COMPANY REGISTRATION NUMBER 604607

Aon plc

Directors’ Annual Report and Financial Statements

For the year ended December 31, 2020

Information Concerning Forward-Looking Statements

This document may contain certain statements related to future results, or states our intentions, beliefs, and expectations or predictions for the future which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995 of the United States. Forward-looking statements represent management's expectations or forecasts of future events. Forward-looking statements are typically identified by words such as "anticipate," "believe," "estimate," "expect," "forecast," "project," "intend," "plan," "probably," "potential," "looking forward," "continue," and other similar terms, and future or conditional tense verbs like "could," "may," "might," "should," "will," and "would." You can also identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. For example, we may use forward-looking statements when addressing topics such as: market and industry conditions, including competitive and pricing trends; changes in our business strategies and methods of generating revenue; the development and performance of our services and products; changes in the composition or level of our revenues; our cost structure and the outcome of cost-saving or restructuring initiatives; the outcome of contingencies; dividend policy; the expected impact of acquisitions and dispositions; pension obligations; cash flow and liquidity; expected effective tax rate; future actions by regulators; and the impact of changes in accounting rules. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from either historical or anticipated results depending on a variety of factors. Potential factors, which may be revised or supplemented in subsequent reports filed or furnished with the Companies Registration Office, that could impact results include:

- changes in the competitive environment or damage to our reputation;
- fluctuations in currency exchange and interest rates that could impact our financial condition or results;
- changes in global equity and fixed income markets that could affect the return on invested assets;
- changes in the funded status of our various defined benefit pension plans and the impact of any increased pension funding resulting from those changes;
- the level of our debt and the terms thereof reducing our flexibility or increasing borrowing costs;
- rating agency actions that could limit our access to capital and our competitive position ;
- our global tax rate being subject to a variety of different factors, which could create volatility in that tax rate;
- changes in our accounting estimates and assumptions on our financial statements;
- limits on our subsidiaries' ability to pay dividends or otherwise make payments to us;
- the impact of legal proceedings and other contingencies, including those arising from errors and omissions and other claims against us;
- the impact of, and potential challenges in complying with, laws and regulations of the jurisdictions in which we operate, particularly given the global nature of operations and the possibility of differing or conflicting laws and regulations, or the application or interpretation thereof, across such jurisdictions;
- the impact of any regulatory investigations brought in Ireland, the United Kingdom (the "U.K."), the United States (the "U.S."). and other countries;
- failure to protect intellectual property rights or allegations that we have infringed on the intellectual property rights of others;
- general economic and political conditions in the countries in which we do business around the world, including the withdrawal of the U.K. from the European Union (the "E.U.")
- the failure to retain, attract and develop experienced and qualified personnel;
- international risks associated with our global operations;
- the effects of natural or man-made disasters, including the effects of the COVID-19 and other health pandemics;
- the potential for a system or network disruption or breach to result in operational interruption or improper disclosure of confidential, personal, or proprietary data;

- our ability to develop and implement new technology;
- damage to our reputation among clients, colleagues, markets or third parties;
- the actions taken by third parties that perform aspects of our business operations and client services;
- the extent to which we are exposed to certain risks, including lawsuits, related to our actions we may take in acting in a being responsible for making decisions on behalf of clients in our investment consulting business or in other advisory services that we currently provide, or will provide in the future;
- our ability to continue, and the costs and risks associated with, growing, developing and integrating acquired business, and entering into new lines of business or products;
- changes in commercial property and casualty markets, commercial premium rates or methods of compensation;
- our ability to implement initiatives intended to yield cost savings and the ability to achieve those cost savings;
- the effects of Irish law on our operating flexibility and the enforcement of judgments against us; and
- risks and uncertainties associated with the Combination (as defined herein), including our ability to obtain the requisite approvals of, to satisfy the other conditions to, or to otherwise complete, the Combination on the expected time frame, or at all, the occurrence of unanticipated difficulties or costs in connection with the Combination, our ability to successfully integrate the combined companies following the Combination and our ability to realize the expected benefits from the Combination.

Any or all of our forward-looking statements may turn out to be inaccurate, and there are no guarantees about our performance. The factors identified above are not exhaustive. Aon and its subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Accordingly, readers should not place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statement that we may make from time to time, whether as a result of new information, future events or otherwise. Further information about factors that could materially affect Aon, including our results of operations and financial condition, is contained in the “Principal Risks and Uncertainties” section of this report.

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DIRECTORS' REPORT

The directors present their annual report together with the consolidated group financial statements of Aon plc (the "Parent Company" or "Aon plc") and its subsidiaries (which together may be referred to as "Aon," the "Company," "Group," "we," "us," or "our") for the year ended December 31, 2020, as well as the Parent Company financial statements for the year ended December 31, 2020.

The directors have elected to prepare the consolidated group financial statements in accordance with section 279 of the Companies Act 2014 of Ireland, as amended (the "Companies Act 2014"), which provides that a true and fair view of the assets and liabilities, financial position and profit or loss of the Group may be given by preparing the financial statements in accordance with the accounting principles generally accepted in the Unites States of America ("U.S. GAAP"), to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014. While the consolidated group financial statements are prepared in accordance with U.S. GAAP, the directors have elected to prepare the Parent Company entity financial statements in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), effective for the 2020 year end.

Basis of Presentation

The accompanying Consolidated Financial Statements include the Consolidated Profit and Loss Accounts, Statements of Comprehensive Income, Statements of Financial Position, Statements of Shareholders' Equity and Statements of Cash Flows of Aon plc and its subsidiaries as of and for the years ended December 31, 2020 and December 31, 2019. The Parent Company Financial Statements include the Statements of Comprehensive Income, Statements of Financial Position, and Statements of Shareholders' Equity of the Parent Company as of and for the years ended December 31, 2020 and December 31, 2019.

Directors of the Parent Company

Gregory C. Case	(appointed April 1, 2020)
Lester B. Knight	(appointed April 1, 2020)
Jin-Yong Cai	(appointed April 1, 2020)
Jeffrey C. Campbell	(appointed April 1, 2020)
Fulvio Conti	(appointed April 1, 2020)
Cheryl A. Francis	(appointed April 1, 2020)
J. Michael Losh	(appointed April 1, 2020)
Richard B. Myers	(appointed April 1, 2020)
Richard C. Notebaert	(appointed April 1, 2020)
Gloria Santona	(appointed April 1, 2020)
Byron O. Spruell	(appointed October 27, 2020)
Carolyn Y. Woo	(appointed April 1, 2020)
Mary Moore Johnson	(resigned April 1, 2020)
Robert E. Lee III	(resigned April 1, 2020)
Bas Oerlemans	(resigned April 1, 2020)

PRINCIPAL ACTIVITIES

Aon is a leading global professional services firm that provides advice and solutions to clients focused on risk, retirement, and health, delivering distinctive client value via innovative and effective risk management and workforce productivity solutions that are under-pinned by industry-leading data and analytics. Our strategy is to be the preeminent professional services firm in the world, focused on risk and people.

Our clients are globally diversified and include all market segments and almost every industry in over 120 countries and sovereignties. This diversification of our customer base helps provide us stability in different economic scenarios that could affect specific industries, customer segments, or geographies. Aon plc's registered office is located at the Metropolitan Building, James Joyce Street, Dublin 1, Ireland.

We have continued to focus our portfolio on higher-margin, capital-light professional services businesses that have high recurring revenue streams and strong cash flow generation. We endeavor to make capital allocation decisions based upon return on invested capital ("ROIC").

On March 9, 2020, Aon and Willis Towers Watson plc, an Irish public limited company ("WTW"), entered into a Business Combination Agreement with respect to a combination of the parties (the "Combination"). At the effective date of the Combination, WTW shareholders will be entitled to receive 1.08 newly issued Class A ordinary shares of Aon plc in exchange for each ordinary share of WTW held by such holders. Aon expects to close the Combination in the first half of 2021, subject to regulatory approval and customary closing conditions.

IRELAND REORGANIZATION

On April 1, 2020, a scheme of arrangement under English law was completed pursuant to which the Class A ordinary shares of Aon plc, a public limited company incorporated under the laws of England and Wales and the then publicly traded parent company of the Aon group ("Aon Global Limited"), were cancelled and the holders thereof received, on a one-for-one basis, Class A ordinary shares of Aon plc, as described in the proxy statement filed with the SEC on December 20, 2019. Aon plc is a tax resident of Ireland. References in this report to "Aon," the "Company," "we," "us," or "our" for time periods prior to April 1, 2020 refer to Aon Global Limited and its subsidiaries. References in the Financial Statements to "Aon," the "Company," "we," "us," or "our" for time periods on or after April 1, 2020, refer to Aon plc and its subsidiaries.

BUSINESS SEGMENT

The Company operates as one segment that includes all of Aon's continuing operations, which, as a global professional services firm, provides advice and solutions to clients focused on risk, retirement, and health through five principal products and services: Commercial Risk Solutions, Reinsurance Solutions, Retirement Solutions, Health Solutions, and Data & Analytic Services. Collectively, these products and service revenue lines make up our one segment: Aon United. In addition, the Company is continuing to expand on Aon United growth initiatives through its New Ventures Group.

In 2020, our consolidated total revenue was $11,066 million. This includes $4,690 million in Commercial Risk Solutions, $1,814 million in Reinsurance Solutions, $1,753 million in Retirement Solutions, $1,655 million in Health Solutions, and $1,171 million in Data & Analytic Services, before intercompany eliminations.

Principal Products and Services

Commercial Risk Solutions includes retail brokerage, cyber solutions, global risk consulting, and captives. In retail brokerage, our team of expert risk advisors applies a client-focused approach to commercial risk products and services that leverage Aon's global network of resources, industry-leading data and analytics, and specialized expertise. Cyber solutions is one of the industry's premier resources in cyber risk management. Our strategic focus extends to identify and protect critical digital assets supported by best-in-class transactional capabilities, enhanced coverage expertise, deep carrier relationships, and incident response expertise. Global risk consulting is a world-leading provider of risk consulting services supporting clients to better understand and manage their risk profile through identifying and quantifying the risks they face. We assist clients with the selection and implementation of the appropriate risk transfer, risk retention, and risk mitigation solutions, and ensure the continuity of their operations through claims consulting. Captives is a leading global captive insurance solutions provider that manages over 1,100 insurance entities worldwide including captives, protected segregated and incorporated cell facilities, as well as entities that support insurance-linked securities and specialist insurance and reinsurance companies.

Reinsurance Solutions includes treaty and facultative reinsurance and capital markets. Treaty reinsurance addresses underwriting and capital objectives on a portfolio level, allowing our clients to more effectively manage the combination of premium growth, return on capital, and rating agency interests on an integrated basis. This includes the development of more competitive, innovative, and efficient risk transfer options. Facultative reinsurance empowers clients to better understand, manage, and transfer risk through innovative facultative solutions and provides the most efficient access to the global facultative reinsurance markets. Capital markets is a global investment bank with expertise in insurance-linked securities, capital raising, strategic advice, restructuring, and mergers and acquisitions. We partner with insurers, reinsurers, investment firms, and corporations in executing innovative risk management products, capital market solutions and corporate finance advisory services.

Retirement Solutions includes core retirement, investment consulting, and human capital. Retirement consulting specializes in providing organizations across the globe with strategic design consulting on their retirement programs, actuarial services, and risk management, including pension de-risking, governance, integrated pension administration, and legal and compliance consulting. Investment consulting provides public and private companies and other institutions with advice on developing and maintaining investment programs across a broad range of plan types, including defined benefit plans, defined contribution plans, endowments, and foundations. Within investment consulting, our delegated investment solutions offer ongoing management of investment programs and fiduciary responsibilities either in a partial or full discretionary model for multiple asset owners. It partners with clients to deliver our scale and experience to help them effectively manage their investments, risk, and governance and potentially lower costs. Human capital delivers advice and solutions that help clients accelerate business outcomes by improving the performance of their people including, assessment, optimized deployment, and the design, alignment, and benchmarking of compensation to business strategy and performance outcomes.

Health Solutions includes health and benefits brokerage and health care exchanges. Health and benefits brokerage partners with employers to develop innovative, customized benefits strategies that help manage risk, drive engagement, and promote accountability. Our private health exchange solutions help employers transform how they sponsor, structure, and deliver health benefits by building and operating a cost effective alternative to traditional employee and retiree health care. We seek outcomes of reduced employer costs, risk, and volatility, alongside greater coverage and plan choices for individual participants

Data & Analytic Services includes Affinity, Aon Inpoint, CoverWallet, and ReView. Affinity specializes in developing, marketing and administering customized insurance programs and specialty market solutions for Affinity organizations and their members or affiliates. Aon Inpoint draws on the Global Risk Insight Platform, one of Aon's proprietary databases, and is dedicated to making insurers, reinsurers. and other financial services participants more competitive by providing data, analytics, engagement, and consulting services. CoverWallet is a leading digital insurance platform for small- and medium-sized businesses dedicated to delivering exceptional client experiences to new and existing clients by leveraging data and analytics and a technology-enabled operating model to provide choice, transparency and convenience. ReView draws on another Aon proprietary database and broker market knowledge to provide advisory services, analysis, and benchmarking to help reinsurers more effectively meet the needs of cedents through the development of more competitive, innovative, and efficient risk transfer options.

Revenue and Compensation

Our business generates revenues primarily through commissions, compensation from insurance and reinsurance companies for services we provide to them, and fees from customers. Commissions and fees for brokerage services vary depending upon several factors, which may include the amount of premium, the type of insurance or reinsurance coverage provided, the particular services provided to a client, insurer, or reinsurer, and the capacity in which we act. Compensation from insurance and reinsurance companies includes: (1) fees for consulting and analytics services, and (2) fees and commissions for administrative and other services provided to or on behalf of insurers. Fees from clients for advice and consulting services are dependent on the extent and value of the services we provide. Payment terms are consistent with current industry practices.

Fiduciary Funds

We typically hold funds on behalf of clients, including premiums received from clients and claims due to clients that are in transit to and from insurers. Certain funds held on behalf of clients are invested in interest-bearing premium trust accounts and can fluctuate significantly depending on when we collect and remit cash. The principal is segregated and not available for general operating purposes, though we earn interest on these accounts.

Competition

Our business operates in a highly competitive and fragmented environment. We compete with other global insurance brokers and consulting companies, including Marsh & McLennan Companies, Inc., Willis Towers Watson Public Limited Company, and Arthur J Gallagher & Company, as well as numerous specialist, regional, and local firms in almost every area of our business. We also compete with insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or agents. Additionally, we compete with other businesses that do not fall into the categories above, including large financial institutions and independent consulting firms and consulting organizations affiliated with accounting, information systems, technology, and financial services firms.

Seasonality

Due to buying patterns and delivery of certain products in the markets we serve, revenues recognized tend to be higher in the first and fourth quarters of each fiscal year.

Licensing and Regulation

Our business activities are subject to licensing requirements and extensive regulation under the laws of countries in which we operate, including U.S. federal and state laws. See the "Principal Risks and Uncertainties" section of this report for information regarding how actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our business.

Regulatory authorities in the countries and states in the U.S. in which our operating subsidiaries conduct business may require individual or company licenses to act as producers, brokers, agents, third-party administrators, managing general agents, reinsurance intermediaries, or adjusters. Under the laws of most countries and states, regulatory authorities have relatively broad discretion with respect to granting, renewing, and revoking producers', brokers', and agents' licenses to transact business in the country or state. The operating terms may vary according to the licensing requirements of the particular country or state, which may require, among other things, that a firm operates in the country or state through a local corporation. In a few countries and states, licenses may be issued only to individual residents or locally owned business entities. In such cases, our subsidiaries either have such licenses or have arrangements with residents or business entities licensed to act in the country or state.

Our subsidiaries must comply with laws and regulations of the jurisdictions in which they do business. These laws and regulations are enforced by the Financial Conduct Authority ("FCA") in the United Kingdom, by federal and state agencies in the U.S., and by various regulatory agencies and other supervisory authorities in other countries through the granting and revoking of licenses to do business, the licensing of agents, the monitoring of trade practices, policy form approval, limits on commission rates, and mandatory remuneration disclosure requirements.

Insurance authorities in the U.K., U.S., and certain other jurisdictions in which our subsidiaries operate have enacted laws and regulations governing the investment of funds, such as premiums and claims proceeds, held in a fiduciary capacity for others. These laws and regulations generally require the segregation of these fiduciary funds and limit the types of investments that may be made with them.

Investment, securities, and futures licensing authorities also govern certain of our business activities. For example, in the U.S., we use Aon Securities, LLC, a U.S.-registered broker-dealer and investment advisor, member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation, and an indirect, wholly owned subsidiary of Aon, for capital management transaction and advisory services and other broker-dealer activities. Similar operations exist in other jurisdictions outside of the U.S.

Further, pension and financial laws and regulations, including oversight and supervision by the FCA in the U.K., the Securities and Exchange Commission ("SEC") in the U.S., and regulators in other countries govern certain of the retirement-related consulting services provided by Aon and its subsidiaries and affiliates. This includes Aon subsidiaries that provide investment advisory services regulated by various U.S. federal authorities including the SEC and FINRA, as well as authorities on the state level. In addition, other services provided by Aon and its subsidiaries and affiliates, such as trustee services and retirement and employee benefit program administrative services, are subject in various jurisdictions to pension, investment, securities, and insurance laws and regulations, and supervision.

Clientele

Our clients operate in many businesses and industries throughout the world. No one client accounted for more than 2% of our consolidated total revenues in 2020. Additionally, we place insurance with many insurance carriers, none of which individually accounted for more than 10% of the total premiums we placed on behalf of our clients in 2020.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk Factors Summary

The risk factors set forth below reflect risks associated with our businesses and the industries in which we operate generally. Some of the more significant risk factors are summarized below.

Risks Related to Our Business

- An overall decline in economic and business activity could have a material adverse effect on the financial condition and results of operations of our business.
- If our clients are not satisfied with our services, we may face additional cost, loss of profit opportunities, damage to our reputation, or legal liability.
- Revenues from commission arrangements may fluctuate due to many factors, including cyclical or permanent changes in the insurance and reinsurance markets outside of our control.

Financial Risks

- We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows. Similarly, changes in interest rates and deterioration of credit quality could reduce the value of our cash balances and investment portfolios and adversely affect our financial condition or results.
- A decline in the credit ratings of our senior debt and commercial paper may adversely affect our borrowing costs, access to capital, and financial flexibility.

- Our global effective tax rate is subject to a variety of different factors, which could create volatility in that tax rate, expose us to greater than anticipated tax liabilities, or cause us to adjust previously recognized tax assets and liabilities.

- We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries.

Legal and Regulatory Risks

- We are subject to E&O claims against us as well as other contingencies and legal proceedings, some of which, if determined unfavorably to us, could have a material adverse effect on our financial condition or results of operations.

- Our businesses are subject to extensive governmental regulation, which could reduce our profitability, limit our growth, or subject us to legal and regulatory actions.

Operational Risks

- Our results of operations have been adversely affected and could be materially adversely affected in the future by the COVID-19 global pandemic.

- Our success depends on our ability to retain, attract and develop experienced and qualified personnel, including our senior management team and other professional personnel.

Risks Related to Technology, Cybersecurity, and Data Protection

- We rely on complex information technology systems and networks to operate our business. Any significant system or network disruption due to a breach in the security of our information technology systems could have a negative impact on our reputation, operations, sales, and operating results.

- Improper disclosure of confidential, personal, or proprietary data could result in regulatory scrutiny, legal liability, or harm to our reputation.

Risks Related to the Combination

- The Combination is subject to customary closing conditions, including conditions related to regulatory approvals, and may not be completed on a timely basis, or at all, or may be completed on a basis that has a material impact on the value of the combined company. Failure to close the Combination could negatively impact our share price and future business and financial results.

- While the Combination is pending, we are subject to business uncertainties related to our relationships with employees, clients and suppliers, which could adversely affect our business and operations. These uncertainties could also adversely affect the combined company following the Combination.

Risks Related to Being a Non-U.S. Company

- We are incorporated in Ireland, and Irish law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.

- As an Irish public limited company, certain capital structure decisions regarding the Company will require the approval of shareholders, which may limit the Company’s flexibility to manage its capital structure.

Risk Factors

The risk factors set forth below reflect risks associated with our existing and potential businesses and the industries in which we operate generally and contain “forward-looking statements” as discussed in the “Principal Risks and Uncertainties” section in this report. Readers should consider these risks in addition to the other information contained in this report because our business, financial condition, or results of operations could be materially adversely affected if any of these risks were to actually occur and the occurrence of such risks could cause our actual results to differ materially from those stated in or implied by the forward-looking statements in this document and elsewhere.

Risks Related to Our Business

An overall decline in economic and business activity could have a material adverse effect on the financial condition and results of operations of our business.

The results of our operations are generally affected by the level of business activity of our clients, which in turn is affected by the economy of the industries and markets these clients serve. Economic downturns, volatility, or uncertainty in the broader economy or in specific markets may cause reductions in technology and discretionary spending by our clients, which may result in reductions in the growth of new business or reductions in existing business. If our clients become financially less stable, enter bankruptcy, liquidate their operations or consolidate, our revenues and collectability of receivables could be adversely affected.

The demand for property and casualty insurance generally rises as the overall level of economic activity increases and generally falls as such activity decreases, affecting both the commissions and fees generated by our Commercial Risk Solutions, Reinsurance Solutions, and Data and Analytic Service lines. The economic activity that impacts property and casualty insurance is most closely correlated with employment levels, corporate revenues, and asset values. Downward fluctuations in the year-over-year insurance premiums charged by insurers to protect against the same risk, referred to in the industry as softening of the insurance market, could adversely affect these businesses as a significant portion of the earnings are determined as a percentage of premiums charged to our clients. Insolvencies and consolidations associated with an economic downturn, especially insolvencies in the insurance industry, could adversely affect our brokerage business through the loss of clients by hampering our ability to place insurance and reinsurance business. Also, error and omission claims against us, which we refer to as E&O claims, may increase in economic downturns, also adversely affecting our business.

We face significant competitive pressures from traditional and non-traditional competitors that could affect our market share.

As a global professional services firm, we compete with global, national, regional, and local insurance companies that market and service their own products, other financial services providers, brokers, and investment managers, independent firms, and consulting organizations affiliated with accounting, information systems, technology, and financial services firms. We compete with respect to service, delivery of insights, product features, price, commission structure, technology, financial strength, ability to access certain insurance markets, and name recognition. Our competitors may have better financial, technical and marketing resources, broader customer bases, greater name recognition, more comprehensive products, stronger presence in certain geographies, or more established relationships with their customers and suppliers than we have.

In addition, alliances among competitors or mergers of competitors could affect our market share, and some of our competitors may have or may develop a lower cost structure, adopt more aggressive pricing policies, or provide services that gain greater market acceptance than the services that we offer or develop.

Our competitors may be more successful in innovating and delivering services to meet new and existing client needs. Competitors may be able to respond to the need for technological changes, innovate faster, respond better to evolving client demand and industry conditions, or price their services more aggressively than we do. They may also compete for skilled professionals, finance acquisitions, fund internal growth, and compete for market share more effectively than we do. Further, new and non- traditional competitors, our clients' increasing ability and determination to self-insure, and capital market alternatives to traditional insurance and reinsurance markets cause additional forms of competition and innovation that could affect our market share. This competition is further intensified by an industry trend where clients engage multiple brokers to service different portions of their accounts. If we fail to respond successfully to the evolving competition we face, our financial condition or results of operations might be adversely affected.

If our clients are not satisfied with our services, we may face additional cost, loss of profit opportunities, damage to our reputation, or legal liability.

We depend, to a large extent, on our relationships with our clients and our reputation for high-quality advice and solutions. If a client is not satisfied with our services, it could cause us to incur additional costs and impair profitability, or lose the client relationship altogether. Moreover, if we fail to meet our contractual obligations, we could be subject to legal liability or loss of client relationships.

The nature of much of our work involves assumptions and estimates concerning future events, the actual outcome of which we cannot know with certainty in advance. For example, in our investment consulting business, we may be measured based on our track record regarding judgments and advice on investments that are susceptible to influences unknown at the time the advice was given. In addition, we could make computational, software programming, or data entry or management errors. A client may claim it suffered losses due to reliance on our consulting advice, which poses risks of liability exposure and costs of defense and increased insurance premiums. Many of our clients are businesses that actively share information among themselves about the quality of service they receive from their vendors. Accordingly, poor service to one client may negatively impact our relationships with multiple other clients.

Damage to our reputation could have a material adverse effect on our business.

We advise our clients on and provide services related to a wide range of subjects and our ability to attract and retain clients is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition, and other subjective qualities. Negative perceptions or publicity regarding these matters or others could erode trust and confidence and damage our reputation among existing and potential clients and existing and future employees, which could make it difficult for us to attract new clients and employees and retain existing ones. Negative public opinion could also result from actual or alleged conduct by us or those currently or formerly associated with us. Damage to our reputation could affect the confidence of our clients, rating agencies, regulators, stockholders, employees and third parties in transactions that are important to our business adversely affecting our business, financial condition, and operating results.

Revenues from commission arrangements may fluctuate due to many factors, including cyclical or permanent changes in the insurance and reinsurance markets outside of our control.

Revenues from commission arrangements have historically been affected by significant fluctuations arising from uncertainties and changes in the industries in which we operate. A significant portion of our revenue consists of commissions paid to us out of the premiums that insurers and reinsurers charge our clients for coverage. We have no control over premium rates, and our revenues and profitability are subject to change to the extent that premium rates fluctuate or trend in a particular direction. The potential for changes in premium rates is significant, due to pricing cyclicality in the commercial insurance and reinsurance markets.

In addition to movements in premium rates, our ability to generate premium-based commission revenue may be challenged by:

- the growing availability of alternative methods for clients to meet their risk-protection needs, including a greater willingness on the part of corporations to “self-insure,” the use of so-called “captive” insurers, and the development of capital markets-based solutions and other alternative capital sources for traditional insurance and reinsurance needs that increase market capacity, increase competition, and put pressure on pricing;
- fluctuation in the need for insurance;
- the level of compensation, as a percentage of premium, that insurance carriers are willing to compensate brokers for placement activity;
- the growing desire of clients to move away from variable commission rates and instead compensate brokers based upon flat fees, which can negatively impact us as fees are not generally indexed for inflation and do not automatically increase with premium as does commission-based compensation; and
- competition from insurers seeking to sell their products directly to consumers, including online sales, without the involvement of an insurance broker
- growing number of technology-enabled competitors offering new risk-transfer solutions that eliminate the traditional broker-client relationship in both commercial insurance and reinsurance markets

The profitability of our consulting engagements with clients may not meet our expectations due to unexpected costs, cost overruns, early contract terminations, unrealized assumptions used in our contract bidding process or the inability to maintain our prices.

Our profitability with respect to consulting engagements is highly dependent upon our ability to control our costs and improve our efficiency. As we adapt to changes in our business and the market, adapt to the regulatory environment, enter into new engagements, acquire additional businesses, and take on new employees in new locations, we may not be able to manage our large, diverse and changing workforce, control our costs, or improve our efficiency.

Our profit margin, and therefore our profitability, is largely a function of the rates we are able to charge for our services and the staffing costs for our personnel. Accordingly, if we are not able to maintain the rates we charge for our services or appropriately manage the staffing costs of our personnel, we may not be able to sustain our profit margin and our profitability will suffer. The prices we are able to charge for our services are affected by a number of factors, including competitive factors, the extent of ongoing clients’ perception of our ability to add value through our services, and general economic conditions. If we cannot drive suitable cost efficiencies, our profit margins will suffer. Our cost efficiencies may also be impacted by factors such as our ability to transition consultants from completed projects to new assignments, our ability to secure new consulting engagements, our ability to forecast demand for consulting services (and, consequently, appropriately manage the size and location of our workforce), employee attrition, and the need to devote time and resources to training and professional and business development.

In our investment consulting business, we advise or act on behalf of clients regarding their investments. The results of these investments are uncertain and subject to numerous factors, some of which are within our control and some which are not. Clients that experience losses or lower than expected investment returns may leave us for competitors and/or assert claims against us.

Our investment consulting business provides advice to clients on: investment strategy, which can include advice on setting investment objectives, asset allocation, and hedging strategies; selection (or removal) of investment managers; the investment in different investment instruments and products; and the selection of other investment service providers such as custodians and transition managers. For some clients, we are responsible for making decisions on these matters and we may implement such decisions in a fiduciary or agency capacity without assuming title over the underlying funds or assets invested. Asset classes may experience poor absolute performance and third parties we recommend or select, such as investment managers, may underperform their benchmarks due to poor market performance, negligence, or other reasons, resulting in poor investment returns or losses. These losses may be attributable in whole or in part to failures on our part or to events entirely outside of our control, including but not limited to uncertainty or volatility in financial markets due to economic, political, and regulatory conditions or pandemics. Plaintiffs have, and may continue to, file individual and class action lawsuits alleging investment consultants have charged excessive fees, given improper advice due to conflicts of interest, or recommended investments that underperformed other investments available at the time. Defending against these claims can involve potentially significant costs, including legal defense costs, as well as cause substantial distraction and diversion of other resources. If any lawsuit – against the Company or any other investment consultant – results in a large adverse verdict, the size of the verdict or resultant negative adverse publicity may prompt the filing of additional lawsuits. Furthermore, our ability to limit our potential liability is restricted in certain jurisdictions and in connection with claims involving breaches of fiduciary or agency duties or other alleged errors or omissions.

The anticipated benefits of the redomiciliation from the U.K. to Ireland may not be realized.

In April 2020, we changed the jurisdiction of incorporation for our parent company from the U.K. to Ireland by means of a scheme of arrangement under English law (the "Reorganization"). At the time of the Reorganization we expected, and we continue to expect, that the Reorganization will, among other things, provide greater certainty around ongoing access to existing U.S. treaties with other EU member countries from which we derive benefit. However, we may not realize the benefits we anticipate from the Reorganization, which could have an adverse effect on our business.

Financial Risks

We are exposed to fluctuations in currency exchange rates that could negatively impact our financial results and cash flows.

We face exposure to adverse movements in exchange rates of currencies other than our reporting currency, the U.S. dollar, as a significant portion of our business is located outside of the U.S. These exposures may change over time, and they could have a material adverse impact on our financial results and cash flows. Approximately 55% of our consolidated revenue is non-U.S., attributed on the basis of where the services are performed, and the exposures created can have significant currency volatility. These currency exchange fluctuations create risk in both the translation of the financial results of our global subsidiaries into U.S. dollars for our consolidated financial statements, as well as in those of our operations that receive revenue and incur expenses other than in their respective local currencies, which can reduce the profitability of our operations based on the direction the respective currencies' exchange rates move. A decrease in the value of certain currencies relative to other currencies could place us at a competitive disadvantage compared to our competitors that benefit to a greater degree from a specific exchange rate move and can, as a result, deliver services at a lower cost or receive greater revenues from such a transaction. Although we use various derivative financial instruments to help protect against certain adverse foreign exchange rate fluctuations, we cannot eliminate such risks, and, as a result, changes in exchange rates may adversely affect our results. For example, the strengthening of the value of the U.S. dollar versus other currencies might adversely affect the value of our products and services when translated to U.S. dollar, even if the value of such products and services has not changed in their original currency.

Changes in interest rates and deterioration of credit quality could reduce the value of our cash balances and investment portfolios and adversely affect our financial condition or results.

Operating funds available for corporate use were $1,192 million at December 31, 2020 and are reported in Cash and cash equivalents and Short-term investments. Of the total balance, $102 million was restricted to its use as of December 31, 2020. Funds held on behalf of clients and insurers were $5.7 billion at December 31, 2020 and are reported in Fiduciary assets. We also carry an investment portfolio of other long-term investments. As of December 31, 2020, these long-term investments had a carrying value of $74 million. Adverse changes in interest rates, performance, and counterparty credit quality, including default, could reduce the value of these funds and investments, thereby adversely affecting our financial condition or results. We may experience reduced investment earnings on our cash and short-term investments of fiduciary and operating funds if the yields on investments deemed to be low risk remain at or near their current low levels or fall below their current levels, or if negative yields on deposits or investments are experienced, as we have experienced in Japan and certain jurisdictions in the E.U. On the other hand, higher interest rates could result in a higher discount rate used by investors to value our future cash flows thereby resulting in a lower valuation of the Company. In addition, during times of stress in the banking industry, counterparty risk can quickly escalate, potentially resulting in substantial losses for us as a result of our cash or other investments with such counterparties, as well as substantial losses for our clients and the insurance companies with which we work.

Our pension obligations and value of our pension assets could adversely affect our shareholders' equity, net income, cash flow, and liquidity.

To the extent that the pension obligations associated with our pension plans continue to exceed the fair value of the assets supporting those obligations, our financial position and results of operations may be adversely affected. In particular, lower interest rates and investment returns could result in the present value of plan liabilities increasing at a greater rate than the value of plan assets, resulting in higher unfunded positions in our pension plans. In addition, the periodic revision of pension assumptions or variances of actual results from our assumptions can materially change the present value of expected future benefits, and therefore the funded status of the plans and resulting net periodic pension expense. As a result, we may experience future changes in the funded status of our plans that could require us to make additional cash contributions beyond those that have been estimated and which could adversely affect shareholders' equity, net income, cash flow and liquidity.

Our worldwide pension plans are significant, and therefore our pension contributions and expense are sensitive to various market, demographic, and other factors. These factors include equity and bond market returns, fair value of pension assets, the assumed interest rates we use to discount our pension liabilities, foreign exchange rates, rates of inflation, mortality assumptions, potential regulatory and legal changes or developments, and counterparty exposure from various investments and derivative contracts, including annuities. Variations or developments in connection with any of these factors could cause significant changes to our financial position and results of operations from year to year. In addition, contributions are generally based on statutory requirements and local funding practices, which may differ from measurements under U.S. GAAP.

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

As of December 31, 2020, we had total consolidated debt outstanding of approximately $7.7 billion. The level of debt outstanding could adversely affect our financial flexibility by reducing our ability to use cash from operations for other purposes, including working capital, dividends to shareholders, share repurchases, acquisitions, capital expenditures and general corporate purposes. We also are subject to risks that, at the time any of our outstanding debt matures, we will not be able to retire or refinance the debt on terms that are acceptable to us, or at all.

As of December 31, 2020, we had two committed credit facilities outstanding. Each of these facilities is intended to support our commercial paper obligations and our general working capital needs. In addition, each of these facilities included customary representations, warranties, and covenants, including financial covenants that require us to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, tested quarterly.

A substantial portion of our outstanding debt, including certain intercompany debt obligations, contains financial and other covenants. The terms of these covenants may limit our ability to obtain, or increase the costs of obtaining, additional financing to fund working capital, capital expenditures, acquisitions, or general corporate requirements. This in turn may have the impact of reducing our flexibility to respond to changing business and economic conditions, thereby placing us at a relative disadvantage compared to competitors that have less indebtedness, or fewer or less onerous covenants associated with such indebtedness, and making us more vulnerable to general adverse economic and industry conditions.

If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity, or reducing or delaying capital expenditures, strategic acquisitions, investments, and alliances, any of which could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. Additionally, we may not be able to take such actions or refinance any of our debt, if necessary, on commercially reasonable terms, or at all.

A decline in the credit ratings of our senior debt and commercial paper may adversely affect our borrowing costs, access to capital, and financial flexibility.

A downgrade in the credit ratings of our senior debt and commercial paper could increase our borrowing costs, reduce or eliminate our access to capital, reduce our financial flexibility, and limit our ability to implement on corporate strategy. Our senior debt ratings at December 31, 2020 were A- with a stable outlook (Standard & Poor's, or "S&P"), BBB+ with a negative outlook (Fitch, Inc., or "Fitch"), and Baa2 with a stable outlook (Moody's Investor Services, or "Moody's"). Our commercial paper ratings were A-2 (S&P), F-2 (Fitch) and P-2 (Moody's).

Real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, our securities. Such changes could result from any number of factors, including the modification by a credit rating agency of the criteria or methodology it applies to particular issuers, a change in the agency's view of us (currently or as a combined company after the closing of the transaction with WTW) or our industry, or as a consequence of actions we take to implement our corporate strategies. A change in our credit rating could adversely limit our access to capital and our competitive position.

Our global effective tax rate is subject to a variety of different factors, which could create volatility in that tax rate, expose us to greater than anticipated tax liabilities or cause us to adjust previously recognized tax assets and liabilities.

