
2016	$2	$ (2)	$ (1)	$ (5)	$ (6)
2015	3	(1)	(6)	(3)	(7)

The Company estimates that approximately $11 million of pretax losses currently included within Accumulated other comprehensive loss will be reclassified into earnings in the next twelve months.

The amount of gain (loss) recognized in income on the ineffective portion of derivatives for the three and nine months ended September 30, 2016 and 2015 was insignificant.

During the three and nine months ended September 30, 2016, the Company recorded a gain of $2 million and $1 million, respectively, in Other income for foreign exchange derivatives not designated or qualifying as hedges. During the three and nine months ended September 30, 2015, the Company recorded a gain of $15 million and $6 million, respectively, in Other income for foreign exchange derivatives not designated or qualifying as hedges.

Net Investments in Foreign Operations Risk Management

The Company uses non-derivative financial instruments to protect the value of its investments in a number of foreign subsidiaries. Beginning in June 2016, the Company designated its Euro-denominated commercial paper issuances as a non-derivative hedge of a net investment in its European operations. The change in the carrying value of the designated portion of the Euro-denominated commercial paper due to changes in foreign currency exchange rates is recorded in Foreign currency translation adjustment, a component of Accumulated other comprehensive income (loss), offsetting the foreign currency translation adjustment of the hedged net investments that is also recorded in Accumulated other comprehensive income (loss). Any ineffective portions of net investment hedges are reclassified from Accumulated other comprehensive income (loss) into earnings during the period of change.

As of September 30, 2016, the Company has €217 million ($244 million at September 30, 2016 exchange rates) of outstanding Euro-denominated commercial paper designated as a hedge of its net investment in its European operations. The weighted average commercial paper outstanding for the three months ended September 30, 2016 was €217 million and since inception of the hedge was €177 million. As of September 30, 2016, the associated gain recognized in Accumulated other comprehensive income (loss) related to the net investment hedge was $1 million.

The Company did not reclassify any deferred gains or losses related to net investment hedges from Accumulated other comprehensive income (loss) to earnings during the three and nine months ended September 30, 2016. In addition, the Company did not have any ineffectiveness related to net investment hedges during the three and nine ended September 30, 2016.

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 are carried at cost as an approximation of fair value. Based on market convention, the Company considers cost a practical and expedient measure of fair value.

Equity investments consist of domestic and international equity securities valued using the closing stock price on a national securities exchange. 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 securities.

Fixed income investments consist of corporate and government bonds. Corporate and government 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. 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 to 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 Condensed 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.

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 September 30, 2016 and December 31, 2015 (in millions):

		Fair Value Measurements Using		
	Balance at September 30, 2016	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)	$ 1,525	$ 1,525	$ —	$ —
Other investments:				
Government bonds	1	—	1	—
Equity investments	8	6	2	—
Derivatives (2):				
Foreign exchange contracts	15	—	15	—
Liabilities:				
Derivatives:				
Foreign exchange contracts	9	—	9	—

(1) Included within Fiduciary assets, Short-term investments or Cash and cash equivalents in the Condensed 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 derivative and hedging activity.

		Fair Value Measurements Using		
	Balance at December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds (1)	$ 1,396	$ 1,396	$ —	$ —
Other investments:				
Government bonds	1	—	1	—
Equity investments	10	6	4	—
Derivatives (2):				
Foreign exchange contracts	32	—	32	—
Liabilities:				
Derivatives:				
Foreign exchange contracts	18	—	18	—

(1) Included within Fiduciary assets, Short-term investments or Cash and cash equivalents in the Condensed 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 derivative and hedging activity.

There were no transfers of assets or liabilities between fair value hierarchy levels in either the three and nine months ended September 30, 2016 or 2015. The Company recognized no realized or unrealized gains or losses in the Condensed Consolidated Statements of Income during either the three and nine months ended September 30, 2016 or 2015, related to assets and liabilities measured at fair value using unobservable inputs.

The fair value of Long-term debt is classified as Level 2 of the fair value hierarchy. The following table discloses the Company's financial instruments where the carrying amounts and fair values differ (in millions):

	September 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	$5,910	$6,568	$5,138	$5,386

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 Condensed Consolidated Statements of Financial Position and have been recognized in Other general expenses in the Condensed Consolidated Statements of Income to the extent that losses are deemed probable and are reasonably estimable. These amounts are adjusted from time to time as developments warrant. Matters that are not probable and reasonably 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 $0.2 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. The insurers have appealed 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 ($245 million at September 30, 2016 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 ($376 million at September 30, 2016 exchange rates), plus interest and costs. In October 2016, all parties reached an agreement to settle this case (subject only to negotiating the terms of a final, written agreement). The terms of this settlement will not have a material impact on Aon's results of operations or financial condition.

