BELLSOUTH CORP
Form DEFA14A
March 13, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule14a-6(e)(2))
o Definitive Proxy Statement
o Definitive Additional Materials
þ Soliciting Material Pursuant to Rule 14a-12

BELLSOUTH CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
þ No fee required
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URGENT UPDATE CHANGES TO C-LEVEL AND BELOW VOLUNTARY SEVERANCE OFFER

The letter attached to this email provides important information regarding changes to your pending offer under the BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary (TPPM:V). An amended TPPM:V Summary Plan Description, a revised Benefits Summary Sheet , and an additional copy of the Election and Release form are also attached.

This is the **only** transmittal that you will receive regarding these changes.

If you wish to elect to accept this revised offer you must submit an Election and Release no later than the time and date indicated in the enclosed letter.

You will be eligible to separate under the Plan **only** if your election is approved by the Company.

Questions about this offer and other benefits issues may be directed to the resources provided in the attached revised Benefits Summary Sheet and the Question and Answer document that was sent to you with your original offer letter dated February 6, 2006.

Please carefully read all of the attached revised documents and the other documents provided to you with your original offer letter dated February 6, 2006.

NOTE: In connection with the proposed merger, AT&T intends to file a registration statement on Form S-4, including a joint proxy statement of AT&T and BellSouth, and AT&T and BellSouth will file other materials with the Securities and Exchange Commission (the SEC). Investors are urged to read the registration statement, including the joint proxy statement (and all amendments and supplements to it) and other materials when they become available because they contain important information. *Investors will be able to obtain free copies of the registration and joint proxy statement, when they becomes available, as well as other filings containing information about AT&T and BellSouth, without charge, at the SEC s Web site (www.sec.gov). Copies of AT&T s filings may also be obtained for free from AT&T at AT&T s Web site (www.att.com) or by directing a request to AT&T Inc. Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of BellSouth s filings may be obtained without charge from BellSouth at BellSouth s Web site (www.bellsouth.com) or by directing a request to BellSouth at Investor Relations, 1155 Peachtree Street, Atlanta, Georgia 30309.*

AT&T, BellSouth and their respective directors and executive officers and other members of management and employees are potential participants in the solicitation of proxies in respect of the proposed merger. Information regarding AT&T s directors and executive officers is available in AT&T s 2005 Annual Report on Form 10-K filed with the SEC on March 1, 2006 and AT&T s preliminary proxy statement for its 2006 annual meeting of stockholders, filed with the SEC on February 10, 2006, and information regarding BellSouth s directors and executive officers is available in BellSouth s 2005 Annual Report on Form 10-K filed with the SEC on February 28, 2006 and BellSouth s proxy statement for its 2006 annual meeting of shareholders, filed with the SEC on March 3, 2006. Additional information regarding the interests of such potential participants will be included in the registration and joint proxy statement, and the other relevant documents filed with the SEC when they become available.

Jane A. Killian
Director
600 N. 19th Street 21B3
Birmingham, AL 35203

IMPORTANT: REVISED SEVERANCE OFFER

March 10, 2006

Dear Employee:

This purpose of this letter is to inform you of important changes regarding your pending offer under the BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary (TPPM:V or Plan), including an increase in the severance payment formula to **7** percent of Annual Base Salary per completed year of Net Credited Service (**50** percent minimum; **150** percent maximum). The following changes apply to your offer:

1. The sections of the Plan listed below have been amended:

   Severance Pay (p. 4)

   Regular Stock Option Grants (p. 6)

   Special Stock Option Grants (p. 7)

   Performance Share Grants (p. 7)

   Restricted Stock (p. 8)

The revised terms are reflected in the amended Summary Plan Description, which is included with this letter. A revised Benefits Summary Sheet reflecting these new terms is also attached. **Please carefully review these materials and the materials provided to you with your original offer letter dated February 6, 2006, including the TPPM:V Identification of Individuals Eligible and Not Eligible for Participation form (TPPM:V-Form 2). TPPM:V-Form 2 remains unchanged and is incorporated by reference in this revised offer.**

2. The surplus for your voluntary universe identified in your original offer letter remains unchanged. However, in the event the surplus identified for your voluntary universe is not resolved through the voluntary offer, the Company will not proceed with an involuntary program.

3. IF YOU PREVIOUSLY SUBMITTED AN ELECTION AND RELEASE, IT WILL NO LONGER BE EFFECTIVE, AND YOU WILL BE REQUIRED TO SUBMIT A NEW ELECTION AND RELEASE IF YOU CHOOSE TO ACCEPT THE REVISED OFFER. IF YOU TAKE NO ACTION, YOU WILL BE DEEMED TO HAVE REVOKED YOUR PRIOR ELECTION. An additional copy of the Election and Release form (TPPM:V-1) is included with this letter for your convenience.

4. To allow you additional time to consider the revised offer, the following new dates apply to your TPPM:V offer:

   You have a period of at least forty-five days until **April 28, 2006** to consider the terms of this TPPM:V offer and to decide if you want to accept this offer. You are advised to consult with an attorney prior to signing the Election and Release form. By signing the form, you are, among other things, waiving certain claims against BellSouth, as described in the Election and Release.

If you elect to accept this offer, you must complete, sign and fax all pages of the Election and Release form (TPPM:V-1) to BellSouth Force Management at **(205) 321-5011** by no later than 6:00 p.m. Eastern Time on **April 28, 2006.** Please retain the fax confirmation sheet that documents that your form has been received**. You will not be notified whether your election has been approved or rejected until after this date.**

If you elect to accept this offer and subsequently change your mind, you may revoke your acceptance within seven calendar days following the date you sign the Election and Release form. To revoke your decision, you must fax a written notice within the 7-day timeframe to **(205) 321-5011**. Additionally, in the event your election is rejected by the Company, the Election and Release is thereby cancelled.

If you elect to accept this offer, do not revoke your acceptance, **and** your election is approved, your projected last day on the payroll is **May 15, 2006**.

Your completed years of Net Credited Service (NCS) as of your separation date and your Annual Base Salary as of March 1, 2006 will be used to calculate your severance payment.

You can generally expect to receive your severance payment within thirty days of your separation date.

Any changes made to the text or terms of the Election and Release form will invalidate the form and your acceptance of the TPPM:V offer.

If you resign, retire, are terminated for cause, or otherwise separate from the Company prior to any action by the Company to approve or reject your election, you will irrevocably terminate your eligibility to participate in the Plan and receive any benefits under the Plan.

If you have any questions about these materials, please contact the BellSouth Force Management Information Line at (205) 977-2531.

Sincerely,

NOTE: In connection with the proposed merger, AT&T intends to file a registration statement on Form S-4, including a joint proxy statement of AT&T and BellSouth, and AT&T and BellSouth will file other materials with the Securities and Exchange Commission (the SEC). Investors are urged to read the registration statement, including the joint proxy statement (and all amendments and supplements to it) and other materials when they become available because they contain important information. *Investors will be able to obtain free copies of the registration and joint proxy statement, when they becomes available, as well as other filings containing information about AT&T and BellSouth, without charge, at the SEC s Web site (www.sec.gov). Copies of AT&T s filings may also be obtained for free from AT&T at AT&T s Web site (www.att.com) or by directing a request to AT&T Inc. Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of BellSouth s filings may be obtained without charge from BellSouth at BellSouth s Web site (www.bellsouth.com) or by directing a request to BellSouth at Investor Relations, 1155 Peachtree Street, Atlanta, Georgia 30309.*

AT&T, BellSouth and their respective directors and executive officers and other members of management and employees are potential participants in the solicitation of proxies in respect of the proposed merger. Information regarding AT&T s directors and executive officers is available in AT&T s 2005 Annual Report on Form 10-K filed with the SEC on March 1, 2006 and AT&T s preliminary proxy statement for its 2006 annual meeting of stockholders, filed with the SEC on February 10, 2006, and information regarding BellSouth s directors and executive officers is available in BellSouth s 2005Annual Report on Form 10-K filed with the SEC on February 28, 2006 and BellSouth s proxy statement for its 2006 annual meeting of shareholders, filed with the SEC on March 3, 2006. Additional information regarding the interests of such potential participants will be included in the registration and joint proxy statement, and the other relevant documents filed with the SEC when they become available.

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BELLSOUTH CORPORATION
TRANSITION PAYMENT PLAN
FOR
MANAGEMENT EMPLOYEES:
VOLUNTARY

Effective February 1, 2006;
Amended March 9, 2006

NOTE: In connection with the proposed merger, AT&T intends to file a registration statement on Form S-4, including a joint proxy statement of AT&T and BellSouth, and AT&T and BellSouth will file other materials with the Securities and Exchange Commission (the SEC). Investors are urged to read the registration statement, including the joint proxy statement (and all amendments and supplements to it) and other materials when they become available because they contain important information. *Investors will be able to obtain free copies of the registration and joint proxy statement, when they becomes available, as well as other filings containing information about AT&T and BellSouth, without charge, at the SEC s Web site (www.sec.gov). Copies of AT&T s filings may also be obtained for free from AT&T at AT&T s Web site (www.att.com) or by directing a request to AT&T Inc. Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of BellSouth s filings may be obtained without charge from BellSouth at BellSouth s Web site (www.bellsouth.com) or by directing a request to BellSouth at Investor Relations, 1155 Peachtree Street, Atlanta, Georgia 30309.*

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BELL*SOUTH CORPORATION*

TRANSITION PAYMENT PLAN FOR MANAGEMENT EMPLOYEES:
VOLUNTARY

PURPOSE

The BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary (TPPM:V or the Plan) provides severance assistance to eligible non-represented employees who voluntarily elect to terminate employment with BellSouth Corporation or a participating subsidiary (Company) and who meet the eligibility requirements set forth below.

EFFECTIVE DATE

This Plan is effective February 1, 2006 and amended March 9, 2006. Unless otherwise extended, this plan will terminate effective June 30, 2006.

ELIGIBILITY

You are eligible to participate in and receive benefits under the Plan if you meet all of the following criteria:

You are a regular full-time or part-time non-represented employee in Job Grades A50 C59, or equivalent.

You are employed by BellSouth Corporation or a subsidiary which the BellSouth Corporation Vice President Human Resources has approved for participation in the Plan.

You have officially been designated by the BellSouth Corporation Vice President Human Resources as being eligible to participate in the Plan because of a force imbalance in a group (voluntary universe) within your organization.

You receive a TPPM:V severance offer.

You execute a TPPM:V Election and Release form electing to accept a TPPM:V offer and to voluntarily separate from employment, and you do not revoke that election.

Your TPPM:V election is approved by the Company.

You terminate employment on the separation date specified by the Company, or at the conclusion of an approved Transitional Leave of Absence.

Special Eligibility Rules

Employees who satisfy all other Plan eligibility requirements and who are or have been on a leave of absence, which by its terms guarantees a right of reinstatement, and who are scheduled or expected to return to active service as regular full-time or part-time non-represented employees prior to the separation date specified in their particular TPPM:V offer, can be included in a voluntary universe and may participate in the Plan.

EXCEPTIONS TO ELIGIBILITY

You will not be eligible to participate in this Plan if:

Your election to accept the TPPM:V severance offer is rejected by the Company.

Your employment is governed by a collective bargaining agreement.

You separate or have agreed to separate under the provisions of any other severance plan, program, agreement or arrangement.

You are terminated for misconduct, job performance, or for any reason other than as a result of accepting a TPPM:V severance offer.

A TPPM:V offer made to an individual who does not satisfy the eligibility requirements of the Plan is null and void.

IDENTIFYING AND SELECTING TPPM:V PARTICIPANTS

TPPM:V provides severance assistance to employees within designated non-represented employee groups (voluntary universes). It is designed to be used during a specified time interval to help eliminate a targeted force imbalance. The following process will be used to identify and to select managers for participation in TPPM:V:

Eligible managers within a group (voluntary universe) will receive TPPM:V offers and will be notified at that time of the number of positions that must be vacated due to the force imbalance and the deadline for submitting elections.

Following the deadline for submitting TPPM:V elections, TPPM:V elections will be approved by the Company in descending order of Net Credited Service for those eligible managers who have elected separation under the Plan (*i.e.*, elections are approved first for employees with the most service). Employees who have submitted elections will be notified whether their elections are approved or rejected.

Net Credited Service (or NCS) is your term of employment as defined in the BellSouth Personal Retirement Account Pension Plan (PRA), which includes the current period of your continuous service as well as any periods of prior service that have been credited under bridging of service rules, as of your date of separation.

Approval of elections will normally be suspended when the force imbalance has been eliminated due to approval of TPPM:V elections to the extent originally specified in the TPPM:V offer or due to changed business circumstances.

If the number of managers who elect to accept the TPPM:V severance offer exceeds the number necessary to eliminate the force imbalance, at the recommendation of the organization and at the discretion of the BellSouth Corporation Vice President Human Resources, additional TPPM:V elections may be approved in descending order of NCS for those eligible managers who have elected to accept the offer of separation under the Plan, in a number not to exceed fifty percent (50%), rounded up to the next whole person, of the number of separations originally specified as needed to eliminate the force imbalance in the voluntary universe.

TPPM:V BENEFITS

1. Severance Pay

   Except as otherwise provided below, if you separate under the provisions of TPPM:V, you will receive severance pay based on your Net Credited Service as of your date of separation and on your Annual Base Salary.

   Annual Base Salary is your annual base salary rate in effect as of March 1, 2006. Annual Base Salary includes (if applicable) geographical location allowances, but excludes all other differentials, overtime, bonuses, and other payments or special allowances (such as salary protection allowances). Annual Base Salary for those employees covered under a sales compensation plan includes base salary plus the benefit incentive amount.

   Computation of TPPM:V payments

   If you separate under TPPM:V, you will receive a severance payment calculated as follows:

   The greater of: (a) fifty percent (50%) of your Annual Base Salary, or (b) seven percent (7%) of your Annual Base Salary multiplied by your completed years of Net Credited Service (NCS), not to exceed one hundred fifty percent (150%) of Annual Base Salary.

   For purposes of calculating your severance benefit, only completed years of NCS will be used (*e.g.*, six years and eight months of actual NCS equals six years of completed NCS for purposes of calculating your severance payment).

   TPPM:V severance payments are subject to the appropriate withholding of federal, state and local income taxes, social security (FICA), and Medicare taxes, and are reported on IRS Form W-2.

2. Transitional Leaves of Absence for Personal Retirement Account Pension Plan Participants

   If you are within three (3) years of reaching eligibility to retire with a service pension under the terms of the BellSouth Personal Retirement Account Pension Plan (PRA) as of the date of your separation under TPPM:V, you will be eligible to apply for a Transitional Leave of Absence to reach such pension eligibility.

3. Outplacement Services for TPPM:V Participants

   If you separate under the provisions of TPPM:V, you will be eligible for the LHH@HOME career transition program provided through Lee Hecht Harrison.

4. Educational Assistance for TPPM:V Participants

   If you separate under the provisions of TPPM:V, you will be eligible to receive reimbursement under the BellSouth Educational Assistance Program for qualifying courses that you complete by no later than two (2) years following your date of separation. You will be limited to the annual maximum reimbursement set forth under the Program.

5. Telephone Concession for TPPM:V Participants

   If you separate under the provisions of TPPM:V, and as of your separation date, you are not eligible to retire with a service pension under the BellSouth Personal Retirement Account Pension Plan (PRA), but you have at least ten (10) years of Net Credited Service and the sum of your whole years and whole months of age and your whole years and whole months of Net Credited Service equals or exceeds sixty-five (65) (*i.e.*, you meet the Rule of 65), you will be afforded the same treatment with regard to telephone concession as that afforded employees in your participating company who retire with a service pension as of that date.

6. Group Medical and Dental Coverage

   Your post-termination medical and dental coverage depends on your pension status at the time of separation.

   If you are eligible to retire with a service pension under the BellSouth Personal Retirement Account Pension Plan (PRA) at the time of separation, you are eligible for coverage under the BellSouth Retiree Medical Assistance Plan and the BellSouth Retiree Dental Assistance Plan, subject to the provisions and limitations of such plan(s) in effect on the date of your retirement, and any amendments thereafter made to these plans, and subject to the service-related medical premium and the medical premium associated with the capped amount, as applicable to you. (This coverage applies regardless of your participation in TPPM:V.)

   Rule of 65 Retiree Medical Benefits: If you separate under the provisions of TPPM:V and, at the time of separation, you are not eligible to retire with a service pension under the BellSouth Personal Retirement Account Pension Plan (PRA), but you have at least ten (10) years of Net Credited Service and the sum of your whole years and whole months of age and your whole years and whole months of Net Credited Service equals or exceeds sixty-five (65) (*i.e.*, you meet the Rule of 65), you will be eligible for retiree medical and dental coverage under the BellSouth Retiree Medical Assistance Plan and the BellSouth Retiree Dental Assistance Plan, subject to the provisions and limitations of such plan(s) in effect on the date of your separation, and any amendments thereafter made to these plans, and subject to the service-related medical premium and the medical premium associated with the capped amount, as applicable to you.

If you separate under the provisions of TPPM:V and, at the time of separation, you are not eligible to retire with a service pension under the BellSouth Personal Retirement Account Pension Plan (PRA) and are not eligible for Rule of 65 retiree medical benefits described above, your current medical coverage (excluding dental coverage) will continue at Company expense, under the same conditions and to the same extent as a comparable employee on the active payroll, until you become eligible to elect to receive other group medical coverage with another employer, or for a maximum of six full months following the end of the month in which you terminate service, whichever comes first, except that during this period, the Company will pay the entire cost of coverage, *i.e.*, there will be no employee contribution (premium amount). This six months of continuation coverage will be concurrent with (and not in addition to) continuation coverage required under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

Following this six month period, you and your covered dependents would be eligible to elect to continue your medical coverage under COBRA for up to an additional twelve months by paying 102% of the group rate. The extended coverage cannot exceed eighteen months from the date your employment terminates, except as otherwise required by COBRA. At the appropriate time, the Company will provide you with information on how to elect coverage under COBRA.