We are, and anticipate we will be, subject to income taxes in Ireland, the U.K., the U.S. and many other jurisdictions. As a result, our global effective tax rate from period to period can be affected by many factors, including changes in tax legislation or regulations, the continuing development of regulations and other governmental action that affect the application of such legislation, our global mix of earnings, the use of global funding structures, the tax characteristics of our income, the effect of complying with transfer pricing requirements under laws of many different countries on our revenues and costs, the consequences of acquisitions and dispositions of businesses and business segments. In addition, we could be subject to increased taxation as a result of changes in eligibility for the benefits of current income tax treaties between and among Ireland, the U.K., the U.S and other countries, including any future amendments to the current income tax treaties between and among such countries, or any new statutory or regulatory provisions that might limit our ability to take advantage of any such treaties. Significant judgment is required in determining our worldwide provision for income taxes, and our determination of the amount of our tax liability is always subject to review by applicable tax authorities. Our actual global tax rate may vary from our expectation and that variance may be material.

We are, and anticipate we will be, subject to tax audits conducted by Ireland, the U.K., the U.S., and other tax authorities, and the resolution of such audits could impact our tax rate in future periods, as would any reclassification or other changes (such as those in applicable accounting rules) that increases the amounts we have provided for income taxes in our consolidated financial statements. The tax laws and regulations in Ireland, the U.K., the U.S., and the other tax jurisdictions in which the we operate are inherently complex, and we will be obligated to make judgments and interpretations about the application of these laws and regulations to our operations and businesses. The interpretation and application of these laws and regulations could be challenged by the relevant governmental authorities, which could result in administrative or judicial procedures, actions or sanctions, which could be material.

There can be no assurance that we would be successful in attempting to mitigate the adverse impacts resulting from any changes in tax laws and regulations, including any changes in the interpretation of such tax authorities, or from audits and other matters. Our inability to mitigate the negative consequences of such actions could cause our global effective tax rate to increase, our use of cash to increase and our financial condition and results of operations to suffer.

The global effective tax rate that will apply subsequent to Brexit might become uncertain and may vary from expectations.

As further discussed below, on January 31, 2020, the U.K. withdrew as a member of the E.U., commonly referred to as Brexit, and the UK has since ratified a trade and cooperation agreement governing its future relationship with the E.U., which is being applied provisionally from January 1, 2021 until it is also ratified by the European Parliament and the Council of the E.U. The changes (which are ongoing) in applicable law and regulatory oversight of our operations caused by Brexit in the U.K. and the member states of the E.U. will impact how we conduct business in the U.K., within the E.U., and between the U.K. and the E.U., which may result in changes in the countries in which we derive a portion of our global earnings. As a result, our actual global effective tax rate may vary from expectations and that variance may be material as a result of Brexit.

Changes in our accounting estimates and assumptions could negatively affect our financial position and results of operations.

We prepare our consolidated financial statements in accordance with U.S. GAAP. These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of our consolidated financial statements. We are also required to make certain judgments that affect the reported amounts of revenues and expenses during each reporting period. We periodically evaluate our estimates and assumptions including, but not limited to, those relating to revenue recognition, pensions, recoverability of assets including customer receivables, valuation of goodwill and intangibles, contingencies, share-based payments, and income taxes. We base our estimates on historical experience and various assumptions that we believe to be reasonable based on specific circumstances. These assumptions and estimates involve the exercise of judgment and discretion, which may evolve over time in light of operational experience, regulatory direction, developments or changes in accounting principles or standards, and other factors. Actual results could differ from these estimates, or changes in assumptions, estimates, policies, or developments in the business may change our initial estimates, which could materially affect the Consolidated Statements of Income, Comprehensive Income, Statements of Financial Position, Shareholders' Equity, and Cash Flows.

We may be required to record goodwill or other long-lived asset impairment charges, which could result in a significant charge to earnings.

Under U.S. GAAP, we review our long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is assessed for impairment at least annually. Factors that may be considered in assessing whether goodwill or other long-lived assets may not be recoverable include a decline in our share price or market capitalization, reduced estimates of future cash flows and slower growth rates in our industry. We may experience unforeseen circumstances that adversely affect the value of our goodwill or other long- lived assets and trigger an evaluation of the recoverability of the recorded goodwill and other long-lived assets. Future goodwill or other long-lived asset impairment charges could materially impact our consolidated financial statements.

We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries.

The Company is organized as a holding company, a legal entity separate and distinct from our operating entities. As a holding company without significant operations of its own, our principal assets are the shares of capital stock of our subsidiaries. We rely on dividends, interest, and other payments from these subsidiaries to meet our obligations for paying principal and interest on outstanding debt, paying dividends to shareholders, repurchasing Class A ordinary shares, and corporate expenses. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions, or other circumstances that could restrict the ability of our subsidiaries to pay dividends or otherwise make payments to us. Furthermore, no assurance can be given that our subsidiaries may be able to make timely payments to us in order for us to meet our obligations.

Legal and Regulatory Risks

We are subject to E&O claims against us as well as other contingencies and legal proceedings, some of which, if determined unfavorably to us, could have a material adverse effect on our financial condition or results of operations.

We assist our clients with various matters, including advising on and placing insurance and reinsurance coverage and handling related claims, consulting on various human resources matters, and providing actuarial, investment consulting, and asset management services. E&O claims against us may allege our potential liability for damages arising from these services. E&O claims could include, for example, the failure of our employees or sub-agents, whether negligently or intentionally, to place coverage correctly or notify carriers of claims on behalf of clients, to provide insurance carriers with complete and accurate information relating to the risks being insured, or the failure to give error-free consulting or investment advice. It is not always possible to prevent and detect E&O, and the precautions we take may not be effective in all cases. In addition, we are subject to other types of claims, litigation, and proceedings in the ordinary course of business, which along with E&O claims, may seek damages, including punitive damages, in amounts that could, if awarded, have a material adverse impact on the Company's financial position, earnings, and cash flows. In addition to potential liability for monetary damages, such claims or outcomes could harm our reputation or divert management resources away from operating our business.

We have historically purchased, and intend to continue to purchase, insurance to cover E&O claims and other insurance to provide protection against certain losses that arise in such matters. However, we have exhausted or materially depleted our coverage under some of the policies that protect us for certain years and, consequently, are self-insured or materially self-insured for some historical claims. Additionally, parts or all of an E&O claim could fall within insurance deductibles, self-insured retentions, or policy exclusions. Accruals for these exposures, and related insurance receivables, when applicable, have been provided to the extent that losses are deemed probable and are reasonably estimable. These accruals and receivables are adjusted from time to time as developments warrant and may also be adversely affected by disputes we may have with our insurers over coverage. Amounts related to settlement provisions are recorded in Other general expenses in the Consolidated Statements of Income. Discussion of some of these claims, lawsuits, and proceedings are contained in the Notes to the Consolidated Financial Statements.

In addition, we provide a variety of guarantees and indemnifications to our customers and others. In the event of a default, our potential exposure is equal to the amount of the guarantee or indemnification.

The ultimate outcome of claims, lawsuits, proceedings, guarantees and indemnifications cannot be ascertained, and liabilities in indeterminate amounts may be imposed on us. It is possible that future results of operations or cash flows for any particular quarterly or annual period could be materially affected by an unfavorable resolution of these matters.

Our businesses are subject to extensive governmental regulation, which could reduce our profitability, limit our growth, or subject us to legal and regulatory actions.

Our businesses are subject to extensive legal and regulatory oversight throughout the world, including the Companies Act 2014, the U.S. securities laws, rules, and regulations, the rules and regulations promulgated by the FCA and a variety of other laws, rules, and regulations addressing, among other things, licensing, data privacy and protection, trade sanctions laws, restrictions and export controls, anti-money laundering, wage-and-hour standards, employment and labor relations, anti-competition, anti-corruption, currency, reserves, government contracting, and the amount of local investment with respect to our operations in certain countries. This legal and regulatory oversight could reduce our profitability or limit our growth by: increasing the costs of legal and regulatory compliance; limiting or restricting the products or services we sell, the markets we serve or enter, the methods by which we sell our products and services, the overall structure of our business units, the type of services and prices we can charge for our services, or the form of compensation we can accept from our clients, carriers, and third parties; or by subjecting our businesses to the possibility of legal and regulatory actions, proceedings, or fines.

The global nature of our operations increases the complexity and cost of compliance with laws and regulations adding to our cost of doing business. In addition, many of these laws and regulations may have differing or conflicting legal standards across jurisdictions, increasing the complexity and cost of compliance. In emerging markets and other jurisdictions with less developed legal systems, local laws and regulations may not be established with sufficiently clear and reliable guidance to provide us adequate assurance that we are operating our business in a compliant manner with all required licenses or that our rights are otherwise protected. In addition, certain laws and regulations, such as the Foreign Corrupt Practices Act and the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act in the U.S., and the Bribery Act of 2010 in the U.K., impact our operations outside of the legislating country by imposing requirements for the conduct of overseas operations, and in several cases, requiring compliance by foreign subsidiaries.

In addition to the complexity of the laws and regulations themselves, the development of new laws and regulations or changes in application or interpretation of current laws and regulations or conflict between them also increases our legal and regulatory compliance complexity. Additionally, our acquisitions of new businesses and our continued operational changes and entry into new jurisdictions and new service offerings increases our legal and regulatory compliance complexity, as well as the type of governmental oversight to which we may be subject. Changes in laws and regulations could mandate significant and costly changes to the way we implement our services and solutions, impose additional licensure requirements or costs to our operations and services, or cause us to cease offering certain services or solutions. Furthermore, as we enter new jurisdictions or businesses and further develop and expand our services, including through acquisitions, we may become subject to additional types of laws and governmental oversight and supervision, such as those applicable to the financial lending or other service institutions. Regulatory developments that could result in changes that adversely affect us or cause us to change our business or operations include: additional requirements respecting data privacy, data security, and data usage in jurisdictions in which we operate that may increase our costs of compliance and potentially reduce the manner in which we can use data; changes in tax regulations in the jurisdictions in which we operate; regulatory actions or changes that require us to change our compensation model; or additional regulations promulgated by , regulatory bodies in jurisdictions in which we operate.

In all jurisdictions, the applicable laws and regulations are subject to amendment or interpretation by regulatory authorities. Generally, such authorities are vested with relatively broad discretion to grant, renew, and revoke licenses and approvals and to implement regulations. Accordingly, we may have a license revoked or be unable to obtain new licenses and therefore be precluded or suspended from carrying on or developing some or all of our activities or otherwise fined or penalized in a given jurisdiction. No assurances can be given that our business can further develop or continue to be conducted in any given jurisdiction in the future as it has been conducted in the past. Changes in the regulatory scheme, or even changes in how existing regulations are interpreted, could have an adverse impact on our results of operations by limiting revenue streams or increasing costs of compliance.

Our business' regulatory oversight also includes licensing of insurance brokers and agents, managing general agency or general underwriting operations, and the regulation of the handling and investment of client funds held in a fiduciary capacity. Our continuing ability to provide insurance broking in the jurisdictions in which we operate depends on our compliance with the rules and regulations promulgated by the regulatory authorities in each of these jurisdictions. Also, we can be affected indirectly by the governmental regulation and supervision of insurance companies. For instance, if we are providing or managing general underwriting services for an insurer, we may have to contend with regulations affecting our client.

Services provided in our Health Solutions and Retirement Solutions service lines are also the subject of ever-evolving government regulation, either because the services provided to our clients are regulated directly or because third parties upon whom we rely to provide services to clients are regulated, thereby indirectly affecting the manner in which we provide services to those clients. In particular, our health care exchange business depends upon the private sector of the U.S. insurance system and its role in financing health care delivery, and insurance carriers' use and payment of commissions to agents, brokers, and other organizations to market and sell individual and family health insurance products and plans. Uncertainty regarding, or any changes to, state or federal law, or the interpretation of such law by applicable regulatory agencies could delay client adoption of our health care exchanges, impair our ability to retain clients who have adopted our health care exchanges, or cause insurance carriers to alter or eliminate the products and plans that they offer or attempt to move members into new products or plans for which we receive lower commissions. In addition, changes in laws, government regulations, or the way those regulations are interpreted in the jurisdictions in which we operate could affect the viability, value, use, or delivery of benefits and human resources programs, including changes in regulations relating to health and welfare plans (such as medical), defined contribution plans (such as 401(k)), or defined benefit plans (such as pension), may adversely affect the demand for, or profitability of, our services.

If we violate the laws and regulations to which we are subject, we could be subject to fines, penalties, or criminal sanctions and could be prohibited from conducting business in one or more countries. There can be no assurance that our employees, contractors, or agents will not violate these laws and regulations, causing an adverse effect on our operations and financial condition.

Heightened regulatory oversight and scrutiny may lead to additional regulatory investigations, increased government involvement, or enforcement actions, which could consume significant management time and resources and could have adverse effects on our business and operations. For instance, increased scrutiny by competition authorities may increase our costs of doing business or force us to change the way we conduct business or refrain from or otherwise alter the way we engage in certain activities. Additionally, we could suffer significant financial or reputational harm if we fail to properly identify and manage potential conflicts of interest, which exist or could exist any time we or any of our employees have or may have an interest in a transaction or engagement that is inconsistent with our clients' interests. This could occur, for example, when we are providing services to multiple parties in connection with a transaction. We also provide services to advise and assist in satisfying all our clients' needs from all our businesses, creating a greater potential for conflicts with advisory services.

Due to the broad scope of our businesses and our client base, we regularly address potential conflicts of interest, including, without limitation, situations where our services to a particular client or our own investments or other interests conflict, or are perceived to conflict, with the interests of another client. If these are not adequately identified and managed, this could then lead to failure or perceived failure to protect the client's interests, with consequential regulatory and reputational risks, including litigation or enforcement actions that could adversely affect us and our operations. Identifying conflicts of interest may also prove particularly difficult as we continue to bring systems and information together and integrate newly acquired businesses. In addition, we may not be able to adequately address such conflicts of interest.

Insurance intermediaries have traditionally been remunerated by base commissions paid by insurance carriers in respect of insurance placements for clients, or by fees paid by clients. Intermediaries also obtain other revenue from insurance carriers. This revenue, when derived from carriers in their capacity as insurance markets (as opposed to as corporate clients of the intermediaries where they may be purchasing insurance or reinsurance or other non-market related services), is commonly known as market derived income ("MDI"). MDI is another example of an area in which potential conflicts of interest may arise. This revenue may be subject to scrutiny by various regulators under conflict of interest, anti-trust, unfair competition, conduct and anti-bribery laws and regulations. MDI takes a variety of forms, including volume- or profit-based contingent commissions, facilities administration charges, business development agreements, and fees for providing consulting services to carriers. While accepting MDI is a lawful and acceptable business practice, we cannot predict whether our position will result in regulatory or other scrutiny and our controls may not be fully effective.

Failure to protect our intellectual property rights, or allegations that we have infringed on the intellectual property rights of others, could harm our reputation, ability to compete effectively, and financial condition.

To protect our intellectual property rights, we rely on a combination of trademark laws, copyright laws, patent laws, trade secret protection, confidentiality agreements, and other contractual arrangements with our affiliates, employees, clients, strategic partners, and others, as well as internal policies and procedures regarding our management of intellectual property. However, the protective steps that we take may be inadequate to deter misappropriation of our proprietary information. In addition, we may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Further, we operate in many jurisdictions and effective trademark, copyright, patent, and trade secret protection may not be available or adequate in every country or jurisdiction in which we offer our services or employ our colleagues. Additionally, our competitors may develop products similar to our products that do not conflict with our related intellectual property rights. Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively.

In addition, to protect or enforce our intellectual property rights, we may initiate litigation against third parties, such as infringement suits or interference proceedings. Third parties may assert intellectual property rights claims against us, which may be costly to defend, could require the payment of damages, and could limit our ability to use or offer certain technologies, products, or other intellectual property. Any intellectual property claims, with or without merit, could be expensive, take significant time and divert management's attention from other business concerns. Successful challenges against us could require us to modify or discontinue our use of technology or business processes where such use is found to infringe or violate the rights of others, or require us to purchase licenses from third parties, any of which could adversely affect our business, financial condition, and operating results.

Operational Risks

Our results of operations have been adversely affected and could be materially adversely affected in the future by the COVID-19 global pandemic.

The COVID-19 global pandemic has created significant public health concerns and significant volatility, uncertainty, and economic disruption in every region where we operate.

A number of evolving factors related to the global pandemic and the post-pandemic recovery period may influence the duration, nature and extent of the impact on our business and financial results. Such factors include worldwide macroeconomic conditions, including interest rates, employment rates, consumer confidence and spending, gross domestic product, property values, and changes in client behavior, and foreign exchange rates in each of the markets in which we operate; business closures; changes in laws, regulations (including those changes that may provide for extended premium payment terms), and guidance; court decisions and litigation trends; a decline in business and the ability of counterparties to pay for our services on time or at all; an increased number of E&O claims in those areas impacted by the pandemic, as well as an increase in the incidence or severity of E&O claims against us and our market partners; our ability to sell and provide our services, including due to the impact of travel restrictions, lockdowns, quarantines, social distancing, and alternative work arrangements; the health of, and the effect of the pandemic on, our employees; political disruption; potential effects on our internal controls and risk mitigation processes, including those over financial reporting, as a result of changes in working environments for our employees and business partners; resurgences of spread; identification of new, more contagious variants of the virus; resulting "lockdowns," government restrictions or recommendations; and uncertainties in vaccine manufacturing, accessibility and adoption.

In addition, the continuing COVID-19 pandemic may again create significant disruptions in the credit or financial markets, or impact our credit ratings, which could adversely affect our ability to access capital on favorable terms or at all.

Finally, the impact of the COVID-19 pandemic may heighten other risks discussed in this Annual Report on Form 10-K, which could adversely affect our business, financial condition, results of operations, cash flows, and stock price.

The economic and political conditions of the countries and regions in which we operate could have an adverse impact on our business, financial condition, operating results, liquidity, and prospects for growth.

Our operations in countries undergoing political change or experiencing economic instability are subject to uncertainty and risks that could materially adversely affect our business. These risks include, particularly in emerging markets, the possibility we would be subject to undeveloped or evolving legal systems, unstable governments and economies, and potential governmental actions affecting the flow of goods, services, and currency.

Furthermore, the U.K. formally withdrew from the E.U., commonly referred to as Brexit, and ratified a trade cooperation agreement governing its future relationship with the E.U. The agreement, which is being applied provisionally from January 1, 2021 until it is ratified by the European Parliament and the Council of the E.U., addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. Because the agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the U.K. and the E.U. as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains. We have significant operations and a substantial workforce within the country, and we enjoy certain benefits based on the U.K.'s membership in the E.U., and the lack of clarity around the future relationship between the U.K. and the E.U. creates uncertainty that may have a material impact on our business and operations. We may also be required to incur additional expense as we adapt to and create the ability to operate within the new political and regulatory environment.

Additionally, any development that has the effect of devaluing the euro or British pound could meaningfully reduce the value of our assets and reduce the usefulness of liquidity alternatives denominated in that currency such as our multicurrency U.S. credit facility. We also deposit some of our cash, including cash held in a fiduciary capacity, with certain European financial institutions. While we continuously monitor and manage exposures associated with those deposits, to the extent the uncertainty surrounding economic stability in Europe and the future viability of the euro suddenly and adversely impacts those financial institutions, some or all of those cash deposits could be at risk.

Our success depends on our ability to retain, attract and develop experienced and qualified personnel, including our senior management team and other professional personnel.

We depend, in material part, upon the members of our senior management team who possess extensive knowledge and a deep understanding of our business and our strategy, as well as the colleagues who are critical to developing and retaining client relationships. The unexpected loss of services of any of these senior leaders could have a disruptive effect adversely impacting our ability to manage our business effectively and execute our business strategy. Competition for experienced professional personnel is intense, and we are constantly working to retain, attract and develop these professionals. If we cannot successfully do so, our business, operating results, and financial condition could be adversely affected. While we have plans for key management succession and long-term compensation plans designed to retain our senior management team and critical colleagues, if our succession plans and retention programs do not operate effectively, our business could be adversely affected. We also are committed to diversity and inclusion and strive to maintain an equitable work environment that unlocks the full potential of all of our personnel. If we are unsuccessful in maintaining such a work environment, we could experience difficulty attracting and retaining personnel, which could have a negative impact on our business.

Our global operations expose us to various international risks that could adversely affect our business.

Our operations are conducted globally. Accordingly, we are subject to regulatory, legal, economic, and market risks associated with operating in, and sourcing from, foreign countries, including:

- difficulties in staffing and managing our foreign offices, including due to unexpected wage inflation or job turnover, and the increased travel, infrastructure, and legal and compliance costs and risks associated with multiple international locations;
- hyperinflation in certain foreign countries;
- conflicting regulations in the countries in which we do business;
- imposition of investment requirements or other restrictions by foreign governments;
- longer payment cycles;
- greater difficulties in collecting accounts receivable;
- insufficient demand for our services in foreign jurisdictions;
- our ability to execute effective and efficient cross-border sourcing of services on behalf of our clients;
- the reliance on or use of third parties to perform services on behalf of the Company;
- disparate tax regimes;
- restrictions on the import and export of technologies; and
- trade barriers.

The occurrence of natural or man-made disasters could result in declines in business and increases in claims that could adversely affect our financial condition and results of operations.

We are exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods, tornadoes, extreme weather, or other climate events; pandemic health events, and man-made disasters, including acts of terrorism, civil unrest, violence, military actions, and cyber-terrorism. The continued threat of terrorism and other events or disasters may cause significant volatility in global financial markets, and a natural or man-made disaster could trigger energy shortages, public health issues, or an economic downturn or instability in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas. They could also result in reduced underwriting capacity, making it more difficult for our professionals to place business. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations.

A natural or man-made disaster also could disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us. In addition, a disaster could adversely affect the value of the assets in our investment portfolio. Finally, a natural or man-made disaster could increase the incidence or severity of E&O claims against us.

Our inability to successfully recover should we experience a disaster or other business continuity problem could cause material financial loss, loss of human capital, regulatory actions, reputational harm, or legal liability.

Our operations are dependent upon our ability to protect our personnel, offices, and technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. Should we experience a local or regional disaster or other business continuity problem, such as a security incident or attack, a natural disaster, climate event, terrorist attack, pandemic, power loss, telecommunications failure, or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel and office facilities, and the proper functioning of computer systems, telecommunications, and other related systems and operations. In events like these, while our operational size, the multiple locations from which we operate, and our existing back-up systems provide us with some degree of flexibility, we still can experience near-term operational challenges in particular areas of our operations. We could potentially lose access to key executives, personnel, or client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster recovery scenario. A disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships, or legal liability.

We rely on third parties to perform key functions of our business operations enabling our provision of services to our clients. These third parties may act in ways that could harm our business.

We rely on third parties, and in some cases subcontractors, to provide services, data, and information such as technology, information security, funds transfers, data processing, support functions, and administration that are critical to the operations of our business. These third parties include correspondents, agents and other brokerage and intermediaries, insurance markets, data providers, plan trustees, payroll service providers, benefits administrators, software and system vendors, health plan providers, investment managers, and providers of human resources, among others. As we do not fully control the actions of these third parties, we are subject to the risk that their decisions, actions, or inactions may adversely impact us and replacing these service providers could create significant delay and expense. A failure by third parties to comply with service level agreements or regulatory or legal requirements in a high quality and timely manner, particularly during periods of our peak demand for their services, could result in economic and reputational harm to us. In addition, we face risks as we transition from in-house functions to third- party support functions and providers that there may be disruptions in service or other unintended results that may adversely affect our business operations. These third parties face their own technology, operating, business, and economic risks, and any significant failures by them, including the improper use or disclosure of our confidential client, employee, or company information, could cause harm to our business and reputation. An interruption in or the cessation of service by any service provider as a result of systems failures, cybersecurity incidents, capacity constraints, financial difficulties, or for any other reason could disrupt our operations, impact our ability to offer certain products and services, and result in contractual or regulatory penalties, liability claims from clients, or employees, damage to our reputation, and harm to our business.

Our business is exposed to risks associated with the handling of client funds.

Certain of our businesses collect premiums from insureds and remits the premiums to the respective insurers. We also collect claims or refunds from insurers on behalf of insureds, which are then remitted to the insureds. Consequently, at any given time, we may be holding and managing funds of our clients. This function creates a risk of loss arising from, among other things, fraud by employees or third parties, execution of unauthorized transactions, errors relating to transaction processing, or other cybersecurity events or security breaches. We are also potentially at risk in the event the financial institution in which we hold these funds suffers any kind of insolvency or liquidity event. The occurrence of any of these types of events in connection with this function could cause us financial loss and reputational harm.

In connection with the implementation of our corporate strategies and initiatives, we face risks associated with, among others, the acquisition or disposition of businesses, the integration and development of acquired businesses, and the entry into new lines of business or products.

In pursuing our corporate strategy, we often acquire other businesses or dispose of or exit businesses we currently own and we routinely are actively engaged in the process of identifying, analyzing, and negotiating possible transactions. The success of this strategy is dependent upon our ability to identify appropriate acquisition and disposition targets, negotiate transactions on favorable terms, complete transactions and, in the case of acquisitions, successfully integrate them into our existing businesses and culture. If a proposed transaction is not consummated, the time and resources spent pursuing it could adversely result in missed opportunities to locate and acquire other businesses. If acquisitions are made, there can be no assurance that we will realize the anticipated benefits of such acquisitions, including, but not limited to, revenue growth, operational efficiencies, or expected synergies, and we could incur unexpected costs in connection with integration. If we dispose of or otherwise exit certain businesses, there can be no assurance that we will not incur certain disposition related charges, we will be able to reduce overhead related to the divested assets, or will realized the intended benefits of the disposition.

We may enter new lines of business or offer new products and services within existing lines of business either through acquisitions or through initiatives to generate organic revenue growth. These new lines of business, products, and services present the Company with additional risks, particularly in instances where the markets are new or not fully developed. Such risks include the investment of significant time and resources; the possibility that these efforts will be not be successful; the possibility that the marketplace does not accept our products or services or that we are unable to retain clients that adopt our new products or services; and the risk of new or additional liabilities associated with these efforts. In addition, many of the businesses that we acquire and develop will likely have significantly smaller scales of operations prior to the implementation of our growth strategy. If we are not able to manage the growing complexity of these businesses, including improving, refining, or revising our systems and operational practices, and enlarging the scale and scope of the businesses, our business may be adversely affected. Other risks include developing knowledge of and experience in the new business, product or service, integrating the acquired business into our systems and culture, recruiting and retaining experienced professionals, and developing and capitalizing on new relationships with experienced market participants. External factors, such as compliance with new or revised regulations, competitive alternatives, and shifting market preferences may also impact the successful implementation of a new line of business, products, or services. Failure to manage these risks in the acquisition or development of new businesses could materially and adversely affect our business, results of operations, and financial condition.

We are subject to various risks and uncertainties in connection with the sale of the Divested Business.

On May 1, 2017, the Company completed the sale of the benefits administration and business process outsourcing business (the "Divested Business) to an entity controlled by affiliates of The Blackstone Group L.P. (the "Buyer"). This transaction carries inherent risks, including the risk that we will not earn the $500 million of additional consideration or otherwise realize the intended value of the transaction.

Risks Related to Technology, Cybersecurity, and Data Protection

We rely on complex information technology systems and networks to operate our business. Any significant system or network disruption due to a breach in the security of our information technology systems could have a negative impact on our reputation, operations, sales, and operating results.

We rely on the efficient, uninterrupted, and secure operation of complex information technology systems and networks, some of which are within the Company and some of which are outsourced to third parties. All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including but not limited to cyber-attacks, computer viruses, security breaches, and unauthorized access or improper actions by insiders or employees. We are at risk of attack by a growing list of adversaries through new and increasingly sophisticated methods of attack, including methods that take advantage of remote work scenarios due to COVID-19. Because the techniques used to obtain unauthorized access or sabotage systems change frequently, we may be unable to anticipate these techniques, implement adequate preventative measures, or detect and respond quickly enough in the event of an incident or attack. We regularly experience social engineering attempts, attacks to our systems and networks and have from time to time experienced cybersecurity incidents, such as computer viruses, unauthorized parties gaining access to our information technology systems, data loss via malicious and non-malicious methods, and similar incidents, which to date have not had a material impact on our business. If we are unable to efficiently and effectively maintain and upgrade our system safeguards, we may incur unexpected costs and certain of our systems may become more vulnerable to unauthorized access. Problems with the information technology systems of vendors, including breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, difficulties in the migration of services or data to third parties or the cloud hosted by third parties, cyber-attacks, and security breaches could adversely affect our ability to deliver products and services to customers and otherwise conduct business. Additionally, we are a global and acquisitive organization and we therefore might not adequately identify weaknesses in certain of our information systems, including those of targets we acquire, which could expose us to unexpected liabilities and fines or make our own systems more vulnerable to attack. These types of incidents affecting us or our third-party vendors could result in intellectual property or other confidential information being lost or stolen, including client or employee personal information or company data.

We have implemented various measures to manage our risks related to system and network security and disruptions, but a security breach or a significant or extended disruption in the functioning of our information technology systems could damage our reputation, cause us to lose clients, adversely impact our operations, sales, and operating results, and require us to incur significant expense and divert resources to address and remediate or otherwise resolve such issues. Additionally, in order to maintain the level of security, service, and reliability that our clients require, we may be required to make significant additional investments in our information technology system.

Improper disclosure of confidential, personal, or proprietary data could result in regulatory scrutiny, legal liability, or harm to our reputation.

One of our significant responsibilities is to maintain the security and privacy of our employees' and clients' confidential and proprietary information, including confidential information about our clients' and employees' compensation, medical information, and other personally identifiable information. We maintain policies, procedures, and technological safeguards designed to protect the security and privacy of this information. Nonetheless, we cannot eliminate the risk of human error, employee or vendor malfeasance, or cyber-attacks that could result in improper access to or disclosure of confidential, personal, or proprietary information. Such access or disclosure could harm our reputation and subject us to liability under our contracts and laws and regulations that protect personal data, resulting in increased costs, fines, loss of revenue, and loss of clients. The release of confidential information as a result of a security breach could also lead to litigation or other proceedings against us by affected individuals or business partners, or by regulators, and the outcome of such proceedings, which could include penalties or fines, could have a significant negative impact on our business.

In many jurisdictions, including in the E.U. and the U.S., we are subject to laws and regulations relating to the collection, use, retention, security, and transfer of this information. These laws and regulations are frequently changing and are becoming increasingly complex and sometimes conflict among the various jurisdictions and countries in which we provide services both in terms of substance and in terms of enforceability. This makes compliance challenging and expensive. Additionally, certain jurisdictions' regulations include notice provisions that may require us to inform affected clients or employees in the event of a breach of confidential information before we fully understand or appreciate the extent of the breach. These notice provisions present operational challenges and related risk. In particular, in 2020 there have been a number of new privacy laws around the globe including Brazil, California, South Africa and Dubai. We have had to implement new requirements set out in these laws within our business before the effective date causing distraction from other aspects of our business. Additionally the US Privacy Shield was invalidated by the EU causing significant uncertainty for business transferring personal data from the EU to the US. New guidance issued to firms will require time to implement and may require significant effort to review and effect applicable changes to IT systems and transfer methods. Non-compliance with new and existing laws could result in proceedings against us by governmental entities or others and additional costs in connection therewith. We expect additional jurisdictions to continue to adopt new privacy regulations and there to be amendments to existing regulations as governments continue to legislate in respect of personal data. We have and will continue to incur expenses and devote resources to bring our practices into compliance with these regulations and future regulations. Our failure to comply with or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability, result in proceedings or fines against us by governmental entities or others, or impair our reputation in the marketplace. Further, regulatory initiatives in the area of data protection are more frequently including provisions allowing authorities to impose substantial fines and penalties, and therefore, failure to comply could also have a significant financial impact.

Our business performance and growth plans could be negatively affected if we are not able to develop and implement technology-based solutions to support our business operations or if we are not able to effectively drive value for our clients through innovation and technology-based solutions.

Our success depends, in part, on our ability to enhance and implement the technology systems necessary to operate our businesses and to achieve intended efficiencies and improvements. We may not be successful in anticipating or responding to rapid and continuing changes in technology, industry standards and client preferences. The effort to gain technological expertise, develop new technologies in our business, and achieve internal efficiencies through technology require us to incur significant expenses.

We also make investments in technology-based solutions, including data and analytics solutions, for our clients. If we cannot innovate as quickly as our competitors, if our competitors develop more cost-effective technologies, or if our ideas are not accepted in the marketplace, it could have a material adverse effect on our ability to obtain and complete client engagements. For example, we have invested significantly in the development of our proprietary data and analytics tools including repositories of global insurance and reinsurance placement information, which we use to drive results for our clients in the insurance and reinsurance placement process. Our competitors are developing competing data and analytics tools, and their success in this space may impact our ability to differentiate our services to our clients through the use of unique technological solutions. Innovations in software, cloud computing, data and analytics or other technologies that alter how our services are delivered could significantly undermine our investment in the business if we are slow to innovate or unable to take advantage of these developments.

Risks Related to the Combination

The Combination is subject to customary closing conditions, including conditions related to regulatory approvals, and may not be completed on a timely basis, or at all, or may be completed on a basis that has a material impact on the value of the combined company.

The closing of the pending combination of the Combination is subject to a number of customary conditions, and there can be no assurance that the conditions to the closing of the Combination will be satisfied or waived (to the extent applicable). The failure to satisfy the required conditions could delay the closing of the Combination for a significant period of time or prevent the closing of the Combination from occurring at all. These closing conditions include, among others, the approval of the scheme by the Irish High Court and certain antitrust related clearances, including under the Hart–Scott–Rodino Antitrust Improvements Act (the "HSR Act"), the European Commission Merger Regulation and the antitrust laws of the other required antitrust jurisdictions.

The governmental agencies from which the parties will seek certain approvals related to these conditions have broad discretion in administering the applicable governing regulations. As a condition to their approval of the Combination, agencies may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of the combined company's business after the closing of the Combination. Such requirements, limitations, costs or restrictions could delay or prevent the closing of the Combination or have a material adverse effect on the combined company's business and results of operations following the closing of the Combination.

In addition, the closing conditions include other legal and regulatory conditions, such as (i) the sanction by the Irish High Court of the scheme and the delivery of the court order to the Irish Registrar of Companies, (ii) the approval by the NYSE of the listing of all of our Class A ordinary shares to be issued in connection with the scheme and (iii) the absence of any law or order that restrains, enjoins, makes illegal or otherwise prohibits the closing of the Combination.

The Combination is also subject to other customary closing conditions, including: (i) the Business Combination Agreement not having been terminated in accordance with its terms; (ii) the accuracy of each party's representations and warranties made in the Business Combination Agreement, subject to specified materiality standards; (iii) the absence of a material adverse effect with respect to each party since March 9, 2020; and (iv) the performance and compliance by each party of all of its obligations and compliance with all of its covenants under the Business Combination Agreement in all material respects. There can be no assurance that the conditions to the closing of the Combination will be satisfied or waived or that the Combination will be completed within the expected time frame, or at all.

In addition, if the Combination is not completed by March 9, 2021 (or June 9, 2021 or September 9, 2021, if extended under the terms of the Business Combination Agreement, if applicable, or such earlier date as may be specified by the Irish Takeover Panel), either we or WTW may choose not to proceed with the Combination. The parties can mutually decide to terminate the Business Combination Agreement at any time.

Failure to close the Combination could negatively impact our share price and future business and financial results.

If the Combination is not completed for any reason, our ongoing business may be adversely affected and, without realizing any of the potential benefits of having closed the Combination, we will be subject to a number of risks, including the following:

- we will be required to pay certain costs and expenses relating to the Combination;
- if the Business Combination Agreement is terminated under specified circumstances, we may be obligated to reimburse certain Combination expenses of WTW or, if terminated under other circumstances related to a failure to obtain the required antitrust clearances, pay to WTW a termination fee equal to $1 billion;
- we may experience negative reactions from the financial markets, including negative impacts on the market price of our securities;
- the manner in which clients, vendors, business partners and other third parties perceive us may be negatively impacted, which in turn could affect our ability to compete for new business or to obtain renewals in the marketplace;
- matters relating to the Combination (including integration planning) may require substantial commitments of time and resources by management, which could otherwise have been devoted to other opportunities that may have been beneficial to us;
- the Business Combination Agreement restricts us, without WTW's consent and subject to certain exceptions, from making certain acquisitions and taking other specified actions until the Combination occurs or the Business Combination Agreement terminates. These restrictions may prevent us from pursuing otherwise attractive business

opportunities and making other business changes to our business that may arise prior to the closing of the Combination or the termination of the Business Combination Agreement; and

- we could be subject to litigation related to any failure to close the Combination or related to any enforcement proceeding commenced against us to perform our obligations under the Business Combination Agreement.

