COMPANY REGISTRATION NUMBER 07876075

Aon plc

Annual Report and Accounts

For the year ended 31 December 2013

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STRATEGIC REPORT

Strategy and Business Model

OVERVIEW

Aon plc's strategy is to be the preeminent professional service firm in the world, focused on the topics of risk and people. Aon plc (which may be referred to as "Aon," "the Company," "we," "us," or "our") is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resource consulting and outsourcing, delivering distinctive client value via innovative and effective risk management and workforce productivity solutions. Our predecessor, Aon Corporation, was incorporated in 1979 under the laws of Delaware. On April 2, 2012, we completed the change of our jurisdiction of incorporation from Delaware to the U.K. and moved our corporate headquarters to London. Additionally, we completed a reorganization of our corporate structure pursuant to which Aon Corporation merged with one of its indirect, wholly-owned subsidiaries and Aon plc became the publicly-held parent company of Aon Corporation and the rest of the Aon group. We sometimes refer to this transaction herein as the Redomestication. Moving our global headquarters to the U.K. has enhanced our focus on growth, product and broking innovations at Aon Broking, talent development and financial flexibility. The transaction is expected to continue to support our strategy and to deliver significant value to our shareholders.

We have approximately 66,000 employees and conduct our operations through various subsidiaries in more than 120 countries and sovereignties.

We serve clients through the following reportable segments:

- **Risk Solutions** acts as an advisor and insurance and reinsurance broker, helping clients manage their risks via consultation, as well as negotiation and placement of insurance risk with insurance carriers through our global distribution network.

- **HR Solutions** partners with organizations to solve their most complex benefits, talent and related financial challenges. We are dedicated to improve business performance by designing, implementing, communicating and administering a wide range of human capital, retirement, investment consulting, health care, compensation and talent management strategies.

Our clients are globally diversified and include all segments of the economy (individuals through personal lines, mid-market companies and large global companies) and almost every industry in the economy in over 120 countries globally. This diversification of our customer base provides stability in different economic scenarios that may affect specific industries, customer segments or geographies.

Over the last five years we have continued to focus our portfolio on higher margin, capital light professional services businesses that have high recurring revenue streams and strong free cash flow generation. Aon drives its capital allocation decision making process around return on invested capital ("ROIC"). This focus on ROIC, measured on a cash-on-cash basis, led to a number of significant portfolio changes:

- In April 2008, we completed the sale of our Combined Insurance Company of America ("CICA") and Sterling Insurance Company ("Sterling") subsidiaries, which represented the majority of the operations of our former Insurance Underwriting segment.

- In August 2009, we completed the sale of our remaining property and casualty insurance underwriting operations that were in run-off.

- In November 2008, we expanded our Risk Solutions product offerings through the acquisition of Benfield Group Limited ("Benfield"), a leading independent reinsurance intermediary. Benfield products have been integrated with our existing reinsurance products.

- In October 2010, we completed the acquisition of Hewitt Associates, Inc. ("Hewitt"), one of the world's leading human resource consulting and outsourcing companies. Hewitt operates globally together with Aon's existing consulting and outsourcing operations under the Aon Hewitt brand in our HR Solutions segment.

Following the acquisitions of Benfield in 2008 and Hewitt in 2010, the Company has successfully repositioned the portfolio towards higher-margin, capital light professional services businesses such that, in 2013, 66% of our consolidated total revenues were in Risk Solutions and 34% of our consolidated total revenues were in HR Solutions, resulting in higher-margin recurring revenue streams and stronger free cash flow.

BUSINESS SEGMENTS

Risk Solutions

The Risk Solutions segment generated approximately 66% of our consolidated total revenues in 2013, and has approximately 31,000 employees worldwide. We provide risk and insurance, as well as reinsurance, brokerage and related services in this segment.

Principal Products and Services

We operate in this segment through two similar transactional product lines: retail brokerage and reinsurance brokerage. In addition, a key component of this business is our risk consulting services.

Retail brokerage encompasses our retail brokerage services, affinity products, managing general underwriting, placement, and captive management services. The Americas' operations provide products and services to clients in North, Central and South America, the Caribbean, and Bermuda. Our International operations in the United Kingdom; Europe, Middle East and Africa; and Asia Pacific offer similar products and services to clients throughout the rest of the world.

Our employees draw upon our global network of resources, industry-leading data and analytics, and specialized expertise to deliver value to clients ranging from small and mid-sized businesses to multi-national corporations. We work with clients to identify their business needs and help them assess and understand their total cost of risk. Once we have gained an understanding of our clients' risk management needs, we are able to leverage our global network and implement a customized risk approach with local Aon resources. The outcome is a comprehensive risk solution provided locally and personally. The Aon Client Promise® enables our colleagues around the globe to describe, benchmark and price the value we deliver to clients in a unified approach, based on the ten most important criteria that our clients believe are critical to managing their total cost of risk.

Knowledge and foresight, unparalleled benchmarking and carrier knowledge are the qualities at the heart of our professional services excellence. Delivering superior value to clients and differentiation from competitors will be driven through key Aon Broking initiatives, which uniquely positions us to provide our clients and insurers with additional market insight as well as new product offerings and facilities.

As a retail broker, we serve as an advisor to clients and facilitate a wide spectrum of risk management solutions for property liability, general liability, professional and directors' and officers' liability, workers' compensation, various healthcare products, as well as other exposures. Our business is comprised of several specialty areas structured around specific product and industry needs.

We deliver specialized advice and services in such industries as technology, financial services, agribusiness, aviation, construction, health care and energy, among others. Through our global affinity business, we provide products for professional liability, life, disability income and personal lines for individuals, associations and businesses around the world.

In addition, we are a major provider of risk consulting services, including captive management, that provide our clients with alternative vehicles for managing risks that would be cost-prohibitive or unavailable in traditional insurance markets.

Our health and benefits consulting practice advises clients about structuring, funding, and administering employee benefit programs, which attract, retain, and motivate employees. Benefits consulting and brokerage includes health and welfare, executive benefits, workforce strategies and productivity, absence management, data-driven health, compliance, employee commitment, and elective benefits services.

Reinsurance brokerage offers sophisticated advisory services in program design and claim recoveries that enhance the risk/return characteristics of insurance policy portfolios, improve capital utilization, and evaluate and mitigate catastrophic loss exposures worldwide. An insurance or reinsurance company may seek reinsurance or other risk-transfer solutions on all or a portion of the risks it insures. To accomplish this, our reinsurance brokerage services use dynamic financial analysis and capital market alternatives, such as transferring catastrophe risk through securitization. Reinsurance brokerage also offers capital management transaction and advisory services.

We act as a broker or intermediary for all classes of reinsurance. We place two main types of property and casualty reinsurance: treaty reinsurance, which involves the transfer of a portfolio of risks, and facultative reinsurance, which entails the transfer of part or all of the coverage provided by a single insurance policy. We also place specialty lines such as professional liability, workers' compensation, accident, life and health.

We also provide actuarial, enterprise risk management, catastrophe management and rating agency advisory services. We have developed tools and models that help our clients understand the financial implications of natural and man-made catastrophes around the world. Aon Benfield Securities provides global capital management transaction and advisory services for insurance and reinsurance clients. In this capacity, Aon Benfield Securities is recognized as a leader in:

- the structuring, underwriting and trading of insurance-linked securities;
- the arrangement of financing for insurance and reinsurance companies, including Lloyd's syndicates; and
- providing advice on strategic and capital alternatives, including mergers and acquisitions.

In addition, our Inpoint business is a leading provider of consulting services to the insurance and reinsurance industry, helping carriers improve their performance to achieve growth and profitability.

Compensation

Our Risk Solutions segment generates revenues through commissions, fees from clients, and compensation from insurance and reinsurance companies for services we provide to them. Commission rates and fees vary depending upon several factors, which may include the amount of premium, the type of insurance or reinsurance coverage provided, the particular services provided to a client, insurer or reinsurer, and the capacity in which we act. Payment terms are consistent with current industry practice.

We typically hold funds on behalf of clients as a result of premiums received from clients and claims due to clients that are in transit to and from insurers. These funds held on behalf of clients are generally invested in interest-bearing premium trust accounts and can fluctuate significantly depending on when we collect cash from our clients and when premiums are remitted to the insurance carriers. We earn interest on these accounts; however, the principal is segregated and not available for general operating purposes.

Competition

The Risk Solutions business is highly competitive and very fragmented, and we compete with two other global insurance brokers, Marsh & McLennan Companies, Inc. and Willis Group Holdings Ltd., as well as numerous specialists, regional and local firms in almost every area of our business. We also compete with insurance and reinsurance companies that market and service their insurance products without the assistance of brokers or agents; and with other businesses that do not fall into the categories above, including commercial and investment banks, accounting firms, and consultants that provide risk-related services and products.

Seasonality

The Risk Solutions segment typically experiences higher revenues in the first and fourth calendar quarters of each year, primarily due to the timing of policy renewals.

HR Solutions

The HR Solutions segment generated approximately 34% of our consolidated total revenues in 2013, and has approximately 30,000 employees worldwide with operations in the U.S., Canada, the U.K., Europe, South Africa, Latin America, and the Asia Pacific region.

Principal Products and Services

We provide products and services in this segment primarily under the Aon Hewitt brand, which was formed in connection with the acquisition of Hewitt.

The HR Solutions segment works to maximize the value of clients' human resources spending, increase employee productivity, and improve employee performance. Our approach addresses a trend towards more diverse workforces (demographics, nationalities, cultures and work/lifestyle preferences) that require more choices and flexibility among employers — so that they can provide benefit options suited to individual needs.

We work with our clients to identify options in human resource outsourcing and process improvements. The primary areas where companies choose to use outsourcing services include benefits administration, core human resource processes, workforce and talent management.

HR Solutions offers a broad range of human capital services in the following practice areas:

Retirement specializes in providing global actuarial services, defined contribution consulting, pension de-risking, tax and ERISA consulting, and pension administration.

Compensation focuses on compensation advisory/counsel including: compensation planning design, executive reward strategies, salary survey and benchmarking, market share studies and sales force effectiveness assessments, with special expertise in the financial services and technology industries.

Strategic Human Capital delivers advice to complex global organizations on talent, change and organizational effectiveness issues, including talent strategy and acquisition, executive on-boarding, performance management, leadership assessment and development, communication strategy, workforce training and change management.

Investment consulting advises public and private companies, other institutions and trustees on developing and maintaining investment programs across a broad range of plan types, including defined benefit plans, defined contribution plans, endowments and foundations.

Benefits Administration applies our HR expertise primarily through defined benefit (pension), defined contribution (401 (k)), and health and welfare administrative services. Our model replaces the resource-intensive processes once required to administer benefit plans with more efficient, effective, and less costly solutions.

Exchanges is building and operating health care exchanges that provide employers with a cost effective alternative to traditional employee and retiree healthcare, while helping individuals select the insurance that best meets their needs.

Human Resource Business Process Outsourcing ("HR BPO") provides market-leading solutions to manage employee data; administer benefits, payroll and other human resources processes; and record and manage talent, workforce and other core HR process transactions as well as other complementary services such as absence management, flexible spending, dependent audit and participant advocacy.

Compensation

HR Solutions revenues are principally derived from fees paid by clients for advice and services. In addition, insurance companies pay us commissions for placing individual and group insurance contracts, primarily life, health and accident coverage, and pay us fees for consulting and other services that we provide to them. Payment terms are consistent with current industry practice.

Competition

Our HR Solutions business faces strong competition from other worldwide and national consulting companies, including Marsh & McLennan Companies, Inc. and Towers Watson & Co. as well as regional and local firms. Competitors include independent consulting firms and consulting organizations affiliated with accounting, information systems, technology, and financial services firms, large financial institutions, and pure play outsourcers. Some of our competitors provide administrative or consulting services as an adjunct to other primary services. We believe that we are one of the leading providers of human capital services in the world.

Seasonality

Due to buying patterns and delivery of certain products in the markets we serve, revenues tend to be highest in the fourth quarter of each fiscal year.

Licensing and Regulation

Our business activities are subject to licensing requirements and extensive regulation under the laws of countries in which we operate, as well as U.S. federal and state laws. See the discussion contained in the "Risk Factors" section of this Directors' Report for information regarding how actions by regulatory authorities or changes in legislation and regulation in the jurisdictions in which we operate may have an adverse effect on our business.

Risk Solutions

Regulatory authorities in the states or countries in which the operating subsidiaries of our Risk Solutions segment conduct business may require individual or company licensing to act as producers, brokers, agents, third party administrators, managing general agents, reinsurance intermediaries, or adjusters.

Under the laws of most states in the U.S. and most foreign countries, regulatory authorities have relatively broad discretion with respect to granting, renewing and revoking producers', brokers' and agents' licenses to transact business in the state or country. The operating terms may vary according to the licensing requirements of the particular state or country, which may require, among other things that a firm operates in the state or country through a local corporation. In a few states and countries, 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 state or country.

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

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

Further, certain of our business activities within the Risk Solutions segment are governed by other regulatory bodies, including investment, securities and futures licensing authorities. In the U.S., we use Aon Benfield Securities, Inc., a U.S.-registered broker-dealer and investment advisor, member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investor Protection Corporation, and an indirect, wholly owned subsidiary of Aon, for capital management transaction and advisory services and other broker-dealer activities.

HR Solutions

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

Clientele

Our clients operate in many businesses and industries throughout the world. No one client accounted for more than 1% of our consolidated total revenues in 2013. 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 2013.

Segmentation of Activity by Type of Service and Geographic Area of Operation

Financial information relating to the types of services provided by us and the geographic areas of our operations is incorporated herein by reference to Note 17 "Segment Information" of the Notes to Consolidated Financial Statements of this report.

Employees

At December 31, 2013, we employed approximately 66,000 employees, of which approximately 23,000 worked in the U.S.

Information Concerning Forward-Looking Statements

This report contains certain statements related to future results, or states our intentions, beliefs and expectations or predictions for the future which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to expectations or forecasts of future events. They use words such as "anticipate," "believe," "estimate," "expect," "forecast," "project," "intend," "plan," "potential," 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; 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 that could impact results include:

- general economic conditions in different countries in which Aon does business around the world, including conditions in emerging markets and in the European Union relating to sovereign debt and the continued viability of the Euro;

- changes in the competitive environment;

- changes in global equity and fixed income markets that could influence the return on invested assets;

- changes in the funding status of our various defined benefit pension plans and the impact of any increased pension funding resulting from those changes;

- rating agency actions that could affect our ability to borrow funds;

- fluctuations in exchange and interest rates that could impact revenue and expense;

- the impact of class actions and individual lawsuits including client class actions, securities class actions, derivative actions and ERISA class actions;

- the impact of any investigations brought by regulatory authorities in the U.S., U.K. and other countries;

- the cost of resolution of other contingent liabilities and loss contingencies, including potential liabilities arising from errors and omission claims against us;

- failure to retain and attract qualified personnel;

- the impact of, and potential challenges in complying with, legislation and regulation in the jurisdictions in which we operate, particularly given the global scope of our business and the possibility of conflicting regulatory requirements across jurisdictions in which we do business;

- the effect of the Redomestication on our operations and financial results, including the reaction of our clients, employees and other constituents, the effect of compliance with applicable U.K. regulatory regimes or the failure to realize some or all of the anticipated benefits;

- the extent to which we retain existing clients and attract new businesses and our ability to incentivize and retain key employees;

- the extent to which we manage certain risks created in connection with the various services, including fiduciary and advisory services, among others, that we currently provide, or will provide in the future, to clients;

- our ability to implement restructuring initiatives and other initiatives intended to yield cost savings, and the ability to achieve those cost savings;

- the potential of a system or network breach or disruption resulting in operational interruption or improper disclosure of client information or personal data;

- any inquiries relating to compliance with the U.S. Foreign Corrupt Practices Act ("FCPA") and non-U.S. anti-corruption laws and with U.S. and non-U.S. trade sanctions regimes;

- failure to protect intellectual property rights or allegations that we infringe on the intellectual property rights of others;

- the damage to our reputation among clients, markets or other third parties;

- the actions taken by third parties that perform aspects of our business operations and client services; and

- our ability to grow and develop companies that we acquire or new lines of business.

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

Principal Risks and Uncertainties

RISK FACTORS

The risk factors set forth below reflect certain risks associated with existing and potential lines of business and contain "forward-looking statements" as discussed in the "Strategy and Business Model" Section of this report. Readers should consider them in addition to the other information contained in this report as our business, financial condition or results of operations could be adversely affected if any of these risks were to actually occur.

The following are certain risks related to our businesses specifically and the industries in which we operate generally that could adversely affect our business, financial condition and results of operations and cause our actual results to differ materially from those stated in the forward-looking statements in this document and elsewhere. These risks are not presented in order of importance or probability of occurrence.

Risks Relating to the Company Generally

Competitive Risks

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

The demand for property and casualty insurance generally rises as the overall level of economic activity increases and generally falls as such activity decreases, affecting both the commissions and fees generated by our Risk Solutions business. The economic activity that impacts property and casualty insurance is most closely correlated with employment levels, corporate revenue and asset values. Downward fluctuations in the year-over-year insurance premium charged by insurers to protect against the same risk, referred to in the industry as softening of the insurance market, could adversely affect our Risk Solutions business as a significant portion of the earnings are determined as a percentage of premium charged to our clients. A growing number of insolvencies 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 or by exposing us to errors and omissions claims, referred to here as E&O claims.

The results of our HR Solutions business are generally affected by the level of business activity of our clients, which in turn is affected by the level of economic activity in the industries and markets these clients serve. Economic downturns in some markets may cause reductions in technology and discretionary spending by our clients, which may result in reductions in the growth of new business as well as reductions in existing business. If our clients become financially less stable, enter bankruptcy or liquidate their operations, our revenues and/or collectibility of receivables could be adversely affected. In addition, our revenues from many of our outsourcing contracts depend upon the number of our clients' employees or the number of participants in our clients' employee benefit plans and could be adversely affected by layoffs. We may also experience decreased demand for our services as a result of postponed or terminated outsourcing of human resources functions or reductions in the size of our clients' workforce. Reduced demand for our services could increase price competition. Some portion of our services may be considered by our clients to be more discretionary in nature and thus, demand for these services may be impacted by reductions in economic activity.

We face significant competitive pressures in each of our businesses.

We believe that competition in our Risk Solutions segment is based on service, product features, price, commission structure, financial strength and ability to access certain insurance markets and name recognition. In particular, we compete with a large number of national, regional and local insurance companies and other financial services providers and brokers.

Our HR Solutions segment competes with a large number of independent firms and consulting organizations affiliated with accounting, information systems, technology and financial services firms around the world. Many of our competitors in this area are expanding the services they offer or reducing prices in an attempt to gain additional business. Additionally, some competitors have established, and are likely to continue to establish, cooperative relationships among themselves or with third parties to increase their ability to address client needs.

Our competitors may have greater financial, technical and marketing resources, larger customer bases, greater name recognition, stronger presence in certain geographies and more established relationships with their customers and suppliers than we have. In addition, new competitors, alliances among competitors or mergers of competitors could emerge and gain significant market share, and some of our competitors may have or may develop a lower cost structure, adopt more aggressive pricing policies or provide services that gain greater market acceptance than the services that we offer or develop. Large and well-capitalized competitors may be able to respond to the need for technological changes and innovate faster, or price their services more aggressively. They may also compete for skilled professionals, finance acquisitions, fund internal growth and compete for market share more effectively than we do. To respond to increased competition and pricing pressure, we may have to lower the cost of our services or decrease the level of service provided to clients, which could have an adverse effect on our financial condition or results of operations.

Financial Risks

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

We face exposure to adverse movements in exchange rates of currencies other than our functional currency, the U.S. Dollar, as a significant portion of our business is located outside of the United States. These exposures may change over time, and they could have a material adverse impact on our financial results and cash flows. Our five largest non-U.S. Dollar exposures are the British Pound, Euro, Australian Dollar, Canadian Dollar and Indian Rupee; however, we also have exposures to emerging market currencies which can have significant currency volatility. These currency exchange risks are present in both the translation of the financial results of our global subsidiaries into U.S. Dollars for our consolidated financial statements, as well as those of our operations that receive revenue and incur expenses other than in their respective local currencies which can reduce the reduced profitability of our operations based on the direction the respective currencies' exchange rates move. A decrease in the value of certain currencies relative to other currencies could place us at a competitive disadvantage compared to our competitors that benefit to a greater degree from a specific exchange rate move and can, as a result, deliver services at a lower cost or receive greater revenues from such a transaction. Although we use various derivative financial instruments to help protect against adverse foreign exchange rate fluctuations, we cannot eliminate such risks, and changes in exchange rates may adversely affect our results.

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 and funds held on behalf of clients and insurers were $1.0 billion and $3.8 billion, respectively, at December 31, 2013. These funds are reported in Cash and cash equivalents, Short-term investments, and Fiduciary assets. We also carry an investment portfolio of other long-term investments. As of December 31, 2013, these long-term investments had a carrying value of $132 million. Changes in interest rates and counterparty credit quality, including default, could reduce the value of these funds and investments, thereby adversely affecting our financial condition or results. For example, changes in interest rates directly affect our income from cash balances and short-term investments. Similarly, general economic conditions, stock market conditions, financial stability of the investees and other factors beyond our control affect the value of our long-term investments. Our cash holdings, including cash held in our fiduciary capacity, are subject to the credit, liquidity and other risks faced by our financial institution counterparties.

While we regularly measure, monitor and mitigate our exposure to these risks, a deterioration in the credit or liquidity of any of these counterparties, particularly if sudden or severe, could in turn adversely affect us. We also assess our portfolio for other-than-temporary impairments. For investments in which the fair value is less than the carrying value and the impairment is deemed to be other-than-temporary, we recognize a loss in the Consolidated Statement of Income.

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.

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

To the extent that the pension obligations associated with our major 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 certain years there have been declines in interest rates. As a result of lower interest rates and investment returns, the present value of plan liabilities could increase faster than the value of plan assets, resulting in higher unfunded positions in several of our major pension plans.

We currently plan to contribute approximately $385 million to our major pension plans in 2014, although we may elect to contribute more. Total cash contributions to these pension plans in 2013 were $523 million, which was a decrease of $115 million compared to 2012.

The significance of our worldwide pension plans means that our pension contributions and expense are comparatively sensitive to various market and demographic factors. These factors include equity and bond market returns, the assumed interest rates we use to discount our pension liabilities, foreign exchange rates, rates of inflation, mortality assumptions, potential regulatory and legal changes and counterparty exposure from various investments and derivative contracts, including annuities.

Variations in any of these factors could cause significant changes to our financial position and results of operations from year to year.