If you do not elect to pay the premiums under COBRA, medical coverage will terminate at the end of the sixth full month after the date of separation.

Your current dental coverage, if any, will terminate at the end of the month in which your employment terminates. You and your covered dependents are eligible to elect to continue dental coverage under COBRA for a period not to exceed eighteen months from the date your employment terminates. This coverage is available at a cost to you of 102% of the group rate. At the appropriate time, the Company will provide you with information on how to elect continued coverage under COBRA.

7. <u>BellSouth Stock Plans (The provisions of this Section 7 apply only to the limited group of employees at Job Grade C59 or equivalent who have received grants under the following stock plans.)</u>

(a) <u>Regular Stock Option Grants</u>

Under the terms of the plans and agreements under which BellSouth Corporation stock options have been granted, if you separate from employment when you are eligible for a retirement (as such term is used in governing plans and agreements), your vested regular annual stock options are retained and would be exercisable for their full remaining term. Your unvested regular annual stock options would vest as of your retirement date, and also would be exercisable for their full remaining term.

If you separate from employment with BellSouth when you are not eligible for a retirement, your vested regular annual stock option grants remain exercisable by their terms for 90 days following your date of separation. Vested options must be exercised within that 90 day period or they would be forfeited. Unvested regular annual stock option grants normally would be forfeited immediately upon separation.

If you are not eligible for a retirement and you separate under the provisions of TPPM:V, however, you will receive a payment with respect to your regular annual stock option grants that, at the time of your termination of employment, are unvested. The amount of this payment will equal the sum of the values assigned to each such grant determined by multiplying the number of options in a grant by the amount, if any, by which $33.50 exceeds the exercise price of those options.

(b) Special Stock Option Grants

Special Stock Options are grants that were not made as part of the regular annual long-term award process (normal annual grants and pro rata awards upon hire or promotion), but that were made, for example, as a retention incentive or for special recognition, that do not by their terms become exercisable upon retirement.

Under the terms of the plans and agreements under which BellSouth Corporation stock options have been granted, if you separate from employment when you are eligible for a retirement (as such term is used in governing plans and agreements), your vested Special Stock Options (as defined above) are retained and would be exercisable for their full remaining term. If you separate under TPPM:V, your unvested Special Stock Options (which normally would be forfeited upon your retirement) will be treated in the manner provided in section 7(a) above.

If you separate from employment with BellSouth when you are not eligible for a retirement, your vested Special Stock Options remain exercisable by their terms for 90 days following your date of separation. Vested Special Stock Options must be exercised within that 90 day period or they will be forfeited. If you separate under TPPM:V, your unvested Special Stock Options (which normally would be forfeited upon separation) will be treated in the manner provided in section 7(a) above.

(c) Performance Share Grants

Under the terms of the plans and grant agreements under which BellSouth Corporation performance shares have been granted, if you separate from employment when you are eligible for a retirement (as such term is used in governing plans and agreements), you would be eligible for a prorated payment at the end of the performance period applicable to each performance share grant. BellSouth s performance share award agreements provide that the amount of this prorated payment would equal the sum of the values assigned to each performance share grant determined:

(i) by multiplying the number of performance shares earned with respect to each such grant (as determined by the plan administrator based on performance results) by the average share price at the end of the performance period, and

(ii) calculating for each grant 1/36th of the amount so determined for each calendar month during the performance period during which you have been employed for one or more days, and

(iii) adding to such amount dividend equivalents paid during the performance period on the number of performance shares earned.

If you separate from employment with BellSouth when you are not eligible for a retirement, performance shares would normally be forfeited. If, however, you separate under the provisions of TPPM:V and are not eligible for a retirement, you will be eligible for a prorated payment at the end of the performance period applicable to each grant of performance shares made before 2006. The amount of such payment shall be determined as provided in your pre-2006 performance share award agreements as if you had been eligible for a retirement (and as summarized above), except that in determining the prorated amount (the fraction described in clause (ii) above), your employment will be deemed to have ceased on May 31, 2006, regardless of your actual separation date.

(d) Restricted Stock

If you separate under the provisions of TPPM:V and you have at the time of separation unvested shares of BellSouth Corporation restricted stock that were granted before 2006 as part of a regular annual restricted shares award, all such unvested shares of restricted stock shall vest upon your termination of employment.

The additional vesting of shares of restricted stock described in this Section 7(d) shall also apply to any special grants of shares of restricted stock that were not made as part of the regular annual long-term award process (normal annual grants and pro rata awards upon hire or promotion), but that were made, for example, as a retention incentive or for special recognition.

The payments and vesting described in this Section 7 are subject to appropriate withholding of federal, state and local income taxes, social security (FICA), and Medicare taxes, and are reported on IRS Form W-2.

In the event of any change in outstanding shares of BellSouth Corporation common stock, whether by reclassification, recapitalization, merger, stock split, stock dividend, or otherwise, the BellSouth Corporation Vice President Human Resources shall adjust the formula for assigning a value to such stock option, performance share and restricted stock grants in his reasonable judgment to reflect such event.

SEVERANCE PAYMENT REIMBURSEMENT

If you are re-employed by BellSouth Corporation or any of its subsidiaries, other than under the Alternative Post-Retirement Employment Program (APREP), as a condition of such re-employment you will be required to reimburse your former company in accordance with the following formula:

Gross Severance Payment minus (4% of Gross Severance Payment times the Number of Whole or Partial Months Since Separation) = Amount to be Refunded to Your Former Company

PLAN AMENDMENT AND TERMINATION

BellSouth Corporation reserves the right to amend or terminate the Plan at any time with or without notice and without consent of employees or Plan participants. Amendment or termination of the Plan is effective upon execution of a written amendment or termination statement by the BellSouth Corporation Vice President Human Resources. Unless otherwise extended, this plan will terminate effective June 30, 2006.

RELEASE

As a condition to participating in TPPM:V and receiving the benefits described in this Plan, you are required to sign an Election and Release (Release) waiving certain claims, as described in the Release, against BellSouth, its employees and officers, your employing company and affiliated companies. A sample of the Release is attached as Addendum A, and the terms of the Release are incorporated as part of this Summary Plan Description.

FINANCING OF TPPM:V COSTS

Severance costs under TPPM:V are paid from the Company s general assets and are charged as an appropriate expense as designated by the Company.

TYPE OF PLAN

The Plan is classified as a welfare benefit plan under provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

PLAN ADMINISTRATION

BellSouth Corporation shall serve as the Plan Administrator of the TPPM:V and the named fiduciary within the meaning of such terms as defined in ERISA. The Plan Administrator shall have the discretionary authority to determine eligibility for Plan benefits and to construe the terms of the Plan, including the making of factual determinations. Benefits under the Plan will be paid only if the Plan Administrator decides in its sole discretion that the claimant is entitled to them. The Administrator has discretionary authority to grant or deny benefits under this Plan. The decisions of the Plan Administrator shall be final and conclusive with respect to all questions concerning the administration of the Plan.

The Plan Administrator may delegate to other persons or entities responsibilities for performing certain of the duties of the Plan Administrator under the terms of the Plan and may seek such expert advice as the Plan Administrator deems reasonably necessary with respect to the Plan. The Plan Administrator shall be entitled to rely upon the information and advice furnished by such delegates and experts, unless actually knowing such information and advice to be inaccurate or unlawful.

As Plan Administrator of the TPPM:V, BellSouth Corporation has delegated certain of its Plan administrative responsibilities as follows:

BellSouth has delegated to its Vice President Human Resources the overall fiduciary responsibility for administering TPPM:V.

BellSouth has delegated to the TPPM:V Coordinator, who shall be appointed by the Vice President Human Resources, the fiduciary responsibility to review and to grant or deny claims that are filed under the Plan.

BellSouth has delegated to the TPPM:V Review Committee, a committee of one or more individuals appointed by the Vice President Human Resources, the fiduciary responsibility of affording a full and fair review of all appeals resulting from denied claims or other disputes arising out of the interpretation or administration of the Plan.

BellSouth has delegated responsibility for handling TPPM:V administrative services for eligible participants to:

BellSouth Corporation
TPPM:V Coordinator
600 N 19th Street, 21B3
Birmingham, Alabama 35203
Telephone (205) 321-1840
FAX (205) 321-5011

Each of these individuals/entities in turn may delegate to other persons or entities responsibilities for performing certain of the duties delegated to them by BellSouth Corporation as Plan Administrator for TPPM:V, and each may seek such expert advice as he/she/it deems reasonably necessary with respect to the Plan. Likewise, each of these individuals/entities shall be entitled to rely upon the information and advice furnished by such delegates and experts, unless actually knowing such information and advice to be inaccurate or unlawful.

CLAIM AND APPEALS PROCEDURE

1. Claim Procedure

Plan participants, or any person duly authorized by a participant, may file a claim in writing in order to secure benefits under the Plan, or to secure a review of any other matter related to the administration of the Plan. A written claim must be sent to the TPPM:V Coordinator within 60 days of the date of the alleged improper denial of severance benefits, or occurrence of other facts giving rise to the claim.

If the claim is denied, the claimant will receive written notice of the TPPM:V Coordinator s decision, including the specific reason(s) for the decision, with reference to pertinent Plan provisions, within 90 days of the date that the claim was received. In some cases, more than 90 days may be needed to make a decision. In such cases, the claimant will be notified (in writing within the initial 90-day period) of the reason more time is needed. An additional 90 days may be taken to make the decision if the claimant is sent such a notice. The extension notice will show the date by which a decision will be sent.

2. Appeals Procedure

The appeals procedure which follows provides the rules for appealing a denied claim.

A claimant may use this procedure if:

(a) No reply at all is received by the claimant within 90 days after filing the claim (in which case the claim is deemed as being denied); or

(b) In cases where a notice has extended the time for an additional 90 days and no reply is received within 180 days after filing the claim (in which case the claim is deemed as having been denied); or

(c) Written denial of the claim for benefits or other matters is received within the proper time limit and the claimant wishes to appeal the written denial.

If a claim for benefits or review of any other matter related to the Plan is denied, the participant, or another duly authorized person, may appeal this denial in writing within 60 days after it is received, or if no decision is received, within 60 days of the date it is deemed to have been denied. A written request for review of any denied claim should be sent directly to the TPPM:V Coordinator, who will then refer it to the TPPM:V Review Committee.

Unless the TPPM:V Review Committee sends notice in writing that the claim is a special case requiring more time, the Committee must conduct a review and resolve the appeal of the denied claim within 60 days after receipt of the written request for review. In special cases, when more time is needed to make a decision, the TPPM:V Review Committee will send notice in writing that there will be a delay and give the reason(s) for the delay. In such cases, the TPPM:V Review Committee may have 60 days more, or a total of 120 days, to make its decision.

If the claimant, or another individual designated by the claimant to represent him/her, submits a written request for review of the denied claim, such person has the right to:

(a) Review pertinent Plan documents which may be obtained by following the procedures described in Plan Documents.

(b) Submit to the TPPM:V Review Committee a written statement of the issues and any other documents in support of the request for TPPM:V benefits or any other matter under review.

The TPPM:V Review Committee s decision shall be given to the claimant in writing within 60 days, or if extended, 120 days, and shall include the specific reasons(s) for the decision, with reference to pertinent plan provisions. If the TPPM:V Review Committee does not give its decision on review within the appropriate time span, the claimant may consider the claim denied.

The TPPM:V Review Committee has been delegated the sole and complete discretionary authority to resolve benefit claim appeals under TPPM:V and to interpret and enforce the provisions of the Plan. Its determinations and interpretations of the Plan are final and are not subject to further administrative review.

3. Time Limit for Filing Civil Action for Denied Claims

   As a participant in the plan, you have the right under ERISA to file a civil action in court, but you are first required to exhaust the claim and appeals procedures described above. However, no legal action may be commenced or maintained against the plan or its administrators more than 180 days after the date that the TPPM:V Review Committee issues its final written response pursuant to the appeals procedure.

NO ASSIGNMENT

Plan severance benefits shall not be subject to anticipation, alienation, pledge, sale, transfer, assignment, garnishment, attachment, execution, encumbrance, levy, lien, or charge, and any attempt to cause such severance benefits to be so subjected shall not be recognized, except to the extent required by law.

RECOVERY OF PAYMENTS MADE BY MISTAKE

An eligible employee shall be required to return to the Company any Plan severance benefit payment, or portion thereof, made by a mistake of fact or law.

REPRESENTATIONS CONTRARY TO THE PLAN

No employee, officer, or director of the Company has the authority to alter, vary, or modify the terms of the Plan except by means of an authorized written amendment to the Plan. No verbal or written representations contrary to the terms of the Plan and its written amendments shall be binding upon the Plan, the Plan Administrator, or the Company.

LEGAL SERVICE

Process can be served on the Plan Administrator by directing such service to the TPPM:V Coordinator at the address shown in the Plan Administration section above.

PLAN RECORDS

The BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary and all related records are kept on a calendar year basis beginning January 1 and ending December 31 of each year.

PLAN IDENTIFICATION NUMBERS

This Plan is identified by the following numbers under Internal Revenue Service (IRS) rules:

#	58-1533433	Employer Identification Number (assigned by the IRS)
#	604	Plan Number (assigned by BellSouth Corporation)

COMPLIANCE WITH APPLICABLE LAW

This Plan shall comply with all applicable laws, and will be amended, if necessary, in order to satisfy any such requirements.

PLAN DOCUMENTS

This document is intended to serve as both the full text of the BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary as well as a Summary Plan Description of such Plan. TPPM:V participants are entitled to examine, without charge, all Plan documents, as defined by the Employee Retirement Income Security Act of 1974 (ERISA) and its regulations, including any documents and reports that are filed with a Federal government agency. These documents are available for review at the TPPM:V Coordinator s office. If a participant is unable to examine the documents at such a location, he/she should write the TPPM:V Coordinator, specifying the documents to be examined and at which work location the participant wishes to examine them. Copies of such documents will be made available for examination at that work location within 10 days of the date the request was made.

At any time, participants may request copies of any Plan documents by writing to the TPPM:V Coordinator at the address shown in the Plan Administration section above. Participants will be charged a reasonable fee for copies of the documents requested.

RIGHTS OF A PLAN PARTICIPANT

As a participant in the BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary, you are entitled to certain rights and protection under ERISA. ERISA provides that all Plan participants shall be entitled to:

Examine, without charge, at the plan administrator s office and at other specified locations, all documents governing the plan, including a copy of the latest annual report (Form 5500 Series), if any, filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

Obtain, upon written request to the plan administrator, copies of documents governing the operation of the plan, including copies of the latest annual report (Form 5500 Series), if any, and updated summary plan description. The administrator may make a reasonable charge for the copies.

In addition to creating rights for Plan participants, ERISA imposes duties upon those who are responsible for the operation of employee benefits plans. The people who operate your Plan, called fiduciaries of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants. No one, including your employer, or any other person, may terminate your employment or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for benefits is denied or ignored, in whole or in part, you have certain rights of review as described in this document under Claim and Appeals Procedure.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan Administrator and do not receive them within 30 days, you may file a lawsuit in federal court. In such case, the court may require the Plan Administrator to provide the materials and pay up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, and you have exhausted your administrative remedies as set forth under Claim and Appeals Procedure, you may file a lawsuit in state or federal court. If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file a lawsuit in federal court. The court will decide who will pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees.

If you have any questions about the Plan, you should contact the TPPM:V Coordinator. If you have any questions about this statement of your rights, or about your rights under ERISA, you should contact your nearest Area Office of the U.S. Labor Management Services Administration, Department of Labor or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue, Washington, D.C. 20210.

Print Name

Social Security Number

ADDENDUM A
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BellSouth Corporation
Transition Payment Plan for Management Employees: Voluntary (TPPM:V)
Election and Release

I elect to accept the offer of BellSouth Corporation (the Company) to allow me to participate in the BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary (TPPM:V or the Plan). I understand that the Company may approve or reject my election and that it will notify me of its decision. If the Company rejects my election, I understand that this Election and Release is thereby cancelled.

Prior to signing this Election and Release (hereinafter Release), I acknowledge that I was provided a period of at least forty-five (45) days in which to consider this Release and review the TPPM:V Summary Plan Description. I further acknowledge that, at the outset of that 45-day period, I was provided a completed TPPM:V Identification of Individuals Eligible and Not Eligible for Participation form (TPPM:V-2 Form) and was advised to consult with an attorney prior to signing this Release. If I have signed this Release before the expiration of the 45-day period, I acknowledge that I have done so voluntarily after carefully considering the terms of the Release and the TPPM:V Summary Plan Description. I fully understand the binding nature of this Release, and I acknowledge that my decision to separate from employment and sign this Release has been made knowingly and voluntarily.

In consideration for the severance benefits that will be provided to me under the Plan if the Company approves my election, I further agree to the terms set forth below:

(1) I hereby fully waive, discharge, and release any and all claims relating to or arising out of my employment, of whatever nature, known or unknown, I may have against BellSouth Corporation, its subsidiaries and affiliated companies, and in the case of all such entities, their respective owners, representatives, officers, directors, attorneys, agents, employees, successors and assigns (hereinafter collectively referred to as BellSouth) as a result of actions or omissions occurring through this date, subject to the provisions set forth below. Specifically included in this waiver and release are any and all claims of alleged employment discrimination, either as a result of my separation from employment or otherwise, under the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. Section 621, et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e, et seq., and any and all other claims relating to or arising out of my employment, under any federal, state, or local statute, common law, or regulation, including the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001, et seq.