If the Combination does not close, these risks may materialize and may adversely affect our business, financial results and share price.

While the Combination is pending, we are subject to business uncertainties related to our relationships with employees, clients and suppliers, which could adversely affect our business and operations. These uncertainties could also adversely affect the combined company following the Combination.

Uncertainty about the effect of the Combination on employees, clients and suppliers may have an adverse effect on us and, consequently, on the combined company. These uncertainties may impair our ability to attract, retain and motivate key personnel until the closing of the Combination and for a period of time thereafter, and could cause clients, suppliers and others who deal with us to seek to delay or defer business decisions, to change or terminate existing business relationships with us, or for potential clients to choose other partners instead of us or to take other actions as a result of the Combination that could negatively impact the combined company's and/or our revenues, earnings, cash flows and the market price of our securities. Employee retention may be particularly challenging during the pendency of the Combination because employees may experience uncertainty about their future roles with the combined company. If, despite our retention efforts, key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, the combined company's business could be harmed and its ability to realize the anticipated benefits of the Combination could be adversely affected. Further, uncertainty around the timing of the closing may heighten risk of employee attrition

If completed, the Combination may not achieve its intended results.

We entered into the Business Combination Agreement with the expectation that the Combination would result in various benefits, including, among other things, synergies at the combined company, a comprehensive and more innovative product portfolio, diversified growth profile and broad geographic reach. Achieving the anticipated benefits of the Combination is subject to a number of uncertainties, including whether our and WTW's businesses can be integrated in an efficient and effective manner. Failure to achieve, a delay in achieving, or an increase in the costs to achieve, these anticipated benefits, in whole or in part, could result in increased costs or decreases in expected revenues and could adversely affect the combined company's future business, financial condition, operating results and cash flows. Additionally, if any governmental agencies, in connection with the Combination, require divestitures or place restrictions on the conduct of the combined company's business after the closing of the Combination, such requirements or restrictions could reduce the anticipated benefits of the Combination.

We and WTW may be unable to successfully integrate their operations. Failure to successfully integrate our and WTW's businesses in the expected timeframe may adversely affect the future results of the combined company.

Our and WTW's ability to realize the anticipated benefits of the Combination will depend, to a large extent, on the ability to integrate our and WTW's business. The combination of two independent businesses is a complex, costly and time-consuming process. As a result, significant management attention and resources will be devoted to integrating our and WTW's business practices and operations. The integration process may disrupt the businesses and, if implemented ineffectively, would preclude realization of the full expected benefits. A failure to meet the challenges involved in integrating the two businesses and to realize the anticipated benefits of the Combination could adversely affect the combined company's results of operations.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses, loss of client relationships and diversion of management's attention. The difficulties of combining the operations of the companies include, among others: the diversion of management attention to integration matters; difficulties in achieving anticipated cost savings, synergies, business opportunities and growth prospects from combining the businesses; difficulties in the integration of operations and systems; unanticipated costs, delays and other hardships to integration efforts, including any such costs, delays or hardships, caused by pandemic, epidemic or outbreak of an infectious disease, including COVID-19 and the resulting travel and operations restrictions; difficulties in the assimilation of employees and culture; difficulties in managing the expanded operations of a larger and more complex company; challenges in retaining existing clients and obtaining new clients; and challenges in attracting and retaining key personnel.

Many of these factors will be outside of our control and any one of them could result in increased costs, decreases in expected revenues and diversion of management's time and attention, which could materially impact the business, financial condition and results of operations of the combined company. In addition, even if the operations of our and WTW's businesses are integrated successfully, the full benefits of the Combination, including the synergies, cost savings or sales or growth opportunities that are expected, may not be realized within the anticipated time frame or at all. Further, additional unanticipated costs may be incurred in the integration of our and WTW's businesses. All of these factors could decrease or delay the expected accretive effect of the Combination and negatively impact the combined company's results of operations.

We have incurred and will incur substantial Combination fees and costs in connection with the Combination.

We have incurred and expect to incur a number of non-recurring substantial Combination-related costs associated with the closing of the Combination, combining the operations of the two organizations and achieving desired synergies. These fees and costs will be substantial, and a portion of them will be incurred regardless of whether the Combination closes. Non-recurring Combination costs include, but are not limited to, fees paid to legal, financial and accounting advisors, retention, severance, change in control and other integration-related costs, filing fees and printing costs.

Additional unanticipated costs may be incurred in connection with the closing and the integration of our and WTW's businesses. There can be no assurance that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental Combination-related costs over time. Thus, any net benefit may not be achieved in the near term, the long term or at all, and these costs could adversely affect our financial conditions and results of operation prior to the closing and of the combined company following the closing.

The global effective tax rate that will apply to the combined group subsequent to the Combination is uncertain and may vary from expectations.

There can be no assurance that closing of the Combination pursuant to the Business Combination Agreement, will allow the combined group to maintain any particular global effective corporate tax rate. No assurances can be given as to what the combined group's global effective tax rate will be after the closing of the Combination because of, among other things, uncertainty regarding the jurisdictions in which the combined group will derive income and the amounts derived thereof, uncertainty regarding the ability and the time necessary to integrate business operations and entities, and uncertainty regarding the tax policies of the jurisdictions in which it will operate. As a result, the combined group's actual global effective tax rate may vary from expectations following the Combination and that variance may be material.

Litigation filed against WTW and/or Aon could prevent or delay the completion of the transaction or result in the payment of damages following completion of the transaction.

WTW, Aon and members of the WTW Board may in the future be parties, among others, to various claims and litigation related to the Business Combination Agreement and the transaction. The results of complex legal proceedings are difficult to predict, and could delay or prevent the transaction from being completed in a timely manner, and could result in substantial costs to Aon and WTW, including, but not limited to, costs associated with the indemnification of their respective directors and officers.

One of the conditions to the closing of the transaction is that no order (whether temporary or permanent) has been issued, promulgated, made, rendered or entered into by any court or other tribunal of competent jurisdiction which restrains, enjoins, makes illegal or otherwise prohibits the consummation of the transaction (excluding certain laws and orders unrelated to the required antitrust clearances and the required regulatory clearances). Consequently, if plaintiffs are successful in obtaining an injunction prohibiting WTW and Aon from completing the transaction on the terms contemplated by the Business Combination Agreement, such an injunction may delay the completion of the transaction in the expected timeframe, or may prevent the transaction from being completed altogether.

Risks Related to Being an Irish-incorporated Company

We are incorporated in Ireland, and Irish law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.

It may not be possible to enforce court judgments obtained in the U.S. against us in Ireland, based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the U.S. currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

As an Irish company, we are governed by the Companies Act 2014, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

In addition, depending on the circumstances, the acquisition, ownership and/or disposition of our Class A ordinary shares may subject shareholders to different or additional tax consequences under Irish law including, but not limited to, Irish stamp duty, dividend withholding tax and capital acquisitions tax.

As an Irish public limited company, certain capital structure decisions regarding the Company will require the approval of shareholders, which may limit the Company's flexibility to manage its capital structure.

Irish law generally provides that a board of directors may allot and issue shares (or rights to subscribe for or convert into shares) if authorized to do so by a company's constitution or by an ordinary resolution of shareholders. Such authorization may be granted in respect of up to the entirety of a company's authorized but unissued share capital and for a maximum period of five years, at which point it must be renewed by another ordinary resolution. The Company's constitution authorizes our directors to allot shares up to the maximum of the Company's authorized but unissued share capital for a period of five years from March 31, 2020. This authorization will need to be renewed by ordinary resolution upon its expiration and at periodic intervals thereafter. Under Irish law, an allotment authority may be given for up to five years at each renewal, but governance considerations may result in renewals for shorter periods or in respect of less than the maximum permitted number of shares being sought or approved.

Irish law also generally provides shareholders with statutory pre-emption rights when new shares are issued for cash. However, it is possible for such statutory pre-emption rights to be dis-applied in a company's constitution or by a special resolution of shareholders. Such dis-application of pre-emption rights may be given in respect of up to the entirety of a company's authorized but unissued share capital and for a maximum period of five years, at which point it must be renewed by another special resolution. The Company's constitution dis-applies statutory pre-emption rights up to the maximum of the Company's authorized but unissued share capital for a period of five years from March 31, 2020. This dis-application will need to be renewed by special resolution upon its expiration and at periodic intervals thereafter. Under Irish law, a dis-application of statutory pre-emption rights may be given for up to five years at each renewal, but governance considerations may result in renewals for shorter periods or in respect of less than the maximum permitted number of unissued shares being sought or approved.

Irish law requires us to have available "distributable profits" to pay dividends to shareholder and generally to make share repurchases and redemptions

Under Irish law, we may only pay dividends and, generally, make share repurchases and redemptions from distributable profits. Distributable profits may be created through the earnings of the Company or other methods (including certain intra-group reorganizations involving the capitalization of the Company's un-distributable profits and their subsequent reduction). While it is our intention to maintain a sufficient level of distributable profits in order to pay dividends on our Class A ordinary shares and make share repurchases, there is no assurance that the Company will maintain the necessary level of distributable profits to do so.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to potential fluctuations in earnings, cash flows, and the fair values of certain of our assets and liabilities due to changes in interest rates and foreign exchange rates. To manage the risk from these exposures, we enter into a variety of derivative instruments. We do not enter into derivatives or financial instruments for trading or speculative purposes.

The following discussion describes our specific exposures and the strategies we use to manage these risks. Refer to Note 2 "Summary of Significant Accounting Principles and Practices" of the Notes to the Consolidated Financial Statements for a discussion of our accounting policies for financial instruments and derivatives.

Foreign Exchange Risk

We are subject to foreign exchange rate risk. Our primary exposures include exchange rates between the U.S. dollar and the euro, the British pound, the Canadian dollar, the Australian dollar, the Indian rupee, and the Japanese yen. We use over-the-counter options and forward contracts to reduce the impact of foreign currency risk to our financial statements.

Additionally, some of our non-U.S. brokerage subsidiaries receive revenue in currencies that differ from their functional currencies. Our U.K. subsidiaries earn a portion of their revenue in U.S. dollars, euro, and Japanese yen, but most of their expenses are incurred in British pounds. At December 31, 2020, we have hedged approximately 45% of our U.K. subsidiaries' expected exposures to the U.S. dollar, euro, and Japanese yen transactions for the years ending December 31, 2021 and 2022 We generally do not hedge exposures beyond three years.

We also use forward and option contracts to economically hedge foreign exchange risk associated with monetary balance sheet exposures, such as intercompany notes and current assets and liabilities that are denominated in a non-functional currency and are subject to remeasurement.

The potential loss in future earnings from foreign exchange derivative instruments resulting from a hypothetical 10% adverse change in year-end exchange rates would be $28 million and $14 million at December 31, 2021 and 2022, respectively.

Interest Rate Risk

Our fiduciary investment income is affected by changes in international and domestic short-term interest rates. We monitor our net exposure to short-term interest rates and, as appropriate, hedge our exposure with various derivative financial instruments. This activity primarily relates to brokerage funds held on behalf of clients in the U.S. and in continental Europe. A hypothetical, instantaneous parallel decrease in the year-end yield curve of 100 basis points would cause a decrease, net of derivative positions, of $58 million to each of 2021 and 2022 pretax income. A corresponding increase in the year-end yield curve of 100 basis points would cause an increase, net of derivative positions, of $58 million to each of 2021 and 2022 pre-tax income.

We have long-term debt outstanding, excluding the current portion, with a fair market value of $8.8 billion and $7.4 billion as of December 31, 2020 and December 31, 2019, respectively. The fair value was greater than the carrying value by $1,471 million at December 31, 2020, and $815 million greater than the carrying value at December 31, 2019. A hypothetical 1% increase or decrease in interest rates would change the fair value by a decrease of 7% or an increase of 8%, respectively, at December 31, 2020.

We have selected hypothetical changes in foreign currency exchange rates, interest rates, and equity market prices to illustrate the possible impact of these changes; we are not predicting market events.

Other Risks

In addition to foreign exchange and interest rate risk, we are exposed to other market risks, including pricing risks, which may further impact the effects caused by other aforementioned risks. The potential for changes in premium rates is significant, due to pricing cyclicality in the commercial insurance and reinsurance markets. Further discussion regarding these risks, refer to Principal Risks and Uncertainties in this report.

REVIEW OF THE DEVELOPMENT AND PERFORMANCE OF THE BUSINESS

EXECUTIVE SUMMARY OF 2020 FINANCIAL RESULTS

Aon is a leading global professional services firm providing a broad range of risk, retirement, and health solutions underpinned by proprietary data and analytics. Management continues to lead its set of initiatives designed to strengthen Aon and unite the firm with one portfolio of capability enabled by proprietary data and analytics and one operating model to deliver additional insight, connectivity, and efficiency.

Financial Results

The following is a summary of our 2020 financial results from continuing operations:

- Revenue increased $53 million, or 0%, to $11,066 million in 2020 compared to 2019, reflecting 1% organic revenue growth, offset by a 1% unfavorable impact from divestitures, net of acquisitions. Organic revenue growth for the year was driven by strength in the core portions of the business, partially offset by a decline in the more discretionary portions.

- Operating expenses decreased $559 million, or 6%, to $8,285 million in 2020 compared to 2019 due primarily to a $451 million decrease in restructuring charges, a $138 million decrease from accelerated amortization related to certain tradenames that were fully amortized in the second quarter, expense discipline in an effort to proactively manage liquidity due to uncertainties surrounding COVID-19 and its impact on the Company, including lower travel and entertainment expense, and a $42 million favorable impact from translating prior year period results at current period foreign exchange rates ("foreign currency translation"), partially offset by $123 million of transaction costs related to the pending combination with WTW and a $37 million increase in expenses related to acquisitions, net of divestitures.

- Operating margin increased to 25.1% in 2020 from 19.7% in 2019. The increase in operating margin from the prior year is primarily driven by organic revenue growth of 1% and a decrease in operating expenses as listed above.
- Due to the factors set forth above, net income from continuing operations was $2,017 million in 2020, an increase of $443 million, or 28%, from 2019.
- Diluted earnings per share from continuing operations was $8.45 per share during the twelve months of 2020 compared to $6.37 per share for the prior year period.
- Cash flows provided by operating activities was $2,783 million in 2020, an increase of $948 million, or 52%, from $1,835 million in 2019, primarily due to working capital improvements, including improved collections and actions taken to proactively manage liquidity, a $288 million decrease in restructuring cash outlays, and strong operational improvement. The prior year period included approximately $130 million of net cash payments related to legacy litigation.

BUSINESS COMBINATION AGREEMENT

On March 9, 2020, Aon and WTW, entered into a Business Combination Agreement with respect to a combination of the parties. At the effective date of the Combination, WTW shareholders will be entitled to receive 1.08 newly issued Class A ordinary shares of Aon plc in exchange for each ordinary share of WTW held by such holders. The Combination is subject to Irish Takeover Rules. The Business Combination Agreement contains certain operating covenants relating to the conduct of business of both parties in the interim period until the transaction is completed. These covenants require both parties to operate their respective businesses in all material respects in the ordinary course of business consistent with past practice. In addition, these covenants restrict each party from engaging in certain actions unless a party obtains the prior written consent of the other party. These actions relate to, among other things, authorizing or paying dividends above a specified rate; issuing or authorizing for issuance additional securities; salary, benefits or other compensation and employment-related matters; capital management, debt and liquidity matters; engaging in mergers, acquisitions and dispositions; entering into or materially modifying material agreements; entering into material litigation-related settlements; and making other corporate, tax and accounting changes. The parties' respective shareholders approved the Combination on August 26, 2020. On October 30, 2020, Aon and WTW amended the Business Combination Agreement to provide that, at the effective date of the transaction, there will be 12 members of Aon's Board of Directors, including one director mutually agreed by the parties.

The parties continue to work with regulators, including the Antitrust Division of the U.S. Department of Justice (which, as previously disclosed, has delivered a "Second Request" pursuant to the HSR Act) and the European Commission (which, as previously disclosed, has initiated a Phase II review of the Combination) to obtain the required approvals to close the Combination.

RECENT DEVELOPMENTS

The outbreak of the coronavirus, COVID-19, was declared by the World Health Organization to be a pandemic and has continued to spread across the globe, impacting almost all countries, in varying degrees, creating significant public health concerns, and significant volatility, uncertainty and economic disruption in every region in which we operate. While countries are in various stages of business and travel restrictions to address the COVID-19 pandemic, as well as related re-openings, these policies have impacted and will continue to impact worldwide economic activity and may continue to adversely affect our business. We continue to closely monitor the situation and our business, liquidity, and capital planning initiatives. We continue to be fully operational and continue to reoccupy certain offices in phases, where deemed appropriate and in compliance with governmental restrictions considering the impact on health and safety of our colleagues, their families, and our clients. For other areas where restrictions remain in place or where we have started to see a resurgence of COVID-19, we are closely monitoring the situation and continuously reevaluating our plan to return to the workplace. We continue to deploy business continuity protocols to facilitate remote working capabilities to ensure the health and safety of our colleagues and to comply with public health and travel guidelines and restrictions.

As the situation continues to evolve, and the scale and duration of disruption cannot be predicted, it is not possible to quantify or estimate the full impact that COVID-19 will have on our business. We are focused on navigating these challenges and potential future impacts to our business presented by COVID-19 through preserving our liquidity and managing our cash flow by taking proactive steps to enhance our ability to meet our short-term liquidity needs and support a commitment to no layoffs of our colleagues due to COVID-19. Such actions include, but are not limited to, issuing $1 billion of our new 10-year senior unsecured notes on May 12, 2020 and using the proceeds to repay short-term debt and for other corporate purposes, and reducing our discretionary spending, including limiting discretionary spending on mergers and acquisitions. We also temporarily suspended our share buyback program and temporarily reduced compensation for named executive officers, directors, and colleagues during the second quarter, as a precautionary measure, focusing on implementing cash and expense discipline measures. After carefully monitoring the situation, we determined it was appropriate, based on macroeconomic conditions and business performance, to resume share buyback during the third quarter. In addition, temporarily reduced salaries for non-executives were restored at the end of the second quarter and withheld salaries, plus 5% of the withheld salary amounts, were repaid in the third quarter. Temporarily reduced salaries for named executive officers and cash compensation reductions for non-executive directors were fully reinstated and the withheld amounts were paid in full during the fourth quarter.

While the ultimate public health and economic impact of the COVID-19 pandemic is highly uncertain, we expect that our business operations and results of operations, including our net revenues, earnings, and cash flows, will be adversely impacted, depending on the duration and severity of the downturn, as well as governmental or other regulatory policies and actions that may impact our business or operations. Our revenues can be generalized into two categories: core and more discretionary arrangements. Core revenues tend to be highly-recurring and non-discretionary, where the services are typically regulated, required, or necessary costs of managing the risk of doing business. As expected, in the fourth quarter of 2020 our core revenues did not experience a significant decrease due to the impacts of COVID-19; however, if the economic downturn becomes more severe, we expect that certain services within our core business may be negatively impacted as well. More discretionary revenues tend to include project-related services, where as expected, in the fourth quarter of 2020 we saw an impact from decreases in revenue due to the impacts of COVID-19. Refer to "Principal Risk and Uncertainties" within this report for additional information on COVID-19.

REVIEW OF CONSOLIDATED RESULTS

Summary of Results

Our consolidated results are as follow:

	Years ended December 31	
(millions)	**2020**	**2019**
Revenue		
Total revenue	$ 11,066	$ 11,013
Expenses		
Compensation and benefits	5,905	6,054
Information technology	444	494
Premises	291	339
Depreciation of fixed assets	167	172
Amortization and impairment of intangible assets	246	392
Other general expenses	1,232	1,393
Total operating expenses	8,285	8,844
Operating income	2,781	2,169
Interest income	6	8
Interest expense	(334)	(307)
Other income (expense)	12	1
Income from continuing operations before income taxes	2,465	1,871
Income taxes	448	297
Net income from continuing operations	2,017	1,574
Net income (loss) from discontinued operations	1	(1)
Net income	$ 2,018	$ 1,573
Net income attributable to:		
Aon shareholders	$ 1,969	$ 1,532
Noncontrolling interests	49	41
Net income	$ 2,018	$ 1,573

Consolidated Results for 2020 Compared to 2019

Organic Revenue Growth (Decline)

We use supplemental information related to organic revenue growth (decline) to evaluate business growth from existing operations. Organic revenue growth (decline) includes the impact of intercompany activity and excludes the impact of changes in foreign exchange rate, acquisitions, divestitures, transfers between subsidiaries, fiduciary investment income, and reimbursable expenses. A reconciliation of organic revenue to the reported Total revenue is as follows (in millions, except percentages):

	Twelve Months Ended						
	Dec 31, 2020	Dec 31, 2019	% Change	Less: Currency Impact(1)	Less: Fiduciary Investment Income(2)	Less: Acquisitions, Divestitures & Other	Organic Revenue Growth (Decline)(3)
Commercial Risk Solutions	$ 4,690	$ 4,673	— %	— %	— %	(3)%	3 %
Reinsurance Solutions	1,814	1,686	8	—	(1)	(1)	10
Retirement Solutions	1,753	1,817	(4)	—	—	(2)	(2)
Health Solutions	1,655	1,667	(1)	(2)	—	2	(1)
Data & Analytic Services	1,171	1,184	(1)	—	—	4	(5)
Elimination	(17)	(14)	N/A	N/A	N/A	N/A	N/A
Total revenue	$ 11,066	$ 11,013	— %	— %	— %	(1)%	1 %

(1) Currency impact is determined by translating prior period's revenue at this period's foreign exchange rates.
(2) Fiduciary investment income for the years ended December 31, 2020, and 2019 was $27 million, and $74 million, respectively.
(3) Organic revenue growth (decline) includes the impact of intercompany activity, changes in foreign exchange rates, fiduciary investment income, acquisitions, divestitures, transfers between revenue lines, and gains or losses on derivatives accounted for as hedges.

Total Revenue

Total revenue increased $53 million, or 0%, to $11,066 million in 2020, compared to $11,013 million in 2019. The increase was driven by 1% organic revenue growth, partially offset by a 1% unfavorable impact from divestitures, net of acquisitions. Organic revenue growth for the year was driven by strength in the core portions of the business, partially offset by a decline in the more discretionary portions.

Commercial Risk Solutions revenue increased $17 million, or less than 1%, to $4,690 million in 2020, compared to $4,673 million in 2019. Organic revenue growth was 3% in 2020, driven by growth across most major geographies, including solid growth in the U.S. and Canada and double-digit growth in Latin America, driven by strong retention and management of the renewal book portfolio, partially offset by a decline in the more discretionary portions of our book globally. On average globally, exposures and pricing were both modestly positive, resulting in a modestly positive market impact overall.

Reinsurance Solutions revenue increased $128 million, or 8%, to $1,814 million in 2020, compared to $1,686 million in 2019. Organic revenue growth was 10% in 2020 driven by double-digit growth in treaty and in facultative placements, reflecting continued net new business generation. In addition, market impact was modestly positive on results.

Retirement Solutions revenue decreased $64 million, or 4%, to $1,753 million in 2020, compared to $1,817 million in 2019. Organic revenue decline was 2% in 2020 driven primarily by a decline in Human Capital for rewards and assessment services and a modest decline in the discretionary portions of Retirement and Investments, partially offset by growth in the core portions of Retirement and Investments.

Health Solutions revenue decreased $12 million, or 1%, to $1,655 million in 2020, compared to $1,667 million in 2019. Organic revenue decline was 1% in 2020 driven by a decrease primarily related to COVID-19, including a reduction primarily reflecting the annualized impact of lower employment levels and lower renewals, and a decline in the more discretionary portions of the business. Results were further negatively impacted by a one-time adjustment of $16 million related to revenue that was recorded across multiple years and was identified in connection with the implementation of a new system, partially offset by growth internationally.

Data & Analytic Services revenue decreased $13 million, or 1%, to $1,171 million in 2020, compared to $1,184 million in 2019. Organic revenue decline was 5% in 2020 driven by a decrease in the travel and events practice globally.

Compensation and Benefits

Compensation and benefits decreased $149 million, or 2%, in 2020 compared to 2019. The decrease was primarily driven by a $205 million decrease in restructuring charges and a $26 million favorable impact from foreign currency translation, partially offset by a $17 million increase in expenses related to acquisitions, net of divestitures, and an increase in expense associated with 1% organic revenue growth.

Information Technology

Information technology, which represents costs associated with supporting and maintaining our infrastructure, decreased $50 million, or 10%, in 2020 compared to 2019. The decrease was primarily driven by a $39 million decrease in restructuring charges and expense discipline.

Premises

Premises, which represents the cost of occupying offices in various locations throughout the world, decreased $48 million, or 14%, in 2020 compared to 2019. The decrease was primarily driven by a $33 million decrease in restructuring charges and a decrease related to reduced office occupancy.

Depreciation of Fixed Assets

Depreciation of fixed assets primarily relates to software, leasehold improvements, furniture, fixtures and equipment, computer equipment, buildings, and automobiles. Depreciation of fixed assets decreased $5 million, or 3%, in 2020 compared to 2019. The decrease was primarily driven by a $14 million decrease in restructuring charges.

Amortization and Impairment of Intangible Assets

Amortization and impairment of intangibles primarily relates to finite-lived tradenames and customer-related, contract-based, and technology assets. Amortization and impairment of intangibles decreased $146 million, or 37%, in 2020 compared to 2019. The decrease was primarily driven by a $138 million decrease from accelerated amortization related to certain tradenames that were fully amortized in the second quarter.

Other General Expenses

Other general expenses decreased $161 million, or 12%, in 2020 compared to 2019. The decrease was primarily driven by a $160 million decrease in restructuring charges and a temporary reduction of certain expenses, primarily travel and entertainment, partially offset by $123 million of transaction costs related to the pending combination with WTW and a $13 million increase in expenses related to acquisitions, net of divestitures.

Interest Income

Interest income represents income earned on operating cash balances and other income-producing investments. It does not include interest earned on funds held on behalf of clients. Interest income was $6 million in 2020, a decrease of $2 million, or 25%, from 2019, reflecting the currency composition of operating cash.

Interest Expense

Interest expense, which represents the cost of our debt obligations, was $334 million in 2020, an increase of $27 million, or 9%, from 2019. The increase was driven primarily by higher outstanding debt balances.

Other Income (Expense)

Total other income was $12 million in 2020, compared to other income of $1 million in 2019. Other income in 2020 primarily includes a $25 million gain on the sale of certain businesses, $13 million of pension and other postretirement income, and $4 million of equity earnings, partially offset by $12 million of losses due to the unfavorable impact of exchange rates on the remeasurement of assets and liabilities in non-functional currencies, $11 million of losses on financial instruments used to economically hedge gains and losses from changes in foreign exchange rates, and $7 million of expense related to the prepayment of $600 million Senior Notes due September 2020. Other income in 2019 primarily includes a $13 million gain on the sale of certain businesses, $9 million of gains due to the favorable impact of exchange rates on the remeasurement of assets and liabilities in non-functional currencies, $9 million of pension and other postretirement income, and $4 million of equity earnings, partially offset by $34 million of losses on financial instruments used to economically hedge gains and losses from changes in foreign exchange rates.

Income from Continuing Operations before Income Taxes

Due to factors discussed above, income from continuing operations before income taxes was $2,465 million in 2020, a 32% increase from $1,871 million in 2019.

Income Taxes from Continuing Operations

The effective tax rate on net income from continuing operations was 18.2% in 2020 and 15.9% in 2019. The primary driver of the 2020 tax rate is the geographical distribution of income, as well as net favorable discrete items including the impact of share-based payments.

The 2019 tax rate was primarily driven by the geographical distribution of income including restructuring charges, as well as net favorable discrete items including the impact of share-based payments.

Net Income from Discontinued Operations

Net income from discontinued operations was $1 million in the twelve months ended December 31, 2020, compared to a net loss from discontinued operations of $1 million in 2019.

Net Income Attributable to Aon Shareholders

Net income attributable to Aon shareholders increased to $1,969 million, or $8.45 per diluted share, in 2020, compared to $1,532 million, or $6.37 per diluted share, in 2019.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity

Executive Summary

We believe that our balance sheet and strong cash flow provide us with adequate liquidity. Our primary sources of liquidity are cash flows provided by operations, available cash reserves, and debt capacity available under our credit facilities. Our primary uses of liquidity are operating expenses and investments, capital expenditures, acquisitions, share repurchases, pension obligations, shareholder dividends, and restructuring activities. We believe that cash flows from operations, available credit facilities, and the capital markets will be sufficient to meet our liquidity needs, including principal and interest payments on debt obligations, capital expenditures, pension contributions, and anticipated working capital requirements over the long-term.

As a result of the COVID-19 pandemic, we have taken various proactive steps and continue to evaluate opportunities that will increase our liquidity and strengthen our financial position. Such actions include, but are not limited to, issuing $1 billion of 10-year senior unsecured notes on May 12, 2020 and using the proceeds to repay short-term debt and for other corporate purposes, and reducing our discretionary spending, including limiting discretionary spending on mergers and acquisitions. We also temporarily suspended our share buyback program and temporarily reduced compensation for named executive officers, directors, and colleagues during the second quarter, as a precautionary measure to protect our liquidity, focusing on implementing cash and expense discipline measures. After carefully monitoring the situation, we determined it was appropriate, based on macroeconomic conditions and business performance, to resume share buyback during the third quarter. In addition, temporarily reduced salaries for non-executives were restored at the end of the second quarter and withheld salaries, plus 5% of the withheld salary amounts, were repaid in the third quarter. Temporarily reduced salaries for named executive officers and cash compensation reductions for non-executive directors were fully reinstated and the withheld amounts were paid in full during the fourth quarter.

We expect to have the ability to meet our cash needs for the next 12 months and beyond through the use of Cash and cash equivalents, Short-term investments, funds available under our credit facilities and commercial paper programs, and cash flows from operations. Short-term investments included in our liquidity portfolio are expected to be highly liquid, giving us the ability to readily convert them to cash, as deemed appropriate. In the second quarter, we issued $1 billion in 2.80% Senior Notes due May 2030, from which a portion of the proceeds were used to repay our $600 million 5.00% senior notes in June 2020, which were scheduled to mature in September 2020. Additionally, in the third quarter, Aon Global Holdings plc established the European Commercial Paper Program for €625 million, subsequently the previous European Commercial Paper Program, established by Aon Global Limited for €525 million, was withdrawn in the quarter, increasing the aggregate outstanding borrowings under the European program by €100 million. In February of 2021 we repaid the $400 million 2.80% Senior Notes that were due to mature in March 2021, which further reduced our debt obligations.

We believe our liquidity position at December 31, 2020 remains strong as evidenced by strong cash flows in the quarter and significant cash, cash equivalent and short-term investment balances. Given the significant uncertainties of economic conditions due to COVID-19, we will continue to closely monitor and actively manage our liquidity as economic conditions change.

Cash on our balance sheet includes funds available for general corporate purposes, as well as amounts restricted as to their use. Funds held on behalf of clients in a fiduciary capacity are segregated and shown together with uncollected insurance premiums and claims in Fiduciary assets in the Consolidated Statements of Financial Position with a corresponding amount in Fiduciary liabilities.

In our capacity as an insurance broker or agent, we collect premiums from insureds and, after deducting our commission, remit the premiums to the respective insurance underwriters. We also collect claims or refunds from underwriters on behalf of insureds, which are then returned to the insureds. Unremitted insurance premiums and claims are held by us in a fiduciary capacity. The levels of fiduciary assets and liabilities can fluctuate significantly depending on when we collect the premiums, claims, and refunds, make payments to underwriters and insureds, and collect funds from clients and make payments on their behalf, and upon the impact of foreign currency movements. Fiduciary assets, because of their nature, are generally invested in very liquid securities with highly rated, credit-worthy financial institutions. Our Fiduciary assets included cash and short-term investments of $5.7 billion and $5.2 billion at December 31, 2020 and 2019, respectively, and fiduciary receivables of $8.1 billion and $6.7 billion at December 31, 2020 and 2019, respectively. While we earn investment income on the fiduciary assets held in cash and investments, the cash and investments cannot be used for general corporate purposes.

We maintain multi-currency cash pools with third-party banks in which various Aon entities participate. Individual Aon entities are permitted to overdraw on their individual accounts provided the overall global balance does not fall below zero. At December 31, 2020, non-U.S. cash balances of one or more entities may have been negative; however, the overall balance was positive.

The following table summarizes our Cash and cash equivalents, Short-term investments, and Fiduciary assets as of December 31, 2020 (in millions):

	Consolidated Statements of Financial Position Classification			
Asset Type	**Cash and Cash Equivalents**	**Short-Term Investments**	**Fiduciary Assets**	**Total**
Certificates of deposit, bank deposits or time deposits	$ 884	$ —	$ 3,216	$ 4,100
Money market funds	—	308	2,473	2,781
Cash and short-term investments	884	308	5,689	6,881
Fiduciary receivables	—	—	8,109	8,109
Total	$ 884	$ 308	$ 13,798	$ 14,990

Cash and cash equivalents increased $94 million in 2020 compared to 2019. A summary of our cash flows provided by and used for continuing operations from operating, investing, and financing activities is as follows (in millions):

	Years Ended December 31	
	2020	**2019**
Cash provided by operating activities	$ 2,783	$ 1,835
Cash used for investing activities	$ (679)	$ (229)
Cash used for financing activities	$ (2,088)	$ (1,493)
Effect of exchange rates changes on cash and cash equivalents	$ 78	$ 21

Operating Activities

Net cash provided by operating activities during the twelve months ended December 31, 2020 increased $948 million, or 52%, from the prior year to $2,783 million. This amount represents net income reported, as adjusted for gains or losses on sales of businesses, share-based compensation expense, depreciation expense, amortization and impairments, and other non-cash income and expenses, as well as changes in working capital that relate primarily to the timing of payments of accounts payable and accrued liabilities and the collection of receivables.

Pension Contributions

Pension contributions were $120 million for the twelve months ended December 31, 2020, as compared to $135 million for the twelve months ended December 31, 2019. In 2021, we expect to contribute approximately $122 million in cash to our pension plans, including contributions to non-U.S. pension plans, which are subject to changes in foreign exchange rates.

Investing Activities

Cash flows used for investing activities in continuing operations during the twelve months ended December 31, 2020 were $679 million, an increase of $450 million compared to prior year. Generally, the primary drivers of cash flows used for investing activities are acquisition of businesses, purchases of short-term investments, capital expenditures, and payments for investments. Generally, the primary drivers of cash flows provided by investing activities are sales of businesses, sales of short-term investments, and proceeds from investments. The gains and losses corresponding to cash flows provided by proceeds from investments and used for payments for investments are primarily recognized in Other income (expense) in the Consolidated Statements of Income.

Short-term Investments

Short-term investments increased $170 million at December 31, 2020 as compared to December 31, 2019. As disclosed in Note 15 "Fair Value Measurements and Financial Instruments" of the Notes to the Consolidated Financial Statements contained in this report, the majority of our investments carried at fair value are money market funds. These money market funds are held throughout the world with various financial institutions. We are not aware of any market liquidity issues that would materially impact the fair value of these investments.

Acquisitions and Dispositions of Businesses

During 2020, the Company completed the acquisition of six businesses for consideration of $368 million, net of cash acquired, and the disposition of one business for a $30 million cash inflow, net of cash sold.

During 2019, the Company completed the acquisition of three businesses for consideration of $39 million, net of cash acquired, and the disposition of eight businesses for a $52 million cash inflow, net of cash sold.

Capital Expenditures

The Company's additions to fixed assets, including capitalized software, which amounted to $141 million in 2020 and $225 million in 2019, primarily related to the refurbishing and modernizing of office facilities, software development costs, and computer equipment purchases.