The periodic revision of pension 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. Changes in our pension benefit obligations and the related net periodic pension expense or credits may occur in the future due to any variance of actual results from our assumptions. As a result, there can be no assurance that we will not experience future changes in the funded status of our plans, shareholders' equity, net income, cash flow and liquidity or that we will not be required to make additional cash contributions in the future beyond those that have been estimated.

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

As of December 31, 2013, we had total consolidated debt outstanding of approximately $4.4 billion. The level of debt outstanding each period could adversely affect our financial flexibility. We also bear risk at the time debt matures.

We have two primary committed credit facilities outstanding, one with U.S. banks, and the other with European banks. The U.S. facility totals $400 million and matures in March 2017. The Euro facility totals €650 million ($890 million based on exchange rates at December 31, 2013) and matures in October 2015. Both the U.S. facility and the Euro facility are intended as a back-up against commercial paper and for our general working capital needs. At December 31, 2013, we had no borrowings under either of these credit facilities. Both facilities require certain representations and warranties to be made before drawing and both have similar financial covenants. At December 31, 2013, we could make all representations and warranties and were in compliance with all financial covenants.

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, additional 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.

Our ability to make interest and principal payments, to refinance our debt obligations and to fund planned capital expenditures will depend on our ability to generate cash from operations. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. It will also reduce the availability to use that cash for other purposes, including working capital, dividends to shareholders, share repurchases, acquisitions, capital expenditures and general corporate purposes.

If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business. Additionally, we may not be able to effect such actions, if necessary, on commercially reasonable terms, or at all. We may not be able to refinance any of our indebtedness 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, and reduce our financial flexibility. Our senior debt ratings at December 31, 2013 were A- with a stable outlook (Standard & Poor's), BBB+ with a stable outlook (Fitch, Inc), and Baa2 with a positive outlook (Moody's Investor Services). Our commercial paper ratings were A-2 (S&P), F-2 (Fitch) and P-2 (Moody's). During 2013, Standard & Poor's upgraded their rating of our senior long-term debt from BBB+ to A-. Additionally, Moody's Investor Services changed their outlook from stable to positive.

Our credit ratings may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading value of, our securities. In addition, real or anticipated changes in our credit ratings, which 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 will generally affect any trading market for, or trading value of, our securities.

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 economic downturns 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. In addition, our European operations could experience detrimental uncertainty if the debt crisis worsens or financial market volatility there increases, and the region's commerce and business levels become impacted by questions surrounding certain countries' ability to satisfy their debt obligations, the future of the Eurozone and the stability of economic conditions in Europe and the value of the Euro generally.

Seemingly nationally or regionally localized political and economic changes could have a wider, negative impact on our businesses that expands beyond our operations in the immediately affected jurisdiction. The continued concerns regarding the ability of certain European countries to service their outstanding debt have given rise to instability in the global credit and financial markets. This instability has in turn led to questions regarding the future viability of the Euro as the common currency for the area as various scenarios could result in some countries choosing to return to their former local currencies in an effort to regain control over their domestic economies and monetary policies. This uncertainty has had a dampening effect on growth potential in Europe, and if it deteriorates, may have a material negative impact on our European business as well as that of our clients. Further, any development that has the effect of devaluing or replacing the Euro could meaningfully reduce the value of our assets or profitability denominated in that currency, potentially result in charges to our statement of operations and reduce the usefulness of liquidity alternatives denominated in that currency such as our Euro 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 currency suddenly and adversely impacts those financial institutions, some or all of those cash deposits could be at risk.

The expected benefits of our Redomestication may not be realized or may be offset in whole or in part by related costs.

There can be no assurance that all of the goals of our Redomestication will be achievable, particularly as the achievement of the benefits are, in many important respects, subject to factors that we do not control. These factors would include such things as the reactions of third parties with whom we enter into contracts and do business and the reactions of investors, analysts, and U.K. and U.S. taxing authorities.

Our effective tax rates and the benefits anticipated from our Redomestication are also subject to a variety of other factors, many of which are beyond our ability to control, such as changes in the rate of economic growth in the U.K. and the U.S. and other countries, the financial performance of our business in various jurisdictions, currency exchange rate fluctuations (especially as between the British pound and the U.S. dollar), and significant changes in trade, monetary or fiscal policies of the U.K. or the U.S., including changes in interest rates. The impact of these factors, individually and in the aggregate, is difficult to predict, in part because the occurrence of the events or circumstances described in such factors may be (and, in fact, often seem to be) interrelated, and the impact to us of the occurrence of any one of these events or circumstances could be compounded or, alternatively, reduced, offset, or more than offset, by the occurrence of one or more of the other events or circumstances described in such factors.

Our Redomestication resulted in an increase in some of our ongoing expenses, including those related to complying with U.K. corporate and tax laws, and holding board meetings in the U.K. These additional expenses could serve to reduce or offset the benefits realized from our Redomestication.

On September 4, 2013, we received from the Internal Revenue Service ("IRS") an executed Closing Agreement pursuant to which the Company and the IRS agreed that the merger (pursuant to which the Redomestication occurred) did not cause Aon plc to be treated as a U.S. domestic corporation for federal tax purposes. This agreement substantially reduces the risk that actions taken to date might cause Aon plc to be treated as a U.S. domestic corporation for federal tax purposes under the current tax statute and regulations. However, the United States Congress, the IRS, the United Kingdom Parliament or U.K. tax authorities may enact new statutory or regulatory provisions that could adversely affect our status as a non-U.S. corporation, or otherwise adversely affect our anticipated global tax position. Retroactive statutory or regulatory actions have occurred in the past, and there can be no assurance that any such provisions, if enacted or promulgated, would not have retroactive application to us, the Redomestication or any subsequent actions. Our net income and cash flow would be reduced if we were to be subject to U.S. corporate income tax as a domestic corporation. In addition, any future amendments to the current income tax treaties between the United Kingdom and other jurisdictions (including the United States), or any new statutory or regulatory provisions that might limit our ability to take advantage of any such treaties, could subject us to increased taxation.

HM. Revenue and Customs, or HMRC, may disagree with our conclusions on the U.K. tax treatment of our Redomestication, or relevant U.K. legislation may be subject to change.

We have obtained a ruling from HMRC that, following our Redomestication, the "temporary period exemption" from the U.K.'s controlled foreign company rules will apply such that, subject to certain conditions and limitations based on our facts and circumstances, we will not be subject to tax on the profits of any controlled company that is resident in a foreign jurisdiction under the controlled foreign company ("CFC") rules until 24 months after the end of the accounting period in which the Redomestication occurred, subject to any changes of legislation. On March 29, 2012, the U.K. Government published the Finance (No 4) Bill, which proposed major reforms to the CFC rules for accounting periods beginning on or after January 1, 2013. The proposed transitional rules would preserve the temporary period exemption for exempt periods beginning before the new rules come into force. While HMRC cannot provide any assurance in respect of the application of legislation that has not been enacted, we are of the view based on the Government's proposals and published draft legislation that the new CFC rules should not have a material adverse effect on our tax treatment in the U.K. if enacted in their current form. However, to the extent that the Finance (No 4) Bill is enacted in a form different to that currently proposed, this may result in additional corporation tax liabilities becoming payable following implementation of the revised legislation.

We have also obtained a ruling from HMRC in respect of the stamp duty and Stamp Duty Reserve Tax ("SDRT") consequences of the Redomestication and as a result believe that we have satisfied all stamp duty and SDRT payment and filing obligations in connection with the issuance of Class A Ordinary Shares issued in connection with our Redomestication.

Further, if HMRC disagrees with our view of any issues in respect of which no ruling has been obtained, it may take the position that material U.K. corporation tax or SDRT liabilities or amounts on account thereof are payable by any one or more of these companies as a result of our Redomestication, in which case we expect that we would contest such assessment. To contest such assessment, we may be required to remit cash or provide security of the amount in dispute, or such lesser amount as permitted under U.K. law and acceptable to HMRC, to prevent HMRC from seeking enforcement actions pending the dispute of such assessment. If we were unsuccessful in disputing the assessment, the implications could be materially adverse to us. To the extent that HMRC has not provided (and we have not requested) a ruling on the U.K. tax aspects of the Redomestication, there can be no assurance that HMRC will agree with our interpretation of the U.K. tax aspects of our Redomestication or any related matters associated therewith.

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

We are subject to income taxes in the U.K., U.S. and many other jurisdictions. As a result, our global effective tax rate from period to period can be affected by many factors, including changes in tax legislation, our global mix of earnings, the tax characteristics of our income, the transfer pricing of revenues and costs, acquisitions and dispositions and the portion of the income of non-U.S. subsidiaries that we expect to remit to the U.S. Significant judgment is required in determining our worldwide provision for income taxes, and our determination of our tax liability is always subject to review by applicable tax authorities.

We believe that our Redomestication and related transactions should significantly improve our ability to maintain a competitive global tax rate because the U.K. has implemented a dividend exemption system that generally does not subject non-U.K. earnings to U.K. tax when such earnings are repatriated to the U.K. in the form of dividends from non-U.K. subsidiaries. This should allow us to optimize our capital allocation and deploy efficient fiscal structures. However, we cannot provide any assurances as to what our tax rate will be in any period because of, among other things, uncertainty regarding the nature and extent of our business activities in any particular jurisdiction in the future and the tax laws of such jurisdictions, as well as changes in U.S. and other tax laws, treaties and regulations. Our actual global tax rate may vary from our expectation and that variance may be material. Additionally, the tax laws of the U.K. and other jurisdictions could change in the future, and such changes could cause a material change in our tax rate.

We also could be subject to future audits conducted by foreign and domestic tax authorities, and the resolution of such audits could impact our tax rate in future periods, as would any reclassification or other matter (such as changes in applicable accounting rules) that increases the amounts we have provided for income taxes in our consolidated financial statements. There can be no assurance that we would be successful in attempting to mitigate the adverse impacts resulting from any changes in law, audits and other matters. Our inability to mitigate the negative consequences of any changes in the law, audits and other matters could cause our global tax rate to increase, our use of cash to increase and our financial condition and results of operations to suffer.

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

We prepare our consolidated financial statements in accordance with U.S. GAAP. These accounting principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of our financial statements. We are also required to make certain judgments that affect the reported amounts of revenues and expenses during each reporting period. We periodically evaluate our estimates and assumptions including, but not limited to, those relating to restructuring, pensions, recoverability of assets including customer receivables, contingencies, share-based payments and income taxes. We base our estimates on historical experience and various assumptions that we believe to be reasonable based on specific circumstances. Actual results could differ from these estimates, which could materially affect the Consolidated Statements of Income, Comprehensive Income, Financial Position, Shareholders' Equity and Cash Flows. Changes in accounting standards could also have an adverse impact on our future Consolidated Financial Statements.

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

Under generally accepted accounting principles, we review our long-lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is assessed for impairment at least annually. Factors that may be considered in assessing whether goodwill or intangible assets may not be recoverable include a decline in our share price or market capitalization, reduced estimates of future cash flows and slower growth rates in our industry. There can be no assurances that goodwill or other long-lived asset impairment charges will not be required in the future, which could materially impact our consolidated financial statements.

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

Our principal assets are the shares of capital stock and indebtedness of our subsidiaries. We rely on dividends, interest and other payments from these subsidiaries to meet our obligations for paying principal and interest on outstanding debt obligation, paying dividends to shareholders, repurchasing ordinary shares and corporate expenses. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts that these subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions or other circumstances that could restrict the ability of our subsidiaries to pay dividends. In addition, due to differences in tax rates, repatriation of funds from certain countries into the U.K. through the U.S. could have unfavorable tax ramifications for us. Furthermore, no assurance can be given that our subsidiaries may be able to make timely payments to us in order for us to meet our obligations.

Legal and Regulatory Risks

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

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

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

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

In addition, we provide a variety of guarantees and indemnifications to our customers and others. The maximum potential amount of future payments represents the notional amounts that could become payable under the guarantees and indemnifications if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or other methods. Any anticipated amounts that are deemed to be probable and reasonably estimable are included in our consolidated financial statements. These amounts may bear no relationship to the expected future payments, if any, for these guarantees and indemnifications.

Our businesses are subject to extensive governmental regulation, which could reduce our profitability, limit our growth, or increase competition.

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

The global nature of our operations increases the complexity and cost of compliance with laws and regulations, including training and employee expenses, adding to our cost of doing business. In addition, many of these laws and regulations may have differing or conflicting legal standards across jurisdictions, increasing further the complexity and cost of compliance. In emerging markets and other jurisdictions with less developed legal systems, local laws and regulations may not be established with sufficiently clear and reliable guidance to provide us adequate assurance that we are operating our business in a compliant manner with all required licenses or that our rights are otherwise protected.

Certain laws and regulations, such as the Foreign Corrupt Practices Act ("FCPA") and the Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act ("FATCA") in the U.S. and the Bribery Act 2010 ("U.K. Bribery Act") in the U.K., impact our operations outside of the legislating country by imposing requirements for the conduct of overseas operations, and in a number of cases, requiring compliance by foreign subsidiaries. For example, in 2011, we entered into settlement agreements with the U.S. Department of Justice ("DOJ") and the U.S. Securities and Exchange Commission ("SEC") relating to inadequate controls for potential FCPA violations. Those settlement agreements imposed monetary fines and the agreement with the DOJ required that we bring to the attention of the DOJ any criminal conduct by, or criminal investigations of, Aon or any of its senior managerial employees as well as any administrative proceeding or civil action brought by any governmental authority that alleges fraud or corruption by Aon.

We expect that FACTA will likely result in increased compliance costs. FATCA will require certain of our subsidiaries, affiliates and other entities to obtain valid FATCA documentation from payees prior to remitting certain payments to such payees. In the event we do not obtain valid FATCA documents, we may be obliged to withhold a portion of such payments. This obligation is shared with our customers and clients who may fail to comply, in whole or in part. In such circumstances, we may incur FATCA compliance costs including withholding taxes, interest and penalties. In addition, regulatory initiatives and changes in the regulations and guidance promulgated under FATCA may increase our costs of operations, and could adversely affect the market for our services as intermediaries, which could adversely affect our operations, results of operations and financial condition.

In addition to the complexity of the laws and regulations themselves, the development of new laws and regulations, changes in application or interpretation of laws and regulations and our continued operational changes and development into new jurisdictions and new service offerings also increases our legal and regulatory compliance complexity as well as the type of governmental oversight to which we may be subject. These changes in laws and regulations could mandate significant and costly changes to the way we implement our services and solutions or could impose additional licensure requirements or costs to our operations and services. Furthermore, as we enter new jurisdictions or lines of businesses and other developments in our services, we may become subject to additional types of laws and policies and governmental oversight and supervision such as those applicable to the financial lending or other service institutions.

In all jurisdictions, the applicable laws and regulations are subject to amendment or interpretation by regulatory authorities. Generally, such authorities are vested with relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, we may have a license revoked, be unable to obtain new licenses and be precluded or temporarily suspended from carrying on or developing some or all of our activities or otherwise fined or penalized in a given jurisdiction. No assurances can be given that our business can further develop or continue to be conducted in any given jurisdiction as it has been conducted in the past.

In addition, new regulatory or industry developments could create an increase in competition that could adversely affect us. These developments include:

- the selling of insurance by insurance companies directly to insureds;
- changes in our business compensation model as a result of regulatory actions or changes;
- the establishment of programs in which state-sponsored entities provide property insurance in catastrophe prone areas or other alternative types of coverage;
- changes in regulations relating to health and welfare plans, defined contribution and defined benefit plans, and investment consulting and asset management;
- additional regulations promulgated by the FCA in the U.K., or other regulatory bodies in jurisdictions in which we operate; or
- additional requirements respecting data privacy and data usage in jurisdictions in which we operate that may increase our costs of compliance and potentially reduce the manner in which data can be used by us to develop or further our product offerings.

Changes in the regulatory scheme, or even changes in how existing regulations are interpreted, could have an adverse impact on our results of operations by limiting revenue streams or increasing costs of compliance. Likewise, increased government involvement in the insurance or reinsurance markets could curtail or replace our opportunities and negatively affect our results of operations and financial condition.

With respect to our Risk Solutions segment, our business' regulatory oversight generally also includes the licensing of insurance brokers and agents, managing general agency or managing general underwriting operations and third party administrators and the regulation of the handling and investment of client funds held in a fiduciary capacity. Our continuing ability to provide insurance brokering and third party administration in the jurisdictions in which we currently operate depends on our compliance with the rules and regulations promulgated from time to time by the regulatory authorities in each of these jurisdictions. Also, we can be affected indirectly by the governmental regulation and supervision of insurance companies. For instance, if we are providing or managing general underwriting services for an insurer, we may have to contend with regulations affecting our client. Further, regulation affecting the insurance companies with whom our brokers place business can affect how we conduct those operations.

Services provided in our HR Solutions segment are also the subject of ever-evolving government regulation, either because the services provide to our clients are regulated directly or because aspects of the client's business are regulated, thereby indirectly impacting the manner in which we provide services to those clients. Changes in government regulations in the United States affecting the value, use or delivery of benefits and human resources programs, including changes in regulations relating to health and welfare (such as medical) plans, defined contribution (such as 401(k)) plans, defined benefit (such as pension) plans or payroll delivery, may adversely affect the demand for, or profitability of, our services. Recently, we have seen regulatory initiatives contribute to companies either discontinuing their defined benefit programs or de-emphasizing the importance such programs play in the overall mix of their benefit programs with a trend toward increased use of defined contribution plans. If organizations discontinue or de-emphasize defined benefit plans more rapidly than we anticipate, the results of our business could be adversely affected.

Recently, our HR Solutions business has made significant investments in health care exchanges and other product development to assist clients in de-risking their health benefits and migrate them towards a defined contribution model versus a defined benefit model. Depending on future changes to health legislation, these investments may not yield returns. In addition, if we are unable to adapt our services to changes resulting from these laws and any subsequent regulations, our ability to grow our business or to provide effective services, particularly in the HR Solutions segment, could be negatively impacted. Furthermore, if our clients reduce the role or extent of employer-sponsored health care in response to the newly enacted legislation, our results of operations could be adversely impacted.

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

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, clients, strategic partners and others. In addition, the protective steps that we take may be inadequate to deter misappropriation of our proprietary information. We may be unable to detect the unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Further, effective trademark, copyright, patent and trade secret protection may not be available in every country in which we offer our services or competitors may develop products similar to our products that do not conflict with our related intellectual property rights. Failure to protect our intellectual property adequately could harm our reputation and affect our ability to compete effectively.

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

As a result of increased shareholder approval requirements, we have less flexibility as an English public limited company with respect to certain aspects of capital management.

English law imposes some restrictions on certain corporate actions by which previously, as a Delaware corporation, we were not constrained. For example, English law provides that a board of directors may only allot shares with the prior authorization of shareholders, such authorization being up to the aggregate nominal amount of shares and for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. This authorization would need to be renewed by our shareholders upon its expiration (i.e., at least every five years). Our articles of association authorize the allotment of additional shares, and renewal of such authorization for additional five year terms may be sought more frequently.

English law also generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the articles of association, or shareholders in general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution; in either case, this exclusion would need to be renewed upon its expiration (i.e., at least every five years). Our articles of association exclude preemptive rights, and renewal of such exclusion for additional five year terms may be sought more frequently.

English law also generally prohibits a company from repurchasing its own shares by way of "off market purchases" without the prior approval of our shareholders. Such approval lasts for a maximum period of up to five years. Our shares are traded on the NYSE, which is not a recognized investment exchange in the U.K. Consequently, any repurchase of our shares is currently considered an “off market purchase.” Resolutions were adopted to permit such purchases prior to the Redomestication. These resolutions will need to be renewed upon expiration (i.e., at least every five years) but may be sought more frequently for additional five year terms.

The enforcement of civil liabilities against us may be more difficult.

Because we are a public limited company incorporated under English law, investors could experience more difficulty enforcing judgments obtained against us in U.S. courts than would have been the case for U.S. judgments obtained against Aon Corporation. In addition, it may be more difficult (or impossible) to bring some types of claims against us in courts in England than it would be to bring similar claims against a U.S. company in a U.S. court.

We are a public limited company incorporated under the laws of England and Wales. Therefore, it may not be possible to effect service of process upon us within the United States in order to enforce judgments of U.S. courts against us based on the civil liability provisions of the U.S. federal securities laws.

There is doubt as to the enforceability in England and Wales, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities solely based on the U.S. federal securities laws. The English courts will, however, treat any amount payable by us under the U.S. judgment as a debt and new proceedings can be commenced in the English courts to enforce this debt against us. The following criteria must be satisfied in order for the English court to enforce the debt created by the U.S. judgment:

- the U.S. judgment must be for a debt or definite sum of money;
- the U.S. judgment must be final and conclusive;

- the U.S. court must, in the circumstances of the case, have had jurisdiction according to the English rules of private international law;
- the U.S. judgment must not have been obtained by fraud;
- the enforcement of the U.S. judgment must not be contrary to U.K. public policy; and
- the proceedings in which the U.S. judgment was obtained must not have been conducted contrary to the rules of natural justice.

Operational and Commercial Risks

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

We depend, in material part, upon the members of our senior management team who possess extensive knowledge and a deep understanding of our business and our strategy. The unexpected loss of services of any of our senior executive officers could have a disruptive effect adversely impacting our ability to manage our business effectively and execute our business strategy. Competition for experienced professional personnel is intense, and we are constantly working to retain and attract these professionals. If we cannot successfully do so, our business, operating results and financial condition could be adversely affected.

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

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

- the general economic and political conditions existing in those countries, including risks associated with a concentration of operations in certain geographic regions;
- fluctuations in currency exchange rates;
- imposition of limitations on conversion of foreign currencies or remittance of dividends and other payments by foreign subsidiaries;
- imposition or increase of withholding and other taxes on remittances and other payments by subsidiaries;
- difficulties in staffing and managing our foreign offices, including due to unexpected wage inflation or job turnover, and the increased travel, infrastructure and legal and compliance costs associated with multiple international locations;
- hyperinflation in certain foreign countries;
- imposition or increase of investment and other restrictions by foreign governments;
- longer payment cycles;
- greater difficulties in accounts receivable collection;
- the requirement of complying with a wide variety of foreign laws;
- insufficient demand for our services in foreign jurisdictions;
- ability to execute effective and efficient cross-border sourcing of services on behalf of our clients;
- restrictions on the import and export of technologies; and
- trade barriers.

The occurrence of natural or man-made disasters could 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 and tornadoes, and pandemic health events, as well as man-made disasters, including acts of terrorism and military actions. The continued threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man-made disaster could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business and increased claims from those areas. They could also result in reduced underwriting capacity, making it more difficult for our Risk Solutions professionals to place business. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations.