(a) I acknowledge and understand that a race-discrimination class action has been filed against BellSouth Corporation and is currently pending in federal court in Alabama. The caption of the pending case is Jenkins, et al. v. BellSouth Corporation, 2:02-cv-01057-VEH (N.D. Ala. filed Apr. 29, 2002) (hereinafter the Jenkins action). The proposed class action includes only current and former employees of BellSouth Telecommunications, Inc. (BST). I acknowledge and understand that, if I am an African-American employee who has held or currently holds a position at or below Job Grade C59 at BST, I am a potential member of the alleged class in this action. The case involves allegations that BST discriminated against African-American employees in management pay and opportunities for promotion to management. BellSouth denies these allegations. I understand that if I elect to sign this Release, it will not bar me from receiving any remedies that I may be awarded through the Jenkins action, subject to the following conditions:

(Initial)

Print Name

Social Security Number

ADDENDUM A
Page 2

(i) Any monetary relief that I may be entitled to receive through the Jenkins action, if any, will be reduced solely by the gross amount of the cash payments provided to me in exchange for executing this Release and the cost to the Company of providing retiree and/or other medical coverage that I will receive as a result of my participation in the Plan (the medical coverage).

(ii) Since the cost of the medical coverage will vary for each person, based on such factors as life expectancy and scope of coverage, I understand that the cost for the medical coverage I will receive shall be determined at such time as I may be entitled to receive monetary relief through the Jenkins action, by a professional, independent actuary whose selection is approved by the Court in which the Jenkins action is pending.

(iii) I understand that the independent actuary shall calculate the cost of the medical coverage over the course of my expected lifetime. I am advised by the Company that the estimated current average cost to the Company to provide two-party coverage to a retiree under 65 years of age with more than 20, but less than 30 years of net credited service is approximately $728.00 per month. I further understand that the monthly cost of the medical coverage I will receive may be higher or lower than this average.

(iv) In the event the value of the cash and cost of the medical coverage I will receive in exchange for executing this Release is greater than the amount of any potential monetary relief in the Jenkins action, I understand that I will not receive any monetary relief through the Jenkins action. However, I understand that under no circumstances will I owe any money to BellSouth.

(b) EFFECT OF EXECUTING THIS RELEASE ON MY ABILITY TO PURSUE MY OWN EMPLOYMENT DISCRIMINATION CASE:

(i) I acknowledge and understand that in the event the Jenkins action is certified by the Court as a class action, the certified members of the class may have the right to opt out of the case and choose to pursue their individual claims on their own or take no action.

(ii) If I am a member of the proposed class, I acknowledge and understand that because this is a Release of all claims against BellSouth, except for the Jenkins class claims, this Release will only permit me to obtain monetary relief for claims of race discrimination through the Jenkins action. Therefore, by executing this Release and accepting the severance benefits provided to me, I understand that if I exercise a right to opt out of the Jenkins action, I would lose the right to obtain any monetary relief from a claim of discrimination based on my employment at BellSouth.

(Initial)

ADDENDUM A

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(c) I acknowledge and understand that Plaintiffs in the Jenkins action are represented by the following attorneys: Joseph M. Sellers of the law firm of Cohen, Milstein, Hausfeld & Toll, P.L.L.C. in Washington, DC; Cyrus Mehri of the law firm of Mehri & Skalet, PLLC in Washington, DC; Angela Mason of the law firm of Cochran, Cherry, Givens & Smith in Dothan, AL; Hezekiah Sistrunk of the law firm of Cochran, Cherry, Givens & Smith in Atlanta, GA; Byron R. Perkins of the law firm of Byron R. Perkins and Associates, LLC in Birmingham, AL; and Roderick T. Cooks of the law firm of Wiggins, Childs, Quinn & Pantazias, LLC in Birmingham, AL. The phone number for class counsel is 1-800-916-6895. I understand that I may contact any of these attorneys if I have questions concerning the Jenkins action.

(d) I acknowledge and understand that nothing in this Release precludes me from participating as a witness or providing evidence in the Jenkins action or in any other lawsuit filed against BellSouth.

(e) I understand and agree, as does BellSouth, that it is unlawful for BellSouth to retaliate against me if I choose not to sign the Release or choose to participate as a witness or provide evidence in the Jenkins action or in any other lawsuit filed against BellSouth.

(2) I acknowledge that the severance benefits that are being offered to me under the terms of the Plan represent valuable consideration that I am not otherwise entitled to receive and that are in addition to other forms of compensation or benefits to which I currently am entitled.

(3) I understand that I may revoke my election to participate in TPPM:V by giving written notice by fax to the TPPM:V Coordinator (at fax number 205-321-5011) within seven (7) calendar days following the date that I signed the Release. I further understand that this Release will become binding and irrevocable after the expiration of that seven-day period, subject to the Company s approval of my election.

(4) Each paragraph and clause of this Release shall be deemed severable from all other provisions, and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the remaining provisions. In addition, any invalid or unenforceable provision shall be enforced to the maximum extent permitted by applicable law.

(5) I acknowledge that the benefits provided under the Plan are the only consideration for my signing this Release and that I have relied on no other representations or promises in making my decision to participate in the Plan and sign this Release, including representations regarding benefits that may or may not be offered in the future under TPPM:V or any other severance, pension or benefit plan. I understand and acknowledge that this Release constitutes the entire agreement between the Company and me regarding the subject matter herein and no amendment or modification of this Release shall be valid or binding unless signed by me and the BellSouth Corporation Vice President Human Resources.

Signature

Name (Please print)

Social Security Number

Date

TPPM:V-1
Page 1 of 4

Print Name

Social Security Number

BellSouth Corporation
Transition Payment Plan for Management Employees: Voluntary (TPPM:V)
Election and Release

I elect to accept the offer of BellSouth Corporation (the Company) to allow me to participate in the BellSouth Corporation Transition Payment Plan for Management Employees: Voluntary (TPPM:V or the Plan). I understand that the Company may approve or reject my election and that it will notify me of its decision. If the Company rejects my election, I understand that this Election and Release is thereby cancelled.

Prior to signing this Election and Release (hereinafter Release), I acknowledge that I was provided a period of at least forty-five (45) days in which to consider this Release and review the TPPM:V Summary Plan Description. I further acknowledge that, at the outset of that 45-day period, I was provided a completed TPPM:V Identification of Individuals Eligible and Not Eligible for Participation form (TPPM:V-2 Form) and was advised to consult with an attorney prior to signing this Release. If I have signed this Release before the expiration of the 45-day period, I acknowledge that I have done so voluntarily after carefully considering the terms of the Release and the TPPM:V Summary Plan Description. I fully understand the binding nature of this Release, and I acknowledge that my decision to separate from employment and sign this Release has been made knowingly and voluntarily.

In consideration for the severance benefits that will be provided to me under the Plan if the Company approves my election, I further agree to the terms set forth below:

(2) I hereby fully waive, discharge, and release any and all claims relating to or arising out of my employment, of whatever nature, known or unknown, I may have against BellSouth Corporation, its subsidiaries and affiliated companies, and in the case of all such entities, their respective owners, representatives, officers, directors, attorneys, agents, employees, successors and assigns (hereinafter collectively referred to as BellSouth) as a result of actions or omissions occurring through this date, subject to the provisions set forth below. Specifically included in this waiver and release are any and all claims of alleged employment discrimination, either as a result of my separation from employment or otherwise, under the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. Section 621, et seq., Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. Section 2000e, et seq., and any and all other claims relating to or arising out of my employment, under any federal, state, or local statute, common law, or regulation, including the Employee Retirement Income Security Act of 1974, 29 U.S.C. Section 1001, et seq.

(a) I acknowledge and understand that a race-discrimination class action has been filed against 522 542 522 542 BellSouth Corporation and is currently pending in federal court in Alabama. The caption of the pending case is Jenkins, et al. v. BellSouth Corporation, 2:02-cv-01057-VEH (N.D. Ala. filed Apr. 29, 2002) (hereinafter the Jenkins action). The proposed class action includes only current and former employees of BellSouth Telecommunications, Inc. (BST). I acknowledge and understand that, if I am an African-American employee who has held or currently holds a position at or below Job Grade C59 at BST, I am a potential member of the alleged class in this action. The case involves allegations that BST discriminated against African-American employees in management pay and opportunities for promotion to management. BellSouth denies these allegations. I understand that if I elect to sign this Release, it will not bar me from receiving any reiv>

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

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MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2015	2014	2015	2014
Net income before non-controlling interests	$331	$304	$1,255	$1,198
Other comprehensive income (loss), before tax:				
Foreign currency translation adjustments	(278)	(421)	(458)	(214)
Unrealized investment gain	1	—	1	—
Gain (loss) related to pension/post-retirement plans	94	172	247	(69)
Other comprehensive (loss) income, before tax	(183)	(249)	(210)	(283)
Income tax expense (credit) on other comprehensive income	16	39	65	(9)
Other comprehensive (loss) income, net of tax	(199)	(288)	(275)	(274)
Comprehensive income	132	16	980	924
Less: comprehensive income attributable to non-controlling interest	8	7	31	27
Comprehensive income attributable to the Company	$124	$9	$949	$897

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

MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions, except share and per share figures)	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$1,330	$1,958
Receivables		
Commissions and fees	3,255	3,142
Advanced premiums and claims	60	50
Other	295	280
	3,610	3,472
Less-allowance for doubtful accounts and cancellations	(93)	(95)
Net receivables	3,517	3,377
Current deferred tax assets	466	521
Other current assets	213	199
Total current assets	5,526	6,055
Goodwill and intangible assets	8,342	7,933
Fixed assets		
(net of accumulated depreciation and amortization of $1,657 at September 30, 2015 and $1,639 at December 31, 2014)	786	809
Pension related assets	1,182	967
Deferred tax assets	667	876
Other assets	1,221	1,200
	$17,724	$17,840

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

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MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

(In millions, except share and per share figures)	September 30, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	$62	$11
Accounts payable and accrued liabilities	1,759	1,883
Accrued compensation and employee benefits	1,313	1,633
Accrued income taxes	107	178
Dividends payable	163	—
Total current liabilities	3,404	3,705
Fiduciary liabilities	4,374	4,552
Less – cash and investments held in a fiduciary capacity	(4,374)	(4,552)
	—	—
Long-term debt	4,422	3,376
Pension, post-retirement and post-employment benefits	2,114	2,244
Liabilities for errors and omissions	358	341
Other liabilities	1,083	1,041
Commitments and contingencies	—	—
Equity:		
Preferred stock, $1 par value, authorized 6,000,000 shares, none issued	—	—
Common stock, $1 par value, authorized 1,600,000,000 shares, issued 560,641,640 shares at September 30, 2015 and December 31, 2014	561	561
Additional paid-in capital	851	930
Retained earnings	10,928	10,335
Accumulated other comprehensive loss	(4,122)	(3,847)
Non-controlling interests	95	79
	8,313	8,058
Less – treasury shares, at cost, 38,341,409 shares at September 30, 2015 and 20,499,596 shares at December 31, 2014	(1,970)	(925)
Total equity	6,343	7,133
	$17,724	$17,840

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

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MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
For the Nine Months Ended September 30,

(In millions)	2015	2014
Operating cash flows:		
Net income before non-controlling interests	$1,255	$1,198
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization of fixed assets and capitalized software	233	225
Amortization of intangible assets	79	64
Adjustments and payments related to contingent consideration liability	15	5
Provision for deferred income taxes	214	103
Gain on investments	(39)	(37)
Loss on disposition of assets	3	4
Share-based compensation expense	67	74
Changes in assets and liabilities:		
Net receivables	(118)	(182)
Other current assets	43	(19)
Other assets	(65)	16
Accounts payable and accrued liabilities	(96)	(53)
Accrued compensation and employee benefits	(319)	(128)
Accrued income taxes	(68)	59
Contributions to pension and other benefit plans in excess of current year expense/credit	(178)	(141)
Other liabilities	(99)	(75)
Effect of exchange rate changes	53	28
Net cash provided by operations	980	1,141
Financing cash flows:		
Purchase of treasury shares	(1,325)	(600)
Proceeds from debt	1,099	1,393
Repayments of debt	(8)	(327)
Shares withheld for taxes on vested units – treasury shares	(48)	(56)
Issuance of common stock from treasury shares	179	190
Payments of deferred and contingent consideration for acquisitions	(42)	(28)
Distributions of non-controlling interests	(17)	(13)
Dividends paid	(468)	(429)
Net cash (used for) provided by financing activities	(630)	130
Investing cash flows:		
Capital expenditures	(249)	(285)
Net purchases of long-term investments	(63)	(117)
Proceeds from sales of fixed assets	2	2
Acquisitions	(431)	(416)
Other, net	(2)	—
Net cash used for investing activities	(743)	(816)
Effect of exchange rate changes on cash and cash equivalents	(235)	(109)
(Decrease) increase in cash and cash equivalents	(628)	346
Cash and cash equivalents at beginning of period	1,958	2,303
Cash and cash equivalents at end of period	$1,330	$2,649

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

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MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

For the Nine Months Ended September 30, (In millions, except per share figures)	2015	2014
COMMON STOCK		
Balance, beginning and end of period	$561	$561
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year	$930	$1,028
Change in accrued stock compensation costs	1	(26)
Issuance of shares under stock compensation plans and employee stock purchase plans and related tax impact	(80)	(80)
Balance, end of period	$851	$922
RETAINED EARNINGS		
Balance, beginning of year	$10,335	$9,452
Net income attributable to the Company	1,224	1,171
Dividend equivalents declared – (per share amounts: $1.18 in 2015 and $1.06 in 2014)	(3)	(3)
Dividends declared – (per share amounts: $1.18 in 2015 and $1.06 in 2014)	(628)	(578)
Balance, end of period	$10,928	$10,042
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance, beginning of year	$(3,847)	$(2,621)
Other comprehensive income (loss), net of tax	(275)	(274)
Balance, end of period	$(4,122)	$(2,895)
TREASURY SHARES		
Balance, beginning of year	$(925)	$(515)
Issuance of shares under stock compensation plans and employee stock purchase plans	280	318
Purchase of treasury shares	(1,325)	(600)
Balance, end of period	$(1,970)	$(797)
NON-CONTROLLING INTERESTS		
Balance, beginning of year	$79	$70
Net income attributable to non-controlling interests	31	27
Other changes	(15)	(15)
Balance, end of period	$95	$82
TOTAL EQUITY	$6,343	$7,915

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

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MARSH & McLENNAN COMPANIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Operations

Marsh & McLennan Companies, Inc. (the "Company"), a global professional services firm, is organized based on the different services that it offers. Under this organizational structure, the Company's two business segments are Risk and Insurance Services and Consulting.

The Risk and Insurance Services segment provides risk management activities and insurance broking, reinsurance broking and insurance program management services for businesses, public entities, insurance companies, associations, professional services organizations, and private clients. The Company conducts business in this segment through Marsh and Guy Carpenter.

The Company conducts business in its Consulting segment through two main business groups. Mercer provides consulting expertise, advice, services and solutions in the areas of health, retirement, talent and investments. Within the investments business, Mercer provides delegated investment (fiduciary management) solutions to institutional investors (such as retirement plan sponsors and trustees) and to individual investors (primarily through the inclusion of funds managed by Mercer on defined contribution and wealth management platforms). As of September 30, 2015, Mercer had assets under management of $138 billion worldwide. Oliver Wyman Group provides specialized management and economic and brand consulting services.

Acquisitions impacting the Risk and Insurance Services and Consulting segments are discussed in Note 7 to the consolidated financial statements.

2. Principles of Consolidation and Other Matters

The consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. While certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations for interim filings, the Company believes that the information and disclosures presented are adequate to make such information and disclosures not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Form 10-K").

The financial information contained herein reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the Company's consolidated financial statements as of and for the three- and nine-month periods ended September 30, 2015 and 2014.

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of certificates of deposit and time deposits, with original maturities of three months or less, and money market funds. The estimated fair value of the Company's cash and cash equivalents approximates their carrying value. The Company is required to maintain operating funds of approximately $203 million related to regulatory requirements outside the U.S. or as collateral under captive insurance arrangements.

Investments

The Company holds investments in private companies and private equity funds. Investments in private equity funds are accounted for under the equity method of accounting using a consistently applied three-month lag period adjusted for any known significant changes from the lag period to the reporting date of the Company. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. The Company records in earnings, investment gains/losses for its proportionate share of the change in fair value of the funds. Investments using the equity method of accounting are included in other assets in the consolidated balance sheets.

The caption "Investment income (loss)" in the consolidated statements of income comprises realized and unrealized gains and losses from investments recognized in current earnings. It includes, when applicable, other than temporary declines in the value of debt and available-for-sale securities and equity method gains or losses on its investment in private equity funds. The Company's investments may include direct investments in insurance or consulting companies and investments in private equity funds. The Company recorded investment income of $34

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million and $26 million for the three months ended September 30, 2015 and 2014, respectively, and $39 million and $37 million for the nine months ended September 30, 2015 and 2014, respectively, primarily related to our general partner carried interest in Trident III no longer subject to clawback. Stonepoint Capital, the investment manager of Trident III, harvested its remaining two investments in Trident III in the third quarter of 2015, which resulted in the Company recognizing its remaining deferred performance fees.

Income Taxes

The Company's effective tax rate in the third quarter of 2015 was 27.9% compared with 29.6% in the third quarter of 2014. The effective tax rate for the first nine months of 2015 and 2014 was 28.4% and 28.9%, respectively. These rates reflect non-U.S. income taxed at rates below the U.S. statutory rate, including the effect of repatriation, as well as the impact of discrete tax matters such as tax legislation, changes in valuation allowances, the resolution of tax examinations and expirations of statutes of limitations.

The Company is routinely examined by tax authorities in the jurisdictions in which it has significant operations. The Company regularly considers the likelihood of assessments in each of the taxing jurisdictions resulting from examinations. When evaluating the potential imposition of penalties, the Company considers a number of relevant factors under penalty statutes, including appropriate disclosure of the tax return position, the existence of legal authority supporting the Company's position, and reliance on the opinion of professional tax advisors.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in tax returns. The Company's gross unrecognized tax benefits decreased from $97 million at December 31, 2014 to $77 million at September 30, 2015. It is reasonably possible that the total amount of unrecognized tax benefits will decrease between zero and approximately $9 million within the next twelve months due to settlements of audits and expirations of statutes of limitation.