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 September 30, 2016 exchange rates) and $3 million, plus legal fees and interest of approximately $30 million. On December 2, 2014, the Geneva Tribunal of First Instance entered a judgment that accepted some, and rejected other, of IRU's claims. The judgment awarded IRU CHF 16.8 million ($17 million at September 30, 2016 exchange rates) and $3.1 million, plus interest and adverse costs. The entire amount of the judgment, including interest through December 31, 2014, totaled CHF 27.9 million ($29 million at September 30, 2016 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 12.8 million ($14 million at January 31, 2015 exchange rates) and $4.7 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 Geneva Appellate Court affirmed the judgment of the Geneva Tribunal of First Instance. The Aon subsidiary filed an appeal to the Swiss Supreme Court. The Aon subsidiary's maximum liability on appeal is limited to CHF 8.7 million ($9 million at September 30, 2016 exchange rates) and $115,000 (plus interest and costs) beyond what the subsidiary has already paid.

A pensions consulting and administration subsidiary of Aon provided advisory services to the Trustees of the Gleeds pension fund in the United Kingdom and, on occasion, to the relevant employer of the fund. In April 2014, the High Court, Chancery Division, London found that certain governing documents of the fund that sought to alter the fund's benefit structure and that had been drafted by Aon were procedurally defective and therefore invalid. No lawsuit naming Aon as a party has been filed, although a tolling agreement has been entered. The High Court decision says that the additional liabilities in the pension fund resulting from the alleged defect in governing documents amount to approximately £45 million ($58 million at September 30, 2016 exchange rates). In December 2014, the Court of Appeal granted the employer leave to appeal the High Court decision. At a hearing in October 2016, the Court of Appeal approved a settlement of the pending litigation. The fund actuary must still calculate the cost of the settlement to the fund in light of, among other things, changed market conditions since the original High Court judgment in 2014. The tolling agreement with Aon remains in place. 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 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 ($134 million at September 30, 2016 exchange rates) plus interest and costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

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 Condensed 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 $91 million at September 30, 2016, compared to $58 million at December 31, 2015. 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 the Company'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 $10 million at September 30, 2016 compared to $12 million at June 30, 2016 and December 31, 2015. During the three and nine months ended September 30, 2016, 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 $82 million at September 30, 2016 compared to $104 million at December 31, 2015.

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 Condensed 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):

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Risk Solutions	$1,715	$1,689	$5,434	$5,417
HR Solutions	1,041	1,064	2,902	3,013
Intersegment eliminations	(10)	(11)	(32)	(36)
Total revenue	$2,746	$2,742	$8,304	$8,394

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Retail brokerage	$1,377	$1,352	$4,380	$4,363
Reinsurance brokerage	332	331	1,038	1,038
Total Risk Solutions Segment	1,709	1,683	5,418	5,401
Consulting services	459	460	1,216	1,222
Outsourcing	593	616	1,703	1,819
Intrasegment	(11)	(12)	(17)	(28)
Total HR Solutions Segment	1,041	1,064	2,902	3,013
Intersegment	(10)	(11)	(32)	(36)
Total commissions, fees and other revenue	$2,740	$2,736	$8,288	$8,378

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Risk Solutions	$ 6	$ 6	$ 16	$ 16
HR Solutions	—	—	—	—
Total fiduciary investment income	$ 6	$ 6	$ 16	$ 16

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Risk Solutions	$330	$324	$1,132	$1,015
HR Solutions	134	134	276	249
Segment income before income taxes	464	458	1,408	1,264
Unallocated expenses	(42)	(45)	(131)	(133)
Interest income	1	3	6	10
Interest expense	(70)	(72)	(212)	(205)
Other income	9	8	27	51

Income before income taxes	$362	$352	$1,098	$987

Unallocated expenses include administrative or other costs not attributable to the reportable segments, such as corporate governance costs. Interest income represents income earned primarily on operating cash balances and certain income producing securities. Interest expense represents the cost of debt obligations.

Other income consists of equity earnings, realized gains or losses on the sale of investments, gains or losses on the disposal of businesses, gains or losses on derivatives, and gains or losses on foreign currency transactions.

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 5.00% Notes due September 2020, the 8.205% Notes due January 2027 and the 6.25% Notes due September 2040. 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 debt. 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 2.8% Notes due 2021, 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 3.875% Notes due December 2025. 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 4.250% Notes due 2042, the 4.45% Notes due 2043, the 4.00% Notes due 2023, the 2.875% Notes due 2026, the 3.50% Notes due 2024, the 4.60% Notes due 2044, or the 4.75% Notes due 2045. As a result of the existence of these guarantees, the Company is required by Rule 3-10 of Regulation S-X to present the financial information set forth in this footnote.