Financing Activities

Cash flows used for financing activities in continuing operations during the twelve months ended December 31, 2020 were $2,088 million, an increase of $595 million compared to prior year. Generally, the primary drivers of cash flows used for financing activities are share repurchases, issuances of debt, net of repayments, dividends paid to shareholders, issuances of shares for employee benefit plans, transactions with noncontrolling interests, and other financing activities, such as collection of or payments for deferred consideration in connection with prior-year business acquisitions and divestitures.

Share Repurchase Program

We have a share repurchase program authorized by our Board of Directors. The Repurchase Program was established in April 2012 with $5.0 billion in authorized repurchases, and was increased by $5.0 billion in authorized repurchases in each of November 2014, June 2017, and November 2020 for a total of $20.0 billion in repurchase authorizations. Although the Company temporarily suspended its share Repurchase Program in the first half of the year, the Company resumed share buyback during the third quarter based on macroeconomic conditions and business performance.

The following table summarizes the Company's Share Repurchase activity (in millions, except per share data):

	Twelve months ended December 31	
	2020	2019
Shares repurchased	8.5	10.5
Average price per share	$ 206.28	$ 186.33
Costs recorded to retained earnings		
Total repurchase cost	$ 1,761	$ 1,950
Additional associated costs	2	10
Total costs recorded to retained earnings	$ 1,763	$ 1,960

At December 31, 2020, the remaining authorized amount for share repurchase under the Repurchase Program was approximately $5.3 billion. Under the Repurchase Program, we have repurchased a total of 137.3 million shares for an aggregate cost of approximately $14.7 billion.

Borrowings

Total debt at December 31, 2020 was $7.7 billion, an increase of $0.4 billion compared to December 31, 2019. Commercial paper activity during the years ended December 31, 2020 and 2019 is as follows (in millions):

	Twelve months ended December 31	
	2020	2019
Total issuances(1)	$ 3,162	$ 4,812
Total repayments	(3,275)	(4,941)
Net issuances	$ (113)	$ (129)

(1) The proceeds of the commercial paper issuances were used primarily for short-term working capital needs.

On May 29, 2020, Aon Corporation, a Delaware corporation and a wholly owned subsidiary of the Company ("Aon Corporation"), issued an irrevocable notice of redemption to holders of its 5.00% Senior Notes, which were set to mature on September 30, 2020, for the redemption of all $600 million outstanding aggregate principal amount of the notes. The redemption date was on June 30, 2020 and resulted in a loss of $7 million due to extinguishment.

On May 12, 2020, Aon Corporation issued $1 billion 2.80% Senior Notes due May 2030. Aon Corporation used a portion of the net proceeds on June 30, 2020 to repay its outstanding 5.00% Senior Notes, which were set to mature on September 30, 2020. The Company intends to use the remainder to repay other borrowings and for general corporate purposes.

On March 2020, the Company's $400 million 2.80% Senior Notes due March 2021 were classified as Short-term debt and current portion of long-term debt in the Consolidated Statements of Financial Position as the date of maturity is in less than one year.

On November 15, 2019, Aon Corporation issued $500 million 2.20% Senior Notes due November 2022. The Company used the net proceeds of the offering to pay down a portion of outstanding commercial paper and for general corporate purposes.

On May 2, 2019, Aon Corporation issued $750 million 3.75% Senior Notes due May 2029. The Company used the net proceeds of the offering to pay down a portion of outstanding commercial paper and for general corporate purposes.

Other Liquidity Matters

Distributable Profits

The Parent Company is required under Irish law to have available "distributable profits" to pay dividends and, generally, pay dividends and, generally, make share repurchases and redemptions. Distributable profits may be created through the earnings of the Parent Company or other methods (including certain intra-group reorganizations involving the capitalization of the Parent Company's un-distributable profits and their subsequent reduction). Distributable profits are not linked to a U.S. GAAP reported amount (e.g., retained earnings). Following the Ireland Reorganization, we must reestablish distributable profits of the parent entity and will regularly create distributable profits as required to meet our capital needs. As of December 31, 2020 and December 31, 2019 (associated with Aon Global Limited), we had distributable profits in excess of $0.2 billion and

$32.4 billion, respectively. We believe that we have the ability to create sufficient distributable profits for the foreseeable future.

Credit Facilities

We expect cash generated by operations for 2020 to be sufficient to service our debt and contractual obligations, finance capital expenditures, continue purchases of shares under the Repurchase Program, and continue to pay dividends to our shareholders. Although cash from operations is expected to be sufficient to service these activities, we have the ability to access the commercial paper markets or borrow under our credit facilities to accommodate any timing differences in cash flows. Additionally, under current market conditions, we believe that we could access capital markets to obtain debt financing for longer-term funding, if needed.

As of December 31, 2020, we had two primary committed credit facilities outstanding: our $900 million multi-currency U.S. credit facility expiring in February 2022 and our $750 million multi-currency U.S. credit facility expiring in October 2023. Effective February 27, 2020, the $750 million multi-currency U.S. credit facility was increased by $350 million from the original $400 million. In aggregate, these two facilities provide $1.65 billion in available credit.

Each of these facilities includes customary representations, warranties, and covenants, including financial covenants that require us to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly. At December 31, 2020, we did not have borrowings under either facility, and we were in compliance with the financial covenants and all other covenants contained therein during the twelve months ended December 31, 2020.

Shelf Registration Statement

On May 12, 2020, we filed a shelf registration statement with the SEC, registering the offer and sale from time to time of an indeterminate amount of, among other securities, debt securities, preference shares, Class A Ordinary Shares and convertible securities. Our ability to access the market as a source of liquidity is dependent on investor demand, market conditions, and other factors.

Rating Agency Ratings

The major rating agencies' ratings of our debt at March 26, 2021 appear in the table below.

	Senior Long-term Debt	Commercial Paper	Outlook
Standard & Poor's	A-	A-2	Stable
Moody's Investor Services	Baa2	P-2	Stable
Fitch, Inc.	BBB+	F-2	Stable

On March 11, 2020, Fitch Inc. ("Fitch") placed our 'BBB+' rating on Rating Watch Negative (versus a prior Stable Outlook) following the announcement of a planned business combination with WTW. Negative Watch indicates that our Fitch rating could stay at its present level or potentially be downgraded. On March 19, 2021, Fitch upgraded our 'BBB+' outlook back to Stable. Any downgrade in the credit ratings of our senior debt or commercial paper could increase our borrowing costs, reduce or eliminate our access to capital, reduce our financial flexibility, restrict our access to the commercial paper market altogether, or impact future pension contribution requirements.

Guarantees in Connection with the Sale of the Divested Business

In connection with the sale of the Divested Business, we guaranteed future operating lease commitments related to certain facilities assumed by the Buyer. We are obligated to perform under the guarantees if the Divested Business defaults on the leases at any time during the remainder of the lease agreements, which expire on various dates through 2025. As of December 31, 2020, the undiscounted maximum potential future payments under the lease guarantee were $55 million, with an estimated fair value of $8 million. No cash payments were made in connection to the lease commitments during the year ended December 31, 2020.

Additionally, we are subject to performance guarantee requirements under certain client arrangements that were assumed by the Buyer. Should the Divested Business fail to perform as required by the terms of the arrangements, we would be required to fulfill the remaining contract terms, which expire on various dates through 2023. As of December 31, 2020, the undiscounted maximum potential future payments under the performance guarantees were $104 million, with an estimated fair value of $1 million. No cash payments were made in connection to the performance guarantees during the year ended December 31, 2020.

Letters of Credit and Other Guarantees

We have entered into a number of arrangements whereby our performance on certain obligations is guaranteed by a third party through the issuance of a letter of credit ("LOC"). We had total LOCs outstanding of approximately $79 million at December 31, 2020, compared to $73 million at December 31, 2019. These LOCs cover the beneficiaries related to certain of our U.S. and Canadian non-qualified pension plan schemes and secure deductible retentions for our own workers' compensation program. We also have obtained LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at our international subsidiaries.

We have certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. The maximum exposure with respect to such contractual contingent guarantees was approximately $113 million at December 31, 2020, compared to $110 million at December 31, 2019.

Off-Balance Sheet Arrangements

Apart from commitments, guarantees, and contingencies, as disclosed herein and Note 16 "Provisions and Other Contingencies" of the Notes to the Consolidated Financial Statements in this report, we had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, results of operations, or liquidity. Our cash flows from operations, borrowing availability, and overall liquidity are subject to risks and uncertainties. See "Information Concerning Forward-Looking Statements" at the beginning of this report.

Contractual Obligations

Our contractual obligations and commitments as of December 31, 2020 are comprised of principal payments on debt, interest payments on debt, operating leases, pension and other postretirement benefit plans, and purchase obligations.

Operating leases are primarily comprised of leased office space throughout the world. As leases expire, we do not anticipate difficulty in negotiating renewals or finding other satisfactory space if the premise becomes unavailable. In certain circumstances, we may have unused space and may seek to sublet such space to third parties, depending upon the demands for office space in the locations involved. Refer to Note 9 "Lease Commitments" for further information.

Pension and other postretirement benefit plan obligations include estimates of our minimum funding requirements pursuant to the Employee Retirement Income Security Act and other regulations, as well as minimum funding requirements agreed with the trustees of our U.K. pension plans. Additional amounts may be agreed to with, or required by, the U.K. pension plan trustees. Nonqualified pension and other postretirement benefit obligations are based on estimated future benefit payments. We may make additional discretionary contributions. Refer to Note 12 "Employee Benefits" for further information.

Purchase obligations are defined as agreements to purchase goods and services that are enforceable and legally binding on us, and that specifies all significant terms, including the goods to be purchased or services to be rendered, the price at which the goods or services are to be rendered, and the timing of the transactions. Most of our purchase obligations are related to purchases of information technology services or other service contracts.

We had no other cash requirements from known contractual obligations and commitments that have, or are reasonably likely to have, a current or future material effect on the Company's financial condition, results of operations, or liquidity.

NON-FINANCIAL STATEMENT

The following information is being provided in compliance with our non-financial reporting obligations under the EU Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups, Regulations 2017 of Ireland S.I. 360 of 2016, as amended.

Our Business Model, Principal Risks, and Our Commitment to ESG

Information regarding our business model can be found in the "Principal Activities" and "Business Segment" sections of this report. Information on Aon's Principal Risks can be found in the "Principal Risks and Uncertainties" section of this report.

Our Mission

We are driven to empower economic and human possibility for clients, colleagues and communities around the world. We are a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

Our Commitment

We believe our firm, and our clients, must prepare for the ongoing challenges we face from emerging and long-tail risks, such as climate change, cybersecurity, pandemic, workforce resilience, and human capital risks. Aon believes that when businesses thrive, so do the people they employ and the communities they serve. That is why we will continue to invest in our colleagues and communities and deploy resources into developing innovative solutions that help address these rapidly changing, increasingly complex and interconnected challenges.

As a firm that helps clients manage and mitigate all forms of risk, including risks associated specifically to their Environment, Social, and Governance ("ESG") efforts, we are able to bring those learnings and that expertise to our own business-related efforts with strong corporate governance. Our risk management program covers the range of material risks to Aon, including strategic, operational, financial, compliance, human capital management, social and reputational risks. Our Board of Directors oversees Aon's risk management program and allocates certain oversight responsibilities to its committees and sub-committees, as appropriate. Management carries out the daily processes, controls and practices of our risk management program, many of which are embedded in our operations. In addition, as part of our enterprise risk management process, management identifies, assesses, prioritizes and develops mitigation plans for Aon's top material risks.

Aon United, Our Culture and Human Capital Strategy

Our colleagues are the cornerstone of Aon's success. Collaboration and innovation drive our culture, bringing the best of Aon to clients in a holistic and seamless manner. We approach every aspect of our business based on our Aon United Blueprint. Colleagues are trained upon hire under our Aon Impact Model, which supports the belief that businesses thrive when the people they serve flourish. The model sets behavioral expectations, embracing Aon's diverse capabilities, and shared cultural values to ensure colleagues are contributing towards a distinctive, high-performing, and inclusive Aon United culture.

Colleagues

As of December 31, 2020, we employed approximately 50,000 employees and conducted our operations in more than 120 countries and sovereignties. We know that our colleagues' diverse talents, expertise, and insights contribute to the success of both our firm and our clients, and we seek to attract, grow, and retain the best talent in the industry. Our Colleague Mission is a central part of our Aon United Blueprint and is a key enabler to realizing our aspirations and purpose as a firm. We are committed to building thriving teams with the brightest talent, providing them opportunities to grow, rewarding them for their contributions, and supporting their journey to become the person and professional they want to be.

Pandemic Response

In 2020, we shifted the vast majority of our colleagues to remote work in response to the COVID-19 pandemic. The historic steps we've taken to build our Aon Business Services platform were instrumental in our response. Acting early, we began offering tools and services for enabling remote work and avoiding disruption in client service while emphasizing our commitment to colleague health and well-being. Our programs and policies on flexible work, leadership development, learning, telemedicine, childcare, sick leave, social and emotional health, rapidly evolved to meet the new normal and create a "new better" for our colleagues based on where they live and work.

Training and Development

We invest significant resources to develop the talent needed to remain at the forefront of innovation and make Aon an attractive employment destination. To make sure colleagues are on the right track for their career path, colleagues complete a variety of curricula to meet their career stage goals. We provide our colleagues what they need to learn, grow, and become the leaders our clients seek, and our communities need. From self-guided Aon University courses to our Leading Aon United and advanced learning programs, the curriculum is aligned to the Aon United Blueprint and the four expectations of the Aon Impact Model: Create Client Value, Develop Teams, Enable Innovation, and Deliver Business Results. Our use of virtual based learning and development programs during the COVID-19 pandemic has allowed us to continue these efforts despite most of our workforce being virtual during 2020.

Colleague Engagement and Retention

Providing an engaging and rewarding colleague experience is a top priority for our firm and understanding colleagues' feedback helps us reach that goal. We use a variety of channels to facilitate open, on-going, and direct communication, including open forums with executives, pulse check surveys, and engagement through our Business Resource Groups, which are our independent, voluntary, non-profit associations that provide input, take action, and help identify opportunities for our firm to further its diversity, equity and inclusion commitments. In response to the challenging events of 2020, we updated our engagement survey process by offering more frequent pulse check surveys to understand how colleagues are engaging with their teams, the firm, and clients, so we can gather insights more rapidly and take timely action to address feedback. The pulse check surveys for 2020 have been focused on topics such as manager and leadership support, especially in how we serve clients; colleague well-being, inclusion and diversity; and the Aon United Blueprint. This feedback provides management a better understanding of evolving colleague viewpoints, and ensures we are taking appropriate steps to drive colleague engagement and retention. For discussion of the risks related to the attraction and retention of senior management and other professional personnel, see Principal Risks and Uncertainties in the Directors' Report.

Rewards

In addition to an inspired purpose and culture, we are proud to offer our colleagues a total rewards program that combines competitive pay, incentive opportunities, and benefits. Our compensation programs, including salary, recognition, cash and equity incentives, connect to our formal performance management and career development approach and serve to reward colleagues for their impact both in what they accomplish for clients, colleagues, and shareholders and how they achieve those results. We maintain a global commitment to colleague well-being and play a key role in supporting colleagues across the physical, emotional, financial, and social spectrum. Our comprehensive benefit programs are competitive for the markets in which we operate and aligned with our values and culture.

Inclusion and Diversity

A diverse and inclusive workforce is a business imperative and key to Aon's long-term success. We emphasize the recruitment, hiring, development, and retention of diverse talent, including women and underrepresented groups. To recruit and hire a diverse community of the best talent, we've built partnerships with a wide range of organizations, schools, and universities, and we specifically source talent from diverse communities. Aon is committed to creating a workplace environment that fosters mutual dignity, respect, and equal employment opportunity. We have formal initiatives and policies designed to promote an inclusive workplace free of discrimination and harassment, where colleagues are treated and compensated fairly and equitably. Along with policies and initiatives, we encourage colleague input and action to make sure we create the diverse and inclusive workplace to which we aspire. The commitment starts at the top with our Board of Directors and the standing Inclusion and Diversity Sub-Committee of the Board. Our Global Inclusive Leadership Council is chaired by our Chief Executive Officer and Chief People Officer. Regional Inclusive Leadership Councils and colleague-led Business Resource Groups support execution and provide additional opportunities for colleagues to lead the firm to achieve a truly inclusive environment. We are focused on being a firm that is representative of the communities in which we operate. We believe diversity drives insight, and that by giving all talent a voice, we are encouraging the development of top talent that will produce the best outcomes for clients.

Community

Our Apprenticeship Program

Apprenticeship programs help build a talent pipeline of highly skilled and diverse professionals while providing apprentices with advanced education and work experience. By removing some of the traditional barriers to entry-level employment, Aon can contribute to local workforce development and cultivate talent while improving retention rates in these entry-level roles.

Aon's two-year Apprenticeship Program, which was implemented in the U.S. and U.K. in 2017 and 2012, respectively, serves as an alternate route into a permanent role that normally requires a specific degree or professional experience by providing motivated, high-potential individuals with the required training (on the job and in the classroom), professional skills development, mentorship, and experiential learning to bridge the gap. Over 290 Aon apprentices have been hired since the inception of the program across the U.S. and U.K. Both programs are certified apprenticeship programs, by the Department of Labor in the U.S. and the Department of Education in the U.K. In 2020, we announced our commitment to expand this program to include additional U.S. cities outside of Chicago's metropolitan area to the following six metropolitan areas hiring over 100 apprentices: Houston, Minneapolis, New York, Philadelphia, San Francisco, and Washington, DC.

Our Supplier Diversity Program

At Aon, we believe supplier diversity plays an integral role in supporting the needs of our stakeholders to create long-term value and industry leading risk, retirement and health solutions for our colleagues, clients and communities. At Aon, supplier diversity is a set of processes whereby we seek to foster engagement and do business with historically underutilized population groups enabling hundreds of diverse enterprise engagements. We also support business solutions and to satisfy client needs and routinely source diverse business enterprises within the professional services industry with operational capacity to support large-scale or highly specialized projects.

Charitable Giving

We're passionate about outcomes that help our clients and communities flourish. As a responsible corporate citizen committed to long-lasting change, we're leveraging what's unique about our firm—our insights, analytics, and talented people—to help to enrich the lives of people around the world.

We aim to help people live healthier, happier, and more productive lives. Key highlights include:

- Over $10 million in philanthropic contributions in 2020
- Supported 880 organizations in 2020
- Annual Aon United Day for Communities where Aon offices around the world engage in colleague volunteer opportunities
- Colleagues receive paid time off to volunteer

Environmental

We strive to implement environmental, social and governance best practices internally to promote corporate resiliency and sustainability, and to prepare for and manage the ongoing challenges posed by emerging and long-tail risks.

Moreover, we are committed to helping our clients do the same. As a global professional services firm, Aon will continue to support our clients' efforts to mitigate their exposure to long-tail risks, and to help them achieve their own sustainability and resiliency goals. Bringing the best of Aon to deliver best-in-class service to clients, we provide clients:

- Advisory, data and analytics capability and capital solutions to support clients to navigate the transition to a low carbon/net-zero future
- Continue to drive the development and adoption of solutions that increase resilience in the global economy to Climate Change associated risks
- Partner with companies, governments, organizations and communities in driving further progress in identifying and acting against climate-related risks with the intention to advance human and economic prosperity
- Increase momentum on the topic and act against climate-related risks with the intention to advance societal resilience

Similar to our work helping clients find sustainable solutions, we are working to reduce the impact of our own operations and building a more climate-resilient organization.

As a firm, we're taking direct action to lower our carbon footprint and be good stewards of the environment while considering opportunities to factor climate change into the insights, assessments, insurance and solutions we use to help clients and partners around the world.

By reducing the environmental impact of our operations and becoming a more resilient, sustainable organization, Aon has set an aggressive target to achieve net-zero greenhouse gas emissions by 2030, in alignment with Science Based Targets. We are committed to reducing our greenhouse gas and carbon emissions, and to date, we have achieved a 60% reduction in greenhouse gas emissions since 2015.

Ethics & Compliance

The Aon Code of Business Conduct defines what we stand for and provides our colleagues and partners with guidance and resources enabling us to uphold the foundation of ethics and integrity helping us earn our trusted reputation. With the Aon Code of Business Conduct, Aon makes it clear to every colleague the high expectations and requirements for how we conduct business, and also provides resources to colleagues so they are prepared to do the right thing in even the most challenging situations. Each year, all colleagues, officers, and directors must certify they have received, read, and understand the Aon Code of Business Conduct. The Aon Code of Business Conduct can be found at: https://www.aon.com/about-aon/corporate-governance/guidelines-policies/code-of-business-conduct.jsp

All suppliers are expected to adhere to the Aon Code of Business Conduct. When choosing suppliers and other partners, we examine how they conduct themselves concerning diversity, equity and inclusion, human rights and environmental policies. With an emphasis on managing risk in our supply chain, this strategy helps ensure Aon establishes trusted relationships with our diverse suppliers who understand the unique needs of our stakeholders, the standards of our colleagues and the level of integrity our communities and clients expect.

We maintain an Ethics Helpline for applicants, colleagues and third-parties to report in good faith possible violations of Aon's Code of Business Conduct, policies and procedures, or laws and regulations. We take all allegations seriously and have policies in place to prohibit retaliation. To ensure confidentiality and impartiality, the Ethics Helpline is operated by an independent, third-party provider.

Anti-Bribery and Corruption

Aon's Anti-Corruption Policy provides guidance and requirements to maintain Aon's compliance with anti-corruption laws, including the US Foreign Corrupt Practices Act, the UK Bribery Act, and legislation enacted in accordance with the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

Aon's reputation as a leading professional services firm is built on delivering distinctive value to and representing the very best when it comes to integrity, ethics, and values. Aon's Anti-Corruption program provides guidance and requirements for conducting business in accordance with the Company's high ethical and legal standards. All colleagues are required to complete annual mandatory trainings and certifications focused on Aon's Code of Business Conduct and compliance policies, including Global Anti-Bribery and Corruption, Trade Restrictions, and client gift and entertainment expectations, among other things.

Protecting Human Rights

Aon is committed to upholding international standards on human rights. We support the principles contained within the Universal Declaration of Human Rights and the International Labor Organization Core Conventions on Labour Standards. Aon acknowledges that companies, including providers of insurance and reinsurance brokerage and human resources solutions can potentially have an impact on human rights. Aon does not tolerate the use of forced labor or child labor and has zero tolerance for slavery or trafficking in human beings. Our commitment to human rights and addressing human rights risks is uncompromising. We devote significant time and resources to helping colleagues and people around the world understand their rights, protect their fundamental liberties and reach their full potential through training and education, charitable and pro-bono services, through business solutions and industry partnerships.

Modern Slavery

We do not tolerate modern slavery or human trafficking in our organization or in our supply chain. Supplier contracts include anti-slavery language in accordance with the UK Modern Slavery Act to ensure we are promoting healthy, ethical business practices. Aon's Statement on Modern Slavery can be found at https://www.aon.com/about-aon/corporate-governance/corporate-governance.jsp

ACQUISITION OF OWN SHARES

Aon's Class A Ordinary Shares, $0.01 nominal value per share, are traded on the New York Stock Exchange. We hereby incorporate by reference Note 11, "Shareholders' Equity" of the Notes to the Consolidated Financial Statements.

Aon has a share repurchase program authorized by the Parent Company's Board of Directors. The repurchase program was established in April 2012 with $5.0 billion in authorized repurchases, and was increased by $5.0 billion in authorized repurchases in each of November 2014, June 2017, and November 2020 for a total of $20.0 billion in repurchase authorizations.

During 2020, we repurchased 8.5 million shares at an average price per share of $206.28 for a total cost of $1.8 billion. The remaining authorized amount for share repurchase under our repurchase program is $5.3 billion.

POLITICAL DONATIONS

No political donations that require disclosure under the Electoral Act 1997 of Ireland, as amended were made by the Company during 2020 or 2019.

DIVIDENDS

For the year ended December 31, 2020, the company paid dividends to shareholders totaling $1.78 per Class A ordinary share for a total amount of $412 million. In January 2021, the Board of Directors approved the declaration of a dividend to shareholders of $0.46 per Class A ordinary share. In February 2021, we paid those dividends in the amount of $104 million.

Future dividends on Aon plc ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of Aon plc and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of Aon plc may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act 2014.

FUTURE DEVELOPMENTS

Except for the items mentioned in the "Principal Activities" section, the directors do not anticipate that any other of the Company's primary activities will change in the foreseeable future.

USE OF FINANCIAL INSTRUMENTS

Information on the Company's risk management process and the policies for mitigating certain types of risk are set out in the "Principal Risks and Uncertainties" section of this report. Details of the financial instruments used for these purposes are set out in Note 14 "Derivatives and Hedging" and Note 15 "Fair Value Measurements and Financial Instruments" of the Notes to the Consolidated Financial Statements.

STATEMENT OF GOING CONCERN

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. No substantial doubt was raised due to the COVID-19 pandemic given the circumstances described in the "Recent Developments" and "Liquidity and Financial Condition" sections of this report. Accordingly, they have adopted the going concern basis in preparing the financial statements.

AUDIT COMMITTEE

The primary purposes of the Audit Committee are to assist the Board with the oversight of: (i) the integrity of Aon's financial statements and financial reporting process; (ii) Aon's compliance with legal and regulatory requirements and ethics programs established by management and the Board; (iii) the engagement of Aon's independent auditor, and its qualifications, independence and performance; (iv) subject to the provisions of the Companies Act 2014, the appointment and performance of Aon's statutory auditor as required; and (v) the performance of Aon's internal audit function. In discharging this role, the Audit Committee is authorized to retain outside counsel or other experts as it deems appropriate to carry out its duties and responsibilities.

The Board has also delegated to the Audit Committee the primary responsibility for the oversight of the Company's risk management. The charter of the Audit Committee provides that the Audit Committee will discuss guidelines and policies with respect to the Company's risk assessment and risk management, including the major financial risk exposures facing the Company and the steps management has taken to monitor and control such exposures. The Audit Committee also has primary responsibility for oversight of cybersecurity risk and engages in regular discussion with management regarding cybersecurity risk mitigation and incident management. The Audit Committee also has general oversight responsibility for the Company's legal, regulatory, and ethics policies and programs and annually reviews the adequacy of those policies and programs, including Aon's Code of Business Conduct. In addition, the Audit Committee periodically reviews with management any material correspondence with, or other action by, regulators or governmental agencies.

ACCOUNTING RECORDS

The directors are responsible for keeping adequate accounting records that are sufficient to correctly record and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors achieve this by employing qualified personnel and maintaining digital accounting systems. Accounting records are held at the Parent Company's registered office at Metropolitan Building, James Joyce Street, Dublin 1, Ireland.

SUBSIDIARY COMPANIES

Information regarding material subsidiary undertakings is included in Note 22 "Group Undertakings" of the Notes to the Consolidated Financial Statements.

DIRECTORS' AND SECRETARIES' INTERESTS IN SHARES

The directors and secretary of the Company as of December 31, 2020 are listed in the table below and, except as noted below, have served from the period of January 1, 2020 through December 31, 2020 and through the date of this report. Byron Spruell was appointed to the Board of Directors on October 27, 2020. No director, company secretary or any member of their immediate families had any interest in shares or debentures of any subsidiary or any debentures of Aon plc. The interests of the current directors and secretary of the Company in the ordinary share capital of Aon plc as of December 31, 2020 and of the directors as of January 1, 2020, or the date when they first became a director of the Company are presented in the table below. Directors' remuneration is set forth in Note 18 "Directors' Remuneration" of the Notes to the Consolidated Financial Statements.

	Class A Ordinary Shares as at January 1, 2020 (or date of appointment, if later)		Class A Ordinary Shares as at December 31, 2020	
Name	**Shares**	**Unrestricted/Unvested Shares**	**Shares**	**Unrestricted/Unvested Shares**
Directors of the Company				
Lester B. Knight	217,482	—	244,629	—
Gregory C. Case	1,206,977	272,412 (1)	1,206,977	272,412 (2)
Jin-Yong Cai	4,220	—	5,163	—
Jeffrey C. Campbell	8,001	—	8,944	—
Fulvio Conti	27,822	—	28,765	—
Cheryl A. Francis	24,674	—	25,617	—
J. Michael Losh	34,569	—	35,512	—
Richard B. Myers	25,878	—	26,821	—
Richard C. Notebaert	47,409	—	45,721	—
Gloria Santona	35,578	—	36,521	—
Byron O. Spruell (3)	—	—	575	—
Carolyn Y. Woo	26,287	—	26,630	—
Secretary				
Darren E. Zeidel	8,784	15,160(4)	9,198	14,414 (5)

(1) Consists of 4,371 restricted shares under the Company's incentive stock plan and 268,041 unvested performance share units under the Company's leadership performance plan.
(2) Consists of 4,371 restricted shares under the Company's incentive stock plan and 268,041 unvested performance share units under the Company's leadership performance plan
(3) Mr. Spruell was appointed to the Board of Directors effective October 27, 2020. At such date, Mr. Spruell did not own interests in Aon plc or its subsidiaries.
(4) Consists of 2,566 restricted shares under the Company's incentive stock plan and special stock program and 12,594 unvested performance share units under the Company's leadership performance plan.
(5) Consists of 1,820 restricted shares under the Company's incentive stock plan and special stock program and 12,594 unvested performance share units under the Company's leadership performance plan.

Significant Events Since Year End

This report was issued on March 26, 2021. The Company has evaluated events and transactions subsequent to the balance sheet date.

On January 13, 2021, Aon Global Limited, a limited company organized under the laws of England and Wales and a wholly owned subsidiary of Aon plc, issued an irrevocable notice of redemption to holders of its 2.80% Senior Notes, which were set to mature in March 2021, for the redemption of all $400 million outstanding aggregate principal amount of the notes. The redemption date was on February 16, 2021 and resulted in an insignificant loss due to extinguishment.

The Company is not aware of any events or transactions, other than those disclosed above and in Recent Developments, that occurred subsequent to the balance sheet date but prior to March 26, 2021 that would require recognition or disclosure in its Consolidated Financial Statements or Parent Company Financial Statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with the Companies Act 2014.

Irish company law requires Directors to prepare financial statements for each financial year. Under Irish company law, the Directors have elected to prepare the consolidated financial statements in accordance with U.S. GAAP, as defined in Section 279 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the Company's financial statements does not contravene any provision of Part 6 of the Companies Act 2014. The Parent Company financial statements have been prepared in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland effective for the 2020 year end.

Under Company law the directors must not approve the Group or Parent Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

In preparing the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies for the Group and Parent Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identifying those standards, and note the effect and reasons for any material departures from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' COMPLIANCE STATEMENT

As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)). The Directors further confirm that a "compliance policy statement" (as defined in section 225(3)(a)) has been drawn up, that appropriate arrangements and structures are, in the Directors' opinion, designed to secure material compliance with the relevant obligations have been put in place and that a review of those arrangements and structures has been conducted in the financial year to which this report relates.

RELEVANT AUDIT INFORMATION

Each of the persons who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditor is unaware. The Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act of 2014.

AUDITORS

Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014. Ernst & Young have served as the Company's auditor since 2020.

For and on behalf of the Directors

/S/Gregory C. Case	/S/ J. Michael Losh
Gregory C. Case Chief Executive Officer and Director Date: March 26, 2021	J. Michael Losh Director Date: March 26, 2021

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aon plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statements of Income, the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Financial Position, the Consolidated Statements of Shareholders' Equity, the Consolidated Statements of Cash Flows, the Parent Company Statements of Comprehensive Income, the Parent Company Statements of Financial Position, the Parent Company Statements of Shareholders' Equity, the related notes 1 to 22 in respect of the Group financial statements and the related notes 1 to 12 in respect of the Parent Company financial statements, including a summary of significant accounting policies as set out therein. The financial reporting framework that has been applied in the preparation of the Group financial statements is Irish law and United States Generally Accepted Accounting Principles (U.S. GAAP) issued in the United States of America by the Financial Accounting Standards Board, and as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable Irish law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.
In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2020 and of the profit for the Group for the year then ended, and have been properly prepared in accordance with U.S. GAAP, as defined in section 279 of Part 6 of the Companies Act 2014, to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of that Part of the Companies Act 2014;

- the Parent Company Statements of Financial Position gives a true and fair view of the assets, liabilities and financial position of the Parent Company as at 31 December 2020, and has been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and

- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Parent Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Accounting and Auditing Supervisory Authority (IAASA), as applies to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of

the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Group's financial close process, we confirmed our understanding of management's going concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;

- We obtained management's going concern assessment, including the cash forecast and covenant analysis for the going concern period, which covers a year from the date of signing this audit opinion. The Group has modelled a number of adverse scenarios in their cash forecasts and covenant analysis in order to incorporate unexpected changes to the forecasted liquidity of the Group.

- We assessed the appropriateness of this approach used by management when performing their going concern assessment. We have assessed the assumptions used by the Group in their forecasts including the potential impact of COVID-19 on the business. We considered the appropriateness of the adverse scenarios modelled within their assessment and performed a review of each scenario and determined that the methods employed were appropriate for the Company and Group.

- We reviewed the Company's and Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
In relation to the Group and Parent Company's reporting, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GROUP AUDIT MATTERS		
Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Recoverability of Net Deferred Tax Assets **(2020: $462 million)** The Group had net deferred tax assets of $462 million at December 31, 2020. Deferred tax assets are only recognised to the extent that, based on the weight of all available evidence, in management's judgment it is more likely than not the deferred tax assets will be realised. Conclusions on the recoverability of the net deferred tax assets involve significant management judgment, including assumptions and estimates related to the amount and timing of future taxable income. The deferred tax asset calculation and the related forecast of future taxable income involves a high degree of judgment around assumptions and estimates. Refer to the Critical accounting estimates and accounting policies in Note 2 and Note 10 of the consolidated financial statements.	To obtain sufficient audit evidence to conclude on the recoverability of the net deferred tax assets, we: • Obtained an understanding of and evaluated the design and operating effectiveness of internal controls that address the risks of material misstatement relating to the recoverability of deferred tax assets, including controls over management's projections of future taxable income and the related assumptions; • Evaluated the assumptions used by the Group to develop projections of future taxable income by income tax jurisdiction and tested the completeness and accuracy of the underlying data used in the projections. We compared the projections of future taxable income with the actual results of prior periods, as well as management's considerations of current industry and economic trends.	Based on the results of our internal controls and substantive testing, we are satisfied that the Company's recoverability of net deferred tax assets balance has been appropriately recorded.

PARENT COMPANY AUDIT MATTERS		
Risk	**Our response to the risk**	**Key observations communicated to the Audit Committee**
Valuation of investments in subsidiaries **(2020: $49,013 million)** The investment in subsidiaries balance of $49,013 million is the most significant on the Company's balance sheet. Under FRS 102, the Company elected to measure its investments in subsidiaries at fair value through other comprehensive income (OCI). Determining the fair value of its investment in subsidiaries balance requires judgment, including assumptions made regarding the discount rate and long-term growth rates of its subsidiaries. Refer to the critical accounting estimates and accounting policies in Note 2 and Note 6 of the Company financial statements.	To obtain sufficient audit evidence to conclude on the appropriate valuation of investment in subsidiaries, we: • Performed a walkthrough of the investment in subsidiaries process; • Engaged valuation specialists to assist in testing the Company's investment in subsidiaries valuation; and • Tested and challenged the assumptions used by management in the investment in subsidiaries valuation.	Based on the results of our substantive testing, we are satisfied that the Company's investments in subsidiaries balance has been appropriately recorded.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be $149 million, which is 5% of earnings before interest and tax. We believe that earnings before interest and tax is a key performance indicator for the Group. We therefore considered earnings before interest and tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the main stakeholders of the Group.

With respect to the Parent Company, we based our calculation of materiality on total assets due to its nature as a holding company. As the calculated materiality was higher than Group materiality, we restricted our materiality to $149 million.

During the course of our audit, we reassessed initial materiality and adjusted it to reflect the actual reported performance of the Group in the year.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Groups' and Parent Company's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely $112 million. We have set performance materiality at this percentage due to our past history of a low number of misstatements, our ability to assess the likelihood of misstatements, both corrected and uncorrected, the effectiveness of the control environment and other factors affecting the entity and its financial reporting.

Reporting threshold

Reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $7.5 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Audit Scope

'Components' represent countries across the Group considered for audit scoping purposes.

Of the 9 components selected, we performed an audit of the complete financial information of 2 components ("full scope components") which were selected based on their size or risk characteristics. For 6 of the remaining components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile and for the final component, ("review scope component") we performed a review of specific accounts of that component.