During the second quarter of 2015, the Company settled a U.S. federal tax audit with the IRS for the year 2013 and in the second quarter of 2014, settled a U.S. federal tax audit with the IRS for the year 2012.

3. Fiduciary Assets and Liabilities

In its capacity as an insurance broker or agent, the Company collects premiums from insureds and, after deducting its commissions, remits the premiums to the respective insurance underwriters. The Company also collects claims or refunds from underwriters on behalf of insureds. Unremitted insurance premiums and claims proceeds are held by the Company in a fiduciary capacity. Risk and Insurance Services revenue includes interest on fiduciary funds of $6 million in each of the three months ended September 30, 2015 and 2014, and $16 million and $18 million for the nine months ended September 30, 2015 and 2014, respectively. The Consulting segment recorded fiduciary interest income of $1 million and $2 million in the three months ended September 30, 2015 and 2014 and $3 million and $5 million for the nine-months ended September 30, 2015 and 2014, respectively. Since fiduciary assets are not available for corporate use, they are shown in the consolidated balance sheets as an offset to fiduciary liabilities.

Net uncollected premiums and claims and the related payables amounted to $7.4 billion at September 30, 2015 and $7.3 billion at December 31, 2014. The Company is not a principal to the contracts under which the right to receive premiums or the right to receive reimbursement of insured losses arises. Net uncollected premiums and claims and the related payables are, therefore, not assets and liabilities of the Company and are not included in the accompanying consolidated balance sheets.

In certain instances, the Company advances premiums, refunds or claims to insurance underwriters or insureds prior to collection. These advances are made from corporate funds and are reflected in the accompanying consolidated balance sheets as receivables.

Mercer manages approximately $24 billion of assets in trusts or funds for which Mercer's management or trustee fee is considered a variable interest. Mercer is not the primary beneficiary of these trusts or funds. Mercer's only variable interest in any of these trusts or funds is its unpaid fees, if any. Mercer's maximum exposure to loss of its interests is, therefore, limited to collection of its fees.

4. Per Share Data

Basic net income per share attributable to the Company and income from continuing operations per share are calculated by dividing the respective after-tax income by the weighted average number of outstanding shares of the Company's common stock.

Diluted net income per share attributable to the Company and income from continuing operations per share are calculated by dividing the respective after-tax income by the weighted average number of outstanding shares of the Company's common stock, which have been adjusted for the dilutive effect of potentially issuable common shares.

Reconciliations of the applicable income components used for diluted EPS - Continuing operations and basic weighted average common shares outstanding to diluted weighted average common shares outstanding are presented below. The reconciling items related to the calculation of diluted weighted average common shares outstanding are the same for net income attributable to the Company.

Basic and Diluted EPS Calculation - Continuing Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share figures)	2015	2014	2015	2014
Net income from continuing operations	$329	$305	$1,256	$1,202
Less: Net income attributable to non-controlling interests	8	7	31	27
	$321	$298	$1,225	$1,175
Basic weighted average common shares outstanding	528	544	534	547
Dilutive effect of potentially issuable common shares	5	7	6	7
Diluted weighted average common shares outstanding	533	551	540	554
Average stock price used to calculate common stock equivalents	$55.80	$52.15	$56.64	$49.89

There were 15.5 million and 19.3 million stock options outstanding as of September 30, 2015 and 2014, respectively.

5. Supplemental Disclosures to the Consolidated Statements of Cash Flows

The following schedule provides additional information concerning acquisitions, interest and income taxes paid for the nine-month periods ended September 30, 2015 and 2014.

(In millions of dollars)	2015	2014
Assets acquired, excluding cash	$636	$598
Liabilities assumed	(51)	(45)
Contingent/deferred purchase consideration	(154)	(147)
Net cash outflow for acquisitions	$431	$406

(In millions of dollars)	2015	2014
Interest paid	$126	$126
Income taxes paid	$335	$306

The Company paid deferred purchase consideration related to prior years' acquisitions of $30 million and $10 million for the nine months ended September 30, 2015 and 2014, respectively.

The Company had non-cash issuances of common stock of $68 million and $105 million for the nine months ended September 30, 2015 and 2014, respectively, primarily related to its share-based payment plans. The Company recorded share-based compensation expense related to equity awards (excluding stock options) of $49 million and $60 million for the nine-month periods ended September 30, 2015 and 2014, respectively.

The consolidated statement of cash flows includes the cash flow impact of discontinued operations related to indemnification payments from the Putnam disposition, that reduced the net cash flow provided by operations by $82 million for the nine months ended September 30, 2015.

6. Other Comprehensive Income (Loss)

The changes in the balances of each component of Accumulated Other Comprehensive Income ("AOCI") for the three- and nine-month periods ended September 30, 2015 and 2014, including amounts reclassified out of AOCI, are as follows:

(In millions of dollars)	Unrealized Investment Gains	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Adjustments	Total
Balance as of July 1, 2015	$5	$ (3,289)	$(639)	$(3,923)
Other comprehensive income (loss) before reclassifications	1	31	(276)	(244)
Amounts reclassified from accumulated other comprehensive income	—	45	—	45
Net current period other comprehensive income (loss)	1	76	(276)	(199)
Balance as of September 30, 2015	$6	$ (3,213)	$(915)	$(4,122)

(In millions of dollars)	Unrealized Investment Gains	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Adjustments	Total
Balance as of July 1, 2014	$5	$ (2,883)	$271	$(2,607)
Other comprehensive income (loss) before reclassifications	—	94	(419)	(325)
Amounts reclassified from accumulated other comprehensive income	—	37	—	37
Net current period other comprehensive income (loss)	—	131	(419)	(288)
Balance as of September 30, 2014	$5	$ (2,752)	$(148)	$(2,895)

(In millions of dollars)	Unrealized Investment Gains	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Adjustments	Total
Balance as of January 1, 2015	$5	$ (3,393)	$(459)	$(3,847)
Other comprehensive income (loss) before reclassifications	1	33	(456)	(422)
Amounts reclassified from accumulated other comprehensive income	—	147	—	147
Net current period other comprehensive income (loss)	1	180	(456)	(275)
Balance as of September 30, 2015	$6	$ (3,213)	$(915)	$(4,122)

(In millions of dollars)	Unrealized Investment Gains	Pension/Post-Retirement Plans Gains (Losses)	Foreign Currency Translation Adjustments	Total
Balance as of January 1, 2014	$5	$ (2,682)	$56	$(2,621)
Other comprehensive income (loss) before reclassifications	—	(174)	(204)	(378)
Amounts reclassified from accumulated other comprehensive income	—	104	—	104

Net current period other comprehensive income (loss)	—	(70)	(204)	(274)
Balance as of September 30, 2014	$5	$ (2,752)	$(148)	$(2,895)

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The components of other comprehensive income (loss) for the three- and nine-month periods ended September 30, 2015 and 2014 are as follows:

Three Months Ended September 30,	2015			2014		
(In millions of dollars)	Pre-Tax	Tax	Net of Tax	Pre-Tax	Tax	Net of Tax
Foreign currency translation adjustments	$(278)	$(2)	$(276)	$(421)	$(2)	$(419)
Unrealized investment gains (losses)	1	—	1	—	—	—
Pension/post-retirement plans:						
Amortization of losses (gains) included in net periodic pension cost:						
Prior service losses (gains) (a)	1	—	1	(3)	(1)	(2)
Net actuarial losses (a)	67	23	44	57	18	39
Subtotal	68	23	45	54	17	37
Effect of remeasurement	(89)	(30)	(59)	(1)	(1)	—
Effect of curtailment	4	—	4	—	—	—
Effect of settlement	1	—	1	—	—	—
Foreign currency translation adjustments	105	24	81	119	25	94
Other	5	1	4	—	—	—
Pension/post-retirement plans gains (losses)	94	18	76	172	41	131
Other comprehensive income (loss)	$(183)	$16	$(199)	$(249)	$39	$(288)

(a) Components of net periodic pension cost are included in compensation and benefits in the Consolidated Statements of Income. Tax on prior service gains and net actuarial losses is included in income tax expense.

Nine Months Ended September 30,	2015			2014		
(In millions of dollars)	Pre-Tax	Tax	Net of Tax	Pre-Tax	Tax	Net of Tax
Foreign currency translation adjustments	$(458)	$(2)	$(456)	$(214)	$(10)	$(204)
Unrealized investment gains (losses)	1	—	1	—	—	—
Pension/post-retirement plans:						
Amortization of losses (gains) included in net periodic pension cost:						
Prior service losses (gains) (a)	1	—	1	(8)	(3)	(5)
Net actuarial losses (a)	220	74	146	157	48	109
Subtotal	221	74	147	149	45	104
Effect of remeasurement	(92)	(31)	(61)	(167)	(34)	(133)
Effect of curtailment	4	—	4	(65)	(13)	(52)
Effect of settlement	2	—	2	—	—	—
Plan Termination	(6)	(2)	(4)	—	—	—
Foreign currency translation adjustments	113	25	88	11	3	8
Other	5	1	4	3	—	3
Pension/post-retirement plans gains (losses)	247	67	180	(69)	1	(70)
Other comprehensive (loss) income	$(210)	$65	$(275)	$(283)	$(9)	$(274)

(a) Components of net periodic pension cost are included in compensation and benefits in the Consolidated Statements of Income. Tax on prior service gains and net actuarial losses is included in income tax expense.

7. Acquisitions

The Risk and Insurance Services segment completed 11 acquisitions during the first nine months of 2015.

- January – Marsh acquired INGESEG S.A., an insurance brokerage located in Argentina.
- May – Marsh acquired Sylvite Financial Services, Inc., a Canada-based insurance consulting firm and Sumitomo Life Insurance Agency America, Inc., an employee benefits brokerage and consulting firm providing employee benefit and other services to U.S.-based subsidiaries of Japanese companies.
- June – Marsh & McLennan Agency ("MMA") acquired MHBT, Inc., a Texas-based insurance broker and Marsh acquired SIS Co. Ltd, a Korea-based insurance broker and advisor.
- July – MMA acquired Vezina, a Canada-based independent insurance brokerage firm, Tequesta Insurance Advisors, an employee benefits insurance provider based in Florida, Cline Wood Agency, a Kansas City-based independent specialty insurance agency and J.W. Terrill, a Missouri-based independent insurance agency. Marsh acquired SMEI Group Ltd., a U.K.-based insurance broker providing specialist commercial insurance to small and medium-sized firms.
- August – Marsh acquired Dovetail Insurance, a leading provider of insurance technology services to the U.S. small commercial market.

The Consulting segment completed 5 acquisitions during the first nine months of 2015.

- February – Oliver Wyman acquired TeamSAI, a Georgia-based provider of consulting and technical services to the transportation industry, and Mercer acquired Strategic Capital Management AG, a Switzerland-based institutional investment advisor.
- June – Mercer acquired Kepler Associates, a U.K.-based executive remuneration specialist.
- August – OWG acquired the Hong Kong and Shanghai franchises of OC&C Strategy Consultants.
- September – Mercer acquired Comptryx, a global pay and workforce metrics business specializing in the technology sector.

Total purchase consideration for acquisitions made during the first nine months of 2015 was $602 million, which consisted of cash paid of $448 million and deferred purchase and estimated contingent consideration of $154 million. Contingent consideration arrangements are primarily based on EBITDA and revenue targets over periods ranging from two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. The estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. The Company also paid $30 million of deferred purchase consideration and $39 million of contingent consideration related to acquisitions made in prior years. In addition, the Company purchased other intangible assets in the amount of $2 million.

The following table presents the preliminary allocation of the acquisition cost to the assets acquired and liabilities assumed during 2015 based on their fair values:

For the Nine Months Ended September 30, 2015	
(In millions of dollars)	
Cash	$448
Estimated fair value of deferred/contingent consideration	154
Total Consideration	$602
Allocation of purchase price:	
Cash and cash equivalents	$17
Accounts receivable, net	22
Other current assets	3
Property, plant, and equipment	5
Intangible assets	247
Goodwill	356
Other assets	3
Total assets acquired	653
Current liabilities	34
Other liabilities	17
Total liabilities assumed	51
Net assets acquired	$602

Prior Year Acquisitions

The Risk and Insurance Services segment completed fifteen acquisitions during 2014.

- January – MMA acquired Barney & Barney, LLC, a San Diego-based insurance broking firm that provides insurance, risk management and employee benefits solutions to businesses and individuals throughout the U.S. and abroad, Great Lakes Employee Benefits Services, Inc., an employee group benefits consulting and brokerage firm based in Michigan, and Bond Network, Inc., a surety bonding agency based in North Carolina.
- February – Marsh acquired Central Insurance Services, an independent insurance broker in Scotland that provides insurance broking and risk advisory services to companies of all sizes across industry sectors.
- March – MMA acquired Capstone Insurance Services, LLC, an agency that provides property-casualty insurance and risk management solutions to businesses and individuals throughout South Carolina.
- May – MMA acquired Kinker-Eveleigh Insurance Agency, an Ohio-based agency specializing in property-casualty and employee benefits solutions, VISICOR, a full-service employee benefits brokerage and consulting firm based in Texas, and Senn Dunn Insurance, a full-service insurance brokerage located in North Carolina.
- August – Marsh acquired Seguros Morrice y Urrutia S.A., an insurance broker based in Panama City, Panama.
- September – Marsh acquired Kocisko Insurance Brokers, Inc., a full-service commercial insurance brokerage located in Montreal, Quebec.
- October – MMA acquired NuWest Insurance Services, Inc., a California-based property-casualty agency.
- November – Marsh acquired Torrent Technologies, Inc., a Montana-based flood insurance specialist.
- December – Marsh acquired Seafire Insurance Services, LLC, a Kansas-based managing general underwriter, and Trade Insure NV, a leading distributor of credit insurance policies in Belgium, and MMA acquired The Benefit Planning Group, Inc., a North Carolina-based employee benefit consulting firm.

The Consulting segment completed six acquisitions during 2014.

- February – Mercer acquired Transition Assist, a retiree exchange specializing in helping retirees in employer-sponsored plans select Medicare supplemental health care insurance.

- September – Oliver Wyman acquired Bonfire Communications, an agency specializing in employee engagement and internal communications based in San Francisco, California.
- November – Mercer acquired AUSREM, a remuneration research and workforce consulting specialist based in Australia, and Jeitosa Group International, a global HR business consultancy and IT systems integration firm.
- December – Mercer acquired Denarius, a compensation and benefits survey and information products consulting firm based in Chile, and Oliver Wyman acquired OC&C Strategy Consultants (Boston) LLC (part of the OC&C network), a Boston-based consulting firm specializing in the business media, information services and education sectors.

Total purchase consideration for acquisitions made during the first nine months of 2014 was $573 million, which consisted of cash paid of $426 million and deferred purchase and estimated contingent consideration of $147 million. Contingent consideration arrangements are primarily based on EBITDA and revenue targets over periods ranging from two to four years. The fair value of the contingent consideration was based on projected revenue and earnings of the acquired entities. The estimated fair values of assets acquired and liabilities assumed are subject to adjustment when purchase accounting is finalized. In the first nine months of 2014, the Company also paid $10 million of deferred purchase consideration and $40 million of contingent consideration related to acquisitions made in prior years.

Pro-Forma Information

While the Company does not believe its acquisitions in the aggregate are material, the following unaudited pro-forma financial data gives effect to the acquisitions made by the Company during 2015 and 2014. In accordance with accounting guidance related to pro-forma disclosures, the information presented for current year acquisitions is as if they occurred on January 1, 2014 and reflects acquisitions made in 2014 as if they occurred on January 1, 2013. The unaudited pro-forma information adjusts for the effects of amortization of acquired intangibles. The unaudited pro-forma financial data is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have been achieved if such acquisitions had occurred on the dates indicated, nor is it necessarily indicative of future consolidated results.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share figures)	2015	2014	2015	2014
Revenue	$3,120	$3,207	$9,659	$9,938
Income from continuing operations	$331	$305	$1,271	$1,207
Net income attributable to the Company	$326	$298	$1,239	$1,177
Basic net income per share:				
– Continuing operations	$0.61	$0.55	$2.32	$2.16
– Net income attributable to the Company	$0.62	$0.55	$2.32	$2.15
Diluted net income per share:				
– Continuing operations	$0.61	$0.54	$2.30	$2.13
– Net income attributable to the Company	$0.61	$0.54	$2.30	$2.12

The consolidated statements of income include the results of operations of acquired companies since their respective acquisition dates. The consolidated statements of income for the three- and nine-month periods ended September 30, 2015 include approximately $48 million and $66 million of revenue, respectively, and $3 million and $4 million of operating income, respectively, related to acquisitions made in 2015.

Pending Acquisition

On September 10, 2015, Marsh and Jelf Group plc ("Jelf") announced their agreement on the terms and conditions of a recommended cash acquisition of 100% of the issued and to be issued share capital of Jelf for total consideration (excluding assumed indebtedness) of approximately $400 million (£258 million). The acquisition will be effected by means of a court-sanctioned scheme of arrangement in the U.K. The transaction is subject to customary closing conditions, including approval of Jelf shareholders and the Financial Conduct Authority, and is expected to close in the fourth quarter of 2015.

8. Goodwill and Other Intangibles

The Company is required to assess goodwill and any indefinite-lived intangible assets for impairment annually, or more frequently if circumstances indicate impairment may have occurred. The Company performs the annual impairment test for each of its reporting units during the third quarter of each year. In accordance with applicable accounting guidance, the Company assesses qualitative factors to determine whether it is necessary to perform the two-step goodwill impairment test. The Company considers numerous factors, which include whether the fair value of each reporting unit exceeded its carrying value by a substantial margin in its most recent estimate of reporting unit fair values, whether significant acquisitions or dispositions occurred which might alter the fair value of its reporting units, macroeconomic conditions and their potential impact on reporting unit fair values, actual performance compared with budget and prior projections used in its estimation of reporting unit fair values, industry and market conditions, and the year-over-year change in the Company's share price. The Company completed its qualitative assessment in the third quarter of 2015 and concluded that a two-step goodwill impairment test was not required in 2015 and that goodwill was not impaired.