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

As an example, in October 2012, Superstorm Sandy made landfall on the Northeast coast of the United States. The storm caused widespread disruption and dislocation across five states but New York and New Jersey in particular. One of our largest offices, located in lower Manhattan was closed until January 7, 2013, requiring us to relocate a large number of our employees to temporary workspace in the area and provide for enhanced remote working and information technology support arrangements. Given that lower Manhattan serves as a hub to the insurance industry, the storm impacted many of our clients, carriers and vendors as well, some of whose operations were severely disrupted. While we believe our relocation measures and business continuity plans allowed us to effectively continue to operate our critical business functions, it is possible that the disruption of the storm on our operations and that of our clients, carriers and vendors may have resulted in a negative effect on our results of operations and financial condition.

Also, through our merger with Benfield, we acquired Benfield's equity stake in certain Florida-domiciled homeowner insurance companies. We maintain ongoing agreements to provide modeling, actuarial, and consulting services to these insurance companies. These firms' financial results could be adversely affected if assumptions used in establishing their underwriting reserves differ from actual experience. Reserve estimates represent informed judgments based on currently available data, as well as estimates of future trends in claims severity, frequency, judicial theories of liability and other factors. Many of these factors are not quantifiable in advance and both internal and external events, such as changes in claims handling procedures, inflation, judicial and legal developments and legislative changes, can cause estimates to vary. Additionally, a natural disaster occurring in Florida could increase the incidence or severity of E&O claims relating to these existing service agreements.

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.

Should we experience a local or regional disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, pandemic, security breaches, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. Superstorm Sandy, for example, impacted several of our locations in the Northeast United States, resulting in interruptions to our operations and information technology system infrastructure. In events like these, while our operational size, the multiple locations from which we operate, and our existing back-up systems provide us with some degree of flexibility, we still can experience near-term operational challenges with regard to particular areas of our operations, such as key executive officers or personnel.

Our operations are dependent upon our ability to protect our technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. We could potentially lose client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster recovery scenario.

We regularly assess and take steps to improve upon our existing business continuity plans and key management succession. However, a disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability.

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

We rely on the efficient, uninterrupted and secure operation of complex information technology systems and networks, some of which are within the company and some are outsourced. All information technology systems are potentially vulnerable to damage or interruption from a variety of sources, including but not limited to computer viruses, security breaches, energy blackouts, natural disasters, terrorism, war and telecommunication failures. There also may be system or network disruptions if new or upgraded business management systems are defective or are not installed properly.

We have from time to time experienced cybersecurity breaches, such as computer viruses, unauthorized parties gaining access to our information technology systems and similar incidents, which to date have not had a material impact on our business. In the future, these types of incidents could result in intellectual property or other confidential information being lost or stolen, including client, employee or company data. We may not be able to detect breaches in our information technology systems or assess the severity or impact of a breach in a timely manner.

We have implemented various measures to manage our risks related to system and network security and disruptions, but a security breach or a significant and extended disruption in the functioning of our information technology systems could damage our reputation and cause us to lose clients, adversely impact our operations, sales and operating results and require us to incur significant expense to address and remediate or otherwise resolve such issues. 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.

Improper disclosure of personal data could result in legal liability or harm our reputation.

One of our significant responsibilities is to maintain the security and privacy of our employees' and clients' confidential and proprietary information and, in the case of our HR Solutions clients, the personal data of their employees and retirement and other benefit plan participants. We maintain policies, procedures and technological safeguards designed to protect the security and privacy of this information. Nonetheless, we cannot entirely eliminate the risk of improper access to or disclosure of personally identifiable information. Such disclosure could harm our reputation and subject us to liability under our contracts and laws that protect personal data, resulting in increased costs or loss of revenue.

Further, data privacy is subject to frequently changing rules and regulations, which are becoming increasingly complex and sometimes conflict among the various jurisdictions and countries in which we provide services both in terms of substance and in terms of enforceability. This makes compliance challenging and expensive. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace. Further, regulatory initiatives in the area of data privacy 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.

Implementation of changes to the methods in which we internally process and monitor transactions and activities may encounter delays or other problems, which could adversely impact our accounting and financial reporting processes.

Our businesses require that we process and monitor, on a regular basis, a very large number of transactions and other activities, many of which are highly complex, across numerous markets in several different currencies using different systems. Initiatives underway that are designed to improve these functions will alter how we gather, organize and internally report these transactions and activities. To the extent these initiatives are not implemented properly or we encounter problems or delays in their implementation, they may adversely impact our accounting and financial reporting processes, as well as our invoicing and collection efforts.

Our business performance and growth plans could be negatively affected if we are not able to effectively apply technology in driving value for our clients through technology-based solutions or gain internal efficiencies through the effective application of technology and related tools. Conversely, investments in innovative product offerings may fail to yield sufficient return to cover their investments.

Our success depends, in part, on our ability to develop and implement technology solutions that anticipate and keep pace with rapid and continuing changes in technology, industry standards and client preferences. We may not be successful in anticipating or responding to these developments on a timely and cost-effective basis, and our ideas may not be accepted in the marketplace. Additionally, the effort to gain technological expertise and develop new technologies in our business requires us to incur significant expenses. If we cannot offer new technologies as quickly as our competitors or if our competitors develop more cost-effective technologies, it could have a material adverse effect on our ability to obtain and complete client engagements. For example, we have invested significantly in the development of GRIP, a repository of global insurance placement information, which we use to drive better results for our clients in the insurance placement process. Our competitors are seeking to develop competing databases, and their success in this space may impact our ability to differentiate our services to our clients through the use of unique technological solutions. Likewise, we have invested significantly in our HR BPO business and platform. Innovations in software, cloud computing or other technologies that alter how these services are delivered could significantly undermine our investment in this business if we are slow or unable to take advantage of these developments.

On the other hand, we are continually developing and investing in innovative and novel product offerings that we believe will address needs that we identify in the markets. Nevertheless, for those efforts to produce meaningful value, we are reliant on a number of other factors, some of which our outside of our control. For example, our HR Solutions segment has invested substantial time and resources in launching health care exchanges under the belief that these exchanges will serve a useful role in helping corporations and individuals in the U.S. manage their growing health care expenses. But in order for these exchanges to be successful, health care insurers and corporate and individual participants have to deem them suitable to participate in, and whether those parties will find them suitable will be subject to their own particular circumstances.

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

We depend, to a large extent, on our relationships with our clients and our reputation for high-quality brokering, risk management and HR solutions, so that we can understand our clients' needs and deliver solutions and services that are tailored to satisfy these needs. If a client is not satisfied with our services, it may be more damaging to our business than to other businesses and could cause us to incur additional costs and impair profitability. Many of our clients are businesses that band together in industry groups and/or trade associations and actively share information among themselves about the quality of service they receive from their vendors. Accordingly, poor service to one client may negatively impact our relationships with multiple other clients. Moreover, if we fail to meet our contractual obligations, we could be subject to legal liability or loss of client relationships.

The nature of much of our work, especially our actuarial services in our HR Solutions business, involves assumptions and estimates concerning future events, the actual outcome of which we cannot know with certainty in advance. Similarly, in our investment consulting business, we may be measured based on our track record regarding judgments and advice on investments that are susceptible to influences unknown at the time the advice was given. In addition, we could make computational, software programming or data entry or management errors. A client may nonetheless claim it suffered losses due to reliance on our consulting advice. And, in addition to the risks of liability exposure and increased costs of defense and insurance premiums, claims arising from our professional services may produce publicity that could hurt our reputation and business and adversely affect our ability to secure new business.

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

Our reputation is a key asset of the Company. We advise our clients on and provide services related to a wide range of subjects and our ability to attract and retain clients is highly dependent upon the external perceptions of our level of service, trustworthiness, business practices, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters or others, could erode trust and confidence and damage our reputation among existing and potential clients, which could make it difficult for us to attract new clients and maintain existing ones as mentioned above. Negative public opinion could also result from actual or alleged conduct by us or those currently or formerly associated with us in any number of activities or circumstances, including operations, regulatory compliance, and the use and protection of data and systems, satisfaction of client expectations, and from actions taken by regulators or others in response to such conduct. This damage to our reputation could further affect the confidence of our clients, rating agencies, regulators, stockholders and the other parties in a wide range of transactions that are important to our business having a material adverse effect on our business, financial condition and operating results.

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

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

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

Our Risk Solutions business collects premiums from insureds and, after deducting commissions, remits the premiums to the respective insurers. We also collect claims or refunds from insurers on behalf of insureds, which are remitted to the insureds. Similarly, part of our HR Solutions' outsourcing business handles payroll processing for several of our clients. Consequently, at any given time, we may be holding and managing funds of our clients and, in the case of HR Solutions, their employees, while payroll is being processed. This function creates a risk of loss arising from, among other things, fraud by employees or third parties, execution of unauthorized transactions or errors relating to transaction processing. We are also potentially at risk in the event the financial institution in which we hold these funds suffers any kind of insolvency or liquidity event. The occurrence of any of these types of events in connection with this function could cause us financial loss and reputational harm.

In connection with the implementation of our corporate strategy, we face certain risks associated with the acquisition or disposition of businesses, and the entry into new lines of business.

In pursuing our corporate strategy, we may acquire other businesses, or dispose of or exit businesses we currently own. The success of this strategy is dependent upon our ability to identify appropriate acquisition and disposition targets, negotiate transactions on favorable terms and ultimately complete such transactions. 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. In addition, we may not be able to integrate acquisitions successfully into our existing business, and we could incur or assume unknown or unanticipated liabilities or contingencies, which may impact our results of operations. If we dispose of or otherwise exit certain businesses, there can be no assurance that we will not incur certain disposition related charges, or that we will be able to reduce overhead related to the divested assets.

From time to time, we may enter lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, including the investment of significant time and resources, the possibility that these efforts will be unprofitable, and the risk of additional liabilities associated with these efforts. Failure to successfully manage these risks in the development and implementation of new lines of business and new products and services could have a material adverse effect on our business, financial condition or results of operations. External factors, such as compliance with regulations, competitive alternatives and shifting market preferences may also impact the successful implementation of a new line of business. In addition, we can provide no assurance that the entry into new lines of business or development of new products and services will be successful.

We may face additional risks from the growth and development of companies that we acquire or new lines of business.

We face additional risks associated with companies that we acquire or new lines of business into which we enter, particularly in instances where the markets are not fully developed. 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, recruiting professionals and developing and capitalizing on new relationships with experienced market participants. Failure to manage these risks in the acquisition or development of new businesses successfully could materially and adversely affect our business, results of operations and financial condition.

The process of integrating an acquired company may create unforeseen operating difficulties and expenditures.

Companies that we acquire often run on one or more technology platforms different from those used in our businesses. When integrating these businesses, we face additional risks. These risks include implementing or remediating controls, procedures, and policies at the acquired company, ensuring compliance with licensing and regulatory requirements, integration of the acquired company's accounting, human resource, and other administrative systems, and coordination of product, engineering, and sales and marketing functions, transition of operations, users, and customers onto our existing platforms and the failure to successfully further develop the acquired technology. Our failure to address these risks or other problems encountered in connection with our past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities, and harm our business generally.

Key employees of acquired businesses may receive substantial value in connection with a transaction in the form of change-in-control agreements, acceleration of stock options and the lifting of restrictions on other equity-based compensation rights. To retain such employees and integrate the acquired business, we may offer additional retention incentives, but it may still be difficult to retain certain key employees.

Risks relating Primarily to our Risk Solutions Segment

Results in our Risk Solutions segment may fluctuate due to many factors, including cyclical or permanent changes in the insurance and reinsurance markets outside of our control.

Results in our Risk Solutions segment have historically been affected by significant fluctuations arising from uncertainties and changes in the industries in which we operate. A significant portion of our revenue consists of commissions paid to us out of the premiums that insurers and reinsurers charge our clients for coverage. We have no control over premium rates, and our revenues and profitability are subject to change to the extent that premium rates fluctuate or trend in a particular direction. The potential for changes in premium rates is significant, due to pricing 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 advent of capital markets-based solutions and other alternative capital sources for traditional insurance and reinsurance needs that increase market capacity, increase competition and put pressure on pricing;
- fluctuation in the need for insurance as the economic downturn continues, as clients either go out of business or scale back their operations, and thus reduce the amount of insurance, they procure;
- the level of compensation, as a percentage of premium, that insurance carriers are willing to compensate brokers for placement activity;
- the growing desire of clients to move away from variable commission rates and instead compensate brokers based upon flat fees, which can negatively impact us as fees are not generally indexed for inflation and do not automatically increase with premium as does commission-based compensation; and
- competition from insurers seeking to sell their products directly to consumers without the involvement of an insurance broker.

In addition, our increasing focus on new product offerings within the Risk Solutions space exposes us to additional risks. For example, GRIP is a relatively new and historically untested offering; it may fail to catch on within the insurance industry or conversely, if successful, may face increasing pressure from competitors who develop competing offerings. As our business, like the economy as a whole, becomes more technology focused, the speed at which our products are subject to challenge or becoming outdated is consistently increasing.

Our results may be adversely affected by changes in the mode of compensation in the insurance industry.

Since the Attorney General of New York brought charges against members of the insurance brokerage community in 2004, there has been uncertainty concerning longstanding methods of compensating insurance brokers. Given that the insurance brokerage industry has faced scrutiny from regulators in the past over its compensation practices, it is possible that those regulators may choose to revisit the same or other practices in the future. If they do so, compliance with new regulations along with any sanctions that might be imposed for past practices deemed improper could have an adverse impact on our future results of operations and inflict significant reputational harm on our business.

Risks relating Primarily to our HR Solutions Segment

We may not realize all of the anticipated benefits of the acquisition of Hewitt or those benefits may take longer to realize than expected.

The acquisition and integration of a company the size of Hewitt is a complex, costly and time-consuming process. As a result, we have devoted and continue to devote significant management attention and resources to integrating Hewitt's business practices and operations with ours. As described further below, we have closed the global restructuring plan related to our acquisition of Hewitt, but a failure by us to further meet the challenges involved in successfully integrating Hewitt's operations with ours or to otherwise realize the anticipated benefits of the transaction could cause an interruption of our activities, preclude realization of the full benefits expected by us for the acquisition and seriously harm our results of operations and cash flows. In addition, the overall integration of the two companies may result in material unanticipated problems, including, among others:

- managing a significantly larger company;
- maintaining employee morale and retaining key management and other employees;
- integrating two unique business cultures, which may prove to be incompatible;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- retaining existing clients and attracting new clients;
- consolidating corporate information technology platforms and administrative infrastructures and eliminating duplicative operations;
- the diversion of management's attention from ongoing business concerns and performance shortfalls as a result of the diversion of management's attention to the acquisition;
- coordinating geographically separate organizations; unanticipated issues in integrating information technology, communications and other systems;
- unanticipated changes in applicable laws and regulations;
- managing tax costs or inefficiencies associated with integrating the operations of the combined company; and
- unforeseen expenses or delays associated with the acquisition.

Many of these factors are outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues and cash flows and diversion of management's time and energy, which could materially impact our business, financial condition and results of operations. In addition, even if Hewitt's operations are integrated successfully with our operations, we may not realize the full benefits of the transaction, including the synergies, cost savings or sales or growth opportunities that we expect. These benefits may not be achieved within the anticipated time frame, or at all. Further, additional unanticipated costs may be incurred in the integration of our businesses. All of these factors could cause dilution to our earnings, decrease or delay the expected accretive effect of the acquisition, and cause a decrease in the price of our ordinary shares. As a result, we cannot assure you that the acquisition of Hewitt will result in the realization of the full benefits anticipated from the transaction.

In 2010, after completion of the acquisition of Hewitt, we announced a global restructuring plan referred to as the Aon Hewitt Plan. The Aon Hewitt Plan, which closed in December 2013, was intended to streamline operations across the combined organization and facilitate the integration of Hewitt. The Aon Hewitt Plan resulted in cumulative costs of approximately $429 million through the end of the plan, all of which are included in our Consolidated Statements of Income, primarily encompassing workforce reduction and real estate rationalization costs. The total cost of $429 million consisted of approximately $266 million in employee termination costs and approximately $163 million in real estate rationalization costs. Approximately 2,960 positions globally, predominantly non-client facing, were eliminated as part of the Aon Hewitt Plan. We expect to achieve total annual savings of $402 million in 2014, of which $99 million is expected to be achieved in Risk Solutions and $303 million is expected to be achieved in HR Solutions, and additional savings in areas such as information technology, procurement and public company costs. We cannot assure that we will achieve the targeted savings.

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

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

Most new outsourcing arrangements undergo an implementation process whereby our systems and processes are customized to match a client's plans and programs. The cost of this process is estimated by us and often partially funded by our clients. If our actual implementation expense exceeds our estimate or if the ongoing service cost is greater than anticipated, the client contract may be less profitable than expected.

Even though outsourcing clients typically sign long-term contracts, some of these contracts may be terminated at any time, with or without cause, by our client upon 90 to 360 days written notice. Our outsourcing clients are generally required to pay a termination fee; however, this amount may not be sufficient to offset the costs we incurred in connection with the implementation and system set-up or fully compensate us for the profit we would have received if the contract had not been cancelled. A client may choose to delay or terminate a current or anticipated project as a result of factors unrelated to our work product or progress, such as the business or financial condition of the client or general economic conditions. When any of our engagements are terminated, we may not be able to eliminate associated ongoing costs or redeploy the affected employees in a timely manner to minimize the impact on profitability. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could have an adverse effect on our profit margin.

Our profit margin, and therefore our profitability, is largely a function of the rates we are able to charge for our services and the staffing costs for our personnel. Accordingly, if we are not able to maintain the rates we charge for our services or appropriately manage the staffing costs of our personnel, we may not be able to sustain our profit margin and our profitability will suffer. The prices we are able to charge for our services are affected by a number of factors, including competitive factors, cost of living adjustment provisions, the extent of ongoing clients' perception of our ability to add value through our services and general economic conditions. Our profitability in providing HR BPO services is largely based on our ability to drive cost efficiencies during the term of our contracts for such services. If we cannot drive suitable cost efficiencies, our profit margins will suffer.

We might not be able to achieve the cost savings required to sustain and increase our profit margins in our HR Solutions business.

We provide our outsourcing services over long terms for variable or fixed fees that generally are less than our clients' historical costs to provide for themselves the services we contract to deliver. Also, clients' demand for cost reductions may increase over the term of the agreement. As a result, we bear the risk of increases in the cost of delivering HR outsourcing services to our clients, and our margins associated with particular contracts will depend on our ability to control our costs of performance under those contracts and meet our service commitments cost-effectively. Over time, some of our operating expenses will increase as we invest in additional infrastructure and implement new technologies to maintain our competitive position and meet our client service commitments. We must anticipate and respond to the dynamics of our industry and business by using quality systems, process management, improved asset utilization and effective supplier management tools. We must do this while continuing to grow our business so that our fixed costs are spread over an increasing revenue base. If we are not able to achieve this, our ability to sustain and increase profitability may be reduced.

Our accounting policy for our long-term outsourcing contracts requires using estimates and projections that may change over time. These changes may have a significant or adverse effect on our reported results of operations or financial condition.

Projecting contract profitability on the long-term outsourcing contracts in our HR Solutions business requires us to make assumptions and estimates of future contract results. All estimates are inherently uncertain and subject to change. In an effort to maintain appropriate estimates, we review each of our long-term outsourcing contracts, the related contract reserves and intangible assets on a regular basis. These assumptions and estimates involve the exercise of judgment and discretion, which may also evolve over time in light of operational experience, regulatory direction, developments in accounting principles and other factors. Further, changes in assumptions, estimates or developments in the business or the application of accounting principles related to long-term outsourcing contracts may change our initial estimates of future contract results. Application of, and changes in, assumptions, estimates and policies may adversely affect our financial results.

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 assert claims against us.

Our investment consulting business provides advice to clients on: investment strategy, which can include advice on setting investment objectives, asset allocation, and hedging strategies; selection (or removal) of investment managers; the investment in different investment instruments and products; and the selection of other investment service providers such as custodians and transition managers. For some clients, we are responsible for making decisions on these matters and we may implement such decisions in a fiduciary/agency capacity albeit without assuming title or custody over the underlying funds or assets invested. Asset classes may experience poor absolute performance; third parties we recommend or select, such as investment managers, may underperform their benchmarks due to poor market performance, negligence or other reasons, resulting in poor investment returns or losses of some, or all, of the capital that has been invested. These losses may be attributable in whole or in part to failures on our part or to events entirely outside of our control. Regardless of the cause, clients experiencing losses may assert claims against us, and these claims may be for significant amounts. Defending against these claims can involve potentially significant costs, including legal defense costs, as well as cause substantial distraction and diversion of other resources. Furthermore, our ability to limit our potential liability is restricted in certain jurisdictions and in connection with claims involving breaches of fiduciary/agency duties or other alleged errors or omissions.

We rely heavily on our computing and communications infrastructure and the integrity of these systems in the delivery of human resources services for our HR Solutions clients, and our operational performance and revenue growth depends, in part, on the reliability and functionality of this infrastructure as a means of delivering human resources services.

The internet is a key mechanism for delivering our human resources services to our HR Solutions clients efficiently and cost effectively. Our clients may not be receptive to human resource services delivered over the internet due to concerns regarding transaction security, user privacy, the reliability and quality of internet service and other reasons. Our clients' concerns may be heightened by the fact we use the internet to transmit extremely confidential information about our clients and their employees, such as compensation, medical information and other personally identifiable information. In order to maintain the level of security, service and reliability that our clients require, we may be required to make significant additional investments in our online methods of delivering human resources services. In addition, websites and proprietary online services have experienced service interruptions and other delays occurring throughout their infrastructure. If we cannot use the internet effectively to deliver our services, our revenue growth and results of operation may be impaired.

We may lose client data as a result of major catastrophes and other similar problems that may materially adversely impact our operations. We have multiple processing centers around the world that use various commercial methods for disaster recovery capabilities. Our main data processing center is located near the Aon Hewitt headquarters in Lincolnshire, Illinois. In the event of a disaster, our business continuity may not be sufficient, and the data recovered may not be sufficient for the administration of our clients' human resources programs and processes.

Risks Related to Our Ordinary Shares

Transfers of the Class A Ordinary Shares may be subject to stamp duty or SDRT in the U.K., which would increase the cost of dealing in the Class A Ordinary Shares.

Stamp duty and/or SDRT are imposed in the U.K. on certain transfers of chargeable securities (which include shares in companies incorporated in the U.K.) at a rate of 0.5 percent of the consideration paid for the transfer. Certain transfers of shares to depositaries or into clearance systems are charged at a higher rate of 1.5 percent.