The reporting components where we performed audit procedures accounted for 76% of the Group's adjusted profit before tax, 78% of the Group's revenue and 78% of the Group's total assets. For the current year, the full scope components contributed 51% of the Group's adjusted profit before tax, 59% of the Group's revenue and 55% of the Group's total assets. The specific scope components and the review scope components contributed 25% of the Group's adjusted profit before tax, 19% of the Group's revenue and 23% of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk, the organisation of the group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 108 reporting components of the Group, we selected 9 components covering entities within US, UK, Australia, Brazil, Canada, Germany, Italy, The Netherlands and New Zealand which represent the principal business units within the Group.

Of the remaining 99 components variously, we performed analytical reviews, enquiries of operating and financial personnel and control procedures to determine whether management had implemented group policies, procedures and appropriate controls over reporting financial information and operating results and over the policies, procedures and controls being followed by component management and other personnel.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. For the 6 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that other than in respect of those parts dealing with the non-financial statement pursuant to the requirements of the European Union (Disclosure of non-financial and diversity information by certain large undertakings and groups) Regulations 2017 on which we are not required to report:

- the information given in the directors' report for the financial year for which the statutory financial statements are prepared is consistent with the statutory financial statements in respect of the financial year concerned; and

- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company Statements of Financial Position are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions, are not complied with by the Company. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of non-financial and diversity information by certain large undertakings and groups) Regulations 2017, which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of 2020.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 48, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and the parent Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the
aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The objectives of our audit, with respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at:http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities
Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Dargan FitzGerald

for and on behalf of
Ernst & Young, Chartered Accountants and Statutory Audit Firm
Harcourt Centre, Harcourt Street
Office: Dublin
Date: 30 March 2021

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

(millions, except per share data)	*Notes*	Years ended December 31 2020	2019
Revenue			
Total revenue	3	$ 11,066	$ 11,013
Expenses			
Compensation and benefits	20	5,905	6,054
Information technology		444	494
Premises		291	339
Depreciation of fixed assets	21	167	172
Amortization and impairment of intangible assets	7	246	392
Other general expenses		1,232	1,393
Total operating expenses		8,285	8,844
Operating income		2,781	2,169
Interest income		6	8
Interest expense		(334)	(307)
Other income (expense)	4	12	1
Income from continuing operations before income taxes		2,465	1,871
Income taxes	10	448	297
Net income from continuing operations		2,017	1,574
Net income (loss) from discontinued operations		1	(1)
Net income		$ 2,018	$ 1,573
Net income attributable to continuing operations:			
Aon shareholders		$ 1,968	$ 1,533
Noncontrolling interests		49	41
Net income from continuing operations		$ 2,017	$ 1,574
Net income attributable to discontinued operations:			
Aon shareholders		$ 1	$ (1)
Noncontrolling interests		—	—
Net income from discontinued operations		$ 1	$ (1)
Basic net income per share attributable to Aon shareholders			
Continuing operations		$ 8.49	$ 6.42
Discontinued operations		—	—
Net income		$ 8.49	$ 6.42
Diluted net income per share attributable to Aon shareholders			
Continuing operations		$ 8.45	$ 6.37
Discontinued operations		—	—
Net income		$ 8.45	$ 6.37
Weighted average ordinary shares outstanding — basic	11	231.9	238.6
Weighted average ordinary shares outstanding — diluted	11	233.1	240.6

The Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions)	*Notes*	Years Ended December 31 2020	2019
Net income		$ 2,018	$ 1,573
Less: Net income attributable to noncontrolling interests		49	41
Net income attributable to Aon shareholders		1,969	1,532
Other comprehensive income (loss), net of tax:			
Change in fair value of financial instruments	11	13	3
Foreign currency translation adjustments	11	263	14
Postretirement benefit obligation	11	(101)	(141)
Total other comprehensive income (loss)		175	(124)
Less: Other comprehensive income (loss) attributable to noncontrolling interests		3	—
Total other comprehensive income (loss) attributable to Aon shareholders		172	(124)
Comprehensive income attributable to Aon shareholders		$ 2,141	$ 1,408

The Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of December 31	
(millions, except nominal value)	*Notes*	**2020**	**2019**
Assets			
Current Assets			
Cash and cash equivalents		$ 884	$ 790
Short-term investments	15	308	138
Receivables, net	15	3,070	3,112
Fiduciary assets	15	13,798	11,834
Other current assets	4	624	602
Total current assets		18,684	16,476
Non-current assets			
Goodwill	7	8,666	8,165
Intangible assets, net	7	640	783
Fixed assets, net	21	599	621
Lease right-of-use assets	9	911	929
Deferred tax assets	10	724	645
Prepaid pension	12	1,280	1,216
Other non-current assets	4	610	570
Total non-current assets		13,430	12,929
Total assets		$ 32,114	$ 29,405
Liabilities and equity			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	15	$ 2,016	$ 1,939
Short-term debt and current portion of long-term debt	8	448	712
Fiduciary liabilities	15	13,798	11,834
Other current liabilities	4	1,171	1,086
Total current liabilities		17,433	15,571
Non-current liabilities			
Long-term debt	8	7,281	6,627
Non-current lease liabilities	9	897	944
Deferred tax liabilities	10	262	199
Pension, other postretirement, and postemployment liabilities	12	1,763	1,738
Other non-current liabilities	4	895	877
Total non-current liabilities		11,098	10,385
Total liabilities		28,531	25,956
Equity			
Ordinary shares - $0.01 nominal value Authorized: 2020 - 500 shares; 2019 - 750 shares (issued: 2020 - 225.5; 2019 - 232.1)		2	2
Additional paid-in capital		6,312	6,152
Retained earnings		1,042	1,254
Accumulated other comprehensive loss	11	(3,861)	(4,033)
Total Aon shareholders equity		3,495	3,375
Noncontrolling interests		88	74
Total equity		3,583	3,449
Total liabilities and equity		$ 32,114	$ 29,405

The financial statements were approved by the Board of Directors on March 26, 2021.

/S/ Gregory C. Case
Gregory C. Case
Chief Executive Officer and Director

/S/ J. Michael Losh
J. Michael Losh
Director

The Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(millions, except per share data)	Notes	Shares	Ordinary Shares and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Non-controlling Interests	Total
Balance at December 31, 2018		240.1	$ 5,967	$ 2,093	$ (3,909)	$ 68	$ 4,219
Net income		—	—	1,532	—	41	1,573
Shares issued — employee stock compensation plans		2.5	(130)	(1)	—	—	(131)
Shares purchased	11	(10.5)	—	(1,960)	—	—	(1,960)
Share-based compensation expense	13	—	317	—	—	—	317
Dividends to shareholders ($1.72 per share)	11	—	—	(410)	—	—	(410)
Net change in fair value of financial instruments	11	—	—	—	3	—	3
Net foreign currency translation adjustments	11	—	—	—	14	—	14
Net postretirement benefit obligation	11	—	—	—	(141)	—	(141)
Dividends paid to noncontrolling interests on subsidiary common stock		—	—	—	—	(35)	(35)
Balance at December 31, 2019		232.1	6,154	1,254	(4,033)	74	3,449
Adoption of new accounting guidance	2	—	—	(6)	—	—	(6)
Balance at January 1, 2020		232.1	6,154	1,248	(4,033)	74	3,443
Net income		—	—	1,969	—	49	2,018
Shares issued — employee stock compensation plans		1.9	(154)	—	—	—	(154)
Shares purchased	11	(8.5)	—	(1,763)	—	—	(1,763)
Share-based compensation expense	13	—	317	—	—	—	317
Dividends to shareholders ($1.78 per share)	11	—	—	(412)	—	—	(412)
Net change in fair value of financial instruments	11	—	—	—	13	—	13
Net foreign currency translation adjustments	11	—	—	—	260	3	263
Net postretirement benefit obligation	11	—	—	—	(101)	—	(101)
Net purchases of shares from noncontrolling interests		—	(3)	—	—	(6)	(9)
Dividends paid to noncontrolling interests on subsidiary common stock		—	—	—	—	(32)	(32)
Balance at December 31, 2020		225.5	$ 6,314	$ 1,042	$ (3,861)	$ 88	$ 3,583

The Notes to the Consolidated Financial Statements are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions)	*Notes*	Years ended December 31 2020	2019
Cash flows from operating activities			
Net income		$ 2,018	$ 1,573
Less: Income from discontinued operations, net of income taxes		1	(1)
Adjustments to reconcile net income to cash provided by operating activities:			
Gain from sales of businesses and investments, net	4	(25)	(13)
Depreciation of fixed assets	21	167	172
Amortization and impairment of intangible assets	7	246	392
Share-based compensation expense	13	312	317
Deferred income taxes		9	(36)
Change in assets and liabilities:			
Fiduciary receivables		(1,140)	(409)
Short-term investments — funds held on behalf of clients		(316)	(1,246)
Fiduciary liabilities		1,456	1,655
Receivables, net		108	(371)
Accounts payable and accrued liabilities		186	(28)
Restructuring reserves	5	(127)	3
Current income taxes		(17)	(20)
Pension, other postretirement and other postemployment liabilities		(141)	(156)
Other assets and liabilities		48	1
Cash provided by operating activities		2,783	1,835
Cash flows from investing activities			
Proceeds from investments		64	61
Payments for investments		(97)	(113)
Net sales (purchases) of short-term investments — non-fiduciary		(167)	35
Acquisition of businesses, net of cash acquired		(368)	(39)
Sale of businesses, net of cash sold		30	52
Capital expenditures		(141)	(225)
Cash used for investing activities		(679)	(229)
Cash flows from financing activities			
Share repurchase	11	(1,763)	(1,960)
Issuance of shares for employee benefit plans		(149)	(131)
Issuance of debt		4,153	6,052
Repayment of debt		(3,882)	(4,941)
Cash dividends to shareholders	11	(412)	(410)
Noncontrolling interests and other financing activities		(35)	(103)
Cash used for financing activities		(2,088)	(1,493)
Effect of exchange rates on cash and cash equivalents		78	21
Net increase in cash and cash equivalents		94	134
Cash and cash equivalents at beginning of period	2	790	656
Cash and cash equivalents at end of period	2	$ 884	$ 790
Supplemental disclosure:			
Interest paid		$ 326	$ 289
Income taxes paid, net of refunds	10	$ 455	$ 353

The Notes to the Consolidated Financial Statements are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

These Consolidated Financial Statements and these Notes thereto have been prepared in accordance with section 279 of the Companies Act 2014, which provides that a true and fair view of the assets and liabilities, financial position and profit or loss of the Group may be given by preparing the financial statements in accordance with U.S. GAAP to the extent that the use of those principles in the preparation of the financial statements does not contravene any provision of Part 6 of the Companies Act 2014.

These Consolidated Financial Statements and these Notes thereto have been prepared in accordance with the requirements of the Companies Act 2014, to present to the shareholders of the Company and file with the Companies Registration Office in Ireland. Accordingly, these financial statements include presentation and additional disclosures required by the Companies Act 2014, in addition to those disclosures required under U.S. GAAP.

The preparation of these Consolidated Financial Statements in accordance U.S. GAAP includes primary statement formats, captions, and terminology throughout that complies with U.S. GAAP and is familiar to users of accounts filed by the Company in the U.S.

There are certain instances where the provisions to the Companies Act 2014 are inconsistent with the requirement to provide a true and fair view of the financial statements. In these instances, the directors will depart from the Companies Act 2014 in order to provide a true and fair view. The Company is adopting a true and fair view override in relation to goodwill. See Note 2, "Summary of Significant Accounting Principles and Practices" for more information.

The Consolidated Financial Statements have been prepared on a going concern basis and the Directors have considered the appropriateness of the going concern basis in the Directors' Report. In preparing the going concern assessment, the Directors have considered the impact of the COVID-19 pandemic on the worldwide economic activity and the negative financial impact this may have on the financial position of the Company.

The Consolidated Financial Statements have been prepared on a historical cost basis unless otherwise noted. A summary of the U.S. GAAP accounting policies adopted by the Company in preparing the Consolidated Financial Statements have been included in Note 2 "Summary of Significant Accounting Principles and Practices".

Aon plc is a public limited company incorporated and domiciled in Ireland under the Companies Act 2014 (registration number 604607). The Company is registered in Ireland and its registered office is located at the Metropolitan Building, James Joyce Street, Dublin 1, Ireland.

Use of Estimates, Judgments, and Assumptions

The preparation of the accompanying Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of provisions and expenses. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management believes its estimates to be reasonable given the current facts available. Aon adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets, foreign currency exchange rate movements, and impacts from the COVID-19 pandemic increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment would, if applicable, be reflected in the Consolidated Financial Statements in future periods.

2. Summary of Significant Accounting Principles and Practices

Revenue Recognition

The Company generates revenues primarily through commissions, compensation from insurance and reinsurance companies for services provided to them, and fees from customers. Commissions and fees for brokerage services vary depending upon several factors, which may include the amount of premium, the type of insurance or reinsurance coverage provided, the particular services provided to a client, insurer, or reinsurer, and the capacity in which the Company acts. Compensation from insurance and reinsurance companies includes: (1) fees for consulting and analytics services and (2) fees and commissions for administrative and other services provided to or on behalf of insurers. In Aon's capacity as an insurance and reinsurance broker, the service promised to the customer is placement of an effective insurance or reinsurance policy, respectively. At the completion of the insurance or reinsurance policy placement process once coverage is effective, the customer has obtained control over the services promised by the Company. Judgment is not typically required when assessing whether the coverage is effective. Fees from clients for advice and consulting services are dependent on the extent and value of the services provided. Payment terms for the Company's principal service lines are discussed below; the Company believes these terms are consistent with current industry practices. Significant financing components are typically not present in Aon's arrangements.

The Company recognizes revenue when control of the promised services is transferred to the customer in the amount that best reflects the consideration to which the Company expects to be entitled in exchange for those services. For arrangements where control is transferred over time, an input or output method is applied that represents a faithful depiction of the progress towards completion of the performance obligation. For arrangements that include variable consideration, the Company assesses whether any amounts should be constrained. For arrangements that include multiple performance obligations, the Company allocates consideration based on their relative fair values.

Costs incurred by the Company in obtaining a contract are capitalized and amortized on a systematic basis that is consistent with the transfer of control of the services to which the asset relates, considering anticipated renewals when applicable. Certain contract related costs, including pre-placement brokerage costs, are capitalized as a cost to fulfill and are amortized on a systematic basis consistent with the transfer of control of the services to which the asset relates, which is generally less than one year.

The Company has elected to apply practical expedients to not disclose the revenue related to unsatisfied performance obligations if (1) the contract has an original duration of 1 year or less, (2) the Company has recognized revenue for the amount in which it has the right to bill, and (3) the variable consideration is allocated entirely to an unsatisfied performance obligation which is recognized as a series of distinct goods or services that form a single performance obligation.

Disaggregation of Revenue

The following is a description of principal service lines from which the Company generates its revenue:

Commercial Risk Solutions includes retail brokerage, cyber solutions, global risk consulting, and captives. Revenue primarily includes insurance commissions and fees for services rendered. Revenue is predominantly recognized at a point in time upon the effective date of the underlying policy (or policies), or for a limited number of arrangements, over the term of the arrangement using output measures to depict the transfer of control of the services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. For arrangements recognized over time, various output measures, including units transferred and time elapsed, are utilized to provide a faithful depiction of the progress towards completion of the performance obligation. Revenue is recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data. Commissions and fees for brokerage services may be invoiced near the effective date of the underlying policy or over the term of the arrangement in installments during the policy period.

Reinsurance Solutions includes treaty and facultative reinsurance brokerage and capital markets. Revenue primarily includes reinsurance commissions and fees for services rendered. Revenue is predominantly recognized at a point in time upon the effective date of the underlying policy (or policies), or for a limited number of arrangements, over the term of the arrangement using output measures to depict the transfer of control of the services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. For arrangements recognized over time, various output measures, including units delivered and time elapsed, are utilized to provide a faithful depiction of the progress towards completion of the performance obligation. Commissions and fees for brokerage services may be invoiced at the inception of the reinsurance period for certain reinsurance brokerage, or more commonly, over the term of the arrangement in installments based on deposit or minimum premiums for most treaty reinsurance arrangements.

Retirement Solutions includes core retirement, investment consulting, and human capital. Revenue consists primarily of fees paid by customers for consulting services, such as risk management strategies, health and benefits, and human capital consulting services. Revenue recognized for these arrangements is predominantly recognized over the term of the arrangement using input or output measures to depict the transfer of control of the services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services, or for certain arrangements, at a point in time upon completion of the services. For consulting arrangements recognized over time, revenue will be recognized based on a measure of progress that depicts the transfer of control of the services to the customer, utilizing an appropriate input or output measure to provide a reasonable assessment of the progress towards completion of the performance obligation including units delivered or time elapsed. Fees paid by customers for consulting services are typically charged on an hourly, project or fixed-fee basis, and revenue for these arrangements is typically recognized based on time incurred, days elapsed, or reports delivered. Revenue from time-and-materials or cost-plus arrangements are recognized as services are performed using input or output measures to provide a reasonable assessment of the progress towards completion of the performance obligation including hours worked, and revenue for these arrangements is typically recognized based on time and materials incurred. Reimbursements received for out-of-pocket expenses are recorded as a component of revenue. Payment terms vary but are typically over the contract term in installments.

Health Solutions includes health and benefits brokerage and health care exchanges. Revenue primarily includes insurance commissions and fees for services rendered. For brokerage commissions, revenue is predominantly recognized at the effective date of the underlying policy (or policies), or for a limited number of arrangements, over the term of the arrangement to depict the transfer of control of the services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services using input or output measures, including units delivered or time elapsed, to provide a faithful depiction of the progress towards completion of the performance obligation. Revenue from health care exchange arrangements are typically recognized upon successful enrollment of participants, net of a reserve for estimated cancellations. Commissions and fees for brokerage services may be invoiced at the effective date of the underlying policy or over the term of the arrangement in installments during the policy period. Payment terms for other services vary but are typically over the contract term in installments.

Data & Analytic Services includes Affinity, Aon Inpoint, CoverWallet, and ReView. Revenue consists primarily of fees for services rendered and is generally recognized over the term of the arrangement to depict the transfer of control of the services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Payment terms vary but are typically over the contract term in installments. For arrangements recognized over time, revenue will be recognized based on a measure of progress that depicts the transfer of control of the services to the customer, utilizing an appropriate input or output measure to provide a faithful depiction of the progress towards completion of the performance obligation, including units delivered or time elapsed. Input and output measures utilized vary based on the arrangement but typically include reports provided or days elapsed.

Share-based Compensation Expense

Share-based payments to employees, including grants of restricted share units and performance share awards, are measured based on grant date fair value. The Company recognizes compensation expense over the requisite service period for awards expected to ultimately vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Pension and Other Postretirement Benefits

The Company records net periodic cost relating to its pension and other postretirement benefit plans based on calculations that include various actuarial assumptions, including discount rates, assumed rates of return on plan assets, inflation rates, mortality rates, compensation increases, and turnover rates. The Company reviews its actuarial assumptions on an annual basis and modifies these assumptions based on current rates and trends. The effects of gains, losses, and prior service costs and credits are amortized over future service periods or future estimated lives if the plans are frozen as reflected in Other income (expense) within the Consolidated Statements of Income. The funded status of each plan, calculated as the fair value of plan assets less the benefit obligation, is reflected in the Company's Consolidated Statements of Financial Position using a December 31 measurement date.

Net Income per Share

Basic net income per share is computed by dividing net income available to Class A ordinary shareholders by the weighted-average number of Class A ordinary shares outstanding, including participating securities, which consist of unvested share awards with non-forfeitable rights to dividends. Diluted net income per share is computed by dividing net income available to Class A ordinary shareholders by the weighted average number of Class A ordinary shares outstanding, which have been adjusted for the dilutive effect of potentially issuable Class A ordinary shares, including certain contingently issuable shares. The diluted earnings per share calculation reflects the more dilutive effect of either (1) the two-class method that assumes that the participating securities have not been exercised, or (2) the treasury stock method.

Potentially issuable shares are not included in the computation of diluted income per share if their inclusion would be antidilutive.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents include cash balances and all highly liquid investments with initial maturities of three months or less. Short-term investments consist of money market funds. The estimated fair value of Cash and cash equivalents and Short-term investments approximates their carrying values.

At December 31, 2020, Cash and cash equivalents and Short-term investments totaled $1,192 million compared to $928 million at December 31, 2019. Of the total balance, $102 million and $110 million was restricted as to its use at December 31, 2020 and 2019, respectively. Included within the December 31, 2020 and 2019 balances, respectively, were £44.4 million ($60.2 million at December 31, 2020 exchanges rates) and £42.7 million ($55.5 million at December 31, 2019 exchange rates) of operating funds required to be held by the Company in the U.K. by the FCA, which were included in Short-term investments.

Fiduciary Assets and Liabilities

In its capacity as an insurance agent and broker, Aon collects premiums from insureds and, after deducting its commission, remits the premiums to the respective insurers. Aon also collects claims or refunds from insurers on behalf of insureds. Uncollected premiums from insureds and uncollected claims or refunds from insurers are recorded as Fiduciary assets in the Company's Consolidated Statements of Financial Position. Unremitted insurance premiums and claims are held in a fiduciary capacity and the obligation to remit these funds is recorded as Fiduciary liabilities in the Consolidated Statements of Financial Position.

Aon held fiduciary assets for premiums collected from insureds but not yet remitted to insurance companies and claims collected from insurance companies but not yet remitted to insureds of $5.7 billion and $5.2 billion at December 31, 2020 and 2019, respectively. These funds and a corresponding liability are included in Fiduciary assets and Fiduciary liabilities, respectively, in the accompanying Consolidated Statements of Financial Position.

Allowance for Doubtful Accounts

The Company's estimate for allowance for credit losses with respect to receivables is based on a combination of factors, including evaluation of forward-looking information, historical write-offs, aging of balances, and other qualitative and quantitative analyses. Receivables, net included an allowance for doubtful accounts of $98 million and $70 million at December 31, 2020 and 2019, respectively.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Included in this category are certain capitalized costs incurred during the application development stage related to directly obtaining, developing, or enhancing internal use software. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Asset Description	Estimated Useful Life
Software	Lesser of the life of an associated license, or 4 to 7 years
Leasehold improvements	Lesser of estimated useful life or lease term, not to exceed 10 years
Furniture, fixtures and equipment	4 to 10 years
Computer equipment	4 to 6 years
Buildings	35 years
Automobiles	6 years

Derivatives

Derivative instruments are recognized in the Consolidated Statements of Financial Position at fair value. Where the Company has entered into master netting agreements with counterparties, the derivative positions are netted by counterparties and are reported accordingly in other assets or other liabilities. Changes in the fair value of derivative instruments are recognized in earnings each period, unless the derivative is designated and qualifies as a cash flow or net investment hedge.

The Company has historically designated the following hedging relationships for certain transactions: (1) a hedge of the change in fair value of a recognized asset or liability or firm commitment ("fair value hedge"), (2) a hedge of the variability in cash flows from a recognized variable-rate asset or liability or forecasted transaction ("cash flow hedge"), and (3) a hedge of the net investment in a foreign operation ("net investment hedge").

In order for a derivative to qualify for hedge accounting, the derivative must be formally designated as a fair value, cash flow, or a net investment hedge by documenting the relationship between the derivative and the hedged item. The documentation must include a description of the hedging instrument, the hedged item, the risk being hedged, Aon's risk management objective and strategy for undertaking the hedge, and the method for assessing the effectiveness of the hedge. Additionally, the hedge relationship must be expected to be highly effective at offsetting changes in either the fair value or cash flows of the hedged item at both the inception of the hedge and on an ongoing basis. Aon assesses the ongoing effectiveness of its hedges quarterly or more frequently if facts and circumstances require.

For a derivative designated as a fair value hedging instrument, the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The effect is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. For a cash flow hedge that qualifies for hedge accounting, the change in fair value of a hedging instrument is recognized in Accumulated other comprehensive income ("AOCI") and subsequently reclassified to earnings in the same period the hedged item impacts earnings. For a net investment hedge, the change in fair value of the hedging instrument is recognized in AOCI as part of the cumulative translation adjustment.

Changes in the fair value of a derivative that is not designated as part of a hedging relationship (commonly referred to as an "economic hedge") are recorded in Other income (expense) in the Consolidated Statements of Income in the period of change.

The Company discontinues hedge accounting prospectively when (1) the derivative expires or is sold, terminated, or exercised, (2) the qualifying criteria are no longer met, or (3) management removes the designation of the hedging relationship.

Goodwill and Other Intangible Assets

Irish Company Law requires that indefinite-lived intangible assets and goodwill be amortized. However, Aon does not believe this gives a true and fair view because not all goodwill and intangible assets decline in value. In addition, since goodwill that does decline in value rarely does so on a straight-line basis, straight-line amortization of goodwill over an arbitrary period does not reflect the economic reality. Therefore, in order to present a true and fair view of the economic reality under U.S. GAAP, goodwill and certain other intangible assets are considered indefinite-lived and are not amortized and instead, are subject to an annual impairment test. This results in a departure from the requirements in Companies Act 2014 as the Company is not able to reliably estimate the impact on the financial statements on the basis that the useful economic life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known.

Goodwill represents the excess of acquisition cost over the fair value of the net assets acquired in the acquisition of a business. Goodwill is allocated to applicable reporting units. Upon disposition of a business entity, goodwill is allocated to the disposed entity based on the fair value of that entity compared to the fair value of the reporting unit in which it was included. Goodwill is not amortized, but instead is tested for impairment at least annually. The goodwill impairment test is performed at the reporting unit level. The Company may initially perform a qualitative analysis to determine if it is more likely than not that the goodwill balance is impaired. If a qualitative assessment is not performed or if a determination is made that it is not more likely than not that their value of the reporting unit exceeds its carrying amount, then the Company will perform a quantitative analysis. If the fair value of a reporting unit is determined to be greater than the carrying value of the reporting unit, goodwill is deemed not to be impaired and no further testing is necessary. If the fair value of a reporting unit is less than the carrying value, a goodwill impairment loss is recognized for the amount that the carrying amount of a reporting unit, including goodwill, exceeds its fair value limited to the total amount of the goodwill allocated to the reporting unit. Any resulting difference will be a charge to Amortization and impairment of intangible assets in the Consolidated Statements of Income in the period in which the determination is made. Fair value is determined using a combination of present value techniques and market prices of comparable businesses.

We classify our intangible assets acquired as either tradenames, customer-related and contract-based, or technology and other. Amortization basis and estimated useful lives by intangible asset type are generally as follows:

Intangible Asset Description	Amortization Basis	Estimated Useful Life
Tradenames	Straight-line	1 to 3 years
Customer-related and contract-based	In line with underlying cash flows	7 to 20 years
Technology and other	Straight-line	5 to 7 years

Foreign Currency

The Company's Consolidated Financial Statements are presented in U.S. dollars, which is also the Parent Company's functional currency. Certain of the Company's non-U.S. operations use their respective local currency as their functional currency. These operations that do not have the U.S. dollar as their functional currency translate their financial statements at the current rates of exchange in effect at the balance sheet date and revenues and expenses using rates that approximate those in effect during the period. The resulting translation adjustments are included in net foreign currency translation adjustments within the Consolidated Statements of Shareholders' Equity. Gains and losses from the remeasurement of monetary assets and liabilities that are denominated in a non-functional currency are included in Other income (expense) within the Company's Consolidated Statements of Income.

Income Taxes

Deferred income taxes are recognized for the effect of temporary differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted marginal tax rates and laws that are currently in effect. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in the period when the rate change is enacted.

Deferred tax assets are reduced by valuation allowances if, based on the consideration of all available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. Deferred tax assets are realized by having sufficient future taxable income to allow the related tax benefits to reduce taxes otherwise payable. The sources of taxable income that may be available to realize the benefit of deferred tax assets are future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences and carry-forwards, taxable income in carry-back years, and tax planning strategies that are both prudent and feasible.

The Company recognizes the effect of income tax positions only if sustaining those positions is more likely than not. Tax positions that meet the more likely than not recognition threshold but are not highly certain are initially and subsequently measured based on the largest amount of benefit that is greater than 50% likely of being realized upon settlement with the taxing authority. Only information that is available at the reporting date is considered in the Company's recognition and measurement analysis, and events or changes in facts and circumstances are accounted for in the period in which the event or change in circumstance occurs.

The Company records penalties and interest related to unrecognized tax benefits in Income taxes in the Company's Consolidated Statements of Income.

Leases

The Company leases office facilities, equipment, and automobiles under non-cancelable operating and finance leases. The Company's lease obligations are primarily for the use of office facilities. The Company evaluates if a leasing arrangement exists upon inception of a contract. A contract contains a lease if the contract conveys the right to control the use of identified tangible assets for a period of time in exchange for consideration. Identified property, plant, or equipment may include a physically distinct portion of a larger asset, or a portion of an asset that represents substantially all of the capacity of the asset but is not physically distinct. The Company assesses whether a contract implicitly contains the right to control the use of a tangible asset that is not already owned. In addition, the Company subleases certain real estate properties to third parties, which are classified as operating leases.

The Company's leases expire at various dates and may contain renewal and expansion options. The exercise of lease renewal and expansion options are typically at the Company's sole discretion and are only included in the determination of the lease term if the Company is reasonably certain to exercise the option. The Company's leases do not typically contain termination options. In addition, the Company's lease agreements typically do not contain any material residual value guarantees or restrictive covenants.

Right-of-use ("ROU") assets and lease liabilities are based on the present value of the minimum lease payments over the lease term. The Company has elected the practical expedient related to lease and non-lease components, as an accounting policy election for all asset classes, which allows a lessee to not separate non-lease from lease components and instead account for consideration received in a contract as a single lease component.

The Company made a policy election to not recognize ROU assets and lease liabilities that arise from leases with an initial term of twelve months or less on the Consolidated Statements of Financial Position. However, the Company recognized these lease payments in the Consolidated Statements of Income on a straight-line basis over the lease term and variable lease payments in the period in which the expense was incurred. The Company chose to apply this accounting policy across all classes of underlying assets.

A portion of the Company's lease agreements include variable lease payments that are not recorded in the initial measurement of the lease liability and ROU asset balances. For real estate arrangements, base rental payments may be escalated according to annual changes in the Consumer Price Index ("CPI") or other indices. The escalated rental payments based on the estimated CPI at the lease commencement date are included within minimum rental payments; however, changes in CPI are considered variable in nature and are recognized as variable lease costs in the period in which the obligation is incurred. Additionally, real estate lease agreements may include other variable payments related to operating expenses charged by the landlord based on actual expenditures. Information technology equipment agreements may include variable payments based on usage of the equipment. These expenses are also recognized as variable lease costs in the period in which the expense is incurred.

The Company utilizes discount rates to determine the present value of the lease payments based on information available at the commencement date of the lease. As the rate implicit in each lease is not typically readily available, the Company uses an incremental borrowing rate based on factors such as the lease term and the economic environment where the lease exists to determine the appropriate present value of future lease payments. When determining the incremental borrowing rate, the Company considers the rate of interest it would pay on a secured borrowing in an amount equal to the lease payments for the underlying asset under similar terms.

Operating leases are included in Operating lease ROU assets, Other current liabilities, and Non-current operating lease liabilities on the Consolidated Statements of Financial Position. Finance leases are included in Other non-current assets, Other current liabilities, and Other non-current liabilities on the Consolidated Statements of Financial Position.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of Aon plc and those entities in which the Company has a controlling financial interest. To determine if Aon holds a controlling financial interest in an entity, the Company first evaluates if it is required to apply the variable interest entity ("VIE") model to the entity, otherwise, the entity is evaluated under the voting interest model. Where Aon holds rights that give it the power to direct the activities of a VIE that most significantly impact the VIE's economic performance, combined with a variable interest that gives the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, the Company has a controlling financial interest in that VIE. Aon holds a controlling financial interest in entities that are not VIEs where it, directly or indirectly, holds more than 50% of the voting rights or where it exercises control through substantive participating rights or as a general partner.

Critical Accounting Estimates and Judgments

In accordance with our policies, the Company regularly evaluates its estimates, assumptions, and judgments, including, but not limited to, those concerning revenue recognition, pensions, goodwill and other intangible assets, provisions, share-based payments, and income taxes, and bases estimates, assumptions, and judgments on historical experience and on factors the Company believes reasonable under the circumstances. The results involve judgments about the carrying values of assets and liabilities not readily apparent from other sources. If assumptions or conditions change, the actual results reported may differ from these estimates.

New Accounting Pronouncements

Adoption of New Accounting Standards

Cloud Computing Arrangements

In August 2018, the Financial Accounting Standards Board ("FASB") issued new accounting guidance on implementation costs incurred in a cloud computing arrangement that is a service contract. The new guidance aligns capitalization requirements for certain implementation costs incurred in cloud computing arrangements with existing requirements for capitalizing implementation costs for internal-use software. These costs will be deferred over the term of the hosting arrangement, including any optional renewal periods the entity is reasonably certain to exercise. An entity may apply the new guidance on either a prospective or retrospective basis. The new guidance was effective for Aon in the first quarter of 2020 and was adopted on a prospective basis for all implementation costs incurred after the date of initial adoption. The adoption of this guidance had no significant impact on the Financial Statements.

Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued new accounting guidance on simplifying the test for goodwill impairment. Previously the standard required an entity to perform a two-step test to determine the amount, if any, of goodwill impairment. In Step 1, an entity compared the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the entity performed Step 2 and compared the implied fair value of goodwill with the carrying amount of that goodwill for that reporting unit. An impairment charge equal to the amount by which the carrying amount of goodwill for the reporting unit exceeds the implied fair value of that goodwill was recorded, limited to the amount of goodwill allocated to that reporting unit. The new guidance removes Step 2. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. The new guidance was effective for Aon in the first quarter of 2020 and was adopted on a prospective basis. The adoption of this guidance had no impact on the Financial Statements.

Credit Losses

In June 2016, the FASB issued a new accounting standard on the measurement of credit losses on financial instruments. The new standard replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company adopted the new standard as of January 1, 2020 using the modified retrospective approach. Under this approach, prior periods were not restated. Rather, the cumulative effect of initially applying the new standard was recognized as an adjustment to retained earnings. Upon the adoption of this guidance on January 1, 2020, the Company recognized a cumulative adjustment of $6 million to decrease retained earnings.

Simplifying the Accounting for Income Taxes

In December 2019, the FASB issued new accounting guidance that simplifies the accounting for income taxes by removing certain exceptions to the general principles in the existing guidance. It also clarifies certain aspects of the existing guidance to promote more consistent application. The new guidance is effective for Aon in the first quarter of 2021, with early adoption permitted. Different components of the guidance require retrospective, modified retrospective, or prospective adoption. The Company elected to early adopt this guidance in the fourth quarter of 2020 without an impact on the Financial Statements.

Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued new accounting guidance related to the disclosure requirements for employers that sponsor defined benefit pension and other postretirement benefit plans. The guidance requires sponsors of these plans to provide additional disclosures, including weighted average interest rates used in the entity's cash balance pension plans and a narrative description of reasons for any significant gains or losses impacting the benefit obligation for the period, and eliminates certain previous disclosure requirements. The new guidance is effective for Aon for the year ended December 31, 2020 and was adopted retrospectively in the Notes to the Consolidated Financial Statements. There was no significant impact upon adoption.