Other intangible assets that are not deemed to have an indefinite life are amortized over their estimated lives and reviewed for impairment upon the occurrence of certain triggering events in accordance with applicable accounting literature.

Changes in the carrying amount of goodwill are as follows:

September 30,		
(In millions of dollars)	2015	2014
Balance as of January 1, as reported	$7,241	$6,893
Goodwill acquired	356	350
Other adjustments[(a)]	(91)	(64)
Balance at September 30,	$7,506	$7,179

(a) Primarily reflects the impact of foreign exchange in each period.

Goodwill allocable to the Company's reportable segments at September 30, 2015 is as follows: Risk & Insurance Services, $5.3 billion and Consulting, $2.2 billion.

Amortized intangible assets consist of the cost of client lists, client relationships and trade names acquired. The gross cost and accumulated amortization are as follows:

	September 30, 2015			December 31, 2014		
(In millions of dollars)	Gross Cost	Accumulated Amortization	Net Carrying Amount	Gross Cost	Accumulated Amortization	Net Carrying Amount
Amortized intangibles	$1,377	$541	$836	$1,177	$485	$692

Aggregate amortization expense for the nine months ended September 30, 2015 and 2014 was $79 million and $64 million, respectively. The estimated future aggregate amortization expense is as follows:

For the Years Ending December 31,	
(In millions of dollars)	Estimated Expense
2015 (excludes amortization through September 30, 2015)	$32
2016	107
2017	102
2018	98
2019	97
Subsequent years	400
	$836

9. Fair Value Measurements

Fair Value Hierarchy

The Company has categorized its assets and liabilities that are valued at fair value on a recurring basis into a three-level fair value hierarchy as defined by the Financial Accounting Standards Board ("FASB"). The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and lowest priority to unobservable inputs (Level 3). In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy, for disclosure purposes, is determined based on the lowest level input that is significant to the fair value measurement. Assets and liabilities recorded in the consolidated balance sheets at fair value are categorized based on the inputs in the valuation techniques as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market (examples include active exchange-traded equity securities and money market mutual funds).

Assets and liabilities utilizing Level 1 inputs include exchange-traded mutual funds and money market funds.

Level 2. Assets and liabilities whose values are based on the following:

a) Quoted prices for similar assets or liabilities in active markets;

b) Quoted prices for identical or similar assets or liabilities in non-active markets (examples include corporate and municipal bonds, which trade infrequently);

c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and

d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full asset or liability (for example, certain mortgage loans).

The Company does not have any assets or liabilities that utilize Level 2 inputs.

Level 3. Assets and liabilities whose values are based on prices, or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include private equity investments, certain commercial mortgage whole loans, and long-dated or complex derivatives including certain foreign exchange options and long-dated options on gas and power).

Liabilities utilizing Level 3 inputs include liabilities for contingent purchase consideration.

Valuation Techniques

Equity Securities and Mutual Funds – Level 1

Investments for which market quotations are readily available are valued at the sale price on their principal exchange, or official closing bid price for certain markets.

Contingent Consideration Liability – Level 3

Purchase consideration for some acquisitions made by the Company includes contingent consideration arrangements. Contingent consideration arrangements are primarily based on meeting EBITDA and revenue targets over periods from two to four years. The fair value of contingent consideration is estimated as the present value of future cash flows resulting from the projected revenue and earnings of the acquired entities.

The following fair value hierarchy table presents information about the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2015 and December 31, 2014.

	Identical Assets (Level 1)		Observable Inputs (Level 2)		Unobservable Inputs (Level 3)		Total	
(In millions of dollars)	09/30/15	12/31/14	09/30/15	12/31/14	09/30/15	12/31/14	09/30/15	12/31/14
Assets:								
Financial instruments owned:								
Mutual funds[a]	$136	$150	$—	$—	$—	$—	$136	$150
Money market funds[b]	310	107	—	—	—	—	310	107
Total assets measured at fair value	$446	$257	$—	$—	$—	$—	$446	$257
Fiduciary Assets:								
Money market funds	$79	$57	$—	$—	$—	$—	$79	$57
Total fiduciary assets measured at fair value	$79	$57	$—	$—	$—	$—	$79	$57
Liabilities:								
Contingent purchase consideration liability[c]	$—	$—	$—	$—	$283	$207	$283	$207
Total liabilities measured at fair value	$—	$—	$—	$—	$283	$207	$283	$207

[a] Included in other assets in the consolidated balance sheets.
[b] Included in cash and cash equivalents in the consolidated balance sheets.
[c] Included in accounts payable and accrued liabilities and other liabilities in the consolidated balance sheets.

During the nine-month period ended September 30, 2015, there were no assets or liabilities that were transferred between any of the levels.

The table below sets forth a summary of the changes in fair value of the Company’s Level 3 liabilities as of September 30, 2015 and 2014 that represent contingent consideration related to acquisitions:

(In millions of dollars)	2015	2014
Balance at January 1,	$207	$104
Additions	73	70
Payments	(39)	(40)
Revaluation Impact	42	17
Balance at September 30,	$283	$151

The fair value of the contingent liability is based on projections of revenue and earnings for the acquired entities that are reassessed on a quarterly basis. As set forth in the table above, based on the Company's ongoing assessment of the fair value of contingent consideration, the Company recorded a net increase in the estimated fair value of such liabilities for prior-period acquisitions of $42 million in the nine-month period ended September 30, 2015. A 5% increase in the above mentioned projections would increase the liability by approximately $24 million. A 5% decrease in the above mentioned projections would decrease the liability by approximately $35 million.

Long-Term Investments

The Company holds investments in certain private companies, public companies and certain private equity investments that are accounted for using the equity method of accounting. The carrying value of these investments amounted to $376 million at September 30, 2015 and $388 million at December 31, 2014.

The Company's investments in private equity funds were $76 million and $61 million at September 30, 2015 and December 31, 2014, respectively. The carrying values of these private equity investments approximate fair value. The underlying private equity funds follow investment company accounting, where investments within the fund are carried at fair value. The Company records in earnings, investment gains/losses for its proportionate share of the change in fair value of the funds. These investments would be classified as Level 3 in the fair value hierarchy and are included in other assets in the consolidated balance sheets.

During 2014, the Company purchased 34% of the common stock of Alexander Forbes. As of September 30, 2015, the carrying value of the Company’s investment in Alexander Forbes was approximately $250 million. As of September 30, 2015, the market value of the approximately 443 million shares of Alexander Forbes owned by the Company, based on the September 30, 2015 closing share price of 7.65 South African Rand per share, was approximately $244 million. The Company’s investment in Alexander Forbes and its other equity investments in private companies are accounted for using the equity method of accounting, the results of which are included in revenue in the consolidated income statements and the carrying value of which is included in other assets in the consolidated balance sheets. The Company records its share of income or loss on its equity method investments on a one quarter lag basis.

On February 24, 2015, Mercer purchased shares of common stock of Benefitfocus (NASDAQ:BNFT) constituting approximately 9.9% of BNFT's outstanding capital stock as of the acquisition date. The purchase price for the BNFT shares and certain other rights and other consideration was approximately $75 million. The Company has elected to account for this investment under the cost method of accounting as the shares purchased are categorized as restricted and cannot be sold for more than one year. When the restrictions on sale are less than one year in duration (January 1, 2017), the shares are expected to be classified as available for sale. This investment would then be classified as Level 2 in the fair value hierarchy and included in other assets in the consolidated balance sheets. The value of the BNFT shares based on the closing price on the NASDAQ at September 30, 2015 and without regard to the restrictions on sale was approximately $88 million.

10. Retirement Benefits

The Company maintains qualified and non-qualified defined benefit pension plans for some of its U.S. and non-U.S. eligible employees. The Company’s policy for funding its tax-qualified defined benefit retirement plans is to contribute amounts at least sufficient to meet the funding requirements set forth by U.S. law and the laws of the non-U.S. jurisdictions in which the Company offers defined benefit plans.

The target asset allocation for the Company's U.S. Plan was 64% equities and equity alternatives and 36% fixed income and at September 30, 2015, the actual allocation for the Company's U.S. Plan was 62% equities and equity alternatives and 38% fixed income. The target asset allocation for the Company's U.K. Plans, which comprise approximately 83% of non-U.S. Plan assets, is 48% equities and equity alternatives and 52% fixed income. At September 30, 2015, the actual allocation for the U.K. Plans was 45% equities and equity alternatives and 55% fixed income. The assets of the Company's defined benefit plans are diversified and are managed in accordance with applicable laws and with the goal of maximizing the plans' real return within acceptable risk parameters. The Company generally uses threshold-based portfolio re-balancing to ensure the actual portfolio remains consistent with target asset allocation ranges.

The components of the net periodic benefit cost for defined benefit and other post-retirement plans are as follows:

Combined U.S. and significant non-U.S. Plans For the Three Months Ended September 30, (In millions of dollars)	Pension Benefits 2015	Pension Benefits 2014	Post-retirement Benefits 2015	Post-retirement Benefits 2014
Service cost	$48	$49	$—	$2
Interest cost	147	163	1	3
Expected return on plan assets	(246)	(251)	—	—
Amortization of prior service cost (credit)	—	(2)	—	—
Recognized actuarial loss (gain)	66	55	—	(1)
Net periodic benefit cost	$15	$14	$1	$4
Curtailment loss	4	—	—	—
Settlement loss	2	—	—	—
Total cost	$21	$14	$1	$4

Combined U.S. and significant non-U.S. Plans For the Nine Months Ended September 30, (In millions of dollars)	Pension Benefits 2015	Pension Benefits 2014	Post-retirement Benefits 2015	Post-retirement Benefits 2014
Service cost	$150	$172	$2	$4
Interest cost	439	485	5	9
Expected return on plan assets	(732)	(749)	—	—
Amortization of prior service cost (credit)	—	(8)	1	—
Recognized actuarial loss (gain)	220	159	(1)	(1)
Net periodic benefit cost	$77	$59	$7	$12
Curtailment cost (credit)	4	(65)	—	—
Settlement loss	2	—	—	—
Plan termination	—	—	(128)	—
Total cost (credit)	$83	$(6)	$(121)	$12

U.S. Plans only For the Three Months Ended September 30, (In millions of dollars)	Pension Benefits 2015	Pension Benefits 2014	Post-retirement Benefits 2015	Post-retirement Benefits 2014
Service cost	$29	$23	$—	$1
Interest cost	63	65	—	2
Expected return on plan assets	(93)	(87)	—	—
Amortization of prior service cost (credit)	—	(1)	—	—
Recognized actuarial loss (gain)	35	31	—	(1)
Net periodic benefit cost	$34	$31	$—	$2

U.S. Plans only For the Nine Months Ended September 30, (In millions of dollars)	Pension Benefits 2015	 2014	Post-retirement Benefits 2015	 2014
Service cost	$88	$68	$1	$2
Interest cost	188	190	2	6
Expected return on plan assets	(277)	(260)	—	—
Amortization of prior service (credit) cost	—	(5)	1	—
Recognized actuarial loss (gain)	126	84	(1)	(2)
Net periodic benefit cost	$125	$77	$3	$6
Plan termination	—	—	(128)	—
Total cost (credit)	$125	$77	$(125)	$6

Effective September 1, 2015, the Company divided its U.S. qualified defined benefit plan. The existing plan was amended to cover only the retirees currently receiving benefits and terminated vested participants. The Company's active participants were transferred into a newly established, legally separate qualified defined benefit plan. The benefits offered to the plans' participants were unchanged. As a result of the plan amendment and establishment of the new plan, the Company re-measured the assets and liabilities of the two plans as required under U.S. GAAP, based on assumptions and market conditions at the amendment date. As a result of the re-measurement, the projected benefit obligation and the net funded status of the plans decreased by approximately $298 million and $64 million, respectively. The decrease in the projected obligation was primarily due to the change in the discount rate from 4.3% at the December 31, 2014 measurement date, to a weighted average rate for the two plans of 4.67% at the re-measurement date. This was more than offset by a decline in plan assets.

In March 2015, the Company amended its U.S. Post-65 retiree medical reimbursement plan (the "RRA plan"), resulting in its termination, with benefits to certain participants paid through December 31, 2016. As a result of the termination of the RRA plan, the Company recognized a net credit of approximately $125 million in the first quarter of 2015.

Significant non-U.S. Plans only For the Three Months Ended September 30, (In millions of dollars)	Pension Benefits 2015	 2014	Post-retirement Benefits 2015	 2014
Service cost	$19	$26	$—	$1
Interest cost	84	98	1	1
Expected return on plan assets	(153)	(164)	—	—
Amortization of prior service credit	—	(1)	—	—
Recognized actuarial loss	31	24	—	—
Net periodic benefit (credit) cost	$(19)	$(17)	$1	$2
Curtailment loss (credit)	4	—	—	—
Settlement loss	2	—	—	—
Total (credit) cost	$(13)	$(17)	$1	$2

Significant non-U.S. Plans only For the Nine Months Ended September 30, (In millions of dollars)	Pension Benefits 2015	 2014	Post-retirement Benefits 2015	 2014
Service cost	$62	$104	$1	$2
Interest cost	251	295	3	3
Expected return on plan assets	(455)	(489)	—	—
Amortization of prior service cost	—	(3)	—	—
Recognized actuarial loss	94	75	—	1
Net periodic benefit (credit) cost	$(48)	$(18)	$4	$6
Curtailment loss (credit)	4	(65)	—	—
Settlement loss	2	—	—	—
Total (credit) cost	$(42)	$(83)	$4	$6

Effective August 1, 2015, the Company amended its Ireland defined benefit pension plans to close those plans to future benefit accruals and replaced those plans with a new defined contribution arrangement. The Company re-measured the assets and liabilities of the plans, based on assumptions and market conditions on the amendment date. As a result of the re-measurement, the projected benefit obligation increased by approximately $59 million primarily due to the change in the discount rate from approximately 2.3% at the December 31, 2014 measurement date, to 1.8% at the re-measurement date. The increase in the projected benefit obligation contributed to a $26 million reduction in the funded status of the Ireland pension plans.

After completion of a consultation period with affected colleagues, in January 2014, the Company amended its U.K. defined benefit pension plans to close those plans to future benefit accruals effective August 1, 2014 and replaced those plans, along with its existing U.K. defined contribution plans, with a new, comprehensive defined contribution arrangement. This change resulted in a curtailment of the U.K. defined benefit plans, and as required under GAAP, the Company re-measured the defined benefit plans' assets and liabilities at the amendment date, based on assumptions and market conditions at that date. As a result of the re-measurement, the projected benefit obligation ("PBO") increased by approximately $147 million and the funded status decreased by approximately $137 million. The change in the PBO and in the funded status relates primarily to a decrease in the discount rate at the re-measurement date. The net periodic benefit costs recognized in 2014 were the weighted average resulting from the December 31, 2013 measurement and the January 2014 re-measurement. The Company recognized a curtailment gain of $65 million in the first quarter of 2014, primarily resulting from the recognition of the remaining unamortized prior service credit related to a plan amendment made in December 2012. This gain was mostly offset by the cost of a transition benefit for certain employees most impacted by the amendment, which is not part of net periodic pension cost.

The weighted average actuarial assumptions utilized to calculate the net periodic benefit costs for the U.S. and significant non-U.S. defined benefit plans are as follows:

Combined U.S. and significant non-U.S. Plans September 30,	Pension Benefits 2015	 2014	Post-retirement Benefits 2015	 2014
Weighted average assumptions:				
Expected return on plan assets	7.25 %	7.53 %	— %	— %
Discount rate	3.79 %	4.74 %	4.08 %	5.03 %
Rate of compensation increase	2.42 %	2.64 %	— %	— %

The Company made approximately $138 million of contributions to its U.S. and non-U.S. defined benefit plans in the first nine months of 2015. The Company expects to contribute approximately $59 million to its non-qualified U.S. pension and non-U.S. pension plans during the remainder of 2015.

11. Debt

The Company’s outstanding debt is as follows:

(In millions of dollars)	September 30, 2015	December 31, 2014
Short-term:		
Current portion of long-term debt	$62	$11
Long-term:		
Senior notes – 2.30% due 2017	249	249
Senior notes – 2.55% due 2018	249	249
Senior notes – 2.35% due 2019	300	300
Senior notes – 2.35% due 2020	500	—
Senior notes – 4.80% due 2021	498	497
Senior notes – 4.05% due 2023	248	248
Senior notes – 3.50% due 2024	599	595
Senior notes – 3.50% due 2025	498	498
Senior notes – 3.750% due 2026	599	—
Senior notes – 5.875% due 2033	297	297
Mortgage – 5.70% due 2035	395	403
Term Loan Facility – due 2016	50	50
Other	2	1
	4,484	3,387
Less current portion	62	11
	$4,422	$3,376

The senior notes in the table above are publicly registered by the Company with no guarantees attached.

In September 2015, the Company issued $600 million of 3.75% 10.5-year senior notes. The Company intends to use the net proceeds for general corporate purposes.

In March 2015, the Company issued $500 million of 2.35% five-year senior notes. The Company used the net proceeds for general corporate purposes.

In September 2014, the Company issued $300 million of 2.35% five-year senior notes and $500 million of 3.50% 10.5-year senior notes. In October 2014, a significant portion of the net proceeds of this offering were used to redeem $630 million of debt, including $230 million of 5.75% senior notes due in September 2015 and $400 million of 9.25% senior notes due in 2019. Total cash outflow related to this transaction was approximately $765 million, including a $137 million cost for early redemption, which was reflected as a charge in the consolidated statements of income in the fourth quarter of 2014.

In May 2014, the Company issued $600 million of 3.50% ten-year senior notes. The net proceeds of this offering were used for general corporate purposes, which included the repayment of $320 million of the existing 5.375% senior notes, which matured on July 15, 2014.