Our Class A Ordinary Shares are eligible to be held in book entry form through the facilities of Depository Trust Company ("DTC"). Transfers of shares held in book entry form through DTC will not attract a charge to stamp duty or SDRT in the U.K. A transfer of the shares from within the DTC system out of DTC and any subsequent transfers that occur entirely outside the DTC system will attract a charge to stamp duty at a rate of 0.5 percent of any consideration, which is payable by the transferee of the shares. Any such duty must be paid (and the relevant transfer document stamped by HMRC) before the transfer can be registered in the books of Aon UK. If those shares are redeposited into DTC, the redeposit will attract stamp duty or SDRT at a rate of 1.5 percent of the value of the shares.

We have put in place arrangements to require that shares held in certificated form cannot be transferred into the DTC system until the transferor of the shares has first delivered the shares to a depository specified by us so that SDRT may be collected in connection with the initial delivery to the depository. Any such shares will be evidenced by a receipt issued by the depository. Before the transfer can be registered in our books, the transferor will also be required to put in the depository funds to settle the resultant liability to SDRT, which will be charged at a rate of 1.5 percent of the value of the shares.

Following the decision of the First Tier Tribunal (Tax Chamber) in *HSBC Holdings plc, The Bank of New York Mellon Corporation v HMRC* 2012 UKFTT 163 (TC) and the announcement by HMRC that it will not seek to appeal the decision, HMRC is no longer enforcing the charge to SDRT on the issue of shares into either EU or non-EU depository receipt or clearance systems.

If the Class A Ordinary Shares are not eligible for continued deposit and clearing within the facilities of DTC, then transactions in our securities may be disrupted.

The facilities of DTC are a widely-used mechanism that allow for rapid electronic transfers of securities between the participants in the DTC system, which include many large banks and brokerage firms. We believe that prior to the merger approximately 99% of the outstanding shares of common stock of Aon Corporation were held within the DTC system. The Class A Ordinary Shares of Aon plc are, at present, eligible for deposit and clearing within the DTC system. In connection with the closing of the merger, we entered into arrangements with DTC whereby we agreed to indemnify DTC for any stamp duty and/or SDRT that may be assessed upon it as a result of its service as a depository and clearing agency for our Class A Ordinary Shares. In addition, we have obtained a ruling from HMRC in respect of the stamp duty and SDRT consequences of the reorganization, and SDRT has been paid in accordance with the terms of this ruling in respect of the deposit of Class A Ordinary Shares with the initial depository. DTC will generally have discretion to cease to act as a depository and clearing agency for the Class A Ordinary Shares. If DTC determines at any time that the Class A Ordinary Shares are not eligible for continued deposit and clearance within its facilities, then we believe the Class A Ordinary Shares would not be eligible for continued listing on a U.S. securities exchange or inclusion in the S&P 500 and trading in the Class A Ordinary Shares would be disrupted. While we would pursue alternative arrangements to preserve our listing and maintain trading, any such disruption could have a material adverse effect on the trading price of the Class A Ordinary Shares.

Quantitative and Qualitative Disclosures About Market Risk

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

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

Foreign Exchange Risk

We are subject to foreign exchange rate risk. Our primary exposures include exchange rates between the U.S dollar and the Euro, British Pound, the Canadian Dollar, the Australian Dollar, and the Indian Rupee. We use over-the-counter ("OTC") options and forward contracts to reduce the impact of foreign currency risk to our financial statements.

Additionally, some of our non-U.S. brokerage subsidiaries receive revenues in currencies that differ from their functional currencies. Our U.K. subsidiary earned approximately 30% of its 2013 revenue in U.S. dollars and 6% of its revenue in Euros, but most of its expenses are incurred in Pounds Sterling. At December 31, 2013, we have hedged 45% and 81% of our U.K. subsidiaries' expected U.S. Dollar transaction exposure for the years ending December 31, 2014 and 2015, respectively. In addition, we have hedged 81% of our U.K. subsidiaries' expected Euro transaction exposures for the same time periods. We generally do not hedge exposures beyond three years.

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

The potential loss in future earnings from foreign exchange derivative instruments resulting from a hypothetical 10% adverse change in year-end exchange rates would be $40 million and $17 million at December 31, 2014 and 2015 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 on the continent of 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 $21 million and $32 million to 2014 and 2015 pretax income, respectively. A corresponding increase in the year-end yield curve of 100 basis points would cause an increase, net of derivative positions, of $51 million and $54 million to 2014 and 2015 pretax income, respectively.

We have long-term debt outstanding with a fair market value of $3.9 billion and $4.2 billion at December 31, 2013 and 2012, respectively. This fair value was greater than the carrying value by $208 million at December 31, 2013, and $449 million greater than the carrying value at December 31, 2012. A hypothetical 1% increase or decrease in interest rates would change the fair value by approximately 6% at both December 31, 2013 and 2012.

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.

Business Review

Selected Financial Data

(millions except shareholders, employees and per share data)	2013	2012	2011	2010	2009
Income Statement Data					
Commissions, fees and other	**$ 11,787**	$ 11,476	$ 11,235	$ 8,457	$ 7,521
Fiduciary investment income	**28**	38	52	55	74
Total revenue	**$ 11,815**	$ 11,514	$ 11,287	$ 8,512	$ 7,595
Income from continuing operations	**$ 1,148**	$ 1,020	$ 1,010	$ 759	$ 681
(Loss) income from discontinued operations (1) (4)	**—**	—	—	(27)	111
Net income	**1,148**	1,020	1,010	732	792
Less: Net income attributable to noncontrolling interest	**35**	27	31	26	45
Net income attributable to Aon shareholders	**$ 1,113**	$ 993	$ 979	$ 706	$ 747
Basic Net Income (Loss) Per Share Attributable to Aon Shareholders					
Continuing operations	**$ 3.57**	$ 3.02	$ 2.92	$ 2.50	$ 2.25
Discontinued operations (4)	**—**	—	—	(0.09)	0.39
Net income	**$ 3.57**	$ 3.02	$ 2.92	$ 2.41	$ 2.64
Diluted Net Income (Loss) Per Share Attributable to Aon Shareholders					
Continuing operations	**$ 3.53**	$ 2.99	$ 2.87	$ 2.46	$ 2.19
Discontinued operations (4)	**—**	—	—	(0.09)	0.38
Net income	**$ 3.53**	$ 2.99	$ 2.87	$ 2.37	$ 2.57
Balance Sheet Data					
Fiduciary assets (2)	**$ 11,871**	$ 12,214	$ 10,838	$ 10,063	$ 10,835
Intangible assets including goodwill (3)	**11,575**	11,918	12,046	12,258	6,869
Total assets	**30,251**	30,486	29,552	28,982	22,958
Long-term debt	**3,686**	3,713	4,155	4,014	1,998
Total equity	**8,195**	7,805	8,120	8,306	5,431
Class A Ordinary Shares and Other Data					
Dividends paid per share	**$ 0.68**	$ 0.62	$ 0.60	$ 0.60	$ 0.60
Price range:					
High	**84.33**	57.92	54.58	46.24	46.19
Low	**54.65**	45.04	39.68	35.10	34.81
At year-end:					
Market price	**$ 83.89**	$ 55.61	$ 46.80	$ 46.01	$ 38.34
Common shareholders	281	240	8,107	9,316	9,883
Shares outstanding	**300.7**	310.9	324.4	332.3	266.2
Number of employees	**65,547**	64,725	62,443	59,100	36,200

(1) We have sold certain businesses whose results have been reclassified as discontinued operations, including AIS Management Corporation and our P&C Operations (both sold in 2009) and CICA and Sterling Life Insurance Company (both sold in 2008).

(2) Represents insurance premiums receivables from clients as well as cash and investments held in a fiduciary capacity.

(3) In 2010, we completed the acquisition of Hewitt. In connection with the acquisition, we recorded intangible assets, including goodwill, of $5.7 billion.

(4) For the years ended December 31, 2012, and 2011 amounts related to discontinued operations have been included in Other income to conform to amounts included in the Consolidated Financial Statements. These amounts in the years ended December 31, 2012 and 2011, which were historically included in Income (loss) from discontinued operations, have been reclassified to conform with current presentation. The amounts reclassified were $1 million loss and $4 million income for the years ended December 31, 2012 and 2011, respectively, from Income (loss) from discontinued operations to Other income. For the years ended December 31, 2010 and 2009, amounts related to discontinued operations remain in Income (loss) from discontinued operations as they are more meaningful to the presentation of continuing operations in those years.

EXECUTIVE SUMMARY OF 2013 FINANCIAL RESULTS

During 2013, we continued to face certain headwinds impacting our business. In our Risk Solutions segment, these headwinds included economic weakness in continental Europe and a significant decline in investment income due to lower short-term interest rates globally. In our HR Solutions segment, these headwinds included price compression in our benefits administration business and competitive pressures across continental Europe.

The following is a summary of our 2013 financial results:

- Revenue increased $301 million, or 3%, compared to the prior year to $11.8 billion in 2013 due primarily to solid organic revenue growth of 3% in the Risk Solutions segment and 3% in the HR Solutions segment, and a 1% increase in commissions and fees resulting from acquisitions, net of divestitures, partially offset by a 1% unfavorable impact from foreign currency translation. The increase in revenue was driven by strong management of the renewal book portfolio and strong new business growth across our Retail business, as well as solid growth in our Reinsurance business, and new client wins in our HR Solutions segment with notable growth in heath care exchanges.

- Operating expenses increased $226 million, or 2%, compared to the prior year to $10.1 billion in 2013 due primarily to an increase in expense associated with organic revenue growth of 3%, an increase in restructuring charges of $76 million and $20 million of legacy, non-recurring claims handling charges, partially offset by lower intangible asset amortization expenses of $28 million, a decrease in headquarters relocation costs of $19 million, benefits achieved from the restructuring plans and a $43.5 million favorable impact from settlement of a non-recurring, one-time legal matter.

- Operating margin increased to 14.1% in 2013 from 13.9% in 2012. The increase in operating margin from the prior year is primarily related to organic revenue growth of 3%, decreased intangible asset amortization, and benefits achieved from the restructuring plans. Risk Solutions operating margin increased to 19.8% in 2013 from 19.6% in 2012. HR Solutions operating margin increased to 7.8% in 2013 from 7.4% in 2012.

- Net income attributable to Aon shareholders was $1.1 billion, an increase of $120 million, or 12%, from $993 million in 2012. Diluted earnings per share increased to $3.53 in 2013 from $2.99 in 2012.

- Cash flows provided by operating activities was $1.6 billion in 2013, an increase of $214 million, or 15%, from $1.4 billion in 2012, due primarily to growth in net income, strong working capital performance, and a decrease in pension contributions, partially offset by an increase in cash paid for taxes. Cash flow from operations in 2013 was also favorably impacted by the $43.5 million settlement of a non-recurring, one-time legal matter.

We focus on four key non-GAAP metrics that we communicate to shareholders: grow organically, expand adjusted margins, increase adjusted diluted earnings per share, and increase free cash flow. The following is our measure of performance against these four metrics for 2013:

- Organic revenue growth, a non-GAAP measure as defined under the caption "Review of Consolidated Results — Organic Revenue," was 3% in 2013. Organic revenue growth was driven by solid growth across our businesses in both Risk and HR Solutions. In Risk Solutions, organic revenue growth was driven by strong management of the renewal book portfolio and strong new business growth across our Retail Business, as well as growth in treaty placements in Reinsurance. In HR Solutions, organic growth was driven by new client wins in outsourcing, primarily health care exchanges, and solid growth across consulting.

- Adjusted operating margin, a non-GAAP measure as defined under the caption "Review of Consolidated Results — Adjusted Operating Margin," was 19.0% for Aon overall, 22.5% for the Risk Solutions segment, and 16.7% for the HR Solutions segment in 2013. In 2012, adjusted operating margin was 18.6% for Aon overall, 21.7% for the Risk Solutions segment, and 16.6% for the HR Solutions segment. The increase in adjusted operating margin for the Risk Solutions segment reflects solid organic revenue growth and restructuring savings, partially offset by an unfavorable impact from foreign currency translation and a decline in fiduciary investment income. The increase in adjusted operating margin for the HR Solutions segment reflects solid organic revenue growth and restructuring savings, partially offset by continued investment in long-term growth opportunities.

- Adjusted diluted earnings per share from net income attributable to Aon's shareholders, a non-GAAP measure as defined under the caption "Review of Consolidated Results — Adjusted Diluted Earnings per Share," was $4.89 per share in 2013, an increase of $0.68 per share, or 16%, from $4.21 per share in 2012. The increase demonstrates solid operational performance and effective capital management despite a difficult business environment, as well as the impact of $1.1 billion of share repurchases during 2013.

- Free cash flow, a non-GAAP measure as defined under the caption "Review of Consolidated Results — Free Cash Flow," was $1.4 billion in 2013, an increase of $254 million, or 22%, from $1.2 billion in 2012. The increase in free cash flow from the prior year was driven by strong cash flow from operations of $1.6 billion in 2013 and a 15%, or $40 million, decrease in capital expenditures.

During 2013, we continued to execute against the strategic goals of the Redomestication. We believe the Redomestication will continue to strengthen our long term strategy by:

- Enabling Risk Solutions to deliver superior value to our clients by executing our Aon Broking strategy;
- Expanding the HR Solutions portfolio penetration, especially within consulting, which already has a significant presence in the U.K. and EMEA;
- Enhancing our Risk Solutions' relationship with, and integration into, London markets;
- Increasing our connection to emerging markets, accelerating our ability to grow there, and further aligning our strategy with underwriters and carriers who are also targeting these high growth markets;
- Strengthening our international brand awareness and positioning as a global firm;
- Advancing our talent strategy through better development, retention and acquisition of professional talent, with a special focus on London's insurance talent;
- Optimizing our fiscal planning and capital allocation and reducing our global tax rate in a manner that provides us with the increased financial flexibility to properly invest in our growth.

REVIEW OF CONSOLIDATED RESULTS

General

In our discussion of operating results, we sometimes refer to certain non-GAAP supplemental information derived from consolidated financial information specifically related to organic revenue growth, adjusted operating margin, adjusted diluted earnings per share, free cash flow, and the impact of foreign exchange rate fluctuations on operating results.

Organic Revenue

We use supplemental information related to organic revenue to help us and our investors evaluate business growth from existing operations. Organic revenue is a non-GAAP measure and excludes the impact of foreign exchange rate changes, acquisitions, divestitures, transfers between business units, fiduciary investment income, reimbursable expenses, and certain unusual items. Supplemental information related to organic revenue growth represents a measure not in accordance with U.S. GAAP, and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto. Industry peers provide similar supplemental information about their revenue performance, although they may not make identical adjustments. Reconciliation of this non-GAAP measure, organic revenue growth percentages to the reported Commissions, fees and other revenue growth percentages, has been provided in the "Review by Segment" caption, below.

Adjusted Operating Margin

We use adjusted operating margin as a non-GAAP measure of core operating performance of our Risk Solutions and HR Solutions segments. Adjusted operating margin excludes the impact of certain items, including restructuring charges, intangible asset amortization and headquarters relocation costs. This supplemental information related to adjusted operating margin represents a measure not in accordance with U.S. GAAP, and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto.

A reconciliation of this non-GAAP measure to the reported operating margin is as follows (in millions):

Year Ended December 31, 2013	Total Aon (1)	Risk Solutions	HR Solutions
Revenue — U.S. GAAP	$ 11,815	$ 7,789	$ 4,057
Operating income — U.S. GAAP	$ 1,671	$ 1,540	$ 318
Restructuring charges	174	94	80
Intangible asset amortization	395	115	280
Headquarters relocation costs	5	—	—
Operating income — as adjusted	$ 2,245	$ 1,749	$ 678
Operating margins — U.S. GAAP	14.1%	19.8%	7.8%
Operating margins — as adjusted	19.0%	22.5%	16.7%

Year Ended December 31, 2012	Total Aon (1)	Risk Solutions	HR Solutions
Revenue — U.S. GAAP	$ 11,514	$ 7,632	$ 3,925
Operating income — U.S. GAAP	$ 1,596	$ 1,493	$ 289
Restructuring charges	101	35	66
Intangible asset amortization	423	126	297
Headquarters relocation costs	24	—	—
Operating income — as adjusted	$ 2,144	$ 1,654	$ 652
Operating margins — U.S. GAAP	13.9%	19.6%	7.4%
Operating margins — as adjusted	18.6%	21.7%	16.6%

Year Ended December 31, 2011	Total Aon (1)	Risk Solutions	HR Solutions
Revenue — U.S. GAAP	$ 11,287	$ 7,537	$ 3,781
Operating income — U.S. GAAP	$ 1,596	$ 1,413	$ 336
Restructuring charges	113	65	48
Legacy receivables write-off	18	18	—
Intangible asset amortization	362	129	233
Transaction related costs — UK reincorporation	3	—	—
Hewitt related costs	47	—	47
Operating income — as adjusted	$ 2,139	$ 1,625	$ 664
Operating margins — U.S. GAAP	14.1%	18.7%	8.9%
Operating margins — as adjusted	19.0%	21.6%	17.6%

(1) Includes unallocated expenses and the elimination of inter-segment revenue.

Adjusted Diluted Earnings per Share

We also use adjusted diluted earnings per share as a non-GAAP measure of our core operating performance. Adjusted diluted earnings per share excludes the impact of restructuring charges, intangible asset amortization, headquarters relocation costs, Hewitt related costs, and other unusual items, along with related income taxes. This supplemental information related to adjusted diluted earnings per share represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto.

Reconciliations of this non-GAAP measure to the reported diluted earnings per share are as follows (in millions except per share data):

Year Ended December 31, 2013	U.S. GAAP	Adjustments	As Adjusted
Operating income	$ 1,671	$ 574	$ 2,245
Interest income	9	—	9
Interest expense	(210)	—	(210)
Other income	68	—	68
Income before income taxes	1,538	574	2,112
Income taxes	390	146	536
Net income	1,148	428	1,576
Less: Net income attributable to noncontrolling interests	35	—	35
Net income attributable to Aon shareholders	$ 1,113	$ 428	$ 1,541
Diluted earnings per share	$ 3.53	$ 1.36	$ 4.89
Weighted average common shares outstanding — diluted	315.4	315.4	315.4

Year Ended December 31, 2012	U.S. GAAP	Adjustments	As Adjusted
Operating income	$ 1,596	$ 548	$ 2,144
Interest income	10	—	10
Interest expense	(228)	—	(228)
Other income	2	2	4
Income before income taxes	1,380	550	1,930
Income taxes	360	144	504
Net income	1,020	406	1,426
Less: Net income attributable to noncontrolling interests	27	—	27
Net income attributable to Aon shareholders	$ 993	$ 406	$ 1,399
Diluted earnings per share	$ 2.99	$ 1.22	$ 4.21
Weighted average common shares outstanding — diluted	332.6	332.6	332.6

Year Ended December 31, 2011	U.S. GAAP	Adjustments	As Adjusted
Operating income	$ 1,596	$ 543	$ 2,139
Interest income	18	—	18
Interest expense	(245)	—	(245)
Other income	19	19	38
Income before income taxes	1,388	562	1,950
Income taxes	378	153	531
Net income	1,010	409	1,419
Less: Net income attributable to noncontrolling interests	31	—	31
Net income attributable to Aon shareholders	$ 979	$ 409	$ 1,388
Diluted earnings per share	$ 2.87	$ 1.20	$ 4.07
Weighted average common shares outstanding — diluted	340.9	340.9	340.9

Free Cash Flow

We use free cash flow, defined as cash flow provided by operations minus capital expenditures, as a non-GAAP measure of our core operating performance. This supplemental information related to free cash flow represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Consolidated Financial Statements and Notes thereto. The use of this non-GAAP measure does not imply or represent the residual cash flow for discretionary expenditures.

Reconciliations of this non-GAAP measure to Cash flow provided by operations are as follows (in millions):

Years Ended December 31,	2013	2012	2011
Cash flow provided by operations-U.S. GAAP	**$ 1,633**	$ 1,419	$ 1,018
Less: Capital expenditures	**(229)**	(269)	(241)
Free cash flow	**$ 1,404**	$ 1,150	$ 777

Impact of Foreign Exchange Rate Fluctuations

Because we conduct business in more than 120 countries, foreign exchange rate fluctuations have a significant impact on our business. In comparison to the U.S. dollar, foreign exchange rate movements may be significant and may distort true period-to-period comparisons of changes in revenue or pretax income. Therefore, to give financial statement users meaningful information about our operations, we have provided an illustration of the impact of foreign currency exchange rates on our financial results. The methodology used to calculate this impact isolates the impact of the change in currencies between periods by translating last year's revenue, expenses and net income, using current year's foreign exchange rates. Using this illustrative methodology, currency fluctuations had an unfavorable impact of $0.03, $0.06, and favorable impact of $0.04 during the years ended December 31, 2013, 2012, and 2011, respectively, on adjusted net income per diluted share, when we translate prior year results at current year end foreign exchange rates. These translations are performed for comparative and illustrative purposes only and do not impact the accounting policy or practices for amounts included in the Consolidated Financial Statements.

Summary of Results

Our consolidated results of operations follow (in millions):

Years ended December 31,	2013	2012	2011
Revenue:			
Commissions, fees and other	**$ 11,787**	$ 11,476	$ 11,235
Fiduciary investment income	**28**	38	52
Total revenue	**11,815**	11,514	11,287
Expenses:			
Compensation and benefits	**6,945**	6,709	6,567
Other general expenses	**3,199**	3,209	3,124
Total operating expenses	**10,144**	9,918	9,691
Operating income	**1,671**	1,596	1,596
Interest income	**9**	10	18
Interest expense	**(210)**	(228)	(245)
Other income	**68**	2	19
Income before income taxes	**1,538**	1,380	1,388
Income taxes	**390**	360	378
Net income	**1,148**	1,020	1,010
Less: Net income attributable to noncontrolling interests	**35**	27	31
Net income attributable to Aon shareholders	**$ 1,113**	$ 993	$ 979

Consolidated Results for 2013 Compared to 2012

Revenue

Revenue increased by $301 million, or 3%, to $11.8 billion in 2013, compared to $11.5 billion in 2012. The increase was driven by organic revenue growth of 3% in the Risk Solutions segment and 3% in the HR Solutions segment. Organic growth in the Risk Solutions segment was driven by solid growth across both Retail and Reinsurance. Strong growth in Latin America, solid new business growth in U.S. Retail and strong management of the renewal book portfolio across the region drove organic revenue growth in the Americas. International organic revenue growth was driven by strong growth in Asia, emerging markets and New Zealand. Reinsurance organic growth was driven by growth in international treaty placements. Organic growth in the HR Solutions segment was driven by strong growth in health care exchanges, growth in investment and compensation consulting and strong growth in health care exchanges, modest growth in benefits administration and HR BPO, partially offset by a modest decline in actuarial services in retirement consulting.