3. Revenue from Contracts with Customers

Disaggregation of Revenue

The following table summarizes revenue from contracts with customers by principal service line (in millions):

	Years ended December 31	
	2020	2019
Commercial Risk Solutions	$ 4,690	$ 4,673
Reinsurance Solutions	1,814	1,686
Retirement Solutions	1,753	1,817
Health Solutions	1,655	1,667
Data & Analytic Services	1,171	1,184
Elimination	(17)	(14)
Total revenue	$ 11,066	$ 11,013

Consolidated revenue from contracts with customers by geographic area, which is attributed on the basis of where the services are performed, is as follows (in millions):

	Years ended December 31	
	2020	2019
U.S.	$ 5,032	$ 5,016
Americas other than U.S.	911	919
U.K.	1,579	1,502
Ireland	84	75
Europe, Middle East, & Africa other than U.K. and Ireland	2,236	2,263
Asia Pacific	1,224	1,238
Total revenue	$ 11,066	$ 11,013

Contract Costs

Changes in the net carrying amount of costs to fulfill contracts with customers are as follows (in millions):

	2020	2019
Balance at beginning of period	$ 335	$ 329
Additions	1,360	1,453
Amortization	(1,360)	(1,447)
Impairment	—	—
Foreign currency translation and other	4	—
Balance at end of period	$ 339	$ 335

Changes in the net carrying amount of costs to obtain contracts with customers are as follows (in millions):

	2020	2019
Balance at beginning of period	$ 171	$ 156
Additions	61	58
Amortization	(47)	(44)
Impairment	—	—
Foreign currency translation and other	(1)	1
Balance at end of period	$ 184	$ 171

4. Other Financial Data

Consolidated Statements of Income Information

Other Income (Expense)

The components of Other income (expense) are as follows (in millions):

	Years ended December 31	
	2020	2019
Equity earnings	$ 4	$ 4
Disposal of businesses	25	13
Foreign currency remeasurement	(12)	9
Pension and other postretirement	13	9
Financial instruments	(11)	(34)
Extinguishment of debt	(7)	—
Total	$ 12	$ 1

Consolidated Statements of Financial Position Information

Allowance for Doubtful Accounts

Changes in the net carrying amount of allowance for doubtful accounts are as follows (in millions):

	2020	2019
Balance at beginning of period	$ 70	$ 62
Adoption of new accounting guidance [1]	7	—
Adjusted balance at beginning of period	77	62
Provision	29	27
Accounts written off, net of recoveries	(6)	(19)
Foreign currency translation and other	(2)	—
Balance at end of period	$ 98	$ 70

(1) The allowance for doubtful accounts resulted in a $7 million charge from the adoption of the new accounting standard on the measurement of credit losses on January 1, 2020. After tax impacts, this resulted in a $6 million decrease to Retained earnings. Refer to Note 2 "Summary of Significant Accounting Principles and Practices" for further information.

Other Current Assets

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

As of December 31	2020	2019
Costs to fulfill contracts with customers	$ 339	$ 335
Prepaid expense	111	97
Taxes receivable	95	88
Other [1]	79	82
Total	$ 624	$ 602

(1) December 31, 2019 includes $4 million previously classified as "Receivables from the Divested Business".

Other Non-current Assets

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

As of December 31	2020	2019
Costs to obtain contracts with customers	$ 184	$ 171
Taxes receivable	125	102
Investments	74	53
Leases	89	100
Other	138	144
Total	$ 610	$ 570

Other Current Liabilities

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

As of December 31	2020	2019
Taxes payable	$ 80	$ 93
Deferred revenue [1]	296	270
Leases	234	210
Other	561	513
Total	$ 1,171	$ 1,086

(1) $454 million and $532 million was recognized in the Consolidated Statements of Income during the twelve months ended December 31, 2020 and December 31, 2019, respectively.

Other Non-Current Liabilities

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

As of December 31	2020	2019
Taxes payable [1]	$ 561	$ 525
Deferred revenue	76	62
Compensation and benefits	53	49
Leases	65	76
Other	140	165
Total	$ 895	$ 877

(1) Includes $145 million for the non-current portion of the Transition Tax, as of December 31, 2020 and December 31, 2019. Refer to Note 10 "Income Taxes" for further information on the Transition Tax.

5. Restructuring

In 2017, Aon initiated a global restructuring plan (the "Restructuring Plan") in connection with the Divested Business. The Restructuring Plan was intended to streamline operations across the organization and deliver greater efficiency, insight, and connectivity. The Company incurred all remaining costs for the Restructuring Plan, and the Restructuring Plan was closed in the fourth quarter of 2019. As such, for the year ended December 31, 2020, no charges were taken under the Restructuring Plan. For the year ended December 31, 2019, $451 million of restructuring expenses were charged under the Restructuring Plan.

As of December 31, 2019, the remaining liabilities for the Restructuring Plan were $204 million. During the year ended December 31, 2020, the Company made cash payments of $127 million, and the effect of foreign currency translation and other non-cash activity was $32 million, resulting in restructuring liabilities of $45 million as of December 31, 2020.

6. Acquisitions and Dispositions of Businesses

Completed Acquisitions

The Company completed six acquisitions during the year ended December 31, 2020 and three acquisitions during the year ended December 31, 2019. The following table includes the preliminary fair values of consideration transferred, assets acquired, and liabilities assumed as a result of the Company's acquisitions (in millions):

		For the year ended December 31, 2020
Consideration transferred		
Cash	$	385
Deferred, contingent, and other consideration		34
Aggregate consideration transferred	$	419
Assets acquired		
Cash and cash equivalents	$	17
Receivables, net		19
Goodwill		314
Intangible assets, net		83
Current assets		16
Non-current assets		12
Total assets acquired		461
Liabilities assumed		
Current liabilities		27
Non-current liabilities		15
Total liabilities assumed		42
Net assets acquired	$	419

Intangible assets are primarily technology and customer-related and contract-based assets. Those intangible assets acquired as part of a business acquisition in 2020 had a weighted average useful economic life of 6 years. Acquisition related costs incurred and recognized within Other general expense for the year ended December 31, 2020 were $7 million. Total revenue for these acquisitions included in the Company's Consolidated Profit and Loss Accounts for the year ended December 31, 2020 was approximately $44 million.

The results of operations of these acquisitions are included in the Consolidated Financial Statements as of the respective acquisition dates. The Company's results of operations would not have been materially different if these acquisitions had been reported from the beginning of the period in which they were acquired.

2020 Acquisitions

On April 6, 2020, the Company completed the acquisition of 100% share capital of Farmington Administrative Services LLC, a U.S.-based national provider of enrollment solutions and voluntary benefits, and certain assets of other Farmington companies.

On January 31, 2020, the Company completed the acquisition of 100% share capital of Cytelligence Inc., a Canadian-based cyber security firm that provides incident response advisory, digital forensic expertise, security consulting services, and cyber security training for employees to help organizations respond to cyber security threats and strengthen their security position.

On January 3, 2020, the Company completed the acquisition of 100% share capital of CoverWallet, Inc., a U.S.-based digital insurance platform for small- and medium-sized businesses.

On January 1, 2020, the Company completed the acquisition of 100% share capital of TRIUM GmbH Insurance Broker, an insurance broker based in Germany.

On January 1, 2020, the Company completed the acquisition of 100% share capital of Assimedia SA, an insurance broker based in Switzerland.

On January 1, 2020, the Company completed the acquisition of 100% share capital of Apollo Conseil et Courtage, an insurance broker based in France.

2019 Acquisitions

On July 31, 2019, the Company completed the transaction to acquire Ovatio Courtage SAS, an insurance broker based in France.

On July 31, 2019, the Company completed the transaction to acquire Zalba-Caldu Correduria de Seguros, S.A., a Spanish insurance broker.

On January 1, 2019, the Company completed the transaction to acquire Chapka Assurances SAS based in France.

Completed Dispositions

The Company completed one disposition during the year ended December 31, 2020. The Company completed eight dispositions during the year ended December 31, 2019.

Total pretax gains, net of losses, for the years ended December 31, 2020 and 2019 were $25 million and $13 million, respectively. Gains and losses recognized as a result of a disposition are included in Other income (expense) in the Consolidated Statements of Income.

Other Significant Activity

On March 9, 2020, Aon and WTW, entered into the Combination, which is expected to close in the first half of 2021, subject to regulatory approval and other customary closing conditions. Refer to the “Business Combination Agreement” section within the Directors’ Report for further information.

7. Goodwill and Other Intangible Assets

The changes in the net carrying amount of goodwill for the years ended December 31, 2020 and 2019, respectively, are as follows (in millions):

	Total
Balance as of January 1, 2019	$ 8,171
Goodwill related to current year acquisitions	34
Goodwill related to disposals	(11)
Goodwill related to prior year acquisitions	2
Foreign currency translation	(31)
Balance as of December 31, 2019	$ 8,165
Balance as of January 1, 2020	$ 8,165
Goodwill related to current year acquisitions	314
Goodwill related to disposals	(3)
Foreign currency translation	190
Balance as of December 31, 2020	$ 8,666

Other Intangible Assets

The changes in other intangible assets for the years ended December 31, 2020 and 2019 are as follows (in millions):

	Tradenames	Customer related and contract based	Technology and other	Total
Balance as of January 1, 2020	$ 73	$ 664	$ 46	$ 783
Additions	—	—	—	—
Acquisitions	2	30	51	83
Disposals	—	(2)	—	(2)
Amortization and impairment of intangible assets	(84)	(138)	(24)	(246)
Foreign currency translation and other	10	8	4	22
Balance as of December 31, 2020	$ 1	$ 562	$ 77	$ 640
Balance as of December 31, 2020				
Cost	$ 14	$ 2,337	$ 435	$ 2,786
Accumulated amortization	(13)	(1,775)	(358)	(2,146)
Intangible assets, net	$ 1	$ 562	$ 77	$ 640
Balance as of January 1, 2019	$ 287	$ 796	$ 66	$ 1,149
Additions	—	12	—	12
Acquisitions	—	22	—	22
Disposals	—	(6)	(2)	(8)
Amortization and impairment of intangible assets	(221)	(154)	(17)	(392)
Foreign currency translation and other	7	(6)	(1)	—
Balance as of December 31, 2019	$ 73	$ 664	$ 46	$ 783
Balance as of December 31, 2019				
Cost	$ 1,029	$ 2,264	$ 380	$ 3,673
Accumulated amortization	(956)	(1,600)	(334)	(2,890)
Intangible assets, net	$ 73	$ 664	$ 46	$ 783

8. Debt

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

As of December 31	2020	2019
Commercial paper	$ —	$ 112
5.00% Senior Notes due September 2020	—	600
2.80% Senior Notes due March 2021 (1)	400	399
2.20% Senior Notes due November 2022	498	497
4.00% Senior Notes due November 2023	349	348
3.50% Senior Notes due June 2024	597	597
3.875% Senior Notes due December 2025	747	746
2.875% Senior Notes due May 2026 (EUR 500M)	606	550
8.205% Junior Subordinated Notes due January 2027	521	521
4.50% Senior Notes due December 2028	347	346
3.75% Senior Notes due May 2029	744	744
2.80% Senior Notes due May 2030	992	—
6.25% Senior Notes due September 2040	296	296
4.25% Senior Notes due December 2042	200	199
4.45% Senior Notes due May 2043	247	246
4.60% Senior Notes due June 2044	544	544
4.75% Senior Notes due May 2045	593	593
Other	48	1
Total debt	7,729	7,339
Less: Short-term debt and current portion of long-term debt	448	712
Total long-term debt	$ 7,281	$ 6,627

(1) The 2.80% Senior Notes due March 2021 were repaid in full on February 16, 2021.

Notes

On May 29, 2020, Aon Corporation, a Delaware corporation and a wholly owned subsidiary of Aon Corporation, issued an irrevocable notice of redemption to holders of its 5.00% Senior Notes, which were set to mature on September 30, 2020, for the redemption of all $600 million outstanding aggregate principal amount of the notes. The redemption date was on June 30, 2020 and resulted in a loss of $7 million due to extinguishment.

On May 12, 2020, Aon Corporation issued $1 billion 2.80% Senior Notes due May 2030. Aon Corporation used a portion of the net proceeds on June 30, 2020 to repay its outstanding 5.00% Senior Notes, which were set to mature on September 30, 2020. The Company intends to use the remainder to repay other borrowings and for general corporate purposes.

In March 2020, the Company's $400 million 2.80% Senior Notes due March 2021 were classified as Short-term debt and current portion of long-term debt in the Consolidated Statements of Financial Position as the date of maturity is in less than one year.

On November 15, 2019, Aon Corporation issued $500 million 2.20% Senior Notes due November 2022. The Company used the net proceeds of the offering to pay down a portion of outstanding commercial paper and for general corporate purposes.

On May 2, 2019, Aon Corporation issued $750 million 3.75% Senior Notes due May 2029. The Company used the net proceeds of the offering to pay down a portion of outstanding commercial paper and for general corporate purposes.

Each of the notes issued by Aon Corporation is fully and unconditionally guaranteed by Aon Global Limited, Aon plc, and Aon Global Holding plc. Each of the notes issued by Aon Global Limited is fully and unconditionally guaranteed by Aon plc, Aon Global Holdings plc, and Aon Corporation. Each of the notes described and identified in the table above contains customary representations, warranties, and covenants, and the Company was in compliance with all such covenants as of December 31, 2020.

Subsequent Events

On January 13, 2021, Aon Global Limited, a limited company organized under the laws of England and Wales and a wholly owned subsidiary of Aon plc, issued an irrevocable notice of redemption to holders of its 2.80% Senior Notes, which were set to mature in March 2021, for the redemption of all $400 million outstanding aggregate principal amount of the notes. The redemption date was on February 16, 2021 and resulted in an insignificant loss due to extinguishment.

Repayments of total debt as of December 31, 2020 are as follows (in millions):

2021	$	448
2022		500
2023		350
2024		600
2025		750
Thereafter		5,187
Total Repayments		7,835
Unamortized discounts, premiums, and debt issuance costs		(106)
Total Debt	$	7,729

Revolving Credit Facilities

As of December 31, 2020, Aon plc had two primary committed credit facilities outstanding: its $900 million multi-currency U.S. credit facility expiring in February 2022 and its $750 million multi-currency U.S. credit facility expiring in October 2023. Effective February 27, 2020, the $750 million multi-currency U.S. credit facility was increased by $350 million from the original $400 million. In aggregate, these two facilities provide $1.65 billion in available credit.

Each of these primary committed credit facilities includes customary representations, warranties, and covenants, including financial covenants that require Aon to maintain specified ratios of adjusted consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly. At December 31, 2020, Aon did not have borrowings under either of these primary committed credit facilities, and was in compliance with the financial covenants and all other covenants contained therein during the rolling 12 months ended December 31, 2020.

Commercial Paper

Aon Corporation has established a U.S. commercial paper program (the "U.S. Program") and Aon Global Holdings plc has established a European multi-currency commercial paper program (the "European Program" and, together with the U.S. Program, the "Commercial Paper Programs"). On April 1, 2020 the Company entered into an agreement increasing the aggregate outstanding borrowings under the U.S. Program by $300 million, to an aggregate amount equal to $900 million. On August 5, 2020, Aon Global Holdings plc established the European Program with aggregate amount equal to €625 million. Subsequently on September 30, 2020, a European multi-currency commercial paper program previously established by Aon Global Limited, which had an aggregate amount equal to €525 million, was withdrawn. The Commercial Paper Programs remain fully backed by the committed credit facilities.

Commercial paper may be issued in aggregate principal amounts of up to $900 million under the U.S. Program and €625 million under the European Program, not to exceed the amount of the Company's committed credit facilities, which was $1.65 billion at December 31, 2020. In connection with the Ireland Reorganization, on April 1, 2020, Aon plc and Aon Global Holdings plc, a company incorporated under the laws of England and Wales, entered into various agreements pursuant to which they agreed to guarantee the U.S. Program, which was previously solely guaranteed by Aon Global Limited, and the European Program, which was previously solely guaranteed by Aon Corporation. As of December 31, 2020, the U.S. Program was fully and unconditionally guaranteed by Aon plc, Aon Global Limited and Aon Global Holdings plc and the European Program was fully and unconditionally guaranteed by Aon plc, Aon Global Limited, and Aon Corporation.

Commercial paper outstanding, which is included in Short-term debt and current portion of long-term debt in the Company's Consolidated Statements of Financial Position, is as follows (in millions):

As of December 31	2020	2019
Commercial paper outstanding	$ —	$ 112

The weighted average commercial paper outstanding and its related interest rates are as follows (in millions, except percentages):

	Years Ended December 31	
	2020	2019
Weighted average commercial paper outstanding	$ 343	$ 511
Weighted average interest rate of commercial paper outstanding	1.47 %	0.27 %

Subsequent Events

As of March 26, 2021, the Company had $200 million of commercial paper borrowings outstanding on the U.S. commercial paper program.

9. Lease Commitments

The classification of operating and finance lease asset and liability balances within the Consolidated Statements of Financial Position is as follows (in millions):

As of December 31		2020	2019
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 911	$ 929
Finance lease assets	Other non-current assets	89	100
Total lease assets		$ 1,000	$ 1,029
Liabilities			
Current lease liabilities			
Operating	Other current liabilities	$ 204	$ 186
Finance	Other current liabilities	30	24
Non-current lease liabilities			
Operating	Non-current operating lease liabilities	897	944
Finance	Other non-current liabilities	65	76
Total lease liabilities		$ 1,196	$ 1,230

The components of lease costs are as follows (in millions):

	Years Ended December 31	
	2020	2019
Operating lease cost	$ 221	$ 234
Finance lease costs		
Amortization of leased assets	25	26
Interest on lease liabilities	3	2
Variable lease cost	48	60
Short-term lease cost (1)	10	5
Sublease income	(32)	(32)
Net lease cost	$ 275	$ 295

(1) Short-term lease cost does not include expenses related to leases with a lease term of one month or less.

Weighted average remaining lease term and discount rate related to operating and finance leases are as follows:

As of December 31	2020	2019
Weighted average remaining lease term (years)		
Operating leases	7.4	7.9
Finance leases	4.2	4.4
Weighted average discount rate		
Operating leases	2.9 %	3.2 %
Finance leases	1.0 %	2.0 %

Other cash and non-cash related activities are as follows (in millions):

	Years Ended December 31	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$ 236	$ 264
Financing cash flows for finance leases	$ 12	$ 17
Non-cash related activities		
ROU assets obtained in exchange for new operating lease liabilities	$ 146	$ 155
ROU assets obtained in exchange for new finance lease liabilities	$ 13	$ 48
Operating lease ROU asset expense [(1)]	$ 178	$ 195
Changes in Non-current operating lease liabilities [(1)]	$ (47)	$ (70)

The Company has recorded non-cash changes in Operating lease ROU assets and Non-current operating lease liabilities through Other assets and liabilities in Cash flows from operations within the Consolidated Statement of Cash Flows.

Maturity analysis of operating and finance leases as of December 31, 2020 are as follows (in millions):

	Operating Leases	Finance Leases	Total
2021	$ 226	$ 31	$ 257
2022	209	20	229
2023	160	18	178
2024	130	18	148
2025	110	10	120
Thereafter	382	—	382
Total undiscounted future minimum lease payments	1,217	97	1,314
Less: Imputed interest	(116)	(2)	(118)
Present value of lease liabilities	$ 1,101	$ 95	$ 1,196

10. Income Taxes

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

Years ended December 31	2020	2019
Income (loss) before income taxes:		
Ireland	$ (86)	$ 200
U.K.	634	228
U.S.	(29)	(219)
Other	1,946	1,662
Total	$ 2,465	$ 1,871
Income tax expense:		
Current:		
Ireland	$ 2	$ 1
U.K.	30	20
U.S. federal	126	22
U.S. state and local	22	41
Other	259	249
Total current tax expense	$ 439	$ 333
Deferred tax expense (benefit):		
Ireland	$ (1)	$ (1)
U.K.	39	35
U.S. federal	(72)	(20)
U.S. state and local	(4)	(27)
Other	47	(23)
Total deferred tax expense (benefit)	$ 9	$ (36)
Total income tax expense	$ 448	$ 297

Income before income taxes shown above is based on the location of the business unit to which such earnings are attributable for tax purposes. In addition, because the earnings shown above may, in some cases, be subject to taxation in more than one country, the income tax provision shown above as Ireland, U.K., U.S. or Other may not correspond to the geographic attribution of the earnings.

The Company performs a reconciliation of the income tax provisions based on its domicile and statutory rate at each reporting period. Due to the Ireland Reorganization, the 2020 reconciliation is based on the Irish statutory corporate tax rate of 25.0%, while the 2019 reconciliation is based on the U.K. statutory corporate tax rate of 19.0%. The reconciliation to the provisions from continuing operations reflected in the Consolidated Financial Statements is as follows:

Years ended December 31	2020	2019
Statutory tax rate	25.0%	19.0%
U.S. state income taxes, net of U.S. federal benefit	1.0	0.5
Taxes on international operations (1) (4)	(9.8)	(6.0)
Nondeductible expenses	2.1	1.6
Adjustments to prior year tax requirements (4)	—	0.1
Deferred tax adjustments, including statutory rate changes	0.7	—
Deferred tax adjustments, international earnings	0.7	—
Adjustments to valuation allowances	—	1.8
Change in uncertain tax positions	1.5	2.2
Excess tax benefits related to shared based compensation (2)	(2.2)	(2.8)
U.S. Tax Reform impact (3)	—	(0.3)
Loss on disposition	—	—
Capital Losses	(1.8)	—
Non-deductible transaction costs	1.3	—
Other — net	(0.3)	(0.2)
Effective tax rate	18.2%	15.9%

1. The Company determines the adjustment for taxes on international operations based on the difference between the statutory tax rate applicable to earnings in each foreign jurisdiction and the enacted rate of 25.0% and 19.0% at December 31, 2020 and 2019, respectively. The benefit to the Company's effective income tax rate from taxes on international operations relates to benefits from lower-taxed global operations, primarily due to the use of global funding structures and the tax holiday in Singapore.
2. Excess tax benefits and deficiencies from share-based payment transactions are recognized as income tax expense or benefit in the Company's Consolidated Statements of Income.
3. The impact of the Tax Reform Act including the Transition Tax, the re-measurement of U.S. deferred tax assets and liabilities from 35% to 21%, withholding tax accruals, and the allocation of tax benefit between continuing operations and discontinued operations related to utilization of foreign tax credits.
4. In July 2020, final U.S. tax regulations were issued regarding the global intangible low-tax income ("GILTI") high tax election, allowing taxpayers to exclude from GILTI the income of a Controlled Foreign Corporation that incurs a foreign tax rate more than 90% of the top U.S. corporate tax rate. A GILTI high tax election may be made on an annual basis, and taxpayers may choose to apply the election to taxable years beginning after December 31, 2017. The Company expects to make the GILTI high-tax election for 2020 and 2019 and therefore recorded the impact of making the election for both years.

The Company has elected to account for global intangible low-taxed income ("GILTI") in the period in which it is incurred, and therefore has not provided deferred tax impacts of GILTI in its Consolidated Financial Statements.

The components of the Company's deferred tax assets and liabilities are as follows (in millions):

As of December 31	2020	2019
Deferred tax assets:		
Net operating loss, capital loss, interest, and tax credit carryforwards	$ 653	$ 440
Employee benefit plans	312	373
Lease liabilities	248	247
Other accrued expenses	103	68
Deferred revenue	36	24
Investment basis differences	28	28
Lease and service guarantees	2	3
Accrued interest	—	116
Other	54	57
Total	1,436	1,356
Valuation allowance on deferred tax assets	(205)	(200)
Total	$ 1,231	$ 1,156
Deferred tax liabilities:		
Intangibles and property, plant and equipment	$ (291)	$ (251)
Lease right-of-use asset	(211)	(219)
Deferred costs	(141)	(128)
Unremitted earnings	(37)	(28)
Unrealized foreign exchange gains	(26)	(26)
Other accrued expenses	(22)	(25)
Other	(41)	(33)
Total	$ (769)	$ (710)
Net deferred tax asset	$ 462	$ 446

Deferred income taxes (assets and liabilities have been netted by jurisdiction) have been classified in the Consolidated Statements of Financial Position as follows (in millions):

As of December 31	2020	2019
Deferred tax assets — non-current	$ 724	$ 645
Deferred tax liabilities — non-current	(262)	(199)
Net deferred tax asset	$ 462	$ 446

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized and adjusts the valuation allowance accordingly. Considerations with respect to the realizability of deferred tax assets include the period of expiration of the deferred tax asset, historical earnings and projected future taxable income by jurisdiction as well as tax liabilities for the tax jurisdiction to which the tax asset relates. Significant management judgment is required in determining the assumptions and estimates related to the amount and timing of future taxable income. Valuation allowances have been established primarily with regard to the tax benefits of certain net operating loss, capital loss, and interest carryforwards. Valuation allowances increased by $5 million as of December 31, 2020, when compared to December 31, 2019. The change is primarily attributable to an increase in valuation allowances related to capital losses carryforwards offset by the release of the valuation allowance related to certain interest carryforwards.

The Company generally intends to limit distributions from foreign subsidiaries to earnings previously taxed in the U.S., primarily as a result of the Transition Tax or GILTI, or to repatriations that would otherwise not generate a U.S. tax liability. As of December 31, 2020, the Company has accrued $37 million for local country income taxes, withholding taxes and state income taxes on those undistributed earnings that are not indefinitely reinvested. The Company has not provided for deferred taxes on outside basis differences in our investments in our foreign subsidiaries that are unrelated to these accumulated undistributed earnings, as these outside basis differences are indefinitely reinvested. A determination of the unrecognized deferred taxes related to these other components of our outside basis differences is not practicable.

The Company had the following net operating loss, capital loss, and interest carryforwards (in millions):

As of December 31	2020	2019
U.K.		
Operating loss carryforwards	$ 266	$ 438
Capital loss carryforwards	$ 577	$ 411
Interest carryforwards	$ 121	$ 203
U.S.		
Federal operating loss carryforwards	$ 49	$ 1
Federal capital loss carryforwards	$ 112	$ 112
Federal interest carryforwards	$ 1,220	$ 355
State operating loss carryforwards	$ 378	$ 376
State capital loss carryforwards	$ 123	$ 123
State interest carryforwards	$ 573	$ 172
Other Non-U.S.		
Operating loss carryforwards	$ 400	$ 308
Capital loss carryforwards	$ 42	$ 29
Interest carryforwards	$ 34	$ 159

The U.K. operating losses, capital losses, and interest carryforward each have an indefinite carryforward period. The federal operating loss carryforwards generated through December 31, 2017 expire at various dates between 2034 and 2036 while federal operating loss carryforwards generated after this date have indefinite carryforward periods. State net operating losses as of December 31, 2020 have various carryforward periods and will begin to expire in 2021. Federal and state capital losses can be carried forward until 2023. Federal and state interest carryforwards have indefinite carryforward periods. Operating and capital losses in other non-U.S. jurisdictions have various carryforward periods and will begin to expire in 2021. The interest carryforwards in other non-U.S. jurisdictions have various carryforward periods and will begin to expire in 2025.

During 2012, the Company was granted a tax holiday for the period from October 1, 2012 through September 30, 2022, with respect to withholding taxes and certain income derived from services in Singapore. This tax holiday and reduced withholding tax rate may be extended when certain conditions are met or may be terminated early if certain conditions are not met. The benefit realized was approximately $97 million and $90 million during the years ended December 31, 2020 and 2019, respectively. The impact of this tax holiday on diluted earnings per share was $0.42 and $0.37 during the years ended December 31, 2020 and 2019, respectively.

Uncertain Tax Positions

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

	2020	2019
Balance at January 1	$ 299	$ 279
Additions based on tax positions related to the current year	25	23
Additions for tax positions of prior years	7	12
Reductions for tax positions of prior years	(3)	(5)
Settlements	—	(5)
Business combinations	—	—
Lapse of statute of limitations	(7)	(5)
Foreign currency translation	—	—
Balance at December 31	$ 321	$ 299

The Company's liability for uncertain tax positions as of December 31, 2020 and 2019 includes $270 million and $248 million, respectively, related to amounts that would impact the effective tax rate if recognized. It is possible that the amount of unrecognized tax benefits may change in the next twelve months; however, the Company does not expect the change to have a significant impact on its Consolidated Statements of Income or Consolidated Statements of Financial Position. These changes may be the result of settlements of ongoing audits. At this time, an estimate of the range of the reasonably possible outcomes within the twelve months cannot be made.

The Company recognizes interest and penalties related to uncertain tax positions in its provision for income taxes. The Company accrued potential interest and penalties of $21 million and $24 million in 2020 and 2019, respectively. The Company recorded a liability for interest and penalties of $120 million and $99 million as of December 31, 2020 and 2019, respectively.

The Company and its subsidiaries file income tax returns in their respective jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 2007. Material U.S. state and local income tax jurisdiction examinations have been concluded for years through 2008. The Company has concluded income tax examinations in its primary non-U.S. jurisdictions through 2008.

11. Shareholders' Equity

Distributable Profits

The Company is required under Irish law to have available "distributable profits" to make share repurchases or pay dividends to shareholders. Distributable profits are created through the earnings of the Irish parent company and, among other methods, through intercompany dividends or a reduction in share capital approved by the High Court of Ireland. Distributable profits are not linked to a U.S. GAAP reported amount (e.g., retained earnings). Following the Ireland Reorganization, we must reestablish distributable profits of the parent entity and will regularly create distributable profits as required to meet our capital needs. As of December 31, 2020 and 2019 (associated with Aon Global Limited), the Company had distributable profits in excess of $0.2 billion and $32.4 billion, respectively. We believe that we have the ability to create sufficient distributable profits for the foreseeable future.

Ordinary Shares

Aon has a share repurchase program authorized by the Company's Board of Directors. The Repurchase Program was established in April 2012 with $5.0 billion in authorized repurchases, and was increased by $5.0 billion in authorized repurchases in each of November 2014, June 2017, and November 2020 for a total of $20.0 billion in repurchase authorizations.

Under the Repurchase Program, the Company's Class A Ordinary Shares may be repurchased through the open market or in privately negotiated transactions, from time to time, based on prevailing market conditions, and will be funded from available capital.

The following table summarizes the Company's share repurchase activity (in millions, except per share data):

	Twelve months ended December 31	
	2020	2019
Shares repurchased	8.5	10.5
Average price per share	$ 206.28	$ 186.33
Costs recorded to retained earnings		
Total repurchase cost	$ 1,761	$ 1,950
Additional associated costs	2	10
Total costs recorded to retained earnings	$ 1,763	$ 1,960

Due to COVID-19 the Company temporarily suspended share repurchases in the second quarter and resumed the Repurchase Program during the third quarter of 2020. At December 31, 2020, the remaining authorized amount for share repurchases under the Repurchase Program was approximately $5.3 billion. Under the Repurchase Program, the Company has repurchased a total of 137.3 million shares for an aggregate cost of approximately $14.7 billion.

Net Income Per Share

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

Years ended December 31	2020	2019
Basic weighted average ordinary shares outstanding	231.9	238.6
Dilutive effect of potentially issuable shares	1.2	2.0
Diluted weighted average ordinary shares outstanding	233.1	240.6

Potentially issuable shares are not included in the computation of Diluted net income per share attributable to Aon shareholders if their inclusion would be antidilutive. There were no shares excluded from the calculation in any of the years presented.

Accumulated Other Comprehensive Loss

Changes in Accumulated other comprehensive loss by component, net of related tax, are as follows (in millions):

	Change in Fair Value of Financial Instruments (1)	Foreign Currency Translation Adjustments	Postretirement Benefit Obligation (2)	Total
Balance at December 31, 2018	$ (15)	$ (1,319)	$ (2,575)	$ (3,909)
Other comprehensive income (loss) before reclassifications				
Other comprehensive income (loss) before reclassifications	(10)	15	(287)	(282)
Tax benefit (expense)	1	(1)	58	58
Other comprehensive income (loss) before reclassifications, net	(9)	14	(229)	(224)
Amounts reclassified from accumulated other comprehensive income (loss)				
Amounts reclassified from accumulated other comprehensive income (loss)	14	—	109	123
Tax benefit (expense)	(2)	—	(21)	(23)
Amounts reclassified from accumulated other comprehensive income (loss), net (3)	12	—	88	100
Net current period other comprehensive income (loss)	3	14	(141)	(124)
Balance at December 31, 2019	(12)	(1,305)	(2,716)	(4,033)
Other comprehensive income (loss) before reclassifications				
Other comprehensive income (loss) before reclassifications	1	258	(255)	4
Tax benefit (expense)	—	2	60	62
Other comprehensive income (loss) before reclassifications, net	1	260	(195)	66
Amounts reclassified from accumulated other comprehensive income (loss)				
Amounts reclassified from accumulated other comprehensive income (loss)	15	—	125	140
Tax benefit (expense)	(3)	—	(31)	(34)
Amounts reclassified from accumulated other comprehensive income (loss), net (3)	12	—	94	106
Net current period other comprehensive income (loss)	13	260	(101)	172
Balance at December 31, 2020	$ 1	$ (1,045)	$ (2,817)	$ (3,861)

1. Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Total revenue, Interest expense, and Compensation and benefits in the Consolidated Statements of Income. Refer to Note 14 “Derivatives and Hedging” for further information regarding the Company’s derivative and hedging activity.
2. Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Other income (expense) in the Consolidated Statements of Income.
3. It is the Company’s policy to release income tax effects from Accumulated other comprehensive loss using the portfolio approach.

12. Employee Benefits

Defined Contribution Savings Plans

Aon maintains defined contribution savings plans for the benefit of its employees. The expense recognized for these plans is included in Compensation and benefits in the Consolidated Statements of Income. The expense for the significant plans in the U.S., U.K., Netherlands, and Canada is as follows (in millions):

Years ended December 31	2020	2019
U.S.	$ 87	$ 98
U.K.	42	41
Netherlands and Canada	26	25
Total	$ 155	$ 164

Pension and Other Postretirement Benefits

The Company sponsors defined benefit pension and postretirement health and welfare plans that provide retirement, medical, and life insurance benefits. The postretirement health care plans are contributory, with retiree contributions adjusted annually, and the life insurance and pension plans are generally noncontributory. The significant U.S., U.K., Netherlands, and Canada pension plans are closed to new entrants.

Pension Plans

The following tables provide a reconciliation of the changes in the projected benefit obligations and fair value of assets for the years ended December 31, 2020 and 2019, and a statement of the funded status as of December 31, 2020 and 2019, for Aon's significant U.K., U.S., and other major pension plans, which are located in the Netherlands and Canada. These plans represent approximately 91% of the Company's projected benefit obligations.

(millions)	U.K. 2020	U.K. 2019	U.S. 2020	U.S. 2019	Other 2020	Other 2019
Change in projected benefit obligation						
At January 1	$ 4,779	$ 4,129	$ 3,192	$ 2,877	$ 1,425	$ 1,271
Service cost	—	—	—	—	—	—
Interest cost	88	109	85	108	19	27
Plan amendment	3	10	—	—	—	—
Settlements	(7)	(22)	—	—	—	—
Actuarial loss (gain)	520	594	274	373	112	177
Benefit payments	(209)	(168)	(171)	(166)	(44)	(42)
Foreign currency impact	232	127	—	—	113	(8)
As of December 31	$ 5,406	$ 4,779	$ 3,380	$ 3,192	$ 1,625	$ 1,425
Accumulated benefit obligation at end of year	$ 5,406	$ 4,779	$ 3,380	$ 3,192	$ 1,592	$ 1,391
Change in fair value of plan assets						
At January 1	$ 5,959	$ 5,225	$ 2,066	$ 1,796	$ 1,303	$ 1,155
Actual return on plan assets	618	687	289	398	109	182
Employer contributions	8	78	92	38	20	19
Settlements	(7)	(22)	—	—	—	—
Benefit payments	(209)	(168)	(171)	(166)	(44)	(42)
Foreign currency impact	283	159	—	—	109	(11)
As of December 31	$ 6,652	$ 5,959	$ 2,276	$ 2,066	$ 1,497	$ 1,303
Market related value at end of year	$ 6,652	$ 5,959	$ 2,076	$ 1,969	$ 1,497	$ 1,303
Amount recognized in Balance Sheets as of December 31						
Funded status	$ 1,246	$ 1,180	$ (1,104)	$ (1,126)	$ (128)	$ (122)
Unrecognized prior-service cost	43	40	—	1	(7)	(6)
Unrecognized loss	1,286	1,204	1,812	1,762	521	460
Net amount recognized	$ 2,575	$ 2,424	$ 708	$ 637	$ 386	$ 332

During 2020 and 2019, the net actuarial losses increased the benefit obligation primarily due to the decrease in discount rates.

In November 2020, the Company entered into an insurance contract that covers a portion of the assets within a select U.K. pension scheme. The transaction resulted in a decrease in Prepaid pension assets and Accumulated other comprehensive income of $94 million.