The Company and certain of its foreign subsidiaries maintain a $1.2 billion multi-currency five-year unsecured revolving credit facility. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings. This facility expires in March 2019 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at September 30, 2015.

The Company has a $150 million uncommitted bank credit line. There were no borrowings under this facility at September 30, 2015.

On September 8, 2015, the Company obtained a $435 million letter of credit, expiring on March 15, 2016, relating to the pending acquisition of Jelf. In October 2015, the Company moved $435 million to an escrow account, thereby canceling the letter of credit.

In December 2012, the Company closed on a $50 million, three-year term loan facility. The interest rate on this facility at September 30, 2015 was 1.20%, which is based on LIBOR plus a fixed margin which varies with the

Company's credit ratings. The facility requires the Company to maintain coverage ratios and leverage ratios consistent with the revolving credit facility discussed above. The Company had $50 million of borrowings outstanding under this facility at September 30, 2015.

Fair Value of Short-term and Long-term Debt

The estimated fair value of the Company’s short-term and long-term debt is provided below. Certain estimates and judgments were required to develop the fair value amounts. The fair value amounts shown below are not necessarily indicative of the amounts that the Company would realize upon disposition, nor do they indicate the Company’s intent or need to dispose of the financial instrument.

	September 30, 2015		December 31, 2014	
(In millions of dollars)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Short-term debt	$62	$62	$11	$11
Long-term debt	$4,422	$4,542	$3,376	$3,493

The fair value of the Company’s short-term debt, which consists primarily of commercial paper and term debt maturing in the next year, approximates its carrying value. The estimated fair value of a primary portion of the Company's long-term debt is based on discounted future cash flows using current interest rates available for debt with similar terms and remaining maturities. Short- and long-term debt would be classified as Level 2 in the fair value hierarchy.

12. Restructuring Costs

The Company recorded total restructuring costs of $8 million in the first nine months of 2015, primarily for future severance and rent under non-cancelable leases. These costs were incurred in Risk and Insurance services ($3 million) and in Corporate ($5 million).

Details of the restructuring activity from January 1, 2014 through September 30, 2015, which includes liabilities from actions prior to 2015, are as follows:

(In millions of dollars)	Liability at 1/1/14	Amounts Accrued	Cash Paid	Other	Liability at 12/31/14	Amounts Accrued	Cash Paid	Other	Liability at 9/30/15
Severance	$11	$4	$(8)	$—	$7	$3	$(5)	$(1)	$4
Future rent under non-cancelable leases and other costs	113	8	(35)	(1)	85	5	(19)	(1)	70
Total	$124	$12	$(43)	$(1)	$92	$8	$(24)	$(2)	$74

The expenses associated with the above initiatives are included in compensation and benefits and other operating expenses in the consolidated statements of income. The liabilities associated with these initiatives are classified on the consolidated balance sheets as accounts payable, other liabilities, or accrued compensation, depending on the nature of the items.

13. Common Stock

During the first nine months of 2015, the Company repurchased approximately 23.4 million shares of its common stock for consideration of $1.3 billion. In May 2015, the Board of Directors renewed the Company's share repurchase program, allowing management to buy back up to $2 billion of the Company's common stock. At September 30, 2015, the Company remains authorized to purchase additional shares of its common stock up to a value of approximately $1.2 billion. There is no time limit on the authorization. During the first nine months of 2014, the Company repurchased 11.8 million shares of its common stock for consideration of $600 million.

14. Claims, Lawsuits and Other Contingencies

Litigation Matters

The Company and its subsidiaries are subject to a significant number of claims, lawsuits and proceedings in the ordinary course of business. Such claims and lawsuits consist principally of alleged errors and omissions in connection with the performance of professional services, including the placement of insurance, the provision of actuarial services for corporate and public sector clients, the provision of investment advice and investment management services to pension plans, the provision of advice relating to pension buy-out transactions and the provision of consulting services relating to the drafting and interpretation of trust deeds and other documentation governing pension plans. These claims may seek damages, including punitive and treble damages, in amounts that could, if awarded, be significant. In establishing liabilities for errors and omissions claims in accordance with FASB ASC Subtopic No. 450-20 (Contingencies-Loss Contingencies), the Company uses case level reviews by inside and outside counsel, an internal actuarial analysis and other analysis to estimate potential losses. A liability is established when a loss is both probable and reasonably estimable. The liability is reviewed quarterly and adjusted as developments warrant. In many cases, the Company has not recorded a liability, other than for legal fees to defend the claim, because we are unable, at the present time, to make a determination that a loss is both probable and reasonably estimable.

To the extent that expected losses exceed our deductible in any policy year, the Company also records an asset for the amount that we expect to recover under any available third-party insurance programs. The Company has varying levels of third-party insurance coverage, with policy limits and coverage terms varying significantly by policy year.

Governmental Inquiries and Enforcement Matters

Our activities are regulated under the laws of the United States and its various states, the European Union and its member states, and the other jurisdictions in which the Company operates. In the ordinary course of business, the Company is also subject to subpoenas, investigations, lawsuits and other regulatory actions undertaken by governmental authorities.

Other Contingencies-Guarantees

In connection with its acquisition of U.K.-based Sedgwick Group in 1998, the Company acquired several insurance underwriting businesses that were already in run-off, including River Thames Insurance Company Limited ("River Thames"), which the Company sold in 2001. Sedgwick guaranteed payment of claims on certain policies underwritten through the Institute of London Underwriters (the "ILU") by River Thames. The policies covered by this guarantee were reinsured up to £40 million by a related party of River Thames. Payment of claims under the reinsurance agreement is collateralized by segregated assets held in a trust. As of September 30, 2015, the reinsurance coverage exceeded the best estimate of the projected liability of the policies covered by the guarantee. To the extent River Thames or the reinsurer is unable to meet its obligations under those policies, a claimant may seek to recover from the Company under the guarantee.

From 1980 to 1983, the Company owned indirectly the English & American Insurance Company ("E&A"), which was a member of the ILU. The ILU required the Company to guarantee a portion of E&A's obligations. After E&A became insolvent in 1993, the ILU agreed to discharge the guarantee in exchange for the Company's agreement to post an evergreen letter of credit that is available to pay claims by policyholders on certain E&A policies issued through the ILU and incepting between July 3, 1980 and October 6, 1983. Certain claims have been paid under the letter of credit and the Company anticipates that additional claimants may seek to recover against the letter of credit.

Kroll-related Matters

Under the terms of a stock purchase agreement with Altegrity, Inc. ("Altegrity") related to Altegrity's purchase of Kroll from the Company in August 2010, a copy of which is attached as an exhibit to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2010, the Company agreed to provide a limited indemnity to Altegrity with respect to certain Kroll-related litigation and regulatory matters.

* * * *

The pending proceedings and other matters described in this Note 14 on Claims, Lawsuits and Other Contingencies may expose the Company or its subsidiaries to liability for significant monetary damages and other forms of relief. Where a loss is both probable and reasonably estimable, the Company establishes liabilities in accordance with

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FASB ASC Subtopic No. 450-20 (Contingencies - Loss Contingencies). Except as described above, the Company is not able at this time to provide a reasonable estimate of the range of possible loss attributable to these matters or the impact they may have on the Company's consolidated results of operations, financial position or cash flows. This is primarily because these matters are still developing and involve complex issues subject to inherent uncertainty. Adverse determinations in one or more of these matters could have a material impact on the Company's consolidated results of operations, financial condition or cash flows in a future period.

15. Segment Information

The Company is organized based on the types of services provided. Under this organizational structure, the Company's business segments are:

Risk and Insurance Services, comprising insurance services (Marsh) and reinsurance services (Guy Carpenter); and
Consulting, comprising Mercer and Oliver Wyman Group

The accounting policies of the segments are the same as those used for the consolidated financial statements described in Note 1 to the Company's 2014 Form 10-K. Segment performance is evaluated based on segment operating income, which includes directly related expenses, and charges or credits related to integration and restructuring but not the Company's corporate-level expenses. Revenues are attributed to geographic areas on the basis of where the services are performed.

Selected information about the Company's operating segments for the three- and nine-month periods ended September 30, 2015 and 2014 are as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
(In millions of dollars)	Revenue		Operating Income (Loss)		Revenue		Operating Income (Loss)	
2015–								
Risk and Insurance Services	$1,584	(a)	$225		$5,137	(c)	$1,185	
Consulting	1,540	(b)	285		4,448	(d)	781	
Total Operating Segments	3,124		510		9,585		1,966	
Corporate / Eliminations	(9	)	(49	)	(30	)	(141	)
Total Consolidated	$3,115		$461		$9,555		$1,825	
2014–								
Risk and Insurance Services	$1,610	(a)	$229		$5,240	(c)	$1,170	
Consulting	1,541	(b)	274		4,493	(d)	746	
Total Operating Segments	3,151		503		9,733		1,916	
Corporate / Eliminations	(10	)	(58	)	(28	)	(151	)
Total Consolidated	$3,141		$445		$9,705		$1,765	

(a) Includes inter-segment revenue of $0 million in both 2015 and 2014, interest income on fiduciary funds of $6 million in both 2015 and 2014, and equity method income of $2 million and $4 million in 2015 and 2014, respectively.

(b) Includes inter-segment revenue of $9 million in 2015 and $10 million in 2014, interest income on fiduciary funds of $1 million in 2015 and $2 million in 2014, and equity method income of $5 million in 2015 and $0 million in 2014.

(c) Includes inter-segment revenue of $5 million and $3 million in 2015 and 2014, respectively, interest income on fiduciary funds of $16 million and $18 million in 2015 and 2014, respectively, and equity method income of $4 million in 2015 and $10 million in 2014.

(d) Includes inter-segment revenue of $25 million in both 2015 and 2014, interest income on fiduciary funds of $3 million and $5 million in 2015 and 2014, respectively, and equity method income of $13 million in 2015 and $0 million in 2014.

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Details of operating segment revenue for the three- and nine-month periods ended September 30, 2015 and 2014 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions of dollars)	2015	2014	2015	2014
Risk and Insurance Services				
Marsh	$1,322	$1,343	$4,230	$4,295
Guy Carpenter	262	267	907	945
Total Risk and Insurance Services	1,584	1,610	5,137	5,240
Consulting				
Mercer	1,090	1,112	3,173	3,244
Oliver Wyman Group	450	429	1,275	1,249
Total Consulting	1,540	1,541	4,448	4,493
Total Operating Segments	3,124	3,151	9,585	9,733
Corporate / Eliminations	(9)	(10)	(30)	(28)
Total	$3,115	$3,141	$9,555	$9,705

16. New Accounting Guidance

In September 2015, the FASB issued new guidance intended to simplify the accounting for adjustments made to provisional amounts recognized in business combinations. The guidance requires the acquirer to recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustments are determined, and to record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the estimated amounts, calculated as if the accounting had been completed as of the acquisition date. The guidance also includes additional disclosures required for the amounts recorded in current period earnings arising from such adjustments. The guidance is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The guidance should be applied prospectively for adjustments to provisional amounts after the effective date, with earlier application permitted for financial statements that have not been issued. The Company is currently evaluating the impact the adoption of this new guidance will have on its financial condition and results of operations.

In May 2015, the FASB issued new guidance which removes the requirement to present certain investments for which the practical expedient is used to measure fair value at net asset value within the fair value hierarchy table. Instead, an entity would be required to include those investments as a reconciling item so that the total fair value amount of investments in the disclosure is consistent with the fair value investment balance on the statement of net assets. This guidance is effective for fiscal years beginning after December 15, 2015. The adoption of this new guidance will affect footnote disclosure only and is not expected to have a material impact on the Company's financial statements.

In April 2015, the FASB issued new accounting guidance intended to simplify the presentation of debt issuance costs. The new guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the new guidance. The guidance is effective for periods beginning after December 15, 2015. The new guidance should be applied on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. Upon transition, an entity is required to comply with the applicable disclosures for a change in an accounting principle. The adoption of this new guidance is not expected to materially affect the Company's financial condition or cash flows, and will have no effect on the results of operations.

In February 2015, the FASB issued new accounting guidance intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations and securitization structures. The guidance focuses on the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities. The guidance is effective for periods beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the impact of the adoption of the guidance on its financial condition and results of operations.

In January 2015, the FASB issued new accounting guidance that eliminated the concept of extraordinary items. The guidance is effective for annual periods beginning after December 15, 2015. The guidance may be adopted prospectively, or retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided the guidance is applied from the beginning of the fiscal year of adoption. Adoption of the guidance is not expected to materially affect the Company's financial condition, results of operations or cash flows.

In June 2014, the FASB issued new accounting guidance to clarify the treatment of share-based payment awards that require a specific performance target to be achieved in order for employees to be eligible to vest in the awards which include terms that may provide that the performance conditions could be achieved after an employee completes the requisite service period. The guidance requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, a reporting entity should apply the existing guidance as it relates to awards with performance conditions that affect vesting. The guidance is effective for annual periods beginning after December 15, 2015. Early adoption is permitted. Adoption of the guidance is not expected to materially affect the Company's financial condition, results of operations or cash flows.

In May 2014, the FASB issued new accounting guidance to clarify the principles for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of 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. To achieve that principle, the entity should apply the following steps: identify the contract(s) with the customer, identify the performance obligations in the contract(s), determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when (or as) the entity satisfies a performance obligation. The guidance was initially effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period, but was deferred to fiscal years beginning on or after December 15, 2017. Entities are permitted to adopt the guidance under one of the following methods: retrospectively to each prior reporting period presented (with certain practical expedients allowed) or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application. If an entity elects this transition method, it must provide disclosures in reporting periods that include the date of initial application of the amount by which each financial statement line item is affected in the current reporting period by application of the guidance as compared to guidance that was in effect before the change, and an explanation for the reasons for significant changes. The Company is currently evaluating the impact of the adoption of the guidance on its financial condition and results of operations.

In April 2014, the FASB issued new accounting guidance which changes the criteria for reporting discontinued operations and enhances disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations, such as disposal of a major geographic area or a major line of business, should be presented as discontinued operations. Those strategic shifts should have a major impact on the organization's operations and financial results. In addition, the new guidance requires expanded disclosures about discontinued operations. The guidance is effective for fiscal years beginning on or after December 15, 2014. Adoption of the guidance did not affect the Company's financial condition, results of operations or cash flows.

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

General

Marsh & McLennan Companies, Inc. (the "Company") is a global professional services firm offering clients advice and solutions in risk, strategy, and people. It is the parent company of a number of leading risk experts and specialty consultants, including: Marsh, the insurance broker, intermediary and risk advisor; Guy Carpenter, the risk and reinsurance specialist; Mercer, the provider of HR and related financial advice and services; and Oliver Wyman Group, the management, economic and brand consultancy. With approximately 58,000 employees worldwide and annual revenue of $13 billion, the Company provides analysis, advice and transactional capabilities to clients in more than 130 countries.

The Company conducts business through two segments:

- Risk and Insurance Services includes risk management activities (risk advice, risk transfer and risk control and mitigation solutions) as well as insurance and reinsurance broking and services. We conduct business in this segment through Marsh and Guy Carpenter.
- Consulting includes Health, Retirement, Talent and Investments consulting services and products, and specialized management, economic and brand consulting services. We conduct business in this segment through Mercer and Oliver Wyman Group.

A reconciliation of segment operating income to total operating income is included in Note 15 to the consolidated financial statements included in Part I Item 1 in this report. The accounting policies used for each segment are the same as those used for the consolidated financial statements.

This Management's Discussion & Analysis ("MD&A") contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. See "Information Concerning Forward-Looking Statements" at the outset of this report.

Consolidated Results of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share figures)	2015	2014	2015	2014
Revenue	$3,115	$3,141	$9,555	$9,705
Expense:				
Compensation and Benefits	1,878	1,904	5,434	5,619
Other Operating Expenses	776	792	2,296	2,321
Operating Expenses	2,654	2,696	7,730	7,940
Operating Income	461	445	1,825	1,765
Income from Continuing Operations	329	305	1,256	1,202
Discontinued Operations, net of tax	2	(1)	(1)	(4)
Net Income Before Non-Controlling Interests	331	304	1,255	1,198
Net Income Attributable to the Company	$323	$297	$1,224	$1,171
Income From Continuing Operations Per Share:				
Basic	$0.61	$0.55	$2.29	$2.15
Diluted	$0.60	$0.54	$2.27	$2.12
Net Income Per Share Attributable to the Company:				
Basic	$0.61	$0.55	$2.29	$2.14
Diluted	$0.61	$0.54	$2.27	$2.11
Average Number of Shares Outstanding:				
Basic	528	544	534	547
Diluted	533	551	540	554
Shares Outstanding at September 30	522	542	522	542

The Company's consolidated operating income increased 4% to $461 million in the third quarter of 2015 compared with $445 million in the prior year. This reflects the impact of a 1% decrease in revenue, offset by a 2% decrease in expense. In the third quarter of 2015, the Company continued to be adversely impacted by the strengthened U.S. dollar, which had the effect of reducing the translated value of the Company’s foreign earnings, while the total costs of defined benefit and defined contribution plans ("retirement benefit costs") worldwide increased primarily due to lower interest rates.

Diluted net income per share from continuing operations was $.60, compared to $.54 last year, reflecting a $24 million increase in net income as well as a 3% decrease in the average number of diluted shares outstanding as compared to the same period last year. Shares issued related to the vesting of share awards and exercise of employee stock options were more than offset by share repurchases over the past four quarters.

Consolidated operating income was approximately $1.8 billion in the first nine months of 2015, modestly higher compared with the first nine months of 2014, reflecting the adverse effect of the strengthened U.S. dollar and higher pension benefits costs. The impact of these headwinds was more than offset by the impact of a net credit from the termination of the Company's post-65 retiree medical reimbursement plan in the U.S. (the "RRA plan") of approximately $125 million, which was recorded in the first quarter of 2015.

Consolidated Revenue and Expense

The Company conducts business in many countries, as a result of which the impact of foreign exchange rate movements may impact period-to-period comparisons of revenue. Similarly, certain items that affect comparability, such as the revenue impact of acquisitions and dispositions, including transfers among businesses, may impact period-to-period comparisons of revenue. Underlying revenue measures the change in revenue from one period to another by isolating these impacts. The impact of foreign currency exchange fluctuations, acquisitions and dispositions, including transfers among businesses, on the Company's operating revenues by segment was as follows:

	Three Months Ended September 30,		% Change GAAP Revenue	Components of Revenue Change*		
(In millions of dollars)	2015	2014		Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Risk and Insurance Services						
Marsh	$1,317	$1,338	(2)%	(7)%	4 %	2 %
Guy Carpenter	261	266	(2)%	(4)%	—	2 %
Subtotal	1,578	1,604	(2)%	(7)%	3 %	2 %
Fiduciary Interest Income	6	6				
Total Risk and Insurance Services	1,584	1,610	(2)%	(7)%	3 %	2 %
Consulting						
Mercer	1,090	1,112	(2)%	(8)%	1 %	5 %
Oliver Wyman Group	450	429	5 %	(6)%	2 %	9 %
Total Consulting	1,540	1,541	—	(7)%	1 %	6 %
Corporate/Eliminations	(9)	(10)				
Total Revenue	$3,115	$3,141	(1)%	(7)%	2 %	4 %

	Three Months Ended September 30,		% Change GAAP Revenue	Components of Revenue Change*		
(In millions of dollars)	2015	2014		Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Marsh:						
EMEA	$378	$414	(9)%	(10)%	1 %	1 %
Asia Pacific	156	175	(10)%	(13)%	2 %	1 %
Latin America	86	99	(14)%	(21)%	2 %	6 %
Total International	620	688	(10)%	(13)%	1 %	2 %
U.S. / Canada	697	650	7 %	(2)%	7 %	2 %
Total Marsh	$1,317	$1,338	(2)%	(7)%	4 %	2 %
Mercer:						
Health	$394	$392	—	(4)%	(2)%	6 %
Retirement	317	330	(4)%	(8)%	2 %	2 %
Investments	202	213	(5)%	(14)%	3 %	6 %
Talent	177	177	1 %	(8)%	3 %	6 %
Total Mercer	$1,090	$1,112	(2)%	(8)%	1 %	5 %

Underlying revenue measures the change in revenue using consistent currency exchange rates, excluding the impact of certain items that affect comparability such as: acquisitions, dispositions and transfers among businesses.

* Components of revenue change may not add due to rounding.

(In millions of dollars)	Nine Months Ended September 30, 2015	2014	% Change GAAP Revenue	Components of Revenue Change* Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Risk and Insurance Services						
Marsh	$4,217	$4,280	(1)%	(7)%	3 %	3 %
Guy Carpenter	904	942	(4)%	(4)%	(1)%	1 %
Subtotal	5,121	5,222	(2)%	(6)%	2 %	2 %
Fiduciary Interest Income	16	18				
Total Risk and Insurance Services	5,137	5,240	(2)%	(6)%	2 %	2 %
Consulting						
Mercer	3,173	3,244	(2)%	(7)%	1 %	4 %
Oliver Wyman Group	1,275	1,249	2 %	(6)%	2 %	6 %
Total Consulting	4,448	4,493	(1)%	(7)%	1 %	5 %
Corporate/Eliminations	(30)	(28)				
Total Revenue	$9,555	$9,705	(2)%	(7)%	2 %	3 %

(In millions of dollars)	Nine Months Ended September 30, 2015	2014	% Change GAAP Revenue	Components of Revenue Change* Currency Impact	Acquisitions/ Dispositions Impact	Underlying Revenue
Marsh:						
EMEA	$1,380	$1,509	(9)%	(11)%	1 %	2 %
Asia Pacific	480	520	(8)%	(10)%	1 %	1 %
Latin America	262	285	(8)%	(17)%	3 %	5 %
Total International	2,122	2,314	(8)%	(11)%	1 %	2 %
U.S. / Canada	2,095	1,966	7 %	(1)%	5 %	3 %
Total Marsh	$4,217	$4,280	(1)%	(7)%	3 %	3 %
Mercer:						
Health	$1,169	$1,173	—	(4)%	(2)%	5 %
Retirement	973	1,032	(6)%	(8)%	2 %	—
Investments	614	622	(1)%	(12)%	2 %	9 %
Talent	417	417	—	(7)%	3 %	5 %
Total Mercer	$3,173	$3,244	(2)%	(7)%	1 %	4 %

Underlying revenue measures the change in revenue using consistent currency exchange rates, excluding the impact of certain items that affect comparability, such as: acquisitions, dispositions and transfers among businesses.

* Components of revenue change may not add due to rounding.

Revenue

Consolidated revenue for the third quarter of 2015 was $3.1 billion, a decrease of 1% on a reported basis, reflecting a 4% increase on an underlying basis and a 2% increase from the impact of acquisitions, which were more than offset by a decrease of 7% from the impact of foreign currency translation.

Revenue in the Risk and Insurance Services segment for the third quarter of 2015 was $1.6 billion, a decrease of 2% from the same period last year. Revenue increased 2% on an underlying basis and 3% from the impact of acquisitions, offset by a 7% decrease from the impact of foreign currency translation. Consulting revenue of $1.5 billion in the third quarter of 2015 remained flat from the same period in 2014. Revenue increased 6% on an underlying basis and 1% from the impact of acquisitions, offset by a 7% decrease from the impact of foreign exchange.

For the first nine months of 2015, Risk & Insurance Services revenue decreased 2% from the same period in 2014, but increased 2% on an underlying basis. Consulting revenue decreased 1% compared with the nine-month period last year. On an underlying basis, Consulting revenue increased 5%, reflecting increases of 4% at Mercer and 6% at Oliver Wyman.

Operating Expense

Consolidated operating expense in the third quarter decreased 2% compared with the same period last year, reflecting a 3% increase on an underlying basis and a 2% increase from acquisitions, offset by a 7% decrease from the impact of foreign currency translation. The increase in underlying expenses is primarily due to higher base salary, bonus and health and welfare plan benefit costs.

Expenses for the nine months of 2015 decreased 3% compared to the same period in 2014, reflecting a 2% increase on an underlying basis and a 2% increase from acquisitions, offset by a 7% decrease from the impact of foreign currency translation. The underlying expense increase reflects higher base salary and retirement benefit costs, partly offset by a net benefit from actions relating to the RRA plan.

Risk and Insurance Services

The results of operations for the Risk and Insurance Services segment are presented below:

For the Three and Nine Months Ended September 30,	Three Months		Nine Months	
(In millions of dollars)	2015	2014	2015	2014
Revenue	$1,584	$1,610	$5,137	$5,240
Compensation and Benefits	926	960	2,697	2,844
Other Expenses	433	421	1,255	1,226
Expense	1,359	1,381	3,952	4,070
Operating Income	$225	$229	$1,185	$1,170
Operating Income Margin	14.2 %	14.2 %	23.1 %	22.3 %

Revenue

Revenue in the Risk and Insurance Services segment in the third quarter of 2015 was $1.6 billion, a decrease of 2% as compared to the same period last year, reflecting a 2% increase in underlying revenue and a 3% increase related to acquisitions, which were more than offset by a 7% decrease from the impact of foreign currency translation.

In Marsh, revenue in the third quarter of 2015 was $1.3 billion, a decrease of 2% compared with the same quarter of the prior year, reflecting an increase of 2% on an underlying basis and a 4% increase from acquisitions, offset by a 7% decrease from the impact of foreign currency translation. Underlying revenue increased 2% in U.S./Canada. The international division grew 2% on an underlying basis, with growth of 1% in EMEA, 1% in Asia Pacific and 6% in Latin America. Guy Carpenter's third quarter revenue decreased 2% reflecting an increase of 2% on an underlying basis and a decrease of 4% from the impact of foreign exchange translation.

Revenue in the Risk and Insurance Services segment decreased 2% in the first nine months of 2015 compared with 2014, but increased 2% on an underlying basis. In Marsh, underlying revenue increased 3% in U.S./Canada. The international division increased 2% on an underlying basis, reflecting a 2% increase in EMEA, a 1% increase in Asia Pacific and a 5% increase in Latin America.

Expense

Expenses in the Risk and Insurance Services segment decreased 2% in the third quarter of 2015 compared with the same period last year, but increased 2% on an underlying basis. The impact of foreign currency translation reduced expenses by 8%, partly offset by a 4% increase related to acquisitions. The increase in underlying expenses is primarily due to higher base salaries and charges for adjustments to acquisition-related contingent consideration liabilities.

Expenses for the nine-month period decreased 3% compared to the prior year, reflecting a 2% increase in underlying expenses, a 3% increase related to acquisitions and a 7% decrease for the impact of foreign exchange. The increase in underlying expenses reflects higher base salaries, retirement benefit costs and charges for adjustments to acquisition-related contingent consideration liabilities, partly offset by the impact of the net benefit from the termination of the RRA plan.

Consulting

The results of operations for the Consulting segment are presented below:

For the Three and Nine Months Ended September 30,	Three Months		Nine Months	
(In millions of dollars)	2015	2014	2015	2014
Revenue	$1,540	$1,541	$4,448	$4,493
Compensation and Benefits	861	859	2,475	2,523
Other Expenses	394	408	1,192	1,224
Expense	1,255	1,267	3,667	3,747
Operating Income	$285	$274	$781	$746
Operating Income Margin	18.5 %	17.8 %	17.6 %	16.6 %

Revenue

Consulting revenue in the third quarter of 2015 was flat compared with the prior year, reflecting a 6% increase on an underlying basis and a 1% increase related to acquisitions, which were offset by a 7% decrease from the impact of foreign currency translation. Mercer's revenue decreased 2% to $1.1 billion. On an underlying basis, Mercer's revenue increased 5% compared to the same period last year. The increase in underlying revenue was driven by growth in Health, Talent and Investments, with each line of business increasing 6%. Oliver Wyman's revenue increased 5% to $450 million in the third quarter of 2015 as compared to the same period last year, reflecting a 9% increase on an underlying basis and a 2% increase from acquisitions, partly offset by a decrease of 6% from the impact of foreign currency translation.

Consulting revenue in the first nine months of 2015 decreased 1%, but increased 5% on an underlying basis compared with 2014, with underlying growth of 4% at Mercer and 6% at Oliver Wyman.

Expense

Consulting expenses in the third quarter of 2015 decreased 1% as compared to the third quarter of 2014. Underlying expenses increased 5%, offset by a 7% decrease from the impact of foreign currency translation. The underlying expense increase in the third quarter of 2015 was primarily due to higher base salaries and incentive compensation costs.

Underlying expenses for the nine months of 2015 increased 4% as compared to 2014, primarily due to higher base salaries and incentive compensation costs, partly offset by the impact of the net benefit from the termination of the RRA plan.

Corporate and Other

Corporate expenses were $49 million and $58 million for the three-month periods ended September 30, 2015 and 2014, respectively, and $141 million and $151 million for the nine-month periods ended September 30, 2015 and 2014, respectively. The lower expenses were primarily due to non-recurring corporate initiatives incurred in 2014.

Interest

Interest income earned on corporate funds was $3 million in the third quarter of 2015, compared with $6 million in the third quarter of 2014, primarily due to a lower level of invested funds. Interest expense decreased $4 million in 2015 compared with the third quarter of 2014 due to lower average interest rates compared with the prior year, partly offset by higher average debt outstanding.

Investment Income

The caption "Investment income (loss)" in the consolidated statements of income comprises realized and unrealized gains and losses from investments recognized in current earnings. It includes, when applicable, other than temporary declines in the value of debt and available-for-sale securities and equity method gains or losses on its investment in private equity funds. The Company's investments may include direct investments in insurance or consulting companies and investments in private equity funds. The Company recorded investment income of $34 million and $26 million for the three months ended September 30, 2015 and 2014, respectively, and $39 million and $37 million for the nine months ended September 30, 2015 and 2014, respectively, primarily related to our general partner carried interest in Trident III no longer subject to clawback. Stonepoint Capital, the investment manager of

Trident III, harvested its remaining two investments of Trident III during the third quarter of 2015, which resulted in the Company recognizing its remaining deferred performance fees.

Income Taxes

The Company's effective tax rate in the third quarter of 2015 was 27.9% compared with 29.6% in the third quarter of 2014. The effective tax rate for the first nine months of 2015 and 2014 was 28.4% and 28.9%, respectively. The rates reflect non-U.S. income taxed at rates below the U.S. statutory rate, including the effect of repatriation as well as the impact of discrete tax matters such as tax legislation, changes in valuation allowances, the resolution of tax examinations and expiration of statutes of limitations.

The effective tax rate is sensitive to the geographic mix and repatriation of the Company's earnings, which may result in higher or lower tax rates. U.S. federal and state corporate tax rates substantially exceed tax rates applicable in most jurisdictions outside the U.S. A significant portion of the Company's profits are earned outside the U.S. In 2015, the forecasted pre-tax income in the U.K., Canada, Australia, Ireland, Germany and Bermuda is expected to account for approximately 60% of the Company's total non-U.S. pre-tax income, with estimated effective tax rates in those countries of 21%, 27%, 30%, 13%, 33% and 0%, respectively. Consequently, continued improvement in the profitability of the Company's U.S.-based operations would tend to result in higher effective tax rates. A loss in one jurisdiction, generally, cannot offset earnings in another, and within certain jurisdictions profits and losses may not offset between entities. Losses in certain operations may require valuation allowances affecting the effective tax rate, depending on estimates of the realizability of associated deferred tax assets. The tax rate is also sensitive to changes in unrecognized tax benefits, including the impact of settled tax audits and expired statutes of limitation.

Changes in tax laws or tax rulings may have a significant impact on our effective tax rate. Discussions continue within Congress and the Administration about broad reform of the corporate tax system in the U.S. It is not possible to predict the ultimate outcome of these discussions. Future legislation could have a material impact on our effective tax rate and consolidated financial statements due to reforms that could include changes in the corporate tax rate and in the way U.S. corporations are taxed on foreign earnings.

The Company reports a liability for unrecognized tax benefits resulting from uncertain tax positions taken or expected to be taken in the tax return. The Company's gross unrecognized tax benefits decreased from $97 million at December 31, 2014 to $77 million at September 30, 2015. It is reasonably possible that the total amount of unrecognized tax benefits will decrease by an amount between zero and approximately $9 million within the next twelve months due to settlements of audits and expirations of statutes of limitation.

During the second quarter of 2015, the Company settled a U.S. federal tax audit with the IRS for the year 2013 and in the second quarter of 2014, settled a U.S. federal tax audit with the IRS for the year 2012.

Liquidity and Capital Resources

The Company is organized as a holding company, a legal entity separate and distinct from its operating subsidiaries. As a holding company without significant operations of its own, the Company is dependent upon dividends and other payments from its operating subsidiaries to meet its obligations for paying principal and interest on outstanding debt obligations, for paying dividends to stockholders, for share repurchases and for corporate expenses. Other sources of liquidity include borrowing facilities discussed below in Financing Cash Flows.

The Company derives a significant portion of its revenue and operating profit from operating subsidiaries located outside of the United States. Funds from the Company’s operating subsidiaries located outside of the United States are regularly repatriated to the United States out of annual earnings. At December 31, 2014, the Company had approximately $1.3 billion of cash and cash equivalents in its foreign operations, substantially all of which is considered to be permanently invested in those operations to fund foreign investments and working capital needs. At the current time, the Company does not intend to repatriate any of this cash. The non-U.S. cash and cash equivalents considered permanently reinvested includes approximately $203 million of operating funds required to be maintained for regulatory requirements or as collateral under certain captive insurance arrangements. The Company expects to continue its practice of repatriating foreign funds out of current annual earnings. The analysis of the portion of 2015 earnings that the Company expects to repatriate and the portion that will be permanently reinvested will be finalized later in the year as the amount of non-U.S. earnings and the Company's cash requirements become more certain. While management does not foresee a need to repatriate the funds which are currently deemed permanently invested, if facts or circumstances change, management could elect to repatriate them, which could result in higher effective tax rates in the future.

Cash and cash equivalents on our consolidated balance sheets includes funds available for general corporate purposes. Funds held on behalf of clients in a fiduciary capacity are segregated and shown separately in the consolidated balance sheets as an offset to fiduciary liabilities. Fiduciary funds cannot be used for general corporate purposes, and should not be considered as a source of liquidity for the Company.

Operating Cash Flows

The Company generated $980 million of cash from operations for the nine months ended September 30, 2015, compared with $1.1 billion provided by operations for the same period in 2014. These amounts reflect the net income of the Company during those periods, excluding gains or losses from investments, adjusted for non-cash charges and changes in working capital which relate primarily to the timing of payments of accrued liabilities or receipts of assets and pension contributions. The use of cash is driven primarily by cash award payments, which are generally paid in the first quarter of each each year.

Pension Related Items

The Company's policy for funding its tax-qualified defined benefit plans is to contribute amounts at least sufficient to meet the funding requirements set forth in the applicable laws or regulations of the U.S. and other jurisdictions. During the first nine months of 2015, the Company contributed $116 million to its non-U.S. pension plans and $22 million to its U.S. pension plans. In the first nine months of 2014, the Company contributed $122 million to its non-U.S. pension plans and $19 million to its U.S. pension plans.

In the U.S., contributions to the tax-qualified defined benefit plans are based on ERISA guidelines and the Company generally expects to maintain a funded status of 80% or more of the liability determined under the ERISA guidelines. The pension stabilization provisions included in the "Moving Ahead for Progress in the 21st Century Act", enacted on July 6, 2012, changed the methodology for determining the discount rate used for calculating plan liabilities under ERISA, which determines, in part, the funding requirements.