Compensation and Benefits

Compensation and benefits increased $236 million, or 4%, compared to 2012. The increase was driven by an increase in expense associated with 3% organic revenue growth, partially offset by the impact of realization of benefits from restructuring initiatives.

Other General Expenses

Other general expenses remained flat in 2013 compared to 2012 due largely to a decrease in intangible amortization of $28 million, decreased costs related to the headquarters relocation of $19 million, a $43.5 million favorable impact from settlement of a non-recurring one-time legal matter and restructuring savings, partially offset by a $76 million increase in formal restructuring costs and $20 million of legacy, non-recurring claims handling charges.

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 decreased $1 million, or 10%, from 2012, due to lower average interest rates globally and lower average cash balances.

Interest Expense

Interest expense, which represents the cost of our worldwide debt obligations, decreased $18 million, or 8%, from 2012. The decrease in interest expense reflects a decline in the average rate on total debt outstanding.

Other Income

Other income increased $66 million from $2 million in 2012 to $68 million in 2013. Other income in 2013 includes $28 million in gains on investments, equity earnings of $20 million, foreign exchange gains of $13 million, and $10 million in gains on disposal of businesses, partially offset by a $10 million loss from derivatives. Other income in 2012 includes equity earnings of $13 million and $7 million in gains on investments, partially offset by foreign exchange losses of $19 million.

Income before Income Taxes

Income before income taxes was $1.5 billion in 2013, an increase of $158 million, or 11%, from $1.4 billion in 2012.

Income Taxes

The effective tax rate on net income was 25.4% in 2013 and 26.1% in 2012. The 2013 rate reflects certain discrete tax adjustments and changes in the geographic distribution of income. The 2012 rate reflects the release of a valuation allowance relating to foreign tax credits and net operating losses, partially offset by the impact of a U.K. tax rate change. The effective tax rate is expected to decrease over time.

Net Income

Net income increased to $1.1 billion ($3.53 diluted net income per share) in 2013, compared to $1.0 billion ($2.99 diluted net income per share) in 2012.

Consolidated Results for 2012 Compared to 2011

Revenue

Revenue increased by $227 million, or 2%, to $11.5 billion in 2012, compared to $11.3 billion in 2011. The increase was driven by organic revenue growth of 4% for both the Risk Solutions and HR Solutions segments. Organic growth in the Risk Solutions segment was driven by solid growth across all regions, including strong new business growth for U.S. retail and continued management of the renewal book portfolio in the Americas. International organic revenue growth was driven by strong growth in Asia and in emerging markets, as well as modest growth in continental Europe. Reinsurance organic growth was driven by strong growth across global treaty, driven by favorable pricing in the near-term and new business growth, partially offset by a significant decline in capital market transactions and advisory business. Organic growth in the HR Solutions segment was driven by growth in investment consulting, pension administration services, talent and rewards, and communications consulting, as well as new client wins in HR BPO, partially offset by a modest decline in benefits administration.

Compensation and Benefits

Compensation and benefits increased $142 million, or 2%, compared to 2011. The increase was driven by 4% organic revenue growth, partially offset by the impact of realization of benefits from restructuring initiatives.

Other General Expenses

Other general expenses increased by $85 million, or 3%, in 2012 compared to 2011. The increase was due largely to an increase in intangible amortization of $61 million and increased costs related to the headquarters relocation of $21 million. These increased costs were partially offset by lower restructuring charges of $12 million and restructuring savings.

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 decreased $8 million, or 44%, from 2011, due to lower average interest rates globally.

Interest Expense

Interest expense, which represents the cost of our worldwide debt obligations, decreased $17 million, or 7%, from 2011. The decrease was due primarily to lower average debt outstanding during the year, as well as the use of commercial paper to meet short-term working capital needs.

Other Income

Other income in 2012 of $2 million decreased $17 million from 2011. The decrease in income was the result of foreign exchange gains (losses) that were $26 million of additional loss in 2012 and an $11 million decrease in gains related to long-term investments, partially offset by $6 million of additional income from equity method investments and $19 million loss on extinguishment of debt in 2011.

Income before Income Taxes

Income before income taxes was $1.4 billion, flat compared to $1.4 billion in 2011.

Income Taxes

The effective tax rate on income was 26.1% in 2012 and 27.3% in 2011. The 2012 rate reflects the release of a valuation allowance relating to foreign tax credits and net operating losses, partially offset by the impact of a U.K. tax rate change. The 2011 rate reflects the release of a valuation allowance relating to foreign tax credits offset partially by net unfavorable deferred tax adjustments in non-U.S. jurisdictions including the impact of a U.K. tax rate change.

Net Income

Net income remained at $1.0 billion ($2.99 diluted net income per share) in 2012 compared to $1.0 billion ($2.87 diluted net income per share) in 2011.

Restructuring Initiatives

Aon Hewitt Restructuring Plan

On October 14, 2010, we announced a global restructuring plan in connection with the acquisition of Hewitt. The Aon Hewitt Plan is intended to streamline operations across the combined Aon Hewitt organization, the Health & Benefits organization and shared services and facility rationalization across the company. The Aon Hewitt Plan included approximately 2,960 job eliminations. The Aon Hewitt Plan resulted in cumulative costs of $429 million through the end of the plan, which closed in 2013. The costs incurred consisted of approximately $266 million in employee termination costs and approximately $163 million in real estate rationalization across the company.

For the $429 million of total costs, approximately $174 million, $98 million, and $105 million were incurred in 2013, 2012, and 2011, respectively. Charges related to the restructuring are included in Compensation and benefits and Other general expenses in the accompanying Consolidated Statements of Income. The plan was closed December 2013.

The following summarizes the restructuring and related costs, by type, that were incurred related to the Aon Hewitt Plan (in millions):

	2010	2011	2012	2013	Completed Plan Total
Workforce reduction	$ 49	$ 64	$ 74	**$ 79**	$ 266
Lease consolidation	3	32	18	**83**	136
Asset impairments	—	7	4	**7**	18
Other costs associated with restructuring (2)	—	2	2	**5**	9
Total restructuring and related expenses	$ 52	$ 105	$ 98	**$ 174**	$ 429

The following summarizes the restructuring and related expenses for both reportable segments that were incurred related to the Aon Hewitt Plan (in millions):

	2010	2011	2012	2013	Completed Plan Total
HR Solutions	$ 52	$ 49	$ 66	**$ 80**	$ 247
Risk Solutions	—	56	32	**94**	182
Total restructuring and related expenses	$ 52	$ 105	$ 98	**$ 174**	$ 429

(1) Costs included in the Risk Solutions segment are due to the inclusion of the health and benefits consulting business in the Risk Solutions segment, which was transferred from HR Solutions to Risk Solutions effective January 1, 2012. Costs incurred in 2011 in the HR Solutions segment of $41 million related to the health and benefits consulting business have been reclassified and presented in the Risk Solutions segment.

We estimate that we realized approximately $329 million and $236 million of cost savings before any reinvestment in 2013 and 2012, respectively. Approximately $260 million and $69 million of the costs savings before reinvestment in 2013 was realized in the HR Solutions segment and Risk Solutions segment, respectively.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity

Executive Summary

We believe that our balance sheet and strong cash flow provide us with financial flexibility to create long-term value for our shareholders. Our primary sources of liquidity are cash flow from operations, available cash reserves and debt capacity available under various credit facilities. Our primary uses of liquidity are operating expenses, capital expenditures, acquisitions, share repurchases, restructuring initiatives, funding pension obligations and shareholder dividends.

Cash on our balance sheet includes funds available for general corporate purposes, as well as amounts restricted as to their use. Funds held on behalf of clients in a fiduciary capacity are segregated and shown together with uncollected insurance premiums in Fiduciary assets in the Consolidated Statement of Financial Position, with a corresponding amount in Fiduciary liabilities. Fiduciary funds cannot be used for general corporate purposes, and are not a source of liquidity for us.

Cash and cash equivalents and Short-term investments increased $363 million to $1.0 billion in 2013. During 2013, cash flow from operating activities increased $214 million to $1.6 billion. Additional sources of funds in 2013 included $93 million in sales of long-term investments and issuance of debt net of net of repayments of $227 million. The primary uses of funds in 2013 included share repurchases of $1.1 billion, cash contributions to our major defined benefit plans of $523 million, capital expenditures of $229 million, dividends paid to shareholders of $212 million, and net purchases of short term investments of $174 million.

Our investment grade rating is important to us for a number of reasons, the most important of which is preserving our financial flexibility. If our credit ratings were downgraded to below investment grade, the interest expense on any outstanding balances on our credit facilities would increase and we could incur additional requests for pension contributions. To manage unforeseen situations, we have committed credit lines of approximately $1.3 billion and we manage our business to ensure we maintain our current investment grade ratings. At December 31, 2013, we had no borrowings on these credit lines.

Operating Activities

Net cash provided by operating activities in 2013 increased $214 million to $1.6 billion compared to $1.4 billion in 2012. The primary driver of the cash provided by operating activities was net income of $1.1 billion and adjustments for non-cash items of $856 million, primarily related to depreciation, amortization, and stock compensation expense. These items were partially offset by pension contributions of $523 million. Net cash provided by operating activities was favorably impacted by a $43.5 million settlement of a non-recurring, one-time legal matter. Pension contributions during 2013 were $523 million compared to $638 million in 2012. In 2014, we expect to contribute $385 million to our pension plans, with the majority attributable to non-U.S. pension plans, which are subject to changes in foreign exchange rates. In 2014, we also expect to have cash payments related to restructuring plans of $92 million.

We expect cash generated by operations for 2013 to be sufficient to service our debt and contractual obligations, fund the cash requirements of our restructuring programs, finance capital expenditures, continue purchases of shares under our share repurchase program, and continue to pay dividends to our shareholders. Although cash from operations is expected to be sufficient to service these obligations, we have the ability to borrow under our credit facilities to accommodate any timing differences in cash flows. We have committed credit facilities of approximately $1.3 billion, of which all was available at December 31, 2013. We can access these facilities on a same day or next day basis. Additionally, under current market conditions, we believe that we could access capital markets to obtain debt financing for longer-term funding, if needed.

Investing Activities

Cash flow used for investing activities in 2013 was $339 million. The primary drivers of the cash flow used for investing activities were capital expenditures of $229 million, net purchases of short term investments of $174 million, acquisitions of businesses, net of cash acquired of $54 million, partially offset by sales of long term investments of $93 million.

Cash flow provided by investing activities in 2012 was $177 million. The primary drivers of the cash flow provided by investing activities were sales of long term investments for $178 million and net sales of short term investments for $440 million, partially offset by acquisitions of $160 million, and capital expenditures of $269 million.

Cash flow used for investing activities in 2011 was $186 million. The primary drivers of the cash flow used for investing activities were acquisitions of $97 million, primarily related to the acquisition of Glenrand, net purchases of non-fiduciary short-term investments for $8 million, and capital expenditures of $241 million, partially offset by the sale of businesses for $9 million, consisting of proceeds from several small dispositions, and sales, net of purchases, of long-term investments for $160 million.

Financing Activities

Cash flow used for financing activities during 2013 was $1.0 billion. The primary drivers of the cash flow used for financing activities were share repurchases of $1.1 billion and dividends paid to shareholders of $212 million, partially offset by issuances of debt, net of repayments, of $227 million and proceeds from the exercise of share options and issuance of shares purchased through the employee stock purchase plan of $98 million.

Cash flow used for financing activities during 2012 was $1.6 billion. The primary drivers of the cash flow used for financing activities were share repurchases of $1.1 billion, dividends paid to shareholders of $204 million, and net repayment of debt of $344 million, partially offset by proceeds from the exercise of share options and issuance of shares purchased through the employee stock purchase plan of $118 million.

Cash flow used for financing activities during 2011 was $896 million. The primary drivers of the cash flow used for financing activities were share repurchases of $828 million and dividends paid to shareholders of $200 million, and dividends paid to, and purchase of shares from non-controlling interests were $54 million, partially offset by proceeds from the exercise of share options and issuance of shares purchased through the employee stock purchase plan of $201 million.

Cash and Investments

At December 31, 2013, our cash and cash equivalents and short-term investments were $1.0 billion, an increase of $363 million compared to the balance of $637 million as of December 31, 2012. Of the total balance as of December 31, 2013, $214 million was restricted as to its use, which was comprised of $126 million of operating funds in the U.K. as required by the FCA and $88 million held as collateral for various business purposes. At December 31, 2013, $516 million of cash and cash equivalents and short-term investments were held in the U.S. and $484 million were held in other countries. Of the total balance as of December 31, 2012, $200 million was restricted as to its use, which was comprised of $124 million of operating funds in the U.K. as required by the FCA and $76 million held as collateral for various business purposes. At December 31, 2012, $138 million of cash and cash equivalents and short-term investments were held in the U.S. and $499 million was held in other countries. Due to differences in tax rates, the repatriation of funds from certain countries into the U.S., if repatriated, could have an unfavorable tax impact.

In our capacity as an insurance broker or agent, we collect premiums from insureds and, after deducting our commission, remit the premiums to the respective insurance underwriter. We also collect claims or refunds from underwriters on behalf of insureds, which are then returned to the insureds. Unremitted insurance premiums and claims are held by us in a fiduciary capacity. In addition, some of our outsourcing agreements require us to hold funds on behalf of clients to pay obligations on their behalf. The levels of fiduciary assets and liabilities can fluctuate significantly, depending on when we collect the premiums, claims and refunds, make payments to underwriters and insureds, collect funds from clients and make payments on their behalf, and foreign currency movements. Fiduciary assets, because of their nature, are required to be invested in very liquid securities with highly-rated, credit-worthy financial institutions. In our Consolidated Statements of Financial Position, the amount we report for Fiduciary assets and Fiduciary liabilities are equal. Our Fiduciary assets included cash and investments of $3.8 billion and $4.0 billion and fiduciary receivables of $8.1 billion and $8.2 billion at December 31, 2013 and 2012, respectively. While we earn investment income on the fiduciary assets held in cash and investments, the cash and investments are not owned by us, and cannot be used for general corporate purposes.

As disclosed in Note 15 "Fair Value Measurements and Financial Instruments" of the Notes to Consolidated Financial Statements, the majority of our investments carried at fair value are money market funds. Money market funds are carried at cost as an approximation of fair value. Consistent with market convention, we consider cost a practical and expedient measure of fair value. These money market funds are held throughout the world with various financial institutions. We do not believe that there are any market liquidity issues that would materially impact the fair value of these investments.

As of December 31, 2013, our investments in money market funds and highly liquid debt instruments had a fair value of $2.1 billion and are reported as Short-term investments or Fiduciary assets in the Consolidated Statements of Financial Position depending on their nature and initial maturity.

The following table summarizes our Fiduciary assets and non-fiduciary Cash and cash equivalents and Short-term investments as of December 31, 2013 (in millions):

	Statement of Financial Position Classification			
Asset Type	**Cash and Cash Equivalents**	**Short-term Investments**	**Fiduciary Assets**	**Total**
Certificates of deposit, bank deposits or time deposits	$ 477	$ —	$ 2,222	$ 2,699
Money market funds	—	523	1,531	2,054
Highly liquid debt instruments	—	—	25	25
Other investments due within one year	—	—	—	—
Cash and investments	477	523	3,778	4,778
Fiduciary receivables	—	—	8,093	8,093
Total	$ 477	$ 523	$ 11,871	$ 12,871

Share Repurchase Program

In April 2012, our Board of Directors authorized a share repurchase program under which up to $5 billion of Class A Ordinary Shares may be repurchased ("2012 Share Repurchase Program"). Under this program, shares may be repurchased through the open market or in privately negotiated transactions, from time to time, based on prevailing market conditions, and will be funded from available capital.

During 2013, the Company repurchased 16.8 million shares at an average price per share of $65.65 for a total cost of $1.1 billion under the 2012 Share Repurchase Program. During 2012, the Company repurchased 21.6 million shares at an average price per share of $52.16 for a total cost of $1.1 billion under the 2012 Share Repurchase Program and the previously completed 2010 Share Repurchase Program. The remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is approximately $2.9 billion. Since the inception of the 2012 Share Repurchase Program, we repurchased a total of 36.3 million shares for an aggregate cost of $2.1 billion.

During the period from January 1, 2014 to March 13, 2014, the Company repurchased 7.2 million shares at an average price per share of $83.45 for a total cost of $600 million. At March 13, 2014, the remaining authorized amount for share repurchases under the 2012 Share Repurchase Program is $2.3 billion.

Dividends

During 2013, 2012, and 2011, we paid dividends on our Class A Ordinary Shares of $212 million, $204 million, and $200 million, respectively. Dividends paid per Class A Ordinary Share were $0.68, $0.62, and $0.60 for the years ended December 31, 2013, 2012, and 2011, respectively.

In January 2014, the Board of Directors approved the declaration of a dividend to shareholders of $0.18 per ordinary share. In February 2014, we paid those dividends in the amount of $53 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 2006.

Redomestication

As a U.K. incorporated company, we must have sufficient "distributable reserves" to make share repurchases or pay dividends to shareholders. Distributable reserves may be created through the earnings of the U.K. parent company and, amongst other methods, through a reduction in share capital approved by the High Court of England and Wales. Distributable reserves are not linked to a U.S. GAAP reported amount (e.g., retained earnings). On April 4, 2012, we received approval from the High Court of England and Wales to reduce our share premium and in connection with that approval, recognized distributable reserves in the amount of $8.0 billion. As of December 31, 2013 and 2012, we had distributable reserves of $5.9 billion and $7.0 billion, respectively.

Borrowings

Total debt at December 31, 2013 was $4.4 billion, which represents an increase of $224 million compared to December 31, 2012. During 2013, the €500 million ($685 million) debt securities due July 2014 were classified as Short-term debt and current portion of long-term debt in the Consolidated Statements of Financial Position as the date of maturity is less than one year.

On March 8, 2013, we issued $90 million in aggregate principal amount of 4.250% Notes Due 2042.

On May 21, 2013, we issued $250 million aggregate principal amount of 4.45% Notes Due 2043. The 4.45% Notes Due 2043 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. We used the proceeds of the issuance to repay commercial paper borrowings and for general corporate purposes.

On November 21, 2013, the Company issued $350 million in aggregate principal amount of 4.00% Notes Due 2023. The 4.00% Notes Due 2023 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. The Company used the proceeds of the issuance to repay commercial paper borrowings and for general corporate purposes.

Our total debt as a percentage of total capital attributable to Aon shareholders was 35.0% at both December 31, 2013 and December 31, 2012.

Credit Facilities

At December 31, 2013, we have a five-year $400 million unsecured revolving credit facility in the U.S. ("U.S. Facility") that expires in 2017. The U.S. facility is for general corporate purposes, including commercial paper support. Additionally, we have a five-year €650 million ($890 million at December 31, 2013 exchange rate) Euro Facility available, which expires in October 2015. At December 31, 2013, we had no borrowings under either of these credit facilities.

On April 29, 2013, we amended our Euro Facility agreement to add Aon plc as an additional borrower.

For both our U.S. Facility and Euro Facility, the two most significant covenants require us to maintain a ratio of consolidated EBITDA (earnings before interest, taxes, depreciation and amortization), adjusted for Hewitt related transaction costs and up to $50 million in non-recurring cash charges ("Adjusted EBITDA") to consolidated interest expense and a ratio of consolidated debt to Adjusted EBITDA. For both facilities, the ratio of Adjusted EBITDA to consolidated interest expense must be at least 4 to 1. For the Euro Facility, the ratio of consolidated debt to Adjusted EBITDA must not exceed 3 to 1. For the U.S. Facility, the ratio of consolidated debt to Adjusted EBITDA must not exceed the lower of (a) 3.25 to 1.00 or (b) the greater of (i) 3.00 to 1.00 or (ii) the lowest ratio of consolidated debt to Adjusted EBITDA then set forth in the Euro Facility or Aon's $450 million Term Loan Facility. We were in compliance with these and all other covenants during 2013.

Shelf Registration Statement

On August 31, 2012, 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. The availability of any potential liquidity for these types of securities is dependent on investor demand, market conditions and other factors. Our March 2013 offering of $90 million of 4.25% Notes Due 2042, May 2013 offering of $250 million of 4.45% Notes Due 2043, and November 2013 offering of $350 million of 4.00% Notes Due 2023 utilized this registration statement.

Rating Agency Ratings

The major rating agencies' ratings of our debt at February 18, 2014 appear in the table below.

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

During 2013, Standard & Poor's upgraded their rating of our senior long-term debt from BBB+ to A-. Additionally, Moody's Investor Services changed their outlook from stable to positive. A downgrade in the credit ratings of our senior debt and commercial paper would increase our borrowing costs, reduce or eliminate our access to capital, reduce our financial flexibility, increase our commercial paper interest rates or possibly restrict our access to the commercial paper market altogether, or may impact future pension contribution requirements.

Letters of Credit and Other Guarantees

We had total letters of credit ("LOCs") outstanding for approximately $71 million at December 31, 2013, compared to $74 million at December 31, 2012. These letters of credit cover the beneficiaries related to certain of our U.S. and Canadian non-qualified pension plan schemes and secure deductible retentions for our own workers compensation program. We also have issued LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at our international subsidiaries.

We have certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. Costs associated with these guarantees, to the extent estimable and probable, are provided in our allowance for doubtful accounts. The maximum exposure with respect to such contractual contingent guarantees was approximately $98 million at December 31, 2013 compared to $104 million at December 31, 2012.

Adequacy of Liquidity Sources

We believe that cash flows from operations and available credit facilities will be sufficient to meet our liquidity needs, including principal and interest payments on debt obligations, capital expenditures, pension contributions, cash restructuring costs, and anticipated working capital requirements, for the foreseeable future. We do not have exposure related to off balance sheet arrangements. Our cash flows from operations, borrowing availability and overall liquidity are subject to risks and uncertainties. See "Information Concerning Forward-Looking Statements" and "Risk Factors" within this Strategic Report.