The following tables set forth condensed consolidating statements of income for the three and nine months ended September 30, 2016 and 2015, condensed consolidating statements of comprehensive income for the three and nine months ended September 30, 2016 and 2015, condensed consolidating statements of financial position as of September 30, 2016 and December 31, 2015, and condensed consolidating statements of cash flows for the nine months ended September 30, 2016 and 2015 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, with Aon plc presented as the parent company in all periods prior and subsequent to the Redomestication. 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.

Condensed Consolidating Statement of Income

(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
	Three months ended September 30, 2016				
Revenue					
Commissions, fees and other	$—	$ —	$ 2,740	$ —	$ 2,740
Fiduciary investment income	—	—	6	—	6
Total revenue	—	—	2,746	—	2,746
Expenses					
Compensation and benefits	25	4	1,582	—	1,611
Other general expenses	(1)	3	711	—	713
Total operating expenses	24	7	2,293	—	2,324
Operating (loss) income	(24)	(7)	453	—	422
Interest income	—	4	5	(8)	1
Interest expense	(51)	(24)	(3)	8	(70)
Intercompany interest income (expense)	3	(135)	132	—	—
Intercompany other income (expense)	328	(277)	(51)	—	—
Other (loss) income	(5)	1	10	3	9
Income (loss) before taxes	251	(438)	546	3	362
Income tax expense (benefit)	14	(93)	127	—	48
Income (loss) before equity in earnings of subsidiaries	237	(345)	419	3	314
Equity in earnings (loss) of subsidiaries, net of tax	67	209	(136)	(140)	—
Net income (loss)	304	(136)	283	(137)	314
Less: Net income attributable to noncontrolling interests	—	—	7	—	7
Net income (loss) attributable to Aon shareholders	$304	$ (136)	$ 276	$ (137)	$ 307

Condensed Consolidating Statement of Income

	Three months ended September 30, 2015				
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue					
Commissions, fees and other	$—	$ —	$ 2,736	$ —	$ 2,736
Fiduciary investment income	—	—	6	—	6
Total revenue	—	—	2,742	—	2,742
Expenses					
Compensation and benefits	28	8	1,608	—	1,644
Other general expenses	1	3	681	—	685
Total operating expenses	29	11	2,289	—	2,329
Operating (loss) income	(29)	(11)	453	—	413
Interest income	(5)	4	4	—	3
Interest expense	(33)	(34)	(5)	—	(72)
Intercompany interest income (expense)	119	(128)	9	—	—
Intercompany other (expense) income	(57)	(17)	74	—	—
Other income	—	2	6	—	8
(Loss) income before taxes	(5)	(184)	541	—	352
Income tax (benefit) expense	(1)	(63)	113	—	49
(Loss) Income before equity in earnings of subsidiaries	(4)	(121)	428	—	303
Equity in earnings of subsidiaries, net of tax	299	355	234	(888)	—
Net income	295	234	662	(888)	303
Less: Net income attributable to noncontrolling interests	—	—	8	—	8
Net income attributable to Aon shareholders	$295	$ 234	$ 654	$ (888)	$ 295

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Condensed Consolidating Statement of Income

	Nine months ended September 30, 2016				
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue					
Commissions, fees and other	$—	$ —	$ 8,288	$ —	$ 8,288
Fiduciary investment income	—	—	16	—	16
Total revenue	—	—	8,304	—	8,304
Expenses					
Compensation and benefits	76	10	4,862	—	4,948
Other general expenses	5	7	2,067	—	2,079
Total operating expenses	81	17	6,929	—	7,027
Operating (loss) income	(81)	(17)	1,375	—	1,277
Interest income	—	13	14	(21)	6
Interest expense	(145)	(78)	(10)	21	(212)
Intercompany interest income (expense)	10	(405)	395	—	—
Intercompany other income (expense)	217	(292)	75	—	—
Other (expense) income	(3)	(8)	39	(1)	27
(Loss) income before taxes	(2)	(787)	1,888	(1)	1,098
Income tax (benefit) expense	(33)	(219)	429	—	177
Income (loss) before equity in earnings of subsidiaries	31	(568)	1,459	(1)	921
Equity in earnings of subsidiaries, net of tax	864	812	244	(1,920)	—
Net income	895	244	1,703	(1,921)	921
Less: Net income attributable to noncontrolling interests	—	—	27	—	27
Net income attributable to Aon shareholders	$895	$ 244	$ 1,676	$ (1,921)	$ 894

Condensed Consolidating Statement of Income

(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
	Nine months ended September 30, 2015				
Revenue					
Commissions, fees and other	$—	$ —	$ 8,378	$ —	$ 8,378
Fiduciary investment income	—	—	16	—	16
Total revenue	—	—	8,394	—	8,394
Expenses					
Compensation and benefits	85	29	4,866	—	4,980
Other general expenses	10	6	2,267	—	2,283
Total operating expenses	95	35	7,133	—	7,263
Operating (loss) income	(95)	(35)	1,261	—	1,131
Interest income	(14)	10	14	—	10
Interest expense	(87)	(101)	(17)	—	(205)
Intercompany interest income (expense)	358	(349)	(9)	—	—
Intercompany other (expense) income	(162)	(40)	202	—	—
Other income	—	10	41	—	51
(Loss) income before taxes	—	(505)	1,492	—	987
Income tax (benefit) expense	—	(180)	335	—	155
(Loss) income before equity in earnings of subsidiaries	—	(325)	1,157	—	832
Equity in earnings of subsidiaries, net of tax	801	925	600	(2,326)	—
Net income	801	600	1,757	(2,326)	832
Less: Net income attributable to noncontrolling interests	—	—	31	—	31
Net income attributable to Aon shareholders	$801	$ 600	$ 1,726	$ (2,326)	$ 801

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Condensed Consolidating Statement of Comprehensive Income

(millions)	Three months ended September 30, 2016 Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income (loss)	$ 304	$ (136)	$ 283	$ (137)	$ 314
Less: Net income attributable to noncontrolling interests	—	—	7	—	7
Net income (loss) attributable to Aon shareholders	304	(136)	276	(137)	307
Other comprehensive (loss) income, net of tax:					
Change in fair value of financial instruments	—	1	(1)	—	—
Foreign currency translation adjustments	—	1	(87)	(3)	(89)
Post-retirement benefit obligation	—	7	11	—	18
Total other comprehensive income (loss)	—	9	(77)	(3)	(71)
Equity in other comprehensive loss of subsidiaries, net of tax	(68)	(81)	(72)	221	—
Less: Other comprehensive income attributable to noncontrolling interests	—	—	—	—	—
Total other comprehensive loss attributable to Aon shareholders	(68)	(72)	(149)	218	(71)
	$ 236	$ (208)	$ 127	$ 81	$ 236

Comprehensive income (loss) attributable to Aon shareholders

Condensed Consolidating Statement of Comprehensive Income

(millions)	Three months ended September 30, 2015 Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	$295	$ 234	$ 662	$ (888)	$ 303
Less: Net income attributable to noncontrolling interests	—	—	8	—	8
Net income attributable to Aon shareholders	295	234	654	(888)	295
Other comprehensive income (loss), net of tax:					
Change in fair value of financial instruments	—	(1)	(9)	—	(10)
Foreign currency translation adjustments	—	(24)	(205)	—	(229)
Post-retirement benefit obligation	—	8	10	—	18
Total other comprehensive loss	—	(17)	(204)	—	(221)
Equity in other comprehensive loss of subsidiaries, net of tax	(217)	(196)	(213)	626	—
Less: Other comprehensive loss attributable to noncontrolling interests	—	—	(4)	—	(4)
Total other comprehensive loss attributable to Aon shareholders	(217)	(213)	(413)	626	(217)
Comprehensive income attributable to Aon Shareholders	$78	$ 21	$ 241	$ (262)	$ 78

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Condensed Consolidating Statement of Comprehensive Income

	Nine months ended September 30, 2016				
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	$ 895	$ 244	$ 1,703	$ (1,921)	$ 921
Less: Net income attributable to noncontrolling interests	—	—	27	—	27
Net income attributable to Aon shareholders	895	244	1,676	(1,921)	894
Other comprehensive (loss) income, net of tax:					
Change in fair value of financial instruments	—	1	(12)	—	(11)
Foreign currency translation adjustments	(2)	22	(248)	1	(227)
Post-retirement benefit obligation	—	23	(155)	—	(132)
Total other comprehensive (loss) income	(2)	46	(415)	1	(370)
Equity in other comprehensive loss of subsidiaries, net of tax	(369)	(426)	(380)	1,175	—
Less: Other comprehensive income attributable to noncontrolling interests	—	—	—	—	—
Total other comprehensive loss attributable to Aon shareholders	(371)	(380)	(795)	1,176	(370)
Comprehensive income (loss) attributable to Aon shareholders	$ 524	$ (136)	$ 881		