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

	U.K. 2020	U.K. 2019	U.S. 2020	U.S. 2019	Other 2020	Other 2019
Prepaid benefit cost [1]	$ 1,268	$ 1,200	$ —	$ —	$ —	$ —
Accrued benefit liability - current [2]	(1)	(1)	(52)	(50)	(5)	(5)
Accrued benefit liability - non-current [3]	(21)	(19)	(1,052)	(1,076)	(123)	(117)
Accumulated other comprehensive loss	1,329	1,244	1,812	1,763	514	454
Net amount recognized	$ 2,575	$ 2,424	$ 708	$ 637	$ 386	$ 332

1. Included in Prepaid pension
2. Included in Other current liabilities
3. Included in Pension, other postretirement, and postemployment liabilities

Amounts recognized in Accumulated other comprehensive loss (income) that have not yet been recognized as components of net periodic benefit cost at December 31, 2020 and 2019 consist of (in millions):

	U.K.		U.S.		Other	
	2020	2019	2020	2019	2020	2019
Net loss	$ 1,286	$ 1,204	$ 1,812	$ 1,762	$ 521	$ 460
Prior service cost (income)	43	40	—	1	(7)	(6)
Total	$ 1,329	$ 1,244	$ 1,812	$ 1,763	$ 514	$ 454

In 2020, U.S. plans with a projected benefit obligation ("PBO") and an accumulated benefit obligation ("ABO") in excess of the fair value of plan assets had a PBO of $3.3 billion, an ABO of $3.3 billion, and plan assets with a fair value of $2.2 billion. U.K. plans with a PBO and an ABO in excess of the fair value of plan assets had a PBO of $54 million, an ABO of $54 million and plan assets with a fair value of $32 million. Other plans with a PBO in excess of the fair value of plan assets had a PBO of $1.6 billion and plan assets with a fair value of $1.4 billion, and other plans with an ABO in excess of the fair value of plan assets had an ABO of $443 million and plan assets with a fair value of $342 million.

In 2019, U.S. plans with a PBO and an ABO in excess of the fair value of plan assets had a PBO of $3.1 billion, an ABO of $3.1 billion, and plan assets of $2.0 billion. U.K. plans with a PBO and an ABO in excess of the fair value of plan assets had a PBO of $54 million, an ABO of $54 million and plan assets with a fair value of $34 million. Other plans with a PBO in excess of the fair value of plan assets had a PBO of $1.4 billion and plan assets with a fair value of $1.3 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $406 million and plan assets with a fair value of $311 million.

Service cost is reported in Compensation and benefits and all other components are reported in Other income (expense) as follows (in millions):

	U.K.		U.S.		Other	
	2020	2019	2020	2019	2020	2019
Service cost	$ —	$ —	$ —	$ —	$ —	$ —
Interest cost	88	109	85	108	19	27
Expected return on plan assets, net of administration expenses	(159)	(191)	(134)	(136)	(34)	(40)
Amortization of prior-service cost	2	1	1	2	—	—
Amortization of net actuarial loss	30	29	68	53	12	12
Net periodic benefit (income) cost	(39)	(52)	20	27	(3)	(1)
Settlement expense	2	5	—	—	—	—
Total net periodic benefit cost (income)	$ (37)	$ (47)	$ 20	$ 27	$ (3)	$ (1)

The Company uses a full-yield curve approach in the estimation of the service and interest cost components of net periodic pension and postretirement benefit cost for its major pension and other postretirement benefit plans. This estimation was obtained by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

Transfer payments from certain U.K. pension plans exceeded the plan's service and interest cost in 2020 and 2019. This triggered settlement accounting which required immediate recognition of a portion of the accumulated losses associated with the plan. Consequently, the Company recognized a non-cash settlement charge for approximately £2 million in 2020 ($2 million using December 31, 2020 exchange rates) and approximately £4 million in 2019 ($5 million using December 31, 2019 exchange rates).

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

	U.K.		U.S. [1]		Other	
	2020	2019	2020	2019	2020	2019
Discount rate	1.45%	2.09%	1.74 - 2.45%	2.72 - 3.17%	0.38 - 2.47%	0.91 - 3.10%
Rate of compensation increase	3.22 - 3.72%	3.24 - 3.74%	N/A	N/A	1.00 - 3.00%	1.00 - 3.00%
Underlying price inflation	2.12%	1.78%	N/A	N/A	2.00%	2.00%

1. U.S. pension plans are frozen and therefore not impacted by compensation increases or price inflation.

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

	U.K.		U.S.		Other	
	2020	2019	2020	2019	2020	2019
Discount rate	1.89%	2.95%	2.36 - 2.76%	3.92 - 4.26%	0.74 - 2.90%	1.89 - 3.88%
Expected return on plan assets, net of administration expenses	2.74%	3.64%	3.30 - 7.04%	7.05%	2.10 - 3.10%	2.50 - 4.10%
Rate of compensation increase	3.24 - 3.74%	3.73 - 4.23%	N/A	N/A	1.00 - 3.00%	1.00 - 3.00%

Expected Return on Plan Assets

To determine the expected long-term rate of return on plan assets, the historical performance, investment community forecasts, and current market conditions are analyzed to develop expected returns for each asset class used by the plans. The expected returns for each asset class are weighted by the target allocations of the plans. The expected return of 7.04% on U.S. plan assets reflects a portfolio that is seeking asset growth through a higher equity allocation while maintaining prudent risk levels. The portfolio contains certain assets that have historically resulted in higher returns, as well as other financial instruments to minimize downside risk.

No plan assets are expected to be returned to the Company during 2021.

Fair value of plan assets

The Company determined the fair value of plan assets through numerous procedures based on the asset class and available information. Refer top Note 15 “Fair Value Measurements and Financial Instruments” for a description of the procedures performed to determine the fair value of the plan assets.

The fair values of the Company’s U.S. pension plan assets at December 31, 2020 and December 31, 2019, by asset category, are as follows (in millions):

		Fair Value Measurements Using		
Asset Category	Balance at December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents [1]	$ 79	$ 79	$ —	$ —
Equity investments:				
Equity securities	207	207	—	—
Equity derivatives	62	—	62	—
Pooled funds [2]	640	90	—	—
Fixed income investments:				
Corporate bonds	167	—	167	—
Government and agency bonds	233	200	33	—
Pooled funds [2]	543	212	—	—
Other investments:				
Real estate [2] [3]	163	—	—	—
Alternative investments [2] [4]	182	—	—	—
Total	$ 2,276	$ 788	$ 262	$ —

1. Consists of cash and institutional short-term investment funds.
2. Certain investments measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair values to the amounts presented in the plan assets contained in this Note.
3. Consists of property funds and trusts holding direct real estate investments.
4. Consists of limited partnerships, private equity, and hedge funds.

Asset Category	Balance at December 31, 2019	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents [1]	$ 77	$ 77	$ —	$ —
Equity investments:				
Equity securities	195	195	—	—
Equity derivatives	22	—	22	—
Pooled funds [2]	583	—	—	—
Fixed income investments:				
Corporate bonds	128	—	128	—
Government and agency bonds	199	162	37	—
Asset-backed securities	3	—	3	—
Pooled funds [2]	545	—	—	—
Other investments:				
Real estate and REITs [3]	133	—	—	—
Alternative investments [2] [4]	181	—	—	—
Total	$ 2,066	$ 434	$ 190	$ —

1. Consists of cash and institutional short-term investment funds.
2. Certain investments measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair values to the amounts presented in the plan assets contained in this Note.
3. Consists of property funds and trusts holding direct real estate investments.
4. Consists of limited partnerships, private equity, and hedge funds.

The fair values of the Company's major U.K. pension plan assets at December 31, 2020 and December 31, 2019, by asset category, are as follows (in millions):

	Balance at December 31, 2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents [1]	$ 182	$ 182	$ —	$ —
Equity investments:				
Pooled funds [2]	4	—	—	—
Fixed income investments:				
Derivatives [3]	(1,424)	—	(1,424)	—
Corporate bonds	4	4		
Government and agency bonds	2,872	2,872	—	—
Annuities	2,625	—	—	2,625
Pooled funds [2]	875	—	—	—
Other investments:				
Real estate [2] [4]	117	—	—	—
Pooled funds [2] [5]	1,397	4	—	—
Total	$ 6,652	$ 3,062	$ (1,424)	$ 2,625

1. Consists of cash and institutional short-term investment funds.
2. Certain investments measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair values to the amounts presented in the plan assets contained in this Note.
3. Consists of equity securities and equity derivatives, including repurchase agreements.
4. Consists of property funds and trusts holding direct real estate investments.
5. Consists of multi-strategy limited partnerships, private equity, hedge funds, and collective investment schemes with a diversified portfolio of cash, equities, equity related securities, derivatives, and/or fixed income securities.

	Balance at December 31, 2019	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents [1]	$ 81	$ 81	$ —	$ —
Equity investments:				
Pooled funds [2]	119	—	—	—
Fixed income investments:				
Derivatives [3]	(1,205)	—	(1,205)	—
Government and agency bonds	2,667	2,667	—	—
Annuities	1,849	—	—	1,849
Pooled funds [2]	1,486	—	—	—
Other investments:				
Real estate [2] [4]	180	—	—	—
Pooled funds [2] [5]	782	—	—	—
Total	$ 5,959	$ 2,748	$ (1,205)	$ 1,849

1. Consists of cash and institutional short-term investment funds.
2. Certain investments measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair values to the amounts presented in the plan assets contained in this Note.
3. Consists of equity securities and equity derivatives, including repurchase agreements.
4. Consists of property funds and trusts holding direct real estate investments.
5. Consists of multi-strategy limited partnerships, private equity, hedge funds, and collective investment schemes with a diversified portfolio of cash, equities, equity related securities, derivatives, and/or fixed income securities.

The following table presents the changes in the Level 3 fair-value category in the Company's U.K. pension plans for the years ended December 31, 2020 and December 31, 2019 (in millions):

Fair Value Measurements Using Level 3 Inputs	Annuities
Balance at January 1, 2019	$ 1,688
Actual return on plan assets:	
Relating to assets still held at December 31, 2019	113
Foreign exchange	48
Balance at December 31, 2019	1,849
Actual return on plan assets:	
Relating to assets still held at December 31, 2020	13
Purchases, sales and settlements-net	682
Foreign exchange	81
Balance at December 31, 2020	$ 2,625

The fair values of the Company's other major pension plan assets at December 31, 2020 and December 31, 2019, by asset category, are as follows (in millions):

	Balance at December 31, 2020	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents (1)	$ 37	$ 37	$ —	$ —
Equity investments:				
Equity securities	75	75	—	—
Pooled funds (2)	290	—	—	—
Fixed income investments:				
Government and agency bonds	395	395	—	—
Pooled funds (2)	627	—	—	—
Other investments:				
Alternative investments (2) (3)	63	—	—	—
Real estate (2) (4)	10	—	—	—
Total	$ 1,497	$ 507	$ —	$ —

1. Consists of cash and institutional short-term investment funds.
2. Certain investments measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair values to the amounts presented in the plan assets contained in this Note.
3. Consists of limited partnerships, private equity, and hedge funds.
4. Consists of property funds and trusts holding direct real estate investments.

	Balance at December 31, 2019	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents (1)	$ 5	$ 5	$ —	$ —
Equity investments:				
Pooled funds (2)	323	—	—	—
Fixed income investments:				
Pooled funds (2)	907	—	—	—
Other investments:				
Alternative investments (2) (3)	62	—	—	—
Real estate (2) (4)	6	—	—	—
Total	$ 1,303	$ 5	$ —	$ —

1. Consists of cash and institutional short-term investment funds.
2. Certain investments measured at fair value using the net asset value per share practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the above table are intended to permit reconciliation of the fair values to the amounts presented in the plan assets contained in this Note.
3. Consists of limited partnerships, private equity, and hedge funds.
4. Consists of property funds and trusts holding direct real estate investments.

Investment Policy and Strategy

The U.S. investment policy, as established by the Aon Retirement Plan Governance and Investment Committee ("RPGIC"), seeks reasonable asset growth at prudent risk levels within weighted average target allocations. At December 31, 2020, the weighted average targeted allocation for the U.S. plans was 35% for equity investments, 30% for fixed income investments, and 35% for other investments. Aon believes that plan assets are well-diversified and are of appropriate quality. The investment portfolio asset allocation is reviewed quarterly and re-balanced to be within policy target allocations. The investment policy is reviewed at least annually and revised, as deemed appropriate by the RPGIC. The investment policies for international plans are generally established by the local pension plan trustees and seek to maintain the plans' ability to meet liabilities and to comply with local minimum funding requirements. Plan assets are invested in diversified portfolios that provide adequate levels of return at an acceptable level of risk. The investment policies are reviewed at least annually and revised, as deemed appropriate to ensure that the objectives are being met. At December 31, 2020, the weighted average targeted allocation for the U.K. and non-U.S. plans was 6% for equity investments, 84% for fixed income investments, and 11% for other investments.

Cash Flows

Contributions

Based on current assumptions, in 2021, the Company expects to contribute approximately $8 million, $95 million, and $19 million to its significant U.K., U.S., and other major pension plans, respectively.

Estimated Future Benefit Payments

Estimated future benefit payments for plans, not including voluntary one-time lump sum payments, are as follows at December 31, 2020 (in millions):

	U.K.	U.S.	Other
2021	$ 161	$ 192	$ 48
2022	$ 167	$ 193	$ 49
2023	$ 174	$ 190	$ 50
2024	$ 180	$ 192	$ 51
2025	$ 185	$ 183	$ 52
2026 – 2030	$ 1,007	$ 893	$ 274

U.S. and Canadian Other Postretirement Benefits

The following table provides an overview of the accumulated projected benefit obligation, fair value of plan assets, funded status and net amount recognized as of December 31, 2020 and 2019 for the Company's other significant postretirement benefit plans located in the U.S. and Canada (in millions):

	2020	2019
Accumulated projected benefit obligation	$ 117	$ 103
Fair value of plan assets	17	16
Funded status	(100)	(87)
Unrecognized prior-service credit	(1)	(1)
Unrecognized loss	13	3
Net amount recognized	$ (88)	$ (85)

Other information related to the Company's other postretirement benefit plans are as follows:

	2020	2019
Net periodic benefit cost recognized (millions)	$4	$3
Weighted-average discount rate used to determine future benefit obligations	2.10 - 2.58%	2.93 - 3.25%
Weighted-average discount rate used to determine net periodic benefit costs	2.93 - 3.25%	3.91 - 4.26%

Based on current assumptions, the Company expects:

- The amount in Accumulated other comprehensive income expected to be recognized as a component of net periodic benefit cost during 2021 is $0.4 million net loss and $0.2 million of prior-service credit.
- To contribute $5 million to fund significant other postretirement benefit plans during 2021.
- Estimated future benefit payments will be approximately $5 million each year for 2021 through 2025, and $26 million in aggregate for 2026-2030.

For most of the participants in the U.S. plan, Aon's liability for future plan cost increases for pre-65 and Medical Supplement plan coverage is limited to 5% per annum. Although the net employer trend rates range from 4% to 7% per year, because of this cap, these plans are effectively limited to 5% per year in the future.

13. Share-Based Compensation Plans

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

Years ended December 31	2020	2019
Restricted share units ("RSUs")	$ 186	$ 198
Performance share awards ("PSAs")	116	110
Employee share purchase plans	10	9
Total share-based compensation expense	312	317
Tax benefit	61	66
Share-based compensation expense, net of tax	$ 251	$ 251

Restricted Share Units

RSUs generally vest between three and five years. The fair value of RSUs is based upon the market value of the our Class A ordinary shares at the date of grant. With certain limited exceptions, any break in continuous employment will cause the forfeiture of all non-vested awards. Compensation expense associated with RSUs is recognized on a straight-line basis over the requisite service period. Dividend equivalents are paid on certain RSUs, based on the initial grant amount.

The following table summarizes the status of the Company's RSUs (shares in thousands, except fair value):

	2020		2019	
Years ended December 31	Shares	Fair Value at Date of Grant [1]	Shares	Fair Value at Date of Grant [1]
Non-vested at beginning of year	3,634	$ 143	4,208	$ 120
Granted	1,329	$ 185	1,306	$ 175
Vested	(1,426)	$ 133	(1,661)	$ 113
Forfeited	(228)	$ 157	(219)	$ 131
Non-vested at end of year	3,309	$ 163	3,634	$ 143

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

The fair value of RSUs that vested during 2020 and 2019 was $190 million and $187 million, respectively.

Unamortized deferred compensation expense amounted to $377 million as of December 31, 2020, with a remaining weighted average amortization period of approximately 2.1 years.

Performance Share Awards

The vesting of PSAs is contingent upon meeting a cumulative level of earnings per share related performance over a three-year period. The actual issuance of shares may range from 0-200% of the target number of PSAs granted, based on the terms of the plan and level of achievement of the related performance target. The grant date fair value of PSAs is based upon the market price of our Class A ordinary shares at the date of grant. The performance conditions are not considered in the determination of the grant date fair value for these awards. Compensation expense is recognized over the performance period based on management's estimate of the number of units expected to vest. Management evaluates its estimate of the actual number of shares expected to be issued at the end of the programs on a quarterly basis. The cumulative effect of the change in estimate is recognized in the period of change as an adjustment to Compensation and benefits in the Consolidated Statements of Income, if necessary. Dividend equivalents are not paid on PSAs.

The following table summarizes the Company's target PSAs granted and shares that would be issued at current performance levels for PSAs granted during the years ended December 31, 2020 and 2019, respectively (shares in thousands and dollars in millions, except fair value):

	2020	2019
Target PSAs granted during period	500	467
Weighted average fair value per share at date of grant	$ 161	$ 165
Number of shares that would be issued based on current performance levels	495	784
Unamortized expense, based on current performance levels	$ 58	$ 41

During 2020, the Company issued approximately 0.6 million shares in connection with performance achievements related to the 2017-2019 LPP. During 2019, the Company issued approximately 0.7 million shares in connection with performance achievements related to the 2016-2018 LPP cycle.

14. Derivatives and Hedging

The Company is exposed to market risks, including changes in foreign currency exchange rates and interest rates. To manage the risk related to these exposures, the Company enters into various derivative instruments that reduce these risks by creating offsetting exposures. The Company does not enter into derivative transactions for trading or speculative purposes.

Foreign Exchange Risk Management

The Company is exposed to foreign exchange risk when it earns revenues, pays expenses, enters into monetary intercompany transfers or other transactions denominated in a currency that differs from its functional currency. The Company uses foreign exchange derivatives, typically forward contracts, options and cross-currency swaps, to reduce its overall exposure to the effects of currency fluctuations on cash flows. These exposures are hedged, on average, for less than two years. These derivatives are accounted for as hedges, and changes in fair value are recorded each period in Other comprehensive income (loss) in the Consolidated Statements of Comprehensive Income.

The Company also uses foreign exchange derivatives, typically forward contracts and options, to economically hedge the currency exposure of the Company's global liquidity profile, including monetary assets or liabilities that are denominated in a non-functional currency of an entity, typically on a rolling 90-day basis, but may be for up to one year in the future. These derivatives are not accounted for as hedges, and changes in fair value are recorded each period in Other income (expense) in the Consolidated Statements of Income.

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

	Notional Amount		Net Amount of Derivative Assets Presented in the Statements of Financial Position (1)		Net Amount of Derivative Liabilities Presented in the Statements of Financial Position (2)	
As of December 31	2020	2019	2020	2019	2020	2019
Foreign exchange contracts						
Accounted for as hedges	$ 633	$ 579	$ 33	$ 16	$ —	$ 1
Not accounted for as hedges (3)	367	297	1	2	1	—
Total	$ 1,000	$ 876	$ 34	$ 18	$ 1	$ 1

1. Included within Other current assets ($11 million in 2020 and $7 million in 2019) or Other non-current assets ($23 million in 2020 and $11 million in 2019).
2. Included within Other current liabilities ($1 million in 2020 and $1 million in 2019).
3. These contracts typically are for 90-day durations and executed close to the last day of the most recent reporting month, thereby resulting in nominal fair values at the balance sheet date.

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

	2020	2019
Gain (Loss) recognized in Accumulated other comprehensive loss	$ 1	$ (9)

The amounts of derivative gains (losses) reclassified from Accumulated other comprehensive loss to the Consolidated Statements of Income are as follows (in millions):

	Years Ended December 31	
	2020	2019
Total revenue	$ (14)	$ (12)
Compensation and benefits	—	(1)
Other general expense	—	—
Interest expense	(1)	(1)
Other income (expense)	—	—
Total	$ (15)	$ (14)

The Company estimates that approximately $7 million of pretax losses currently included within Accumulated other comprehensive loss will be reclassified into earnings in the next twelve months.

The Company recorded a gain of $1 million for 2020 and a loss of $18 million in 2019 in Other income (expense) for foreign exchange derivatives not designated or qualifying as hedges.

Net Investments in Foreign Operations Risk Management

The Company uses non-derivative financial instruments to protect the value of its investments in a number of foreign subsidiaries. The Company has designated a portion of its euro-denominated commercial paper issuances as a non-derivative hedge of the foreign currency exposure of a net investment in its European operations. The change in fair value of the designated portion of the euro-denominated commercial paper due to changes in foreign currency exchange rates is recorded in Foreign currency translation adjustment, a component of Accumulated other comprehensive loss, to the extent it is effective as a hedge. The foreign currency translation adjustment of the hedged net investments is also recorded in Accumulated other comprehensive loss. Ineffective portions of net investment hedges, if any, are reclassified from Accumulated other comprehensive loss into earnings during the period of change.

The Company had no outstanding euro-denominated commercial paper at December 31, 2020 designated as a hedge of the foreign currency exposure of its net investment in its European operations. The Company had €101 million ($112 million at December 31, 2019 exchange rates) of outstanding euro-denominated commercial paper at December 31 2019 designated as a hedge of the foreign currency exposure of its net investment in its European operations. The unrealized gain recognized in Accumulated other comprehensive loss related to the net investment non-derivative hedging instrument was $29 million, as of December 31, 2020 and 2019.

The Company did not reclassify any deferred gains or losses related to net investment hedges from Accumulated other comprehensive loss to earnings for 2020 and 2019.

15. Fair Value Measurements and Financial Instruments

Accounting standards establish a three tier fair value hierarchy that prioritizes the inputs used in measuring fair values as follows:

- Level 1 — observable inputs such as quoted prices for identical assets in active markets;
- Level 2 — inputs other than quoted prices for identical assets in active markets, that are observable either directly or indirectly; and
- Level 3 — unobservable inputs in which there is little or no market data which requires the use of valuation techniques and the development of assumptions.

The following methods and assumptions are used to estimate the fair values of the Company's financial instruments, including pension assets (refer to Note 12 "Employee Benefits"):

Money market funds consist of institutional prime, treasury, and government money market funds. The Company reviews treasury and government money market funds to obtain reasonable assurance that the fund net asset value is $1 per share, and reviews the floating net asset value of institutional prime money market funds for reasonableness.

Cash and cash equivalents consist of cash and institutional short-term investment funds. The Company reviews the short-term investment funds to obtain reasonable assurance that the fund net asset value is $1 per share.

Equity investments consist of equity securities and equity derivatives valued using the closing stock price on a national securities exchange. Over the counter equity derivatives are valued using observable inputs such as underlying prices of the underlying security and volatility. On a sample basis the Company reviews the listing of Level 1 equity securities in the portfolio, agrees the closing stock prices to a national securities exchange, and independently verifies the observable inputs for Level 2 equity derivatives and securities.

Fixed income investments consist of certain categories of bonds and derivatives. Corporate, government, and agency bonds are valued by pricing vendors who estimate fair value using recently executed transactions and proprietary models based on observable inputs, such as interest rate spreads, yield curves, and credit risk. Asset-backed securities are valued by pricing vendors who estimate fair value using discounted cash flow models utilizing observable inputs based on trade and quote activity of securities with similar features. Fixed income derivatives are valued by pricing vendors using observable inputs such as interest rates and yield curves. The Company obtains an understanding of the models, inputs, and assumptions used in developing prices provided by its vendors through discussions with the fund managers. The Company independently verifies the observable inputs, as well as assesses assumptions used for reasonableness based on relevant market conditions and internal Company guidelines. If an assumption is deemed unreasonable, based on internal Company guidelines, it is then reviewed by management and the fair value estimate provided by the vendor is adjusted, if deemed appropriate. These adjustments do not occur frequently and historically are not material to the fair value estimates used in the Consolidated Financial Statements.

Pooled funds consist of various equity, fixed income, and real estate mutual fund type investment vehicles. Pooled investment funds fair value is estimated based on the proportionate share ownership in the underlying net assets of the investment, which is based on the fair value of the underlying securities. The underlying securities typically trade on a national securities exchange or may be valued by the fund managers using applicable models, inputs, and assumptions. The Company gains an understanding of the investment guidelines and valuation policies of the fund and discusses fund performance with pooled fund managers. The Company obtains audited fund manager financial statements, when available. If the pooled fund is designed to replicate a publicly traded index, the Company compares the performance of the fund to the index to assess the reasonableness of the fair value measurement.

Alternative investments consist of limited partnerships, private equity, and hedge funds. Alternative investment fair value is generally estimated based on the proportionate share ownership in the underlying net assets of the investment as determined by the general partner or investment manager. The valuations are based on various factors depending on investment strategy, proprietary models, and specific financial data or projections. The Company obtains audited fund manager financial statements, when available. The Company obtains a detailed understanding of the models, inputs, and assumptions used in developing prices provided by the investment managers, or appropriate party, through regular discussions. The Company also obtains the investment manger's valuation policies and assesses the assumptions used for reasonableness based on relevant market conditions and internal Company guidelines. If an assumption is deemed unreasonable, based on the Company's guidelines, it is then reviewed by management and the fair value estimate provided by the vendor is adjusted, if deemed appropriate. These adjustments do not occur frequently and historically are not material to the fair value estimates in the Consolidated Financial Statements.

Derivatives are carried at fair value, based upon industry standard valuation techniques that use, where possible, current market-based or independently sourced pricing inputs, such as interest rates, currency exchange rates, or implied volatility.

Annuity contracts consist of insurance group annuity contracts purchased to match the pension benefit payment stream owed to certain selected plan participant demographics within a few major U.K. defined benefit plans. Annuity contracts are valued using a discounted cash flow model utilizing assumptions such as discount rate, mortality, and inflation.

Real estate and REITs consist of publicly traded REITs and direct real estate investments. Level 1 REITs are valued using the closing stock price on a national securities exchange. Non-Level 1 values are based on the proportionate share of ownership in the underlying net asset value as determined by the investment manager. The Company independently reviews the listing of Level 1 REIT securities in the portfolio and agrees the closing stock prices to a national securities exchange. The Company gains an understanding of the investment guidelines and valuation policies of the non-Level 1 real estate funds and discusses performance with the fund managers. The Company obtains audited fund manager financial statements, when available. See the description of "Alternative investments" for further detail on valuation procedures surrounding non-Level 1 REITs.

Debt is carried at outstanding principal balance, less any unamortized issuance costs, discount or premium. Fair value is based on quoted market prices or estimates using discounted cash flow analyses based on current borrowing rates for similar types of borrowing arrangements.

The following tables present the categorization of the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2020 and December 31, 2019 (in millions):

		Fair Value Measurements Using		
	Balance at December 31, 2020	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Money market funds [1]	$ 2,781	$ 2,781	$ —	$ —
Other investments				
Government bonds	$ 1	$ —	$ 1	$ —
Equity investments	$ 3	$ —	$ 3	$ —
Derivatives [2]				
Gross foreign exchange contracts	$ 38	$ —	$ 38	$ —
Liabilities				
Derivatives [2]				
Gross foreign exchange contracts	$ 5	$ —	$ 5	$ —

		Fair Value Measurements Using		
	Balance at December 31, 2019	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Money market funds [1]	$ 2,007	$ 2,007	$ —	$ —
Other investments				
Government bonds	$ 1	$ —	$ 1	$ —
Equity investments	$ 1	$ —	$ 1	$ —
Derivatives [2]				
Gross foreign exchange contracts	$ 21	$ —	$ 21	$ —
Liabilities				
Derivatives [2]				
Gross foreign exchange contracts	$ 4	$ —	$ 4	$ —

1. Included within Fiduciary assets or Short-term investments in the Consolidated Statements of Financial Position depending on their nature and initial maturity.
2. Refer to Note 14 "Derivatives and Hedging" for additional information regarding the Company's derivatives and hedging activity.

There were no transfers of assets or liabilities between fair value hierarchy levels during 2020 or 2019. The Company recognized no realized or unrealized gains or losses in the Consolidated Statements of Income related to assets and liabilities measured at fair value using unobservable inputs in 2020 or 2019.

The fair value of debt is classified as Level 2 of the fair value hierarchy. The following table provides the carrying value and fair value for the Company's term debt (in millions):

	2020		2019	
As of December 31	Carrying Value	Fair Value	Carrying Value	Fair Value
Current portion of long-term debt	$ 400	$ 401	$ 600	$ 614
Long-term debt	$ 7,281	$ 8,752	$ 6,627	$ 7,442

16. Provisions and Other Contingencies

Legal

Aon and its subsidiaries are subject to numerous claims, tax assessments, lawsuits and proceedings that arise in the ordinary course of business, which frequently include E&O claims. The damages claimed in these matters are or may be substantial, including, in many instances, claims for punitive, treble, or extraordinary damages. While Aon maintains meaningful E&O insurance and other insurance programs to provide protection against certain losses that arise in such matters, Aon has exhausted or materially depleted its coverage under some of the policies that protect the Company and, consequently, is self-insured or materially self-insured for some claims. Accruals for these exposures, and related insurance receivables, when applicable, are included in the Consolidated Statements of Financial Position and have been recognized in Other general expense in the Consolidated Statements of Income to the extent that losses are deemed probable and are reasonably estimable. These amounts are adjusted from time to time as developments warrant. Matters that are not probable and reasonably estimable are not accrued for in the Consolidated Financial Statements.

The Group has included in the current matters described below certain matters in which (1) loss is probable, (2) loss is reasonably possible; that is, more than remote but not probable, or (3) there exists the reasonable possibility of loss greater than the accrued amount. In addition, the Company may from time to time disclose matters for which the probability of loss could be remote but the claim amounts associated with such matters are potentially significant. The reasonably possible range of loss for the matters described below for which loss is estimable, in excess of amounts that are deemed probable and estimable and therefore already accrued, is estimated to be between $0 and $0.8 billion, exclusive of any insurance coverage. These estimates are based on available information as of the date of this filing. As available information changes, the matters for which Aon is able to estimate may change, and the estimates themselves may change. In addition, many estimates involve significant judgment and uncertainty. For example, at the time of making an estimate, Aon may only have limited information about the facts underlying the claim and predictions and assumptions about future court rulings and outcomes may prove to be inaccurate. Although management at present believes that the ultimate outcome of all matters described below, individually or in the aggregate, will not have a material adverse effect on the Consolidated Statements of Financial Position of Aon, legal proceedings are subject to inherent uncertainties and unfavorable rulings or other events. Unfavorable resolutions could include substantial monetary or punitive damages imposed on Aon or its subsidiaries. If unfavorable outcomes of these matters were to occur, future results of operations or cash flows for any particular quarterly or annual period could be materially adversely affected.

Current Matters

On October 3, 2017, Christchurch City Council ("CCC") invoked arbitration to pursue a claim that it asserts against Aon New Zealand. Aon provided insurance broking services to CCC in relation to CCC's 2010-2011 material damage and business interruption program. In December 2015, CCC settled its property and business interruption claim for its losses arising from the 2010-2011 Canterbury earthquakes against the underwriter of its material damage and business interruption program and the reinsurers of that underwriter. CCC contends that acts and omissions by Aon caused CCC to recover less in that settlement than it otherwise would have. CCC claims damages of approximately NZD 528 million ($376 million at December 31, 2020 exchange rates) plus interest and costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

Aon Hewitt Investment Consulting, Inc, now known as Aon Investments USA, Inc. ("Aon Investments"), Lowe's Companies, Inc. and the Administrative Committee of Lowe's Companies, Inc. (collectively "Lowe's") were sued on April 27, 2018 in the U.S. District Court for the Western District of North Carolina in a class action lawsuit brought on behalf of participants in the Lowe's 401(k) Plan (the "Plan"). Aon Investments provided investment consulting services to Lowe's under the Employee Retirement Income Security Act of 1974 ("ERISA"). The plaintiffs contend that in 2015 Lowe's imprudently placed the Hewitt Growth Fund in the Plan's lineup of investments, the Hewitt Growth Fund underperformed its benchmarks, and that Aon had a conflict of interest in recommending the proprietary fund for the Plan. The plaintiffs allege the Plan suffered over $100 million in investment losses when compared to the eight funds it replaced. The plaintiffs allege that Aon Investments breached its duties of loyalty and prudence pursuant to the ERISA statute. Aon believes it has meritorious defenses and intends to vigorously defend itself against these claims.

A retail insurance brokerage subsidiary of Aon was sued on September 6, 2018 in the U.S. District Court for the Southern District of New York by a client, Pilkington North America, Inc., that sustained damage from a tornado to its Ottawa, Illinois property. The lawsuit seeks between $45 million and $85 million in property and business interruption damages from either its insurer or Aon. The insurer contends that insurance proceeds were limited to $15 million in coverage by a windstorm sub-limit purportedly contained in the policy procured by Aon for Pilkington. The insurer therefore has tendered $15 million to Pilkington and denied coverage for the remainder of the loss. Pilkington sued the insurer and Aon seeking full coverage for the loss from the insurer or, in the alternative, seeking the same damages against Aon on various theories of professional liability if the court finds that the $15 million sub-limit applies to the claim. Aon believes it has meritorious defenses and intends to vigorously defend itself against these claims.

Aon faces legal action arising out of a fatal plane crash in November 2016. Aon UK Limited placed an aviation civil liability reinsurance policy for the Bolivian insurer of the airline. After the crash, the insurer determined that there was no coverage under the airline's insurance policy due to the airline's breach of various policy conditions. In November 2018, the owner of the aircraft filed a claim in Bolivia against Aon, the airline, the insurer and the insurance broker. The claim is for $15.5 million plus any liability the owner has to third parties. In November 2019, a federal prosecutor in Brazil filed a public civil action naming three Aon entities as defendants, along with the airline, the insurer, and the lead reinsurer. That claim seeks pecuniary damages for families affected by the crash in the sum of $300 million; or, in the alternative, $50 million; or, in the alternative, $25 million; plus "moral damages" of an equivalent sum. Separately, in March 2020, the Brazilian Federal Senate invited Aon to give evidence to a Parliamentary Commission of Inquiry in an investigation into the accident. Aon is cooperating with that inquiry. Finally, in August 2020, 43 individuals (surviving passengers and estates of the deceased) filed a motion in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida, seeking permission to commence proceedings against Aon (and the insurer and reinsurers) for claims totaling $844 million. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

Aon Investments and Allianz Global Investors U.S. LLC ("AGI") were sued on September 16, 2020, in the U.S. District Court for the Southern District of New York by the Blue Cross and Blue Shield Association National Employee Benefits Committee (the "NEBC"). Aon Investments and its predecessors provided investment advisory services to NEBC since 2009. The NEBC contends that it suffered investment losses exceeding $2 billion in several Structured Alpha funds managed by AGI and recommended by Aon. The NEBC is pursuing claims against Aon Investments for breach of fiduciary duty and breach of co-fiduciary duty. The NEBC alleges that Aon Investments and AGI are jointly and severally liable for damages, which include the restoration of investment losses, disgorgement of fees and profits, and attorneys' fees. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

In April 2017, the FCA announced an investigation relating to suspected competition law breaches in the aviation and aerospace broking industry, which, for Aon in 2016, represented less than $100 million in global revenue. The European Commission assumed jurisdiction over the investigation in place of the FCA, and the European Commission has now closed its investigation. Other antitrust agencies outside the E.U. are conducting formal or informal investigations regarding these matters. Aon intends to work diligently with all antitrust agencies concerned to ensure they can carry out their work as efficiently as possible. At this time, in light of the uncertainties and many variables involved, Aon cannot estimate the ultimate impact on our company from these investigations or any related private litigation, nor any damages, penalties, or fines related to them.

Guarantees and Indemnifications

The Company provides a variety of guarantees and indemnifications to its customers and others. The maximum potential amount of future payments represents the notional amounts that could become payable under the guarantees and indemnifications if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or other methods. These amounts may bear no relationship to the expected future payments, if any, for these guarantees and indemnifications. Any anticipated amounts payable are included in the Financial Statements and are recorded at fair value.

The Company expects that, as prudent business interests dictate, additional guarantees and indemnifications may be issued from time to time.