Contractual Obligations

Summarized in the table below are our contractual obligations and commitments as of December 31, 2013 (in millions):

	Payments due in				
	2014	2015 – 2016	2017 – 2018	2019 and beyond	Total
Short- and long-term borrowings	$ 703	$ 1,119	$ 356	$ 2,211	$ 4,389
Interest expense on debt	224	336	283	1,440	2,283
Operating leases	409	705	537	903	2,554
Pension and other postretirement benefit plan (1) (2)	373	623	463	657	2,116
Purchase obligations (3) (4) (5)	369	317	113	123	922
Insurance premiums payable	11,871	—	—	—	11,871
	$ 13,949	$ 3,100	$ 1,752	$ 5,334	$ 24,135

(1) Pension and other postretirement benefit plan obligations include estimates of our minimum funding requirements, pursuant to ERISA and other regulations and minimum funding requirements agreed with the trustees of our U.K. pension plans. Additional amounts may be agreed to with, or required by, the U.K. pension plan trustees. Nonqualified pension and other postretirement benefit obligations are based on estimated future benefit payments. We may make additional discretionary contributions.

(2) In 2013, our principal U.K subsidiary agreed with the trustees of one of the U.K. plans to contribute an average of $11 million per year to that pension plan for the next three years. The trustees of the plan have certain rights to request that our U.K. subsidiary advance an amount equal to an actuarially determined winding-up deficit. As of December 31, 2013, the estimated winding-up deficit was £150 million ($243 million). The trustees of the plan have accepted in practice the agreed-upon schedule of contributions detailed above and have not requested the winding-up deficit be paid.

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

(4) Excludes $34 million of unfunded commitments related to an investment in a limited partnership due to our inability to reasonably estimate the period(s) when the limited partnership will request funding.

(5) Excludes $164 million of liabilities for uncertain tax positions due to our inability to reasonably estimate the period(s) when cash settlements will be made.

Financial Condition

At December 31, 2013, our net assets of $8.2 billion, representing total assets minus total liabilities, increased from $7.8 billion at December 31, 2012. The increase was due primarily to Net income of $1.1 billion for the year ended December 31, 2013, a decrease in Accumulated other comprehensive loss of $236 million related primarily to a decrease in the post-retirement benefit obligation, partially offset by share repurchases of $1.1 billion and dividends of $212 million. Working capital decreased by $113 million from $1.0 billion at December 31, 2012 to $919 million at December 31, 2013.

Equity

Equity at December 31, 2013 was $8.2 billion, an increase of $390 million from December 31, 2012. The increase resulted primarily from Net income of $1.1 billion, a decrease in Accumulated other comprehensive loss of $236 million, partially offset by share repurchases of $1.1 billion and $212 million of dividends to shareholders.

The $236 million decrease in Accumulated other comprehensive loss from December 31, 2012, primarily reflects the following:

- negative net foreign currency translation adjustments of $65 million, which are attributable to the strengthening of the U.S. dollar against certain foreign currencies,

- a decrease of $293 million in net post-retirement benefit obligations,
- net derivative gains of $6 million, and
- net investment gains of $1 million.

REVIEW BY SEGMENT

General

We serve clients through the following segments:

- **Risk Solutions** acts as an advisor and insurance and reinsurance broker, helping clients manage their risks, via consultation, as well as negotiation and placement of insurance risk with insurance carriers through our global distribution network.
- **HR Solutions** partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance by designing, implementing, communicating and administering a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies.

Risk Solutions

Years ended December 31	2013	2012	2011
Revenue	**$7,789**	$7,632	$7,537
Operating income	**1,540**	1,493	1,413
Operating margin	**19.8%**	19.6%	18.7%

The demand for property and casualty insurance generally rises as the overall level of economic activity increases and generally falls as such activity decreases, affecting both the commissions and fees generated by our brokerage business. The economic activity that impacts property and casualty insurance is described as exposure units, and is most closely correlated with employment levels, corporate revenue and asset values. During 2013, we continued to see improvement in pricing on average globally; however, we would still consider this to be a "soft market," which began in 2007. In a soft market, premium rates flatten or decrease, along with commission revenues, due to increased competition for market share among insurance carriers or increased underwriting capacity. Changes in premiums have a direct and potentially material impact on the insurance brokerage industry, as commission revenues are generally based on a percentage of the premiums paid by insureds. In 2013, pricing showed signs of stabilization and improvement in our retail brokerage product lines.

Additionally, beginning in late 2008 and continuing through 2013, we faced difficult conditions as a result of unprecedented disruptions in the global economy, the repricing of credit risk and the deterioration of the financial markets. Weak global economic conditions have reduced our customers' demand for our retail brokerage and reinsurance brokerage products, which have had a negative impact on our operational results.

Risk Solutions generated approximately 66% of our consolidated total revenues in 2013. Revenues are generated primarily through fees paid by clients, commissions and fees paid by insurance and reinsurance companies, and investment income on funds held on behalf of clients. Our revenues vary from quarter to quarter throughout the year as a result of the timing of our clients' policy renewals, the net effect of new and lost business, the timing of services provided to our clients, and the income we earn on investments, which is heavily influenced by short-term interest rates.

We operate in a highly competitive industry and compete with many retail insurance brokerage and agency firms, as well as with individual brokers, agents, and direct writers of insurance coverage. Specifically, we address the highly specialized product development and risk management needs of commercial enterprises, professional groups, insurance companies, governments, health care providers, and non-profit groups, among others; provide affinity products for professional liability, life, disability income, and personal lines for individuals, associations, and businesses; provide products and services via GRIP Solutions; provide reinsurance services to insurance and reinsurance companies and other risk assumption entities by acting as brokers or intermediaries on all classes of reinsurance; provide capital management transaction and advisory products and services, including mergers and acquisitions and other financial advisory services, capital raising, contingent capital financing, insurance-linked securitizations and derivative applications; provide managing underwriting to independent agents and brokers as well as corporate clients; provide risk consulting, actuarial, loss prevention, and administrative services to businesses and consumers; and manage captive insurance companies.

Revenue

Commissions, fees and other revenue for Risk Solutions were as follows (in millions):

Years ended December 31	**2013**	**2012**	**2011**
Retail brokerage:			
Americas	**$ 3,191**	$ 3,071	$ 3,001
International (1)	**3,065**	3,018	3,021
Total retail brokerage	**6,256**	6,089	6,022
Reinsurance brokerage	**1,505**	1,505	1,463
Total	**$ 7,761**	$ 7,594	$ 7,485

(1) Includes the U.K., Europe, Middle East, Africa and Asia Pacific.

In 2013, commissions, fees and other revenue increased $167 million, or 2%, compared to 2012 due to 3% organic revenue growth, partially offset by a 1% unfavorable impact from foreign currency exchange rates. Organic revenue growth was driven primarily by strong growth in Latin America, Asia and emerging markets, solid growth in U.S. Retail, as well as growth in treaty placements in the Reinsurance business.

Reconciliation of organic revenue growth to reported commissions, fees and other revenue growth for 2013 versus 2012 is as follows:

	Percent Change	**Less: Currency Impact**	**Less: Acquisitions, Divestitures & Other**	**Organic Revenue**
Retail brokerage:				
Americas	4%	(1)%	—%	5%
International (1)	2	—	—	2
Total retail brokerage	3	(1)	—	4
Reinsurance brokerage	—	(1)	(1)	2
Total	2%	(1)%	—%	3%

(1) Includes the U.K., Europe, Middle East, Africa and Asia Pacific.

Retail brokerage Commissions, fees and other revenue increased 3% in 2013 driven by 4% organic revenue growth, reflecting revenue growth in both the Americas and International business, partially offset by a 1% impact from unfavorable foreign currency exchange rates in the Americas.

Americas Commissions, fees and other revenue increased 4% in 2013 reflecting 5% organic revenue growth driven by strong growth in Latin America and new business generation in U.S. Retail, partially offset by a 1% impact from unfavorable foreign currency exchange rates.

International Commissions, fees and other revenue increased 2% in 2013 reflecting 2% organic revenue growth driven by strong growth across emerging markets, New Zealand and Asia, partially offset by a decline in certain countries across continental Europe.

Reinsurance Commissions, fees and other revenue was flat compared to the prior year due to 2% organic revenue growth driven primarily by net new business growth in treaty placements, partially offset by a 1% unfavorable impact from foreign currency exchange rates and a 1% unfavorable impact from acquisitions, net of divestitures.

Operating Income

Operating income increased $47 million, or 3%, from 2012 to $1.5 billion in 2013. In 2013, operating income margins in this segment were 19.8%, up 20 basis points from 19.6% in 2012. Operating margin improvement was driven by revenue growth and savings related to the restructuring programs, which was partially offset by the unfavorable impact from foreign currency translation and a decline in fiduciary investment income.

HR Solutions

Years ended December 31	2013	2012	2011
Revenue	**$4,057**	$3,925	$3,781
Operating income	**318**	289	336
Operating margin	**7.8%**	7.4%	8.9%

Our HR Solutions segment generated approximately 34% of our consolidated total revenues in 2013 and provides a broad range of human capital services, as follows:

- *Retirement* specializes in global actuarial services, defined contribution consulting, tax and ERISA consulting, and pension administration.

- *Compensation* focuses on compensatory advisory/counsel including: compensation planning design, executive reward strategies, salary survey and benchmarking, market share studies and sales force effectiveness, with special expertise in the financial services and technology industries.

- *Strategic Human Capital* delivers advice to complex global organizations on talent, change and organizational effectiveness issues, including talent strategy and acquisition, executive on-boarding, performance management, leadership assessment and development, communication strategy, workforce training and change management.

- *Investment consulting* advises public and private companies, other institutions and trustees on developing and maintaining investment programs across a broad range of plan types, including defined benefit plans, defined contribution plans, endowments and foundations.

- *Benefits Administration* applies our HR expertise primarily through defined benefit (pension), defined contribution (401(k)), and health and welfare administrative services. Our model replaces the resource-intensive processes once required to administer benefit plans with more efficient, effective, and less costly solutions.

- *Exchanges* is building and operating healthcare exchanges that provide employers with a cost effective alternative to traditional employee and retiree healthcare, while helping individuals select the insurance that best meets their needs.

- *Human Resource Business Processing Outsourcing ("HR BPO")* provides market-leading solutions to manage employee data; administer benefits, payroll and other human resources processes; and record and manage talent, workforce and other core HR process transactions as well as other complementary services such as flexible spending, dependent audit and participant advocacy.

Beginning in late 2008, the disruption in the global credit markets and the deterioration of the financial markets created significant uncertainty in the marketplace. Weak economic conditions globally continued throughout 2013. The prolonged economic downturn is adversely impacting our clients' financial condition and therefore the levels of business activities in the industries and geographies where we operate. While we believe that the majority of our practices are well positioned to manage through this time, these challenges are reducing demand for some of our services and putting continued pressure on the pricing of those services, which is having an adverse effect on our new business and results of operations.

Revenue

Commissions, fees and other revenue were as follows (in millions):

Years ended December 31	2013	2012	2011
Consulting services	**$ 1,626**	$ 1,585	$ 1,546
Outsourcing	**2,469**	2,372	2,258
Intersegment	**(38)**	(32)	(23)
Total	**$ 4,057**	$ 3,925	$ 3,781

Commissions, fees and other revenue for HR Solutions increased $132 million, or 3%, in 2013 compared to 2012 due to 3% organic growth in commissions and fees in 2013.

Reconciliation of organic revenue growth to reported commissions, fees and other revenue growth for 2013 versus 2012 is as follows:

Year ended December 31	Percent Change	Less: Currency Impact	Less: Acquisitions, Divestitures & Other	Organic Revenue
Consulting services	3%	(1)%	1%	3%
Outsourcing	4	—	1	3
Intersegment	N/A	N/A	N/A	N/A
Total	3%	—%	—%	3%

Consulting services revenue increased $41 million, or 3%, due primarily to organic revenue growth of 3%, driven by solid growth in investment and compensation consulting, pension administration services for certain project-related work, talent and rewards, and communication consulting, partially offset by a decline in actuarial services in retirement consulting.

Outsourcing revenue increased $97 million, or 4%, due primarily to 3% organic revenue growth driven by strong growth in the health care exchanges, modest growth in benefits administration and HR BPO business, and 1% favorable impact from acquisitions, net of divestitures.

Operating Income

Operating income was $318 million, an increase of $29 million, or 10%, from 2012. This increase was primarily driven by organic revenue growth and savings related to the Aon Hewitt restructuring program, partially offset by continued investment in long-term growth opportunities. Margins in this segment for 2013 were 7.8%, an increase of 40 basis points from 7.4% in 2012 driven by strong organic revenue growth and savings related to the Aon Hewitt restructuring program, partially offset by continued investment in long-term growth opportunities.

Unallocated Income and Expense

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

Years ended December 31	2013	2012	2011
Operating income:			
Risk Solutions	**$ 1,540**	$ 1,493	$ 1,413
HR Solutions	**318**	289	336
Unallocated	**(187)**	(186)	(153)
Operating income	**1,671**	1,596	1,596
Interest income	**9**	10	18
Interest expense	**(210)**	(228)	(245)
Other income	**68**	2	19
Income before income taxes	**$ 1,538**	$ 1,380	$ 1,388

Unallocated operating expense includes corporate governance costs not allocated to the operating segments. Net unallocated expenses remained relatively flat in 2013 compared to 2012.

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 decreased $1 million, or 10%, from 2012, due to lower average interest rates globally and lower average cash balances.

Interest expense, which represents the cost of our worldwide debt obligations, decreased $18 million, or 8%, from 2012, which is primarily due to a decline in the average interest rate on total debt outstanding.

Other income increased $66 million from $2 million in 2012 to $68 million in 2013. Other income in 2013 includes $28 million in gains on investments, equity earnings of $20 million, foreign exchange gains of $13 million, and $10 million in gains on disposal of businesses, partially offset by $10 million in losses from derivatives. Other income in 2012 includes equity earnings of $13 million and $7 million gains on investments, partially offset by foreign exchange losses of $19 million.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Consolidated Financial Statements and Notes thereto have been prepared in accordance with U.S. GAAP. To prepare these financial statements, we made estimates, assumptions and judgments that affect what we report as our assets and liabilities, what we disclose as contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the periods presented.

In accordance with our policies, we regularly evaluate our estimates, assumptions and judgments, including, but not limited to, those concerning revenue recognition, restructuring, pensions, goodwill and other intangible assets, contingencies, share-based payments, and income taxes, and base our estimates, assumptions, and judgments on our historical experience and on factors we believe reasonable under the circumstances. The results involve judgments about the carrying values of assets and liabilities not readily apparent from other sources. If our assumptions or conditions change, the actual results we report may differ from these estimates. We believe the following critical accounting policies affect the more significant estimates, assumptions, and judgments we used to prepare these Consolidated Financial Statements.

Revenue Recognition

Risk Solutions segment revenues primarily include insurance commissions and fees for services rendered and investment income on funds held on behalf of clients. Revenues are recognized when they are earned and realized or realizable. The Company considers revenues to be earned and realized or realizable when all of the following four conditions are met: (1) persuasive evidence of an arrangement exists, (2) the arrangement fee is fixed or determinable, (3) delivery or performance has occurred, and (4) collectability is reasonably assured. For brokerage commissions, revenue is typically recognized at the completion of the placement process, assuming all other criteria required to recognize revenue have been met. The placement process is typically considered complete on the effective date of the related policy. Commission revenues are recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

HR Solutions segment revenues consist primarily of fees paid by clients for consulting advice and outsourcing contracts. Fees paid by clients for consulting services are typically charged on an hourly, project or fixed-fee basis. Revenues from time-and-materials or cost-plus arrangements are recognized as services are performed, assuming all other criteria to recognize revenue have been met. Revenues from fixed-fee contracts are recognized as services are provided using a proportional-performance model or at the completion of a project based on facts and circumstances of the client arrangement. Revenues from health care exchange arrangements are typically recognized upon successful enrollment of participants, net of a reserve for estimated cancellations, assuming all other criteria to recognize revenue have been met. Reimbursements received for out-of-pocket expenses are recorded as a component of revenues. The Company's outsourcing contracts typically have three-to-five year terms for benefits services and five-to-ten year terms for human resources business process outsourcing ("HR BPO") services. The Company recognizes revenues as services are performed, assuming all other criteria to recognize revenue have been met. The Company may also receive implementation fees from clients either up-front or over the ongoing services period as a component of the fee per participant. Lump sum implementation fees received from a client are typically deferred and recognized ratably over the ongoing contract services period. If a client terminates an outsourcing services arrangement prior to the end of the contract, a loss on the contract may be recorded, if necessary, and any remaining deferred implementation revenues would typically be recognized over the remaining service period through the termination date.

In connection with the Company's long-term outsourcing service agreements, highly customized implementation efforts are often necessary to set up clients and their human resource or benefit programs on the Company's systems and operating processes. For outsourcing services sold separately or accounted for as a separate unit of accounting, specific, incremental and direct costs of implementation incurred prior to the services commencing are generally deferred and amortized over the period that the related ongoing services revenue is recognized. Deferred costs are assessed for recoverability on a periodic basis to the extent the deferred cost exceeds related deferred revenue.

Restructuring

Workforce reduction costs

The method used to recognize workforce reduction costs depends on whether the benefits are provided under a one-time benefit arrangement or under an ongoing benefit arrangement. We account for relevant expenses as an ongoing benefit arrangement when we have an established termination benefit policy, statutory requirements dictate the termination benefit amounts, or we have an established pattern of providing similar termination benefits. The method to estimate the amount of termination benefits is based on the benefits available to the employees being terminated.

In most cases, workforce reductions are made pursuant to an ongoing arrangement. We recognize the workforce reduction costs related to restructuring activities resulting from an ongoing benefit arrangement when we identify the specific classification (or functions) and locations of the employees being terminated and notify the employees.

Although it occurs less frequently, when a workforce reduction is made pursuant to a one-time benefit arrangement, we recognize the workforce reduction costs related to restructuring activities resulting from a one-time benefit arrangement when we identify the specific classification (or functions) and locations of the employee(s) being terminated, notify the employee(s), and expect to terminate the employee(s) within the legally required notification period. When employees receive incentives to stay beyond the legally required notification period, we recognize the cost of their termination benefits over the remaining service period.

Lease termination costs

Where we have provided notice of cancellation pursuant to a lease agreement or vacated space and have no intention of reoccupying it, we recognize a loss and corresponding liability. The liability reflects our best estimate of the fair value of the future cash flows associated with the lease at the date we vacate the property or sign a sublease arrangement. To determine the loss and corresponding liability, we estimate sublease income based on all information that is reasonably available, which typically includes current market quotes for similar properties.

Useful lives on leasehold improvements or other assets associated with lease abandonments may be revised to reflect a shorter useful life than originally estimated, which results in accelerated depreciation.

Fair value concepts of severance arrangements and lease losses

Accounting guidance requires that the liabilities recorded related to our restructuring activities be measured at fair value.

Where material, we discount the lease loss calculations to arrive at their present value. Most workforce reductions happen over a short span of time and therefore no discounting is necessary. However, we may discount the termination benefit arrangement when we terminate employees who will provide no future service and we pay their severance over an extended period. The discount reflects our incremental borrowing rate, which matches the lifetime of the liability. Significant changes in the discount rate selected or the estimations of sublease income in the case of leases could impact the amounts recorded.

Other associated costs with restructuring activities

We recognize other costs associated with restructuring activities as they are incurred, including moving costs and consulting and legal fees.

Pensions

We sponsor defined benefit pension plans throughout the world. Our most significant plans are located in the U.S., the U.K., the Netherlands and Canada. Our significant U.S., U.K. and Canadian pension plans are closed to new entrants. We have ceased crediting future benefits relating to salary and service for our U.S., U.K. and Canadian plans.

Recognition of gains and losses and prior service

Certain changes in the value of the obligation and in the value of plan assets, which may occur due to various factors such as changes in the discount rate and actuarial assumptions, actual demographic experience and/or plan asset performance are not immediately recognized in net income. Such changes are recognized in Other comprehensive income and are amortized into net income as part of the net periodic benefit cost.

Unrecognized gains and losses that have been deferred in Other comprehensive income, as previously described, are amortized into Compensation and benefits expense as a component of periodic pension expense based on the average expected future service of active employees for our plans in the Netherlands and Canada, or the average life expectancy of the U.S. and U.K. plan members. After the effective date of the plan amendments to cease crediting future benefits relating to service, unrecognized gains and losses are also be based on the average life expectancy of members in the Canadian plans. We amortize any prior service expense or credits that arise as a result of plan changes over a period consistent with the amortization of gains and losses.

As of December 31, 2013, our pension plans have deferred losses that have not yet been recognized through income in the Consolidated Financial Statements. We amortize unrecognized actuarial losses outside of a corridor, which is defined as 10% of the greater of market-related value of plan assets or projected benefit obligation. To the extent not offset by future gains, incremental amortization as calculated above will continue to affect future pension expense similarly until fully amortized.

The following table discloses our combined experience loss, the number of years over which we are amortizing the experience loss, and the estimated 2014 amortization of loss by country (amounts in millions):

	U.K.	U.S.	Other
Combined experience loss	$ 2,012	$ 1,219	$ 402
Amortization period (in years)	29	26	11 - 23
Estimated 2014 amortization of loss	$ 53	$ 44	$ 10

The unrecognized prior service cost at December 31, 2013 was $27 million in the U.K. and Other plans.

For the U.S. pension plans we use a market-related valuation of assets approach to determine the expected return on assets, which is a component of net periodic benefit cost recognized in the Consolidated Statements of Income. This approach recognizes 20% of any gains or losses in the current year's value of market-related assets, with the remaining 80% spread over the next four years. As this approach recognizes gains or losses over a five-year period, the future value of assets and therefore, our net periodic benefit cost will be impacted as previously deferred gains or losses are recorded. As of December 31, 2013, the market-related value of assets was $1.8 billion. We do not use the market-related valuation approach to determine the funded status of the U.S. plans recorded in the Consolidated Statements of Financial Position. Instead, we record and present the funded status in the Consolidated Statements of Financial Position based on the fair value of the plan assets. As of December 31, 2013, the fair value of plan assets was $1.9 billion.

Our non-U.S. plans use fair value to determine expected return on assets.

Rate of return on plan assets and asset allocation

The following table summarizes the expected long-term rate of return on plan assets for future pension expense and the related target asset mix as of December 31, 2013:

	U.K.	U.S.	Other
Expected return (in total)	6.0%	8.8%	5.6 - 6.5%
Expected return on equities (1)	9.4%	9.7%	7.5 - 8.3%
Expected return on fixed income	4.8%	6.6%	4.7 - 4.8%
Asset mix:			
Target equity (1)	28.4%	70.0%	39.1-60.0%
Target fixed income	71.6%	30.0%	40.0 - 60.9%

(1) Includes investments in infrastructure, real estate, limited partnerships and hedge funds.

In determining the expected rate of return for the plan assets, we analyzed investment community forecasts and current market conditions to develop expected returns for each of the asset classes used by the plans. In particular, we surveyed multiple third party financial institutions and consultants to obtain long-term expected returns on each asset class, considered historical performance data by asset class over long periods, and weighted the expected returns for each asset class by target asset allocations of the plans.