The Company continues to manage the cost and assess the competitiveness of its benefits programs, and also to manage the risks related to its defined benefit pension plan liabilities. Effective September 1, 2015, the Company divided its U.S. qualified defined benefit plan. The existing plan was amended to cover only the retirees currently receiving benefits and terminated vested participants. The Company's active participants were transferred into a newly established, legally separate qualified defined benefit plan. The benefits provided to the plans’ participants were unchanged. As a result of the plan amendment and establishment of the new plan, the Company re-measured the assets and liabilities of the two plans, as required under U.S. GAAP, based on assumptions and market conditions at the amendment date. As a result of the re-measurement, the projected benefit obligation and the net funded status of the plans decreased by approximately $298 million and $64 million, respectively. The decrease in the projected obligation was primarily due to the change in the discount rate from 4.3% at the December 31, 2014 measurement date, to a weighted average rate for the two plans of 4.67% at the re-measurement date. This was more than offset by a decline in plan assets.

Effective August 1, 2015, the Company amended its Ireland defined benefit pension plans to close those plans to future benefit accruals and replaced those plans with a new defined contribution arrangement. The Company re-measured the assets and liabilities of the plans, based on assumptions and market conditions on the amendment date. As a result of the re-measurement, the projected benefit obligation increased by approximately $59 million primarily due to the change in the discount rate from approximately 2.3% at the December 31, 2014 measurement date, to 1.8% at the re-measurement date. The increase in the projected benefit obligation contributed to a $26 million reduction in the funded status of the Ireland pension plans.

As a result of these changes above, the Company expects the increase in pension benefit costs for the full year of 2015 to be lower than the $115 million disclosed in the 2014 10-K. However, this is expected to be offset, primarily by the negative impact of foreign exchange in the fourth quarter of 2015.

The Company has a large number of non-U.S. defined benefit pension plans, the largest of which are in the U.K., which comprise approximately 83% of non-U.S. plan assets. In the U.K., contributions to defined benefit pension plans are determined through a negotiation process between the Company and the plans' trustee that typically occurs every three years in conjunction with the actuarial valuation of the plans. This process is governed by U.K. pension regulations. The assumptions that result from the funding negotiations are different from those used for U.S. GAAP and currently result in a lower funded status than under U.S. GAAP. In March 2014, the Company and the Trustee of the U.K. Defined Benefits Plans agreed to a funding deficit recovery plan for the U.K. defined benefit pension plans. The current agreement with the Trustee sets out the annual deficit contributions which would be due based on the deficit at December 31, 2012. The funding level is subject to re-assessment, in most cases on November 1st of each year. If the funding level on November 1st has sufficiently improved, no deficit funding contributions will be required in the following year, and the contribution amount will be deferred. As part of a long-term strategy, which depends on having greater influence over asset allocation and overall investment decisions, the Company has agreed to support annual deficit contributions by the U.K. operating companies under certain circumstances, up to GBP 450 million over a seven-year period.

As a result of a significant improvement in funded status during 2013, no additional deficit recovery contributions were required in 2014. Based on the funding test carried out at November 1, 2014, Company contributions to the U.K. plans in 2015 are expected to be $54 million. The U.K. employers also contribute an expense allowance each year of approximately $9 million.

The Company expects to fund an additional $53 million to its non-U.S. defined benefit plans over the remainder of 2015, comprising approximately $18 million to plans outside of the U.K. and $35 million to the U.K. plans. Funding amounts may be influenced by future asset performance, the level of discount rates and other variables impacting the funded status of the plan.

After completion of a consultation period with affected colleagues, in January 2014, the Company amended its U.K. defined benefit pension plans to close those plans to future benefit accruals effective August 1, 2014 and replaced those plans, along with its existing defined contribution plans, with a new, comprehensive defined contribution arrangement. This change resulted in a curtailment of the U.K. defined benefit plans, and as required under GAAP, the Company re-measured the defined benefit plans' assets and liabilities at the amendment date, based on assumptions and market conditions at that date. As a result of the re-measurement, the projected benefit obligation ("PBO") increased by approximately $147 million and the funded status decreased by approximately $137 million. The change in the PBO and in the funded status relates primarily to a decrease in the discount rate at the re-measurement date. The Company recognized a curtailment gain of $65 million in the first quarter of 2014, primarily resulting from the recognition of the remaining unamortized prior service credit related to a plan amendment made in December 2012. This gain was mostly offset by the cost of a transition benefit to certain employees most impacted by the amendment.

Financing Cash Flows

Net cash used for financing activities was $630 million for the period ended September 30, 2015, compared with $130 million net cash provided by such activities for the same period in 2014.

In September 2015, the Company issued $600 million of 3.75% 10.5-year senior notes. The Company intends to use the net proceeds for general corporate purposes.

In March 2015, the Company issued $500 million of 2.35% five-year senior notes. The Company used the net proceeds for general corporate purposes.

In September 2014, the Company issued $300 million of 2.35% five-year senior notes and $500 million of 3.50% 10.5-year senior notes. In October 2014, a significant portion of the net proceeds of this offering was used to redeem $630 million of debt, including $230 million of 5.75% senior notes due in September 2015 and $400 million of 9.25% senior notes due in 2019. Total cash outflow related to this transaction was approximately $765 million, including a $137 million cost for early redemption, which was reflected as a charge in the consolidated statements of income in the fourth quarter of 2014.

During the second quarter of 2014, the Company issued $600 million of 3.50% ten-year senior notes. The net proceeds of this offering were used for general corporate purposes, including the repayment of $320 million of 5.375% senior notes that matured in July 2014.

The Company and certain of its foreign subsidiaries maintain a $1.2 billion multi-currency five-year unsecured revolving credit facility. The interest rate on this facility is based on LIBOR plus a fixed margin which varies with the Company's credit ratings, which are set forth below. This facility expires in March 2019 and requires the Company to maintain certain coverage and leverage ratios which are tested quarterly. There were no borrowings outstanding under this facility at September 30, 2015.

In December 2012, the Company closed on a $50 million, three-year delayed draw term loan facility. The interest rate on this facility is based on LIBOR plus an agreed fixed margin which varies with the Company's credit ratings. The facility requires the Company to maintain coverage ratios and leverage ratios consistent with the current revolving credit facility discussed above. The Company had $50 million of borrowings under this facility at September 30, 2015.

The Company has a $150 million uncommitted bank credit line. There were no borrowings under this facility at September 30, 2015.

The Company's senior debt is currently rated Baa1 by Moody's and A- by Standard & Poor's. The Company's short-term debt is currently rated P-2 by Moody's and A-2 by Standard & Poor's. The Company carries a stable outlook from Moody's and Standard & Poor's.

During the first nine months of 2015, the Company paid $39 million of contingent payments related to acquisitions made in prior periods. These payments are split between financing and operating cash flows in the consolidated statements of cash flows. The portion of these payments reflected as a financing activity is $12 million, which represents payments related to the contingent consideration liability that was recorded on the date of acquisition. Payments related to increases in the contingent consideration liability subsequent to the date of acquisition, which were $27 million for the first nine months of 2015, are reflected as operating cash flows. In the first nine months of 2015, the Company paid $30 million of deferred purchase consideration related to acquisitions made in prior years. Remaining deferred cash payments of approximately $145 million and estimated future contingent consideration payments of $283 million for acquisitions completed in the first nine months of 2015 and in prior years are recorded in accounts payable and accrued liabilities or other liabilities in the consolidated balance sheet at September 30, 2015. In the first nine months of 2014, the Company paid $40 million of contingent payments related to acquisitions made in prior periods. Of this amount, $28 million was reported as financing cash flows and $12 million as operating cash flows. In addition, in the first nine months of 2014, the Company paid $10 million of deferred purchase consideration related to acquisitions made in prior years.

In May 2015, the Board of Directors renewed the Company's share repurchase program, allowing management to buy back up to $2 billion of shares going forward. At September 30, 2015, the Company remains authorized to purchase additional shares of its common stock up to a value of approximately $1.2 billion. There is no time limit on this authorization.

During the first nine months of 2015, the Company repurchased approximately 23.4 million shares of its common stock for consideration of $1.3 billion. During the first nine months of 2014, the Company repurchased approximately 11.8 million shares of its common stock for consideration of $600 million.

The Company paid dividends on its common shares of $468 million ($0.87 per share) during the first nine months of 2015, as compared with $429 million ($0.78 per share) during the first nine months of 2014.

Investing Cash Flows

Net cash used for investing activities amounted to $743 million in the first nine months of 2015, compared with $816 million used during the same period in 2014.

The Company made 16 acquisitions during the first nine months of 2015. Cash used for these acquisitions, net of cash acquired, was $431 million.

During 2014, Mercer acquired 34% of the common shares of South Africa-based Alexander Forbes Group Holdings Limited ("Alexander Forbes"). Mercer purchased its stake in Alexander Forbes in two tranches at 7.50 South African Rand per share. On July 24, 2014, the Company purchased 14.9% of Alexander Forbes common shares for approximately $137 million, and in October 2014, the Company paid approximately $166 million for the remaining 19.1% of Alexander Forbes common shares. The investment in Alexander Forbes is accounted for using the equity method and is included in other assets in the consolidated balance sheets.

The Company made twelve acquisitions during the first nine months of 2014. Cash used for these acquisitions, net of cash acquired, was $406 million.

The Company used cash of $249 million to purchase fixed assets and capitalized software in the first nine months of 2015, compared with $285 million in the first nine months of 2014, primarily related to computer equipment and software purchases, software development costs and the refurbishing and modernizing of office facilities.

On February 24, 2015, Mercer purchased shares of common stock of Benefitfocus (NASDAQ:BNFT) constituting approximately 9.9% of BNFT's outstanding capital stock as of the acquisition date. The purchase price for the BNFT shares and certain other rights and other consideration was approximately $75 million.

The Company has commitments for potential future investments of approximately $55 million in four private equity funds that invest primarily in financial services companies.

Pending Acquisition

On September 10, 2015, Marsh & McLennan Companies Acquisition Limited, an affiliate of Marsh Limited, and Jelf Group plc ("Jelf") announced their agreement on the terms and conditions of a recommended cash acquisition of 100% of the issued and to be issued share capital of Jelf for total consideration (excluding assumed indebtedness) of approximately $400 million (£258 million). The acquisition will be effected by means of a court-sanctioned scheme of arrangement in the U.K. The transaction is subject to customary closing conditions, including approval of Jelf shareholders and the Financial Conduct Authority, and is expected to close in the fourth quarter of 2015.

Commitments and Obligations

The Company’s contractual obligations of the types identified in the table below were of the following amounts as of September 30, 2015:

(In millions of dollars)	Payment due by Period				
Contractual Obligations	Total	Within 1 Year	1-3 Years	4-5 Years	After 5 Years
Short-term debt	$62	$62	$—	$—	$—
Long-term debt	4,435	—	275	1,076	3,084
Interest on long-term debt	1,523	166	324	293	740
Net operating leases	1,980	294	481	364	841
Service agreements	295	134	122	39	—
Other long-term obligations	490	142	236	110	2
Total	$8,785	$798	$1,438	$1,882	$4,667

The above does not include unrecognized tax benefits of $77 million, accounted for under ASC Topic No. 740, as the Company is unable to reasonably predict the timing of settlement of these liabilities, other than approximately $4 million that may become payable within one year. The above does not include the indemnified liabilities discussed in Note 14 as the Company is unable to reasonably predict the timing of settlement of these liabilities. The above does not include net pension liabilities for underfunded plans of approximately $1.9 billion because the timing and amount of ultimate payment of such liability is dependent upon future events, including, but not limited to, future returns on plan assets and changes in the discount rate used to measure the liabilities. The Company expects to contribute approximately $6 million and $53 million to its U.S. and non-U.S. pension plans, respectively, in the remainder of 2015.

On September 8, 2015, the Company obtained a $435 million letter of credit, expiring on March 15, 2016, relating to the pending acquisition of Jelf. In October 2015, the Company moved $435 million to an escrow account, thereby canceling the letter of credit. This is not reflected in the table above.

New Accounting Guidance

Note 16 to the consolidated financial statements in this report contains a discussion of recently issued accounting guidance and their impact or potential future impact on the Company’s financial results, if determinable.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market Risk and Credit Risk

Certain of the Company’s revenues, expenses, assets and liabilities are exposed to the impact of interest rate changes and fluctuations in foreign currency exchange rates and equity markets.

The Company had the following investments subject to variable interest rates:

(In millions of dollars)	September 30, 2015
Cash and cash equivalents invested in money market funds, certificates of deposit and time deposits	$1,330
Fiduciary cash and investments	$4,374

Based on the above balances, if short-term interest rates increased or decreased by 10%, or 7 basis points, over the course of the remainder of the year, annual interest income, including interest earned on fiduciary funds, would increase or decrease by approximately $1 million.

In addition to interest rate risk, our cash and cash equivalents and fiduciary fund investments are subject to potential loss of value due to counter-party credit risk. To minimize this risk, the Company and its subsidiaries invest pursuant to a Board-approved investment policy. The policy mandates the preservation of principal and liquidity and requires broad diversification with counter-party limits assigned based primarily on credit rating and type of investment. The Company carefully monitors its cash and fiduciary fund investments and will further restrict the portfolio as appropriate in response to market conditions. The majority of cash and fiduciary fund investments are invested in short-term bank deposits.

Foreign Currency Risk

The translated values of revenue and expense from the Company’s international operations are subject to fluctuations due to changes in currency exchange rates. The non-U.S. based revenue that is exposed to foreign exchange fluctuations is approximately 55% of total revenue. We periodically use forward contracts to limit foreign currency exchange rate exposure on net income and cash flows for specific, clearly defined transactions arising in the ordinary course of business. Although the Company has significant revenue generated in foreign locations which is subject to foreign exchange rate fluctuations, in most cases both the foreign currency revenue and expenses are in the functional currency of the foreign location. As such, the U.S. dollar translation of both the revenues and expenses, as well as the potentially offsetting movements of various currencies against the U.S. dollar, generally tend to mitigate the impact on net operating income of foreign currency risk over the long term. The Company estimates that a 10% movement of major foreign currencies (Euro, Sterling, Australian dollar and Canadian dollar) in the same direction against the U.S. dollar would increase or decrease full year net operating income by approximately $60 million, as compared to the prior year. In the fourth quarter of 2014 and the first quarter of 2015, the U.S. dollar strengthened significantly against most currencies. If exchange rates at September 30, 2015 hold constant throughout 2015, the Company estimates the year-over-year impact from conversion of foreign currency earnings would reduce full year net operating income by approximately $140 million. In Continental Europe, the largest amount of revenue from renewals for the Risk & Insurance segment occurs in the first quarter. Consequently, a significant portion of the year-over-year foreign exchange impact occurred in the first quarter.

Equity Price Risk

The Company holds investments in both public and private companies as well as private equity funds that invest primarily in financial services companies. The Company holds publicly traded investments of $91 million of which $17 million are classified as available for sale and $74 million are accounted for using the cost method, as the shares are categorized as restricted and cannot be sold for more than one year. Non-publicly traded investments of $15 million are accounted for using the cost method and an additional $376 million of investments are accounted for using the equity method. These investments are subject to risk of changes in market value, which if determined to be other than temporary, could result in realized impairment losses. The Company periodically reviews the carrying value of such investments to determine if any valuation adjustments are appropriate under the applicable accounting pronouncements.

Other

See Note 14 to the consolidated financial statements included elsewhere in this report for a discussion of lawsuits and regulatory proceedings.

Item 4. Controls & Procedures.

a. Evaluation of Disclosure Controls and Procedures

Based on their evaluation, as of the end of the period covered by this report, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) are effective.

b. Changes in Internal Control

There were no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) under the Securities Exchange Act of 1934 that occurred during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.
The information set forth in Note 14 to the consolidated financial statements provided in Part I of this report is incorporated herein by reference.
Item 1A. Risk Factors.
The Company and its subsidiaries face a number of risks and uncertainties. In addition to the other information in this report and our other filings with the SEC, readers should consider carefully the risk factors discussed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014. If any of the risks described in our Annual Report on Form 10-K or such other risks actually occur, our business, results of operations or financial condition could be materially adversely affected.
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.
Issuer Repurchases of Equity Securities
In May 2015, the Board of Directors of the Company authorized share repurchases up to a dollar value of $2 billion of the Company's common stock. The Company repurchased approximately 9.9 million shares of its common stock for $550 million during the third quarter of 2015. At September 30, 2015, the Company remains authorized to repurchase shares of its common stock up to a dollar value of approximately $1.2 billion. There is no time limit on the authorization.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1-31, 2015	2,851,275	$57.6920	2,851,275	$1,615,975,411
August 1-31, 2015	3,543,671	$55.8933	3,543,671	$1,417,908,052
September 1-30, 2015	3,502,999	$53.5075	3,502,999	$1,230,471,267
Total	9,897,945	$55.5671	9,897,945	$1,230,471,267

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosure.

Not Applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

See the Exhibit Index immediately following the signature page of this report, which is incorporated herein by reference.

SIGNATURES

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

Date:	October 29, 2015	/s/ J. Michael Bischoff J. Michael Bischoff Chief Financial Officer
Date:	October 29, 2015	/s/ Robert J. Rapport Robert J. Rapport Senior Vice President & Controller (Chief Accounting Officer)

EXHIBIT INDEX

Exhibit No.	Exhibit Name
4.1	Seventh Supplemental Indenture, dated as of September 14, 2015, between Marsh & McLennan Companies, Inc. (the "Company") and The Bank of New York Mellon, as trustee (incorporated by reference to the Company's Current Report on Form 8-K filed on September 14, 2015)
10.1	Letter Agreement, dated September 17, 2015, between Marsh & McLennan Companies, Inc. and Mark C. McGivney
10.2	Non-Competition and Non-Solicitation Agreement, dated September 17, 2015, between Marsh & McLennan Companies, Inc. and Mark C. McGivney
12.1	Statement Re: Computation of Ratio of Earnings to Fixed Charges
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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