Guarantee of Registered Securities

In connection with the Company's 2012 redomestication to the U.K. (the "2012 Redomestication"), the Company on April 2, 2012 entered into various agreements pursuant to which it agreed to guarantee the obligations of its subsidiaries arising under issued and outstanding debt securities. Those agreements included the: (1) Amended and Restated Indenture, dated April 2, 2012, among Aon Corporation, Aon Global Limited, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (amending and restating the Indenture, dated September 10, 2010, between Aon Corporation and the Trustee); (2) Amended and Restated Indenture, dated April 2, 2012, among Aon Corporation, Aon Global Limited and the Trustee (amending and restating the Indenture, dated December 16, 2002, between Aon Corporation and the Trustee); and (3) Amended and Restated Indenture, dated April 2, 2012, among Aon Corporation, Aon Global Limited and the Trustee (amending and restating the Indenture, dated January 13, 1997, between Aon Corporation and the Trustee, as supplemented by the First Supplemental Indenture, dated January 13, 1997).

In connection with the Ireland Reorganization, on April 1, 2020, Aon plc and Aon Global Holdings plc entered into various agreements pursuant to which they agreed to guarantee the obligations of Aon Corporation arising under issued and outstanding debt securities, which were previously guaranteed solely by Aon Global Limited, and the obligations of Aon Global Limited arising under issued and outstanding debt securities, which were previously guaranteed solely by Aon Corporation. Those agreements include: (1) Second Amended and Restated Indenture, dated April 1, 2020, among Aon Corporation, Aon Global Limited, Aon plc, and Aon Global Holdings plc and the Trustee (amending and restating the Amended and Restated Indenture, dated April 2, 2012, among Aon Corporation, Aon Global Limited and the Trustee); (2) Amended and Restated Indenture, dated April 1, 2020, among Aon Corporation, Aon Global Limited, Aon plc, Aon Global Holdings plc and the Trustee (amending and restating the Indenture, dated December 12, 2012, among Aon Corporation, Aon Global Limited plc and the Trustee); (3) Second Amended and Restated Indenture, dated April 1, 2020, among Aon Corporation, Aon Global Limited, Aon plc, Aon Global Holdings plc and the Trustee (amending and restating the Amended and Restated Indenture, dated May 20, 2015, among Aon Corporation, Aon Global Limited and the Trustee); (4) Amended and Restated Indenture, dated April 1, 2020, among Aon Corporation, Aon Global Limited, Aon plc, Aon Global Holdings plc and the Trustee (amending and restating the Indenture, dated November 13, 2015, among Aon Corporation, Aon Global Limited and the Trustee); and (5) Amended and Restated Indenture, dated April 1, 2020, among Aon Corporation, Aon Global Limited, Aon plc, Aon Global Holdings plc and the Trustee (amending and restating the Indenture, dated December 3, 2018, among Aon Corporation, Aon Global Limited and the Trustee).

Sale of the Divested Business

In connection with the sale of the Divested Business, the Company guaranteed future operating lease commitments related to certain facilities assumed by the Buyer. The Company is obligated to perform under the guarantees if the Divested Business defaults on the leases at any time during the remainder of the lease agreements, which expire on various dates through 2025. As of December 31, 2020, the undiscounted maximum potential future payments under the lease guarantee were $55 million, with an estimated fair value of $8 million. No cash payments were made in connection to the lease commitments during the year ended December 31, 2020.

Additionally, the Company is subject to performance guarantee requirements under certain client arrangements that were assumed by the Buyer. Should the Divested Business fail to perform as required by the terms of the arrangements, the Company would be required to fulfill the remaining contract terms, which expire on various dates through 2023. As of December 31, 2020, the undiscounted maximum potential future payments under the performance guarantees were $104 million, with an estimated fair value of $1 million. No cash payments were made in connection to the performance guarantees during the year ended December 31, 2020.

Letters of Credit

Aon has entered into a number of arrangements whereby the Company's performance on certain obligations is guaranteed by a third party through the issuance of LOCs. The Company had total LOCs outstanding of approximately $79 million at December 31, 2020, compared to $73 million at December 31, 2019. These LOCs cover the beneficiaries related to certain of Aon's U.S. and Canadian non-qualified pension plan schemes and secure deductible retentions for Aon's own workers compensation program. The Company has also obtained LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at its international subsidiaries.

Premium Payments

The Company has certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. The maximum exposure with respect to such contractual contingent guarantees was approximately $113 million at December 31, 2020, compared to $110 million at December 31, 2019.

17. Segment Information

The Company operates as one segment that includes all of Aon's continuing operations, which as a global professional services firm provides advice and solutions to clients focused on risk, retirement, and health through five revenue lines which make up its principal products and services. The Chief Operating Decision Maker (the "CODM") assesses the performance of the Company and allocates resources based on one segment: Aon United.

The Company's reportable operating segment has been determined using a management approach, which is consistent with the basis and manner in which Aon's CODM uses financial information for the purposes of allocating resources and evaluating performance. The CODM assesses performance and allocates resources based on total Aon results against its key four metrics, including organic revenue growth (decline), expense discipline, and collaborative behaviors that maximize value for Aon and its shareholders, regardless of which revenue line it benefits.

As Aon operates as one segment, segment profit or loss is consistent with consolidated reporting as disclosed on the Consolidated Profit and Loss Account. Refer to Note 3 "Revenue from Contracts with Customers" for further information on revenue by principal service line.

Consolidated long-lived assets, net by geographic area are as follows (in millions):

Years ended December 31	Total	U.S.	Americas other than U.S.	U.K.	Ireland	Other Europe, Middle East, & Africa	Asia Pacific
2020	$ 1,599	$ 681	$ 127	$ 213	$ 11	$ 357	$ 210
2019	$ 1,550	$ 686	$ 145	$ 225	$ 10	$ 309	$ 175

18. Directors' Remuneration

Directors' remuneration is set forth in the table below. Mr. Case serves as the Company's Chief Executive Officer, and receives his remuneration for serving in that role. Mr. Case is the Company's sole executive director. The year ended December 31, 2019 includes former directors, as indicated in the Directors' Report, who each resigned April 1, 2020. This table also includes compensation for all non-employee directors in their capacities as such.

	Year Ended December 31	
(in millions)	2020	2019
Aggregate emoluments in respect of qualifying services	$ 6	$ 1
Aggregate amount of the money or value of other assets under long-term incentive plans	43	—
Total	$ 49	$ 1

19. Auditors' Remuneration

The Company obtained the following services from the Company's auditor, Ernst & Young and its associates, at costs as detailed in the tables below (in millions):

	Year Ended December 31	
	2020	2019
Audit Fees	$ 17.4	$ 17.4
Audit-Related Fees	3.2	1.5
Taxation Fees	0.3	1.4
All Other Fees	—	0.2
Total	$ 20.9	$ 20.5

The fees, included in the above, paid to Ernst & Young Ireland ("EY Ireland") related to the audit of the Consolidated Financial Statements were $0.2 million and $0 million for the financial years 2020 and 2019, respectively. In addition, EY Ireland received $0.4 million for the audit of other statutory financial statements for both 2020 and 2019. EY Ireland did not receive any fees for audit-related services, taxation services or other services for the financial years 2020 and 2019, respectively. Refer to Note 3 "History and Description of the Entity" of the Parent Company for further information.

20. Employees

The average number of persons employed by the Company was 46,059 and 46,438 for 2020 and 2019, respectively. The Group operates as one segment that includes all of Aon's continuing operations.

Employee compensation and benefits were as follows (in millions):

	Year Ended December 31	
	2020	2019
Wages and salaries	$ 3,700	$ 3,695
Social security costs	170	170
Share based compensation expense	312	317
Workforce restructuring	—	205
Pension and post retirement expense	135	143
Other, primarily employee benefits	1,588	1,524
Total employee compensation and benefits	$ 5,905	$ 6,054

21. Fixed Assets

(millions)	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Software	Construction in progress	Other	Total
Cost:							
Balance at January 1, 2020	$ 358	$ 225	$ 250	$ 727	$ 183	$ 37	$ 1,780
Additions	40	28	20	52	(6)	4	138
Acquisitions	1	—	—		—	—	1
Asset Impairments	—	—	—	—	—	—	—
Disposals	—	(1)	(3)	—	1	(7)	(10)
Foreign currency translation and other	(24)	(6)	(18)	29	(23)	—	(42)
Balance at December 31, 2020	$ 375	$ 246	$ 249	$ 808	$ 155	$ 34	$ 1,867
Accumulated depreciation:							
Balance at January 1, 2020	$ 233	$ 170	$ 181	$ 557	$ —	$ 18	$ 1,159
Charge for the year	36	22	32	72	—	5	167
Disposals	—	(1)	(2)	—	—	(5)	(8)
Foreign currency translation and other	(25)	(7)	(21)	5	—	(2)	(50)
Balance at December 31, 2020	$ 244	$ 184	$ 190	$ 634	$ —	$ 16	$ 1,268
Net book value:							
As of December 31, 2020	$ 131	$ 62	$ 59	$ 174	$ 155	$ 18	$ 599
As of January 1, 2020	$ 125	$ 55	$ 69	$ 170	$ 183	$ 19	$ 621

(millions)	Leasehold improvements	Furniture, fixtures and equipment	Computer equipment	Software	Construction in progress	Other	Total
Cost:							
Balance at January 1, 2019	$ 334	$ 228	$ 279	$ 693	$ 154	$ 45	$ 1,733
Additions	62	20	29	51	57	4	223
Acquisitions and divestitures	—	(1)	(1)	(12)	(1)	(8)	(23)
Asset impairments	(1)	(3)	—	(1)	(12)	—	(17)
Disposals	(38)	(17)	(49)	(16)	—	(1)	(121)
Foreign currency translations and other	1	(2)	(8)	12	(15)	(3)	(15)
Balance at December 31, 2019	$ 358	$ 225	$ 250	$ 727	$ 183	$ 37	$ 1,780
Accumulated Depreciation:							
Balance at January 1, 2019	$ 239	$ 173	$ 203	$ 510	$ —	$ 20	$ 1,145
Charge for the year	32	18	34	69	—	4	157
Asset impairments	—	(3)	—	—	—	—	(3)
Disposals	(37)	(15)	(48)	(15)	—	(2)	(117)
Foreign currency translation and other	(1)	(3)	(8)	(7)	—	(4)	(23)
Balance at December 31, 2019	$ 233	$ 170	$ 181	$ 557	$ —	$ 18	$ 1,159
Net book value:							
As of December 31, 2019	$ 125	$ 55	$ 69	$ 170	$ 183	$ 19	$ 621
As of January 1, 2019	$ 95	$ 55	$ 76	$ 183	$ 154	$ 25	$ 588

22. Group Undertakings

As of December 31, 2020, the Company included the following subsidiary undertakings principally affecting the assets, liabilities, financial position or profit or loss of the Company.

Name of Company	Nature of Business	Address	Country	Holding	% Holding
Aon Global Holdings plc	Holding	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN	U.K	Ordinary	100%
Aon Corporation	Holding	200 E. Randolph St., Chicago, IL 60601	U.S.	Ordinary	100%
Aon Global Limited	Holding	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN	U.K	Ordinary	100%
Randolph Finance Unlimited Company[1]	Holding	Metropolitan Building, James Joyce Street, Dublin 1, Ireland	Ireland	Ordinary + preferred	100%
Aon Group, Inc.	Holding	200 E. Randolph St., Chicago, IL 60601	U.S	Ordinary	100%
Aon International Holdings, Inc.	Holding	200 E. Randolph St., Chicago, IL 60601	U.S	Ordinary	100%
Aon Group International N.V.	Holding	Admiraliteitskade 62, 3063 ED Rotterdam	Netherlands	Ordinary + preferred	100%
Aon UK Group Limited	Holding	The Aon Centre, The Leadenhall Building, 122 Leadenhall Street, London EC3V 4AN	U.K.	Ordinary	100%
Aon Delta UK Limited	Holding	The Aon Centre The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AN	U.K.	Ordinary	100%
Aon Risk Services Companies, Inc.	Holding	200 E. Randolph St., Chicago, IL 60601	U.S.	Ordinary + preferred	100%
Aon Finance N.S. 1, Unlimited Company	Holding	1959 Upper Water Street, Purdy's Wharf, Tower II, Halifax, NSB3J 3R7	Canada	Ordinary	100%
Aon Risk Services, Inc. of Maryland	Commercial risk solutions	200 E. Randolph St., Chicago, IL 60601	U.S.	Ordinary	100%
Aon Consulting, Inc.	Retirement solutions	200 E. Randolph St., Chicago, IL 60601	U.S.	Ordinary	100%

1. This entity is a direct subsidiaries of Aon plc.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(millions)	*Notes*	Years ended December 31 2020	2019 [1]
Net income (loss)		$ (893)	$ —
Total other comprehensive income (loss), net of tax	6	13,524	—
Total comprehensive income		$12,631	$ —
Total comprehensive income attributable to:			
Aon shareholders		$12,631	$ —
Noncontrolling interests		—	—
Total comprehensive income		$12,631	$ —

(1) The Company did not have any Comprehensive income for the period ended December 31, 2019.

The Parent Company is availing of the exemption from presenting an individual profit and loss account in accordance with sections 304 (1) and 304 (2) of the Companies Act 2014. Net loss attributable to Aon shareholders was $893 million and $0 million for the years ended December 31, 2020 and 2019, respectively.

The Notes to Parent Company Financial Statements form an integral part of these financial statements.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

(millions)	*Notes*		December 31, 2020		December 31, 2019 [1]
Assets					
Current assets					
Cash and cash equivalents	2	$	402	$	—
Intercompany receivables			21		—
Other current assets			2		—
Total current assets			425		—
Non-current assets					
Investments in subsidiaries	6		49,013		—
Total non-current assets			49,013		—
Total assets		$	49,438	$	—
Liabilities and equity					
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		$	20	$	—
Intercompany payables			50		—
Total current liabilities			70		—
Total liabilities			70		—
Equity					
Ordinary shares	8		2		—
Share premium reserve			22		—
Merger reserve	9		35,364		—
Revaluation reserve	9		13,524		—
Retained earnings	9		456		—
Total equity			49,368		—
Total liabilities and equity		$	49,438	$	—

(1) Cash and cash equivalents and Ordinary shares were $1 at December 31, 2019.

Net income (loss) attributable to Aon shareholders was $(893) million and $0 million for the years ended December 31, 2020 and 2019, respectively. Other comprehensive income (loss) was $13,524 million and $0 million for the years ended December 31, 2020 and 2019, respectively. Total comprehensive income was $12,631 million and $0 million for the years ended December 31, 2020 and 2019, respectively.

Approved by the Board of Directors and signed on its behalf on March 26, 2021

/S/ Gregory C. Case	/S/ J. Michael Losh
Gregory C. Case	J. Michael Losh
Director	Director

The Notes to Parent Company Financial Statements form an integral part of these financial statements.

PARENT COMPANY STATEMENTS OF SHAREHOLDERS' EQUITY

(millions)	*Notes*	Ordinary shares	Share premium account	Revaluation reserves	Merger reserves	Retained earnings	Total
Balance at December 31, 2019 [(1)]		$ —	$ —	$ —	$ —	$ —	$ —
Net loss		—	—	—	—	(893)	(893)
Issuance of shares - Reorganization	8	2	—	—	—	—	2
Merger reserve recognition - Reorganization	9	—	—	—	38,134	—	38,134
Merger reserve realized	9	—	—	—	(2,770)	2,770	—
Issuance of shares - Employee share compensation plans		—	22	—	—	(59)	(37)
Shares purchased	8	—	—	—	—	(1,300)	(1,300)
Revaluation of investments	6	—	—	13,524		—	13,524
Share-based compensation		—	—	—		248	248
Dividends to shareholders	9	—	—	—	—	(310)	(310)
Balance at December 31, 2020		$ 2	$ 22	$ 13,524	$ 35,364	$ 456	$ 49,368

(1) Ordinary shares were $1 at December 31, 2019.

The Notes to Parent Company Financial Statements form an integral part of these financial statements.

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Basis of Presentation

The financial statements of Aon plc (the "Parent Company" or "Aon plc") have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"), effective for the 2020 year end, as well as in accordance with the Companies Act 2014. The Parent Company Financial Statements have been prepared on a historical cost basis unless otherwise noted.

The Parent Company is a qualifying entity under FRS 102, allowing for exemption from certain disclosures. Qualifying entities are members of a group for which the parent prepares publicly available consolidated financial statements which are intended to give a true and fair view and that member is included in the consolidation. The Parent Company has taken advantage of the following disclosure exemptions:

- The requirements of Section 7, Statement of Cash Flows, and Section 3, Financial Statement Presentation, paragraph 3.17(d).
- The requirements of Section 26, Share Based Payment, paragraphs 26.18(b), 26.19 to 26.21, and 26.23.
- The requirements of Section 33, Related Party Disclosures, paragraph 33.7.

The Parent Company Financial Statements have been prepared on a going concern basis. The directors have considered the appropriateness of the going concern basis in the Directors' Report. No substantial doubt was raised due to the COVID-19 pandemic given the circumstances described in the "Recent Developments" and "Liquidity and Financial Condition" sections of this report.

The Parent Company is availing from the exemption of presenting an individual profit and loss account in accordance with sections 304 (1) and 304 (2) of the Companies Act 2014. Net loss attributable to Aon shareholders was $893 million and $0 million for the years ended December 31, 2020 and 2019, respectively.

The Parent Company Financial Statements and related notes have been prepared and presented in U.S. dollars ("USD"), being the Parent Company's functional and presentational currency.

2. Summary of Significant Accounting Principles and Practices

The Parent Company Financial Statements have been prepared using accounting policies, principles, practices, and critical accounting estimates and judgments consistent with FRS 102. Note 2 "Summary of Significant Accounting Principles and Practices" of the Notes to the Consolidated Financial Statements of the Company, which have been prepared under U.S. GAAP, should be read in addition to the accounting policies addressed below.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

Investments in Subsidiaries

Investments in subsidiaries are initially measured at cost then subsequently carried at fair value through other comprehensive income. Subsequent remeasurement of the fair value is adjusted through the Revaluation reserve, a component of other comprehensive income, unless a devaluation exceeds the total accumulated revaluation gain. In the event a devaluation exceeds the total accumulated revaluation gain, an impairment is recognized.

Share-Based Compensation Expense

Share-based payments to employees of the Parent Company's subsidiaries, including grants of restricted share units and performance share awards, are measured based on grant date fair value. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

When shares are granted to employees of the Parent Company's subsidiaries, the Parent Company recognizes in its individual financial statements, an increase in the cost of investment in its subsidiaries, with the corresponding credit being recognized directly in equity.

Refer to Footnote 13 "Share-Based Compensation Plans" within the Notes to the Consolidated Financial Statements for more information regarding the description of and accounting for share-based compensation arrangements.

Related Parties

Consistent with FRS 102.33.1A, transactions between the Parent Company and its wholly owned subsidiaries are not disclosed. Details of directors' remuneration have been disclosed in Note 19 of the Company's Consolidated Financial Statements.

Dividends

Dividend income is recorded when the Parent Company's right to receive payment is established.

Foreign currencies

Transactions in foreign currencies are initially recorded in the Parent Company's functional currency, which is USD, by applying the spot exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the income statement.

Taxation

Corporation tax is calculated at current applicable rates.

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less, tax. Deferred tax is measured on an undiscounted basis at tax rates enacted or substantively enacted at the statement of financial position date that are expected to apply in the periods in which timing differences reverse.

Critical Accounting Estimates and Judgments

In accordance with our policies, the Parent Company regularly evaluates its estimates, assumptions, and judgments, including, but not limited to, those concerning investments in subsidiaries, share-based payments, and bases estimates, assumptions, and judgments on historical experience and on factors the Parent Company believes reasonable under the circumstances. The results involve judgments about the carrying values of assets and liabilities not readily apparent from other sources. If assumptions or conditions change, the actual results reported may differ from these estimates. The areas where judgment, estimates, and assumptions have the most significant effect on the amounts recognized in the financial statements are as follows:

Investment in Subsidiaries

The Parent Company is required to assess its investments in subsidiaries for fair market adjustments. The fair value estimation of the Parent Company's direct subsidiaries considered the Income, Market, and Cost Approaches. In quantifying the fair value under the Income and Market Approaches, the Parent Company utilized third party specialists that used a variety of market inputs, including historical industry performance, current market conditions, and expectations for future performance of each subsidiary to determine key assumptions, such as the terminal growth and discount rates. The Cost Approach, used for non-operating companies, adjusts the asset and liability balances on the investment entity's balance sheet to approximate their fair value.

Share-Based Compensation Expense

Estimates are made to share-based compensation expense based on an assessment of future performance for awards that are dependent on the achievement of certain objectives. Refer to Footnote 13 "Share-Based Compensation Plans" within the Notes to the Consolidated Financial Statements for more information regarding share-based compensation arrangements.

3. History and Description of the Entity

History of the Entity

The Parent Company was originally formed as a private Irish company (initially named Linzicon Limited and then renamed Aon Limited) and was later converted to a public limited company, Aon plc, for the purposes of facilitating the Ireland Reorganization, as described below.

Ireland Reorganization

On April 1, 2020, a scheme of arrangement under English law was completed pursuant to which Class A ordinary shares of Aon plc, a public limited company incorporated under the laws of England and Wales and the then publicly traded parent company of the Aon Group ("Aon Global Limited") were cancelled and the holders thereof received, on a one-for-one basis, Class A ordinary shares of the Parent Company for the purpose of changing the place of incorporation of the parent company of the Aon group from the United Kingdom to Ireland (the “Ireland Reorganization”). Refer to Note 8 “Ordinary Shares” for further information.

Description of the Entity

The principal activity of the Parent Company is an investment holding company. The Parent Company’s registered address is located at Metropolitan Building, James Joyce Street, Dublin 1, Ireland.

First Quarter 2020 Business Combination Agreement

On March 9, 2020, Aon Global Limited and Willis Towers Watson plc, an Irish public limited company (“WTW”), entered into a Business Combination Agreement with respect to a combination of the parties (the “Combination”). At the effective date of the combination, WTW shareholders will be entitled to receive 1.08 newly issued Class A ordinary shares of Aon plc in exchange for each ordinary share of WTW held by such holders. Aon expects to close the Combination in the first half of 2021, subject to regulatory approval and customary closing conditions.

On April 2, 2020 and in connection with the Ireland Reorganization, the Parent Company entered into an assignment agreement with Aon Global Limited, whereby Aon Global Limited assigned all rights and obligations related to the Business Combination Agreement to the Parent Company.

4. Directors’ Remuneration

The Parent Company’s directors are the same as those for the Consolidated Group. Directors’ remuneration is disclosed in Note 18 “Directors’ Remuneration” to the Consolidated Financial Statements of the Company.

5. Auditor’s Remuneration

The fees paid to EY Ireland related to the audit of the Parent Company individual financial Statements were $0.2 million in 2020 and $0 million in 2019. Note 19 “Auditors’ Remuneration” to the Consolidated Financial Statements of the Company provides additional information regarding auditor’s remuneration.

6. Investments in Subsidiaries

Details of the Parent Company’s direct subsidiaries are detailed as follows:

Name of company	Nature of business	Country of incorporation	Holdings	Ownership percentage
Randolph Finance Unlimited Company	Holding Company	Ireland	Ordinary shares	100%
Aon Insurance Managers (Dublin) Limited	Operations	Ireland	Ordinary shares	100%
Aon WTW Limited	Holding Company	Ireland	Ordinary shares	100%

On April 1, 2020, the Company acquired 100 percent of the share capital of Aon Global Limited. The transaction was an element of a U.K. Court-approved scheme of arrangement that provided for the insertion of the Parent Company as the new Irish public limited company at the top of the Aon group. Upon completion of such transactions, the Parent Company owned 100 percent of Aon Global Limited.

On April 2, 2020, the Parent Company acquired 100 percent of the share capital of Randolph Finance Unlimited Company, which was previously an indirect subsidiary of Aon Global Limited, and subsequently contributed 100 percent of the ownership of Aon Global Limited to Randolph Finance Unlimited Company.

On April 7, 2020, the Parent Company acquired 100 percent of the share capital of Aon Insurance Managers (Dublin) Limited for $23 million, which was previously an indirect subsidiary of Randolph Finance Unlimited Company.

On May 25, 2020, Aon WTW Limited was incorporated in Ireland. The Parent Company holds 100 percent of the share capital of the new subsidiary which was set up in connection with the Combination.

For the year ended December 31, 2020, the Parent Company received dividends of $1.9 billion from Randolph Finance Unlimited Company.

Changes in investment in subsidiaries for the periods ended are as follows (in millions):

	Total
As of December 31, 2019	$ —
Acquisitions	38,159
Contributions	243
Return of Capital	(143)
Impairments (1) (2)	(2,770)
Fair Value Adjustment	13,524
As of December 31, 2020	$ 49,013

(1) On April 2, 2020, the Parent Company recognized an impairment of its investment in Aon Global Limited of $2,625 million in advance of the contribution to Randolph Finance Unlimited Company. This impairment was a result of the change in the fair value of Aon Global Limited between initial recognition and the contribution.

(2) In connection with the Dividend received on April 10, 2020, the Parent Company recognized an impairment on its investment in Randolph Finance Unlimited Company of $145 million.

The fair value of the Parent Company's direct subsidiaries as of December 31, 2020 and December 31, 2019, respectively, were as follows (in millions):

As of	December 31, 2020	December 31, 2019
Randolph Finance Unlimited Company	$ 48,994	$ —
Aon Insurance Managers (Dublin) Limited	19	—
Aon WTW Limited	—	—
Total	$ 49,013	$ —

For a complete listing of all significant directly and indirectly-owned subsidiaries, see Note 22 "Group Undertakings" to the Consolidated Financial Statements of the Company.

7. Guarantees

The Parent Company has entered into a series of agreements to guarantee certain debt instruments of Aon Global Limited, Aon Global Holdings plc, Aon Corporation and their subsidiaries. This debt is also guaranteed by various other subsidiaries of the Parent Company. Guarantee fees recognized during the period by the Parent Company were deemed insignificant. The following debt instruments are guaranteed by the Parent Company:

- A $900 million U.S. multi-currency revolving loan credit facility used by Aon Global Limited, Aon Corporation, and certain of Aon Corporation's subsidiaries to fund operations. The facility expires in February 2022 and has a commitment fee of 12.5 basis points on the unused portion of the facility. The rate on borrowing from this facility varies based upon the prevalent market rate of several benchmarks plus a margin ranging from 0 to 100 basis points. There are no borrowings under this facility as of December 31, 2020.
- A $750 million U.S. revolving credit facility used by Aon Global Limited, Aon Corporation, and certain designated subsidiaries to fund operations. This facility expires in October 2023 and has commitment fees of 12.5 basis points on the unused portion of the facility. The rate on borrowings from this facility varies based upon the prevalent market rate of several benchmarks plus a margin ranging from 0 to 100 basis points. There are no borrowings under this facility as of December 31, 2020.
- Commercial paper issued by Aon Corporation. There was no commercial paper issued by Aon Corporation at December 31, 2020.
- Commercial paper issued by Aon Global Holdings plc. There was no commercial paper issued by Aon Global Holdings plc at December 31, 2020.
- Six term loans issued by Aon Corporation and nine term loans issued by Aon Global Limited, as listed below.

The following table summarizes the remaining term loans that are guaranteed by the Parent Company and their respective balances at December 31, 2020:

Issue Type	Debt Outstanding (millions)	Coupon	Maturity
Aon Corporation			
Sr. Unsecured Debt	$498	2.20%	November 15, 2022
Jr. Sub Debt	$521	8.21%	January 1, 2027
Sr. Unsecured Debt	$347	4.50%	December 15, 2028
Sr. Unsecured Debt	$744	3.75%	May 2, 2029
Sr. Unsecured Debt	$992	2.80%	May 15, 2030
Sr. Unsecured Debt	$296	6.25%	September 30, 2040
Aon Global Limited			
Sr. Unsecured Debt	$400	2.80%	March 15, 2021
Sr. Unsecured Debt	$349	4.00%	November 27, 2023
Sr. Unsecured Debt	$597	3.50%	June 14, 2024
Sr. Unsecured Debt	$747	3.875%	December 15, 2025
Sr. Unsecured Debt (€ 500M)	$606	2.875%	May 14, 2026
Sr. Unsecured Debt	$200	4.25%	December 12, 2042
Sr. Unsecured Debt	$247	4.45%	May 24, 2043
Sr. Unsecured Debt	$544	4.60%	June 14, 2044
Sr. Unsecured Debt	$593	4.75%	May 15, 2045

On January 13, 2021, Aon Global Limited, a limited company organized under the laws of England and Wales and a wholly owned subsidiary of Aon plc, issued an irrevocable notice of redemption to holders of its 2.80% Senior Notes, which were set to mature in March 2021, for the redemption of all $400 million outstanding aggregate principal amount of the notes. The redemption date was on February 16, 2021 and resulted in an insignificant loss due to extinguishment.

8. Ordinary Shares

Details of the Parent Company's authorized and issued shares are detailed as follows:

	December 31,	
(Thousands)	**2020**	**2019** [(1)]
Authorized:		
Class A ordinary shares of $0.01 each (December 31, 2020 - 500,000; December 31, 2019 - 0) [(2)]	$ 5,000	$ —
Preference shares of $0.01 each (December 31, 2020 - 50,000; December 31, 2019 - 0) [(2)]	500	—
Euro Ordinary shares of €1 each (December 31, 2020 - 25; December 31, 2019 - 0) [(3)]	30	—
Total	$ 5,530	$ —
Allotted and called up and fully paid:		
Class A ordinary shares of $0.01 each (December 31, 2020 - 225,457; December 31, 2019 - 0) [(4)(5)]	$ 2,255	$ —
Euro Ordinary shares of €1 each (December 31, 2020 - 0; December 31, 2019 - 0) [(6)]	—	—
Total	$ 2,255	$ —

(1) On December 31, 2019, the Parent Company had 1 authorized and issued subscriber Euro ordinary share having a nominal value of €1, held by Aon Group Limited.

(2) During 2020 and in connection with the Reorganization, the authorized share capital of the Company was amended to include 500 million Class A ordinary shares of $0.01 and 50 million preference shares of $0.01 each.

(3) The Parent Company was incorporated with 1 subscriber Euro ordinary share of €1 nominal value for aggregate consideration of €1. In 2020, the Company authorized an additional 24,999 Euro ordinary shares with a nominal value of €1. Holders of Euro ordinary shares are not entitled to receive dividends or other distributions.

(4) Per the Articles of Association, Class A ordinary shares have voting rights and rights to dividends and distributions. On April 1, 2020 and in connection with the Reorganization, the Parent Company issued 231 million Class A ordinary shares having a nominal value of $0.01 each.

(5) During 2020, the Company repurchased in the open market 6.4 million Class A ordinary shares having a nominal value of $0.01 each for a total

consideration of $1.3 billion.

(6) On December 31, 2019, the Company had 1 issued subscriber Euro ordinary share having a nominal value of €1, held by Aon Global Limited. On March 16, 2020 and in connection with the Reorganization, the Company allotted an additional 24,999 Euro ordinary shares having a nominal value of €1 each to Aon Global Limited, which were not issued at that time. On April 1, 2020, the right to be issued the 24,999 additional Euro ordinary shares having a nominal value of €1 each, which had been allotted on March 16, 2020 was waived by Aon Global Limited and the 1 issued subscriber Euro ordinary share was surrendered by Aon Global Limited, in each case for no valuable consideration.

Share Repurchases

During the year-ended December 31, 2020, the Parent Company repurchased and cancelled 6.4 million shares at an average price per share of $204.07 for a total cost of $1.3 billion. Refer to Note 11 "Shareholders' Equity" to the Consolidated Financial Statements of the Company provides additional information on the Company's Repurchase Program.

9. Shareholders' Equity

Distributable Profits

The Parent Company is required, under Irish law to have available "distributable profits" to pay dividends and, generally, make repurchases and redemptions. Distributable profits may be created through the earnings of the Parent Company or other methods (including certain intra-group reorganizations involving the capitalization of the Parent Company's non-distributable profits and their subsequent reduction). Distributable profits are not linked to an FRS 102 reported amount. As of December 31, 2020 the Parent Company had distributable profits in excess of $244 million.

Dividends

The Parent Company paid dividends on its Class A ordinary shares of $310 million for the period ended December 31, 2020. Dividends paid per Class A ordinary share were $1.34 for the period ended December 31, 2020.

Future dividends on Aon plc's class A ordinary shares, if any, and the timing of declaration of any such dividends, will be at the discretion of the Board of Directors of the Parent Company and will depend on, among other things, our results of operations, cash requirements and surplus, financial condition, contractual restrictions and other factors that the Board of Directors of the Parent Company may deem relevant, as well as our ability to pay dividends in compliance with the Companies Act 2014.

Share Premium

Share Premium records the difference between the share grant price and share issuance price for the Parent Company's Share-Based Compensation Expense. For the period ended December 31, 2020, the Parent Company recognized $22 million of share premium.

Merger Reserve

This reserve records the amount above the nominal value of the Class A Ordinary shares issued in connection with the Reorganization and the fair value of the Aon group on that date. For the period ended December 31, 2020, the Company realized $2,770 million of merger reserve against impairments of investments in subsidiaries. The merger reserve of $38,134 million, was initially recognized as the difference between the nominal value of the Class A Shares and the fair value of the Aon Group, $2 million and $38,136 million respectively, upon completion of the Ireland Reorganization. Refer to Note 6 "Investments in Subsidiaries" of the Parent Company for further information around the impairments recognized against merger reserve.

Revaluation Reserve

This reserve records the subsequent remeasurement of investment in subsidiaries at fair value. For the period ended December 31, 2020, the Parent Company recognized $13,524 million of revaluation gains.

Capital and Liquidity Management

Refer to the liquidity discussion within the Directors' Report for information regarding the Parent Company's capital management objectives and processes and liquidity risk.

10. Income Taxes

The components of income tax are as follows (in millions):

	Period ended December 31, 2020	2019
Current tax credit	$ 8	$ —
Total current tax credit	$ 8	$ —

Reconciliation of current tax credit and tax at the statutory rate

The current tax credit in the Statement of Comprehensive Income for the period ended December 31, 2020 is lower than that calculated at the statutory tax rate of 25%. The differences are reconciled below (in millions):

	Period ended December 31, 2020	2019
Loss before tax	$ 901	$ —
Tax at the statutory tax rate of 25%	$ 225	$ —
Expenses not deductible for tax purposes	(693)	—
Income not taxable	476	—
Total tax credit	$ 8	$ —

The corporate statutory tax rate to be applied in Ireland is currently 25%.

11. Related Party Transactions

Net income (loss) includes $3 million of non-executive Directors' fees for the twelve months ended December 31, 2020. No other related-party transactions are disclosed, as the Parent Company qualifies for the exemption in accordance with section 33 paragraph 1A of FRS 102.

Transactions relating to the cost of the Parent Company's investment in its subsidiaries are described in Note 6 to these Parent Company Financial Statements.

As of December 31, 2020, the Parent Company Statements of Financial Position included intercompany receivables of $8 million with its direct subsidiary Randolph Finance Unlimited Company and $13 million with other indirect subsidiaries. As of December 31, 2020, the Parent Company Statements of Financial Position included intercompany payables of $50 million with other indirect subsidiaries.

12. Subsequent Events

Dividends

On January 11, 2021, the Parent Company declared dividends of per Class A ordinary share of $0.46 for a total cost of $103.7 million. The dividends were paid on February 12, 2021.

Repurchase of Shares

During the period from January 1, 2021 to March 26, 2021, the Parent Company repurchased 0.2 million shares at an average price per share of $217.70 for a total cost of $50 million. At March 26, 2021, the remaining authorized amount for share repurchase under the Share Repurchase Programs is $5.2 billion.

Debt Repayment

On January 13, 2021, Aon Global Limited, a limited company organized under the laws of England and Wales and a wholly owned subsidiary of Aon plc, issued an irrevocable notice of redemption to holders of its 2.80% Senior Notes, which were set to mature in March 2021, for the redemption of all $400 million outstanding aggregate principal amount of the notes. These notes were guaranteed by Aon plc. The redemption date was on February 16, 2021 and resulted in an insignificant loss due to extinguishment.

Commercial Paper

As of March 26, 2021, a subsidiary to the Parent Company had $200 million of commercial paper borrowings outstanding on the U.S. commercial paper program.

Intercompany Dividends

On February 24, 2021, the Parent Company received a dividend of $1.0 billion from Randolph Finance Unlimited Company.

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