The U.S. pension plan asset allocation is based on approved allocations following adopted investment guidelines. The actual asset allocation at December 31, 2013 was 69% equity and 31% fixed income securities for the qualified plan.

The investment policy for each U.K. and non-U.S. pension plans is generally determined by the plans' trustees. Because there are several pension plans maintained in the U.K. and non-U.S. category, our target allocation presents a range of the target allocation of each plan. Further, target allocations are subject to change. As of December 31, 2013, the U.K. and non-U.S. plans were invested between 30% and 50% in equity and between 50% and 70% in fixed income securities.

Impact of changing economic assumptions

Changes in the discount rate and expected return on assets can have a material impact on pension obligations and pension expense.

Holding all other assumptions constant, the following table reflects what a one hundred basis point increase and decrease in our estimated liability discount rate would have on our projected benefit obligation at December 31, 2013 (in millions):

Estimated liability discount rate Increase (decrease) in projected benefit obligation of December 31, 2013 (1)	100 Basis Point Change in Discount Rate	
	Increase	Decrease
U.K. plans	$ (989)	$ 1,057
U.S. plans	(273)	386
Other plans	(171)	251

(1) Increases to the projected benefit obligation reflect increases to the Company's pension obligations, while decreases in the projected benefit obligation are recoveries toward fully funded status. A change in the discount rate has an inverse relationship to the projected benefit obligation.

Holding all other assumptions constant, the following table reflects what a one hundred basis point increase and decrease in our estimated liability discount rate would have on our estimated 2014 pension expense (in millions):

Increase (decrease) in expense	100 Basis Point Change in Discount Rate	
	Increase	Decrease
U.K. plans	$ (32)	$ 28
U.S. plans	(1)	—
Other plans	(2)	2

Holding other assumptions constant, the following table reflects what a one hundred basis point increase and decrease in our estimated long-term rate of return on plan assets would have on our estimated 2014 pension expense (in millions):

Increase (decrease) in expense	100 Basis Point Change in Long-Term Rate of Return on Plan Assets	
	Increase	Decrease
U.K. plans	$ (54)	$ 54
U.S. plans	(18)	18
Other plans	(11)	11

Estimated future contributions

We estimate contributions of approximately $385 million in 2014 as compared with $523 million in 2013.

Goodwill and Other Intangible Assets

Goodwill represents the excess of cost over the fair market value of the net assets acquired. We classify our intangible assets acquired as either trademarks, customer relationships, technology, non-compete agreements, or other purchased intangibles.

Where compliance with any of the provisions of the Companies Act 2006 is inconsistent with the requirements to give a true and fair view of the state of affairs and profit or loss in accordance with U.S. GAAP, the Directors have invoked the true and fair override. The Companies Act 2006 requires that goodwill is carried at cost reduced by provisions for depreciation calculated to write off the goodwill systematically over a period chosen by the Directors, which does not exceed its useful economic life. Under U.S. GAAP, Aon plc does not amortize goodwill. Instead goodwill is carried at cost less impairment, with impairment tested at least annually. Aon's treatment of goodwill conflicts with the requirement of U.K. Companies Act and the Directors have invoked a true and fair override in order to overcome the prohibition on non-amortisation of goodwill in the Companies Act 2006.

Goodwill is not amortized, but rather tested for impairment at least annually in the fourth quarter. In the fourth quarter, we also test the acquired tradenames (which also are not amortized) for impairment. We test more frequently if there are indicators of impairment or whenever business circumstances suggest that the carrying value of goodwill or trademarks may not be recoverable. These indicators may include a sustained significant decline in our share price and market capitalization, a decline in our expected future cash flows, or a significant adverse change in legal factors or in the business climate, among others. No events occurred during 2013 that indicate the existence of an impairment with respect to our reported goodwill or tradenames.

We perform impairment reviews at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment (referred to as a "component"). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. An operating segment shall be deemed to be a reporting unit if all of its components are similar, if none of its components is a reporting unit, or if the segment comprises only a single component.

The goodwill impairment test is initially a qualitative analysis to determine if it is "more likely than not" that the fair value of each reporting unit exceeds the carrying value, including goodwill, of the corresponding reporting unit. If the "more likely than not" threshold is not met, then the goodwill impairment test becomes a two step analysis. Step One requires the fair value of each reporting unit to be compared to its book value. Management must apply judgment in determining the estimated fair value of the reporting units. If the fair value of a reporting unit is determined to be greater than the carrying value of the reporting unit, goodwill and trademarks are deemed not to be impaired and no further testing is necessary. If the fair value of a reporting unit is less than the carrying value, we perform Step Two. Step Two uses the calculated fair value of the reporting unit to perform a hypothetical purchase price allocation to the fair value of the assets and liabilities of the reporting unit. The difference between the fair value of the reporting unit calculated in Step One and the fair value of the underlying assets and liabilities of the reporting unit is the implied fair value of the reporting unit's goodwill. A charge is recorded in the financial statements if the carrying value of the reporting unit's goodwill is greater than its implied fair value.

In determining the fair value of our reporting units, we use a discounted cash flow ("DCF") model based on our most current forecasts. We discount the related cash flow forecasts using the weighted-average cost of capital method at the date of evaluation. Preparation of forecasts and selection of the discount rate for use in the DCF model involve significant judgments, and changes in these estimates could affect the estimated fair value of one or more of our reporting units and could result in a goodwill impairment charge in a future period. We also use market multiples which are obtained from quoted prices of comparable companies to corroborate our DCF model results. The combined estimated fair value of our reporting units from our DCF model often results in a premium over our market capitalization, commonly referred to as a control premium. We believe the implied control premium determined by our impairment analysis is reasonable based upon historic data of premiums paid on actual transactions within our industry. Based on tests performed in both 2013 and 2012, there was no indication of goodwill impairment, and no further testing was required.

We review intangible assets that are being amortized for impairment whenever events or changes in circumstance indicate that their carrying amount may not be recoverable. There were no indications that the carrying values of amortizable intangible assets were impaired as of December 31, 2013. If we are required to record impairment charges in the future, they could materially impact our results of operations.

Contingencies

We define a contingency as an existing condition that involves a degree of uncertainty as to a possible gain or loss that will ultimately be resolved when one or more future events occur or fail to occur. Under U.S. GAAP, we are required to establish reserves for loss contingencies when the loss is probable and we can reasonably estimate its financial impact. We are required to assess the likelihood of material adverse judgments or outcomes, as well as potential ranges or probability of losses. We determine the amount of reserves required, if any, for contingencies after carefully analyzing each individual item. The required reserves may change due to new developments in each issue. We do not recognize gain contingencies until the contingency is resolved and amounts due are probable of collection.

Share-based Payments

Share-based compensation expense is measured based on the estimated grant date fair value and recognized over the requisite service period for awards that we ultimately expect to vest. We estimate forfeitures at the time of grant based on our actual experience to date and revise our estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Share Option Accounting

We generally use a lattice-binomial option-pricing model to value share options granted. Lattice-based option valuation models use a range of assumptions over the expected term of the options, and estimate expected volatilities based on the average of the historical volatility of our share price and the implied volatility of traded options on our shares. No share options were granted during 2013 or 2012.

In terms of the assumptions used in the lattice-based model, we:

- use historical data to estimate option exercise and employee terminations within the valuation model. We stratify employees between those receiving Leadership Performance Plan ("LPP") options, Special Share Plan options, and all other option grants. We believe that this stratification better represents prospective stock option exercise patterns,

- base the expected dividend yield assumption on our current dividend rate, and

- base the risk-free rate for the contractual life of the option on the U.S. Treasury yield curve in effect at the time of grant.

The expected life of employee share options represents the weighted-average period share options are expected to remain outstanding, which is a derived output of the lattice-binomial model.

Restricted Stock Units

Restricted share units ("RSUs") are service-based awards for which we recognize the associated compensation cost on a straight-line basis over the requisite service period. We estimate the fair value of the awards based on the market price of the underlying share on the date of grant.

Performance Stock Awards

Performance share awards ("PSAs") are performance-based awards for which vesting is dependent on the achievement of certain objectives. Such objectives may be made on a personal, group or company level. We estimate the fair value of the awards based on the market price of the underlying stock on the date of grant, reduced by the present value of estimated dividends foregone during the vesting period.

PSAs may immediately vest at the end of the performance period or may have an additional service period. Compensation cost is recognized over the performance or additional service period, whichever is longer. The number of shares issued on the vesting date will vary depending on the actual performance objectives achieved. We make assessments of future performance using subjective estimates, such as long-term plans. As a result, changes in the underlying assumptions could have a material impact on the compensation expense recognized.

The largest performance-based share-based payment award plan is the LPP, which has a three-year performance period. The 2011 to 2013 performance period ended on December 31, 2013, the 2010 to 2012 performance period ended on December 31, 2012, the 2009 to 2011 performance period ended on December 31, 2011, and the 2008 to 2010 performance period ended on December 31, 2010. The LPP currently has two open performance periods: 2012 to 2014 and 2013 to 2015. A 10% upward adjustment in our estimated performance achievement percentage for both LPP plans would have increased our 2013 expense by approximately $5.9 million, while a 10% downward adjustment would have decreased our expense by approximately $5.9 million. As the percent of expected performance increases or decreases, the potential change in expense can go from 0% to 200% of the targeted total expense.

Income Taxes

We earn income in numerous countries and this income is subject to the laws of taxing jurisdictions within those countries. The estimated effective tax rate for the year is applied to our quarterly operating results. In the event that there is a significant unusual or discrete item recognized, or expected to be recognized, in our quarterly operating results, the tax attributable to that item would be separately calculated and recorded at the same time as the unusual or discrete item, such as the resolution of prior-year tax matters.

The carrying values of deferred income tax assets and liabilities reflect the application of our income tax accounting policies, and are based on management's assumptions and estimates about future operating results and levels of taxable income, and judgments regarding the interpretation of the provisions of current accounting principles.

Deferred tax assets are reduced by valuation allowances if, based on the consideration of all available evidence, it is more likely than not that some portion of the deferred tax asset will not be realized. In this assessment, significant weight is given to evidence that can be objectively verified.

We assess carryforwards and tax credits for realization as a reduction of future taxable income by using a "more likely than not" determination. We have not recognized a U.S. deferred tax liability for permanently reinvested earnings of certain non-U.S. subsidiaries. Additional U.S. income taxes could be recorded (or incurred) if we change our investment strategy relating to these subsidiaries, which could materially affect our future effective tax rate.

We base the carrying values of liabilities for income taxes currently payable on management's interpretation of applicable tax laws, and incorporate management's assumptions and judgments about using tax planning strategies in various taxing jurisdictions. Using different estimates, assumptions and judgments in accounting for income taxes, especially those that deploy tax planning strategies, may result in materially different carrying values of income tax assets and liabilities and changes in our results of operations.

We operate in many jurisdictions where tax laws relating to our businesses are not well developed. In such jurisdictions, we typically obtain professional guidance, when available, and consider existing industry practices before using tax planning strategies and meeting our tax obligations. Tax returns are routinely subject to audit in most jurisdictions, and tax liabilities are frequently finalized through negotiations. In addition, several factors could increase the future level of uncertainty over our tax liabilities, including the following:

- the portion of our overall operations conducted in non-U.S. tax jurisdictions has been increasing, and we anticipate this trend will continue,
- to deploy tax planning strategies and conduct global operations efficiently, our subsidiaries frequently enter into transactions with affiliates, which are generally subject to complex tax regulations and are frequently reviewed by tax authorities,
- tax laws, regulations, agreements and treaties change frequently, requiring us to modify existing tax strategies to conform to such changes, and
- the move of the corporate headquarters to London.

Environment

The Company recognizes the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by its activities. The Company's engagement commitment to environmental issues is explained on its website at www.aon.com/about-aon/global-citizenship.

Employees

Disabled Employees

The Company gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy where practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion as appropriate.

Employee Involvement

The Company's policies and practices keep employees informed on matters relevant to them as employees through regular updates of its internal employee website. The Company continues to take into account the needs of its employees when agreeing to policies which affect them. During the year the Company continued its training and development scheme covering technical, personal and management development programs. Additionally, employees are encouraged to gain professional qualifications with the active support of the Company.

In order to foster diversity within the workforce the Company has continued the successful running of its Aon Diversity Council. The Council's mission is to champion initiatives throughout the Company by raising awareness of the value of having a diverse workforce and the value of inclusion. Its aim is to create an environment where every employee feels valued, and where their talents are fully utilized. The Council's membership consists of representatives of relevant diversity groups across Aon's businesses as well as representatives of Aon's senior management and human resources department. For the purpose of this initiative, diversity groups are made up of Aon's employees who help us identify and understand the diversity issues facing our workforce. Aon's diversity initiative has several objectives, including encouraging an environment where everyone feels valued and free to be open about their diversity and to widen our talent pool to be seen as an employer of choice by people from all backgrounds.

Diversity

Employee Gender as of 31 December 2013

	Male	Female
Directors	8	3
Senior Managers	7	2
Employees of the Company	32,000	34,000

Social and Community Issues

The Company is committed to the health and safety and the human rights of its employees and communities in which it operates. The Aon Foundation is the principal vehicle for Aon's charitable donations. The Foundation's charitable giving is focused primarily on promoting access to and excellence in education. The Company believes that education sets the foundation for future success, for individuals as well as the business community. Therefore, the Company invests in programs that make a marked difference in the academic achievement of young people and help to develop our future workforce.

The Foundation also supports the enrichment of our society through arts and cultural programs and community and human service projects that serve diverse communities, with emphasis on organizations that foster the development of at-risk youth.

In 2002, the Company established The Aon Memorial Education Fund to provide post-secondary educational financial assistance to the dependent children of the Aon employees who were killed in the World Trade Center attacks.

Details of the Company's charitable work and service in local communities can be found at www.aon.com/about-aon/global-citizenship/giving.

For and on behalf of the Board

P Lieb
Company Secretary
Date: 14 March 2014
Registered Number 07876075

REPORT OF THE DIRECTORS

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2013, as well as the parent company financial statements for the year ended 31 December 2013.

Basis of Presentation

The directors have elected to prepare Consolidated Financial Statements in accordance with accounting principles generally acceptable in the United States of America (U.S. GAAP) as permitted by Statutory Instrument 2012 No. 2405, *The Accounting Standards (Prescribed Bodies) United States of America and Japan) Regulations 2012* (SI 2012 No. 2405). The Directors Report and Consolidated Financial Statements have also been prepared in accordance with the Companies Act 2006.

The parent company balance sheet is prepared in accordance with the Companies Act 2006 and U.K. Generally Accepted Accounting Practice (U.K. GAAP), as well as under the historical cost accounting rules as modified by the revaluation of investments as set out in the investment in subsidiary undertaking as noted in Parent Company Note 1.

The accompanying Consolidated Financial Statements include the accounts of Aon plc, a U.K. company, and its controlled subsidiary companies (collectively, the "Company"). In this Directors' Report, we use the terms "Aon," "we," the "Company," "our" and "us" to refer to Aon plc and its subsidiaries.

The Consolidated Financial Statements include the Consolidated Balance Sheets of Aon plc and its subsidiaries as of 31 December 2013 and 31 December 2012, and the related Consolidated Statements of Income, Comprehensive Income, Shareholders' Equity, and Cash Flows for the period ended 31 December 2013, 2012, and 2011. The Consolidated Financial Statements and the majority of the information in the Notes thereto have been reconciled to the Company's Annual Report on Form 10-K for the fiscal year ended 31 December 2013 filed with the U.S. Securities and Exchange Commission on February 18, 2014.

Company Name Change

Aon plc ("the Company") was incorporated in Great Britain on 8 December 2011 with the name Achai Limited and having the company number 07876075. The Company changed its name from Achai Limited to Aon Global Limited on 23 December 2011. The Company converted from a private limited company to a public limited company on 30 March 2012, and at the time of the conversion, changed its name to Aon plc.

Redomestication

On 2 April 2012, a reorganization of the corporate structure of the group of companies controlled by the Company's predecessor, Aon Corporation, was completed, pursuant to which an indirect, wholly-owned subsidiary of the Company merged with Aon Corporation, and Aon plc became the group's publicly-held parent company (the "Redomestication").

In connection with the Redomestication, each issued and outstanding share of common stock of Aon Corporation was converted into the right to receive one Class A Ordinary Share, par value \$0.01 of the Company, with 326,415,020 Class A Ordinary Shares exchanged for a like number of shares of common stock of Aon Corporation. Prior to the Redomestication, the Company also had outstanding 125,000 Class B Ordinary Shares of £0.40 each, held by Aon Corporation and Aon Hewitt LLC. The Class B Ordinary Shares have no voting rights or rights to dividends or distributions as they continue to be held by subsidiary undertakings, which is in accordance with the Companies Act 2006.

Directors

L B Knight	(appointed 2 April 2012)
E D Jannotta	(appointed 2 April 2012)
J M Losh	(appointed 2 April 2012)
R S Morrison	(appointed 2 April 2012)
R C Notebaert	(appointed 2 April 2012)
R B Myers	(appointed 2 April 2012)
G Santona	(appointed 2 April 2012)
C Y Woo	(appointed 2 April 2012)
F Conti	(appointed 2 April 2012)
C A Francis	(appointed 2 April 2012)
G C Case	(appointed 9 January 2012)

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 the “Dividends paid per share” and “Price range” data in Note 18 “Quarterly Financial Data” of the Notes to Consolidated Financial Statements.

We hereby incorporate by reference Note 11, “Shareholders’ Equity” of the Notes to Consolidated Financial Statements.

In April 2012, our Board of Directors authorized a share repurchase program under which up to $5 billion of Class A Ordinary Shares were authorized to be repurchased from time to time depending on market conditions or other factors through open market or privately negotiated transactions, and will be funded from available capital. In 2013, we repurchased 16.8 million shares at an average price per share of $65.65 for a total cost of $1.1 billion. The remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $2.9 billion.

Information relating to the compensation plans under which equity securities of Aon are authorized for issuance is set forth under the Directors’ Remuneration section of this report and is incorporated herein by reference.

Greenhouse Gas Emissions

The Company is committed to reducing its impact on the environment. Since 2007, Aon has had a network of Eco-Champions to drive internal change. Since 2009, Aon has had a sustainability strategy led by Aon's Head of Sustainability. This strategy was and is supported up by both operational and product strategies, including an energy management strategy and a membership in the ClimateWise initiative for the insurance industry.

Reporting Period - 1 January 2013 to 31 December 2013.

Operational Control Methodology - The Company has adopted the operational control method of reporting which includes those entities over which the Company has operational control. The emissions reported below are for the approximately 600 offices around the world where the Company exercises direct operational control. These office emissions are those which are considered material to the Company.

Emissions Scopes - Mandatory GHG reporting requires emissions associated with Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heating and cooling) to be reported[1]. It is not obligatory to report Scope 3 (indirect emissions from the inputs and outputs to the main business activity - i.e. supply chain and consumer/end-user related emissions). Whilst the Company has not collected and presented Scope 3 data in this year’s report, there is potential to do this in future years.

Exclusions - The Company has collected as much data as reasonably practicable from its approximately 600 offices. In cases where electricity or gas consumption data was not available, it has been estimated using one of the following techniques:

- Extrapolating data where offices were not able to provide electricity usage figures for the full 12 month period (1 January 2013 to 31 December 2013)
- Using proxy data from similar offices (i.e., calculating average fuel consumption per m^2 occupied floor space for offices in the same country, and applying this to offices where the occupied space was known)
- Using benchmark estimates for gas and electricity usage per m^2 of office space. This was done in cases where there was no raw data reasonably available for certain countries.
- Where the occupied floor space of an office was not known, the office has been excluded from the reported emissions. These exclusions amount to 63 offices.

Where top-up, mileage and company jet travel data was not reasonably available, this data has been excluded from the emissions reported as it was not deemed practicable to make accurate estimates.

Refrigerant stock data was available, but was not accompanied by associated recharges that would indicate leakage, and it was therefore not possible to make meaningful estimations of related emissions. All refrigerants in use are listed, but emissions are excluded. Aon will make further efforts to collect this data from its global office portfolio for the next financial reporting period.

It was determined that oil consumption was not material to the Company’s emissions.

1 Scope 1 emissions relate to gas combustion and refrigerant usage.
Scope 2 emissions relate to purchased electricity.
Scope 3 emissions relate to water usage, air travel and office waste.

Methodology - All data has been collected and analysed in a manner consistent with the GHG Protocol Corporate Accounting and Reporting Standard. The Company has used the CEMARS system to undertake the emissions calculations. CEMARS has drawn on Defra's UK and international 2012 emission factors to calculate emissions other than international electricity. For international electricity emissions calculations, 2013 Defra factors were used exclusively. Due to limitations of international emissions factors for natural gas, all natural gas is calculated to the UK emissions factor provided by Defra. The data inputs and outputs have been reviewed by Ricardo-AEA Ltd. on behalf of the Company.

The Company's Emissions - Purchased electricity accounts for the greatest amount of overall emissions (132,160 CO2e, 80%). Corporate jet travel accounts for the lowest level of emissions.

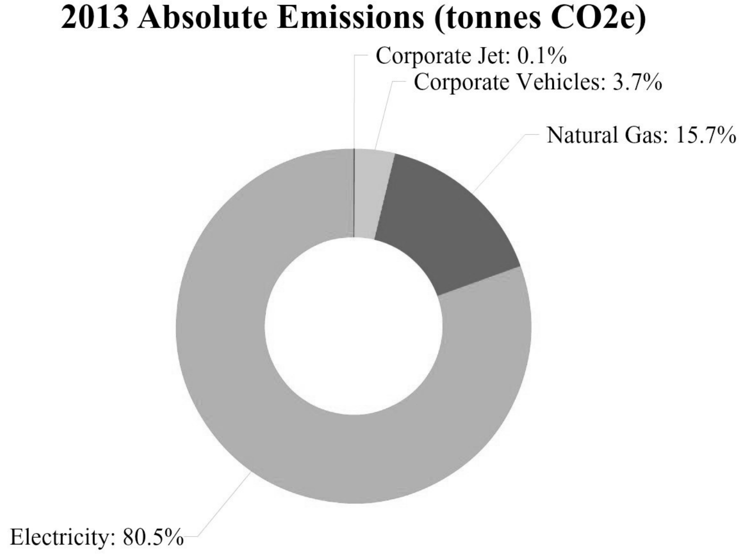
Aon plc's Emissions by Scope for the year ended 31 December 2013

Scope	CO2e (tonnes)
Scope 1	32,004
Scope 2	132,160
Total	**164,164**

Aon plc's Emissions for the year ended 31 December 2013

Emission Sources	Scope	Unit	Entered Value	C02e
Car - Average (All fuel types - km)	1	kilometres	24,900,446	4,792
Car - Average (All fuel types - miles)	1	Miles	252,111	78
Car - Average (diesel - miles)	1	Miles	1,443,074	430
Car - Average (petrol - miles)	1	Miles	962,050	310
Diesel (litres)	1	litres	31,432	84
Electricity	2	kiloWatt hours	252,240,313	132,160
HCFC-22 (R-22, Genetron 22 or Freon 22)	1	kilograms	—	—
Natural Gas	1	kiloWatt hours	139,984,262	25,844
Petrol (litres)	1	litres	135,453	313
Public transport - air travel long haul (first)	1	person kilometres	208,248	137
Public transport - air travel short haul b/f clas	1	person kilometres	58,360	16
R-407C	1	kilograms	—	—
R-410A	1	kilograms	—	—
TOTAL CO2e (tonnes)				**164,164**

Aon plc's Emissions by Source



Emissions Intensity - Emissions have also been calculated using an "intensity metric," which will assist the Company in monitoring how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. For the Company the most suitable metric is "emissions per $M turnover." The Company's emissions per $M turnover are shown in the table below.

Scope		**Tonnes CO2e/$M Turnover (2013)**
Scope 1	$	2.71
Scope 2		11.20
Total	**$**	**13.91**

Political Donations

No political donations were made by the Company during 2013 or 2012.

Employees

Information relating to employees is incorporated herein by reference to the Employees section of the Strategic Report contained in this report.

Future Developments

The directors do not anticipate that the Company's activities will change in the foreseeable future.

Directors - Indemnity

On April 2, 2012 (in respect of all directors and executive officers other than Gregory C. Case) and on March 29, 2012 (in respect of Gregory C. Case), the Company entered into deeds of indemnity with each of its directors and executive officers that will indemnify such persons to the maximum extent permitted by applicable law against all losses suffered or incurred by them, among other things, that arise out of or in connection with his or her appointment as a director or officer, an act done, concurred in or omitted to be done by such person in connection with such person’s performance of his or her functions as a director or officer, or an official investigation, examination or other proceedings ordered or commissioned in connection with the affairs of the company of which he or she is serving as a director or officer at the request of the indemnifying company.

Use of financial Instruments

Information on the Company's risk management process and the policies for mitigating certain types of risk are set out on pages 9 to 27. Details of the financial instruments used for these purposes are set out in Note 15 to the Consolidated Financial Statements.

Disclosure of Information to the Auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Going Concern

The Directors have undertaken a going concern assessment in accordance with "Going Concern and Liquidity Risk: Guidance for U.K. Directors of U.K. Companies 2009," published by the Financial Reporting Council in 2009. As a result of this assessment, and after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Auditor

Ernst & Young LLP were appointed as auditors of the Company on 12 March 2013. In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

Significant Events Since Year End

This report was issued on 14 March 2014. The Company has evaluated events and transactions subsequent to the balance sheet date.

During the period from January 1, 2014 to March 13, 2014, the Company repurchased 7.2 million shares at an average price per share of $83.45 for a total cost of $600 million. At March 13, 2014, the remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $2.3 billion.

As of March 14, 2014, the Company had $478 million of commercial paper borrowings outstanding. The proceeds from the issuance of commercial paper will be used to fund short-term working capital needs.

The Company is not aware of any events or transactions (other than those disclosed above) that occurred subsequent to the balance sheet date but prior to 14 March 2014 that would require recognition or disclosure in its Consolidated Financial Statements.

For and on behalf of the Board

P Lieb
Company Secretary
Date: 14 March 2014
Registered Number 07876075

DIRECTORS' REMUNERATION REPORT

This report sets out the Company's policy in relation to directors' remuneration and relevant disclosures for the financial year ended 31 December 2013. The report has been prepared in accordance with the requirements of the U.K. Large and Medium-sized Companies & Groups (Accounts & Reports) (Amendment) Regulations 2013 (the "Regulations") which apply to the Company. The relevant sections of the report have been audited by Ernst & Young LLP. The Company's Remuneration Policy set out on pages 62 to 75 will be put to shareholders for approval in a binding vote at the forthcoming Annual General Meeting. The Statement of the Chairman of the Organization & Compensation Committee and discussion of Governance (set out on pages 59 to 62) and the Company's Report on Remuneration for 2013 (set out on pages 76 to 85) will be subject to an advisory vote at the forthcoming Annual General Meeting.

On 2 April 2012, the Company completed the reorganization of the corporate structure of the group of companies controlled by the predecessor holding company of the Aon group, Aon Corporation, pursuant to which Aon Corporation merged with one of its indirect, wholly owned subsidiaries and Aon plc became the publicly-held parent company of the Aon group. This transaction is referred to as the redomestication. References in this report to the actions of "the Company", "us", "we" or "Aon" (or its board of directors, committees of its board of directors, or any of its directors and/or officers) or any similar references relating to periods before the date of the redomestication should be construed as references to the actions of Aon Corporation (or, where appropriate, its board of directors, committees of its board of directors or its directors and/or officers), being the previous parent company of the Aon group.

STATEMENT OF THE CHAIRMAN OF THE ORGANIZATION & COMPENSATION COMMITTEE

We continue our journey to build, and continuously improve upon, the leading risk advisory and HR solutions firm in the world. We accomplish this by providing clients with world class advice, solutions, innovation and execution. To achieve those objectives, we must be the destination of choice for the best talent. Our remuneration program supports this vision and business strategy and fundamentally aligns the financial interests of our executives with those of our shareholders in both our short and long-term programs.

The core principle of our executive compensation program continues to be pay for performance. As in prior years, one of our strategic goals was improving the Company's financial performance for 2013. Total revenue for 2013 increased 3% to $11.8 billion and the Company delivered double-digit earnings growth. Additionally, the Company achieved record cash flow from operations of $1.6 billion. The Company's total shareholder return for 2013 was 52%, in 2013 as compared to the return of the benchmark S&P 500 of 32%, Marsh & McLennan of 43% and Willis Group Holdings of 37%.

We returned more than $1.3 billion of excess capital to shareholders through our share repurchase program and dividends. We increased our quarterly dividend by 11% to $0.70 per Ordinary Share. The returns to shareholders highlight our strong cash flow generation and effective allocation of capital.

In 2013, the Committee made no adjustments from the previously established levels for base salaries or benefits for the Company's senior executive officers, favoring instead to continue to link pay to performance.

As in prior years, the Company granted performance share units under its Leadership Performance Program to each of its senior executive officers, including Mr. Case, the Company's sole executive director, which will vest based upon the Company's cumulative adjusted earnings per share performance from 2013 through 2015. The cumulative target under the program ranges from $13.01, below which no shares would be issued, to $14.51, which would yield shares equal to 200% of the target number of shares. A result of $13.80 in cumulative adjusted earnings per share would yield settlement in Ordinary Shares at 100% of target. This target represents a 6% increase over the adjusted target for the prior year's plan.

In 2013, the Committee made no adjustments to target bonuses, and determined that the 2013 Company-wide performance target for its annual bonus scheme would be 3.7% growth in pre-tax income from continuing operations, excluding restructuring charges, compared to pre-tax income from continuing operations in 2012, resulting in a target of $2,003 million. The Committee set the minimum achievement threshold at 85% of such target, or $1,703 million, as adjusted for unusual or infrequently occurring items. The Committee set the minimum threshold at 85% because it believed performance below that level would not create sufficient value for the Company's shareholders and, therefore, should not result in bonus payments. The Committee selected pre-tax income as the measure to emphasize performance of Aon as a whole and directly link executives' awards to Aon's key business initiatives of delivering distinctive client value and achieving operational excellence.

In combination with the performance targets established under the Company's Leadership Performance Programs, the Committee believes the targets measure of our core operating performance and balance the executives' short and long-term perspective appropriately.

During the first quarter of 2014, the performance share units under the Leadership Performance Program for the performance period from 2011 through 2013 vested. The Company's cumulative adjusted EPS from continuing operations target for this program ranged from $9.67, below which no payout was due to occur, to $11.21, which would have yielded shares equal to 200% of the target number of shares. A result of $10.01 in cumulative adjusted EPS from continuing operations would have yielded shares equal to 100% of the target number of shares. This target represented a 3.5% increase over the adjusted target for the fifth cycle of the Leadership Performance Program established for the performance period from 2010 through 2012. The Company's actual cumulative adjusted earnings per share from continuing operations for the three-year period was $10.26, resulting in a payout at 125% of target. In addition, the Company's 2013 pre-tax income, after permitted adjustments for unusual items, was $2,112 million, or 105.5% of target, resulting in funding of the incentive pool for the Company's annual bonus program of 122.0%. At the suggestion of management, the Committee approved a 20% reduction in the pool, resulting in final funding of 97.6%. The Board, on the recommendation of the Committee, approved a bonus for Mr. Case under the plan of 105% of his target bonus.

In 2013, after reviewing market conditions, the Board approved changes to the non-executive director compensation program, effective January 1, 2014. The annual equity award will increase by $10,000 to $155,000 for regular members while the non-executive chairman's equity award will also increase by $10,000 and he will receive an additional annual equity award of $210,000 ($365,000 in total). Lastly, the annual retainer for the chairpersons of each Board committee other than the Audit Committee will increase by $5,000 to $20,000 annually.

The Committee believes that the Company is well positioned for long-term value creation through improvements in operating performance and strong free cash flow generation and that the Company's remuneration program achieved its purpose of linking pay to performance in 2013.

R. Notebaert

GOVERNANCE

Operation of the Organization & Compensation Committee

The Organization & Compensation Committee (the "Committee") assists the Company's Board of Directors (the "Board") in carrying out its overall responsibilities with regard to executive compensation, including oversight of the determination and administration of the Company's compensation philosophy, policies, and schemes for the Company's executive officers and non-executive directors. The Committee annually reviews and determines the compensation of the Company's executive officers, including Mr. Case, the Company's President and Chief Executive Officer and sole executive director, subject to the input of the other independent members of the Board. The Committee consults with Mr. Case on, and directly approves, the compensation of other executive officers, including special hiring and severance arrangements. The Committee administers the Aon Corporation 2011 Incentive Plan (and its predecessor plans), including granting equity (other than awards to Mr. Case, which awards are approved by the independent members of the Company's Board in accordance with applicable law) and interpreting the plan, and has general administrative responsibility with respect to the Company's other U.S. employee benefit programs. In addition, the Committee reviews and makes recommendations to the Board concerning the non-executive directors' compensation and certain amendments to U.S. employee benefit plans or equity plans. The Committee also reviews and discusses the compensation disclosures contained in the Company's Annual Report on Form 10-K, proxy statement and this directors' remuneration report. The Committee may delegate its authority to sub-committees when appropriate.

During 2013, the members of the Committee were:

- R C Notebaert (chair)
- C A Francis
- E D Jannotta
- R S Morrison
- R B Myers
- C Y Woo

None of the members of the Committee is an executive officer and each member is independent as such term is defined under the rules of the New York Stock Exchange and the Company's own independence standards. The remuneration of the Company's non-executive directors is considered by the Board as a whole with recommendations made by the Committee. In 2013, the Committee met five times.

Committee Advisors

The Committee has retained Frederic W. Cook & Co., Inc. ("FW Cook") as its independent remuneration consultant. The consultant is engaged by, and reports directly to, the Chairman of the Committee. The consultant does not advise Company management or receive other remuneration from the Company. The Committee annually reviews the independence of FW Cook pursuant to United States Securities & Exchange Commission and New York Stock Exchange Rules. The Committee has determined that no conflict of interest exists that would prevent FW Cook from serving as an independent consultant to the Committee. George Paulin, the Chief Executive Officer of FW Cook, typically participates in all meetings of the Committee during which remuneration matters for Mr. Case, other executive officers or non-executive directors are discussed and the consultant communicates between meetings with the Chairman of the Committee. During 2013, the consultant assisted the Committee by:

- providing insights and advice regarding the Company's remuneration philosophy, objectives and strategy for the Company's senior executive officers;
- developing criteria for identification of the Company's peer group as a market check for executive officer and non-executive director remuneration purposes;
- reviewing management's proposals for the design of short-term cash and long-term share-based incentive schemes;
- providing insights and advice regarding the Committee's analysis of risks arising from its remuneration policies and practices;
- providing change-in-control severance calculations for our Named Executive Officers in the 2013 annual proxy disclosure;
- providing compensation data from proxies of our peer group and other disclosures;
- advising on revisions to non-executive director remuneration schemes; and
- advising on and providing comments on management's recommendations regarding executive officers' annual incentives for 2013 and long-term share-based awards granted in 2013.

FW Cook charges the Company a on an hourly rate plus expenses basis. During the year ended 31 December 2013, the Company paid FW Cook $203,912 for its services.

The Committee has delegated asset investments, vendor selection and other duties in connection with the Company's qualified and non-qualified U.S. retirement plans and governance responsibilities related to the Company's retirement plans globally to the Retirement Plan Governance and Investment Committee ("RPGIC"), and the Committee delegated certain administrative responsibilities, namely those relating to benefit claims and appeals and plan interpretations, under the Company's U.S. employee benefit plans to the Administrative Committee. Each of the members of the RPGIC and the Administrative Committee are employees of the Company. In addition, the Chief Human Resources Officer, the Chief Financial Officer and the Chief Counsel - Global Employment provide assistance to the Committee as required. The Committee is also supported by the Company Secretary and Compensation functions. No individuals provide input to the Committee with regard to their own remuneration.

THE COMPANY'S REMUNERATION POLICY

Objectives of Our Remuneration Programs

It is intended that the Remuneration Policy, set out in this report, if approved, will, for the purposes of section 226D(6)(b) of the Companies Act 2006 (the "Act"), take effect on 30 June 2014. The Company intends to implement the policy set forth in this section in 2014 as more specifically set forth in the remuneration table below and as more specifically described in this section.

The Company continues to build upon its strategy of becoming the pre-eminent professional service firm in the world focused on the topics of risk and people. The Company accomplishes this by providing clients with world-class advice, solutions, innovation and execution. To achieve those objectives, the Company must be the destination of choice for the best talent. The Company's remuneration arrangements support this vision and business strategy and are designed to fundamentally align the financial interests of Mr. Case, our Chief Executive Officer and sole executive director, with those of the Company's shareholders. This is true in both the Company's short and long-term schemes. The Company strives to maximize shareholders' return primarily through growth in pre-tax income from continuing operations and adjusted earnings per share.

The Company has a guiding philosophy with regard to the variable components of remuneration, such as long-term, share-based awards and the Company's annual incentive scheme. This philosophy dictates that the Company's shareholders should always benefit first before any element of Mr. Case's variable remuneration is earned or paid. For example, under the Company's annual incentive scheme a threshold level of corporate performance must be achieved before any incentive is payable. The Committee carefully sets that minimum threshold level each year in connection with the Company's strategic plans for the performance period. Even if the minimum level of corporate performance is achieved, the Committee reserves the right to exercise discretion to reduce or eliminate any incentive to the extent it deems reasonable and prudent under the circumstances.

The core principle of the Company's remuneration program continues to be pay for performance. The Company's approach includes strong governance features, including its share ownership guidelines for executive officers and its annual risk assessment regarding compensation programs.

The Committee determines remuneration in accordance with this statement of remuneration policy. However, the Committee has the discretion in unforeseen and exceptional circumstances to offer fixed and variable remuneration in excess of the maximums stated in the policy table if judged necessary to retain its directors or to procure the services of the most appropriate candidate. To the extent practicable, the Committee will consult with shareholders prior to using the power and the Company will disclose at the earliest reasonable opportunity the terms of any arrangements where the Committee has relied on the power.

Components of Remuneration for Executive Directors

Purpose / Link to strategy	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Base Salary			
Stream of income provided throughout the year in exchange for performance of specific job responsibilities aimed at securing the talent needed to achieve the company's strategic objectives.	Base salary is a fixed component of compensation and is initially set at a level based primarily upon the executive's role, individual skill and experience. Other factors include historical pay; tenure; contractual commitments; and market pay data as a reference point. There is no prescribed maximum to base salary. However, as noted in the performance framework, Aon infrequently adjusts base salaries. Our Chief Executive Officer's current base salary is $1.5 million.	The base salaries of Aon's executive officers, including our Chief Executive Officer, are adjusted infrequently, as Aon's preferred practice is to increase variable pay components based upon superior performance. However, base salaries may be adjusted to, among other things, recognize a significant change in job function or responsibilities or to bring the fixed component of an executive's total compensation in line with his or her peers at Aon or the industry generally.	No recovery provisions apply to base salary.
Annual Bonus			
Short-term performance-based incentive to achieve annual performance objectives.	The Committee has discretion to determine an executive officer's actual bonus amount as long as the corporate performance threshold is achieved for the relevant financial year. Annual bonuses are payable 65% in cash and 35% in restricted stock units under the ISP as described below. The Committee has discretion to pay a bonus up to the annual cap level under the Aon's 2011 Incentive Compensation Plan (the "Shareholder Approved Plan") of the lesser of $10 million or 3 times target bonus. For our Chief Executive Officer, under the terms of his employment agreement, his target bonus is 200% of his base salary, with a maximum bonus opportunity of 300% of his target bonus (i.e., 600% of his base salary). The Committee establishes threshold and target levels for the approved corporate Performance Criteria identified below based upon the Company's strategic plans. If performance is below the threshold level, the bonus pool is not funded and no bonus is payable. If threshold performance is achieved, the bonus pool for our senior management, including our Chief Executive Officer, is funded in accordance with the level of performance achieved. The Committee has the discretion to award a bonus to the members of senior management who participate in the pool, based upon individual performance during the year subject to the cap for an individual in the Shareholder Approved Plan, provided that the aggregate amount of all bonuses paid out of the pool does not exceed the funded amount.	In assessing performance, the Committee considers an executive officer's qualitative and quantitative contributions to Aon-wide and individual performance over the relevant financial year. Corporate performance for 2014 will be measured by reference to Aon's operating income for the financial year. There is potential for limited adjustments from this measure, which must be consistent with the Permitted Adjustments identified below. The Committee has the discretion to select different Performance Criteria, which are identified below.	Aon's Incentive Repayment Policy applies to Annual Bonus.

Purpose / Link to strategy	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Equity Based Awards - Incentive Stock Program (*ISP*)			
Focus executives' efforts on increasing long-term performance of the Company as a whole, and to further encourage executive retention with multi-year vesting provision; and encourage ownership of Aon equity.	Time-vested restricted stock units are awarded to executives in lieu of 35% of their annual bonus award on an annual basis which vest ratably over a three year period starting on the anniversary of the grant date under the Shareholder Approved Plan. The number of restricted stock units awarded is determined by dividing 35% of the annual bonus amount by the closing price of Aon plc ordinary shares on the New York Stock Exchange on the day the annual bonus is awarded. Restricted stock units granted under the ISP will vest ratably over a three-year period. For all employees, awards vest immediately upon the death or disability of the employee or continue to vest over the three-year period if the employee is terminated by the Company without cause. For employees based in the European Union ("EU") and employees outside of the EU under age 55, awards are immediately forfeited if the employee voluntarily terminates employment. For employees outside of the EU, awards continue to vest over the three-year period if the employee voluntarily terminates employment after age 55. Restricted stock units are settled in ordinary shares of Aon plc. Awards under the ISP are limited to 35% of the maximum annual bonus received.	Restricted stock units are awarded based upon the same criteria as the annual bonus. Vesting of the restricted stock units is not subject to any performance measures during the vesting period.	Aon's Incentive Repayment Policy applies to equity based awards under the ISP.

Purpose / Link to strategy	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Equity Based Awards - Leadership Performance Program (*LPP*)			
Long-term incentive to focus executives' efforts on increasing long-term shareholder value through the achievement of long-term performance objectives and align executives' interests with shareholder interests; encourage executive retention with multi-year vesting provisions; and encourage ownership of Aon equity.	Aon grants performance share units ("PSUs") payable in ordinary shares of Aon plc to executives, including our Chief Executive Officer. The value of awards which vest at the end of a three year performance cycle, subject to achievement of applicable performance measures, is determined and approved by the Committee on an annual basis. The number of target performance share units is calculated on the date of grant based on that day's closing price of Aon plc ordinary shares on the New York Stock Exchange. In the event that the employee is terminated for cause, voluntarily resigns (for EU employees) or voluntarily resigns before age 55 (for non-EU employees), the performance share units are forfeited. In the event that the employee is terminated without cause or voluntarily resigns after age 55 (for non-EU employees), a portion of the performance share units will vest based upon the date of termination after the determination of the achievement of performance targets at the end of the performance cycle. In the event of the employee's death or disability in the first two years of the performance cycle, the target number of shares will vest. In the event of the employee's death or disability in the third year of the performance cycle, the shares will vest at the greater of the target number of shares or the number of shares earned based upon the actual achievement of performance targets. In the event of a termination following a change-in-control, a severance agreement provides for additional vesting. See "Change-in-Control Severance Arrangements" below. The performance share units are earned and settled in a range of 0% to 200% of the target shares based on the performance results over the three-year performance period. The Committee has the discretion to set the threshold, target and maximum performance level at the beginning of the performance cycle to promote challenging long-term growth objectives. Performance below the threshold level would result in no shares being issued, performance at threshold level would yield shares equal to 50% of the target number, performance at the target level would result in the target number of shares being issued and performance at or above the maximum level would yield shares equal to 200% of the target number. Performance share units will pay out linearly between threshold, target and maximum performance achievement levels. There is no prescribed maximum target value for LPP awards. Rather, awards are determined based upon an executive's past performance, expectations regarding the executive's future contributions to Aon and market pay data as a reference point for grant values. The Company may also grant larger awards in connection with the renewal of employment contracts.	The vesting of LPP awards is subject to achievement of a performance measure, which is currently based on Aon's publicly-reported adjusted earnings per share ("EPS"). Performance is measured over a three year performance cycle starting in the year of grant. The program allows for potential but limited adjustments from this measure which must be consistent with the Permitted Adjustments identified below. The Committee has the discretion to select different Performance Criteria, which are identified below.	Aon's Incentive Repayment Policy applies to LPP awards.

Purpose / Link to strategy	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Equity Based Awards - Special Circumstances			
Further retention of executive officers, including an executive director, or attraction of new executive officers	The Company may also grant equity based awards under the Shareholder Approved Plan that do not fall under the LPP or ISP. For example, a time-vested award may be granted to an executive officer, including an executive director, in connection with the renewal of an employment agreement or to a newly recruited executive officer, as explained in the Recruitment Policy. There is no prescribed maximum value or amount for awards in special circumstances. Rