MARSH & MCLENNAN COMPANIES, INC.
Form 10-Q
October 29, 2015

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2015

Marsh & McLennan Companies, Inc.
1166 Avenue of the Americas
New York, New York 10036
(212) 345-5000

Commission file number 1-5998
State of Incorporation: Delaware
I.R.S. Employer Identification No. 36-2668272

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer x	Accelerated Filer ¨
Non-Accelerated Filer ¨(Do not check if a smaller reporting company)	Smaller Reporting Company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý
As of October 23, 2015, there were outstanding 521,648,197 shares of common stock, par value $1.00 per share, of the registrant.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements," as defined in the Private Securities Litigation Reform Act of 1995. These statements, which express management's current views concerning future events or results, use words like "anticipate," "assume," "believe," "continue," "estimate," "expect," "future," "intend," "plan," "project" and similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will" and "would." For example, we may use forward-looking statements when addressing topics such as: the outcome of contingencies; the expected impact of acquisitions and dispositions; the impact of competition; pension obligations; the impact of foreign currency exchange rates; our effective tax rates; changes in our business strategies and methods of generating revenue; the development and performance of our services and products; changes in the composition or level of our revenues; our cost structure, dividend policy, cash flow and liquidity; future actions by regulators; and the impact of changes in accounting rules.

Forward-looking statements are subject to inherent risks and uncertainties. Factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements include, among other things:

- our ability to maintain adequate safeguards to protect the security of confidential, personal or proprietary information, and the potential for the improper disclosure or use of such information, whether due to human error, improper action by employees, vendors or third parties, or as a result of a cyberattack;
- the impact of competition on our business, including the impact of our corporate tax rate, which is higher than the tax rate of our international competitors;
- the impact of fluctuations in foreign currency exchange rates, particularly in light of the strength of the U.S. dollar against most other currencies worldwide;
- the impact on our global pension obligations of changes in discount rates and asset returns, as well as projected salary increases, mortality rates, demographics and inflation, and the impact of cash contributions required to be made to our global defined benefit pension plans due to changes in the funded status of those plans;
- our exposure to potential liabilities arising from errors and omissions claims against us;
- our exposure to potential civil remedies or criminal penalties if we fail to comply with foreign and U.S. laws that are applicable in the domestic and international jurisdictions in which we operate;
- the extent to which we are able to retain existing clients and attract new business, and our ability to effectively incentivize and retain key employees;
- our ability to make acquisitions and dispositions and to integrate, and realize expected synergies, savings or benefits from, the businesses we acquire;
- our ability to successfully recover should we experience a disaster or other business continuity problem;
- the impact of changes in interest rates and deterioration of counterparty credit quality on our cash balances and the performance of our investment portfolios;
- the impact of potential rating agency actions on our cost of financing and ability to borrow, as well as on our operating costs and competitive position;
- changes in applicable tax or accounting requirements; and
- potential income statement effects from the application of FASB's ASC Topic No. 740 ("Income Taxes”) regarding accounting treatment of uncertain tax benefits and valuation allowances, including the effect of any subsequent adjustments to the estimates we use in applying this accounting standard.

The factors identified above are not exhaustive. Marsh & McLennan Companies and its subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Accordingly, we caution readers not to place undue reliance on any forward-looking statements, which are based only on information currently available to us and speak only as of the dates on which they are made. The Company undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances arising after the date on which it is made. Further information concerning Marsh & McLennan Companies and its businesses, including information about factors that could materially affect our results of operations and financial condition, is contained in the Company's filings with the Securities and Exchange Commission, including the "Risk Factors" section and the "Management’s Discussion and Analysis of Financial Condition and Results of Operations" section of our most recently filed Annual Report on Form 10-K.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	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
Interest income	3	6	9	16
Interest expense	(41)	(45)	(117)	(129)
Investment income (loss)	34	26	39	37
Income before income taxes	457	432	1,756	1,689
Income tax expense	128	127	500	487
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
Less: Net income attributable to non-controlling interests	8	7	31	27
Net income attributable to the Company	$323	$297	$1,224	$1,171
Basic net income per share – Continuing operations	$0.61	$0.55	$2.29	$2.15
– Net income attributable to the Company	$0.61	$0.55	$2.29	$2.14
Diluted net income per share – Continuing operations	$0.60	$0.54	$2.27	$2.12
– Net income attributable to the Company	$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 accompanying notes are an integral part of these consolidated statements.

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.

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.

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.

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,	Pension Benefits		Post-retirement Benefits	
(In millions of dollars)	2015	2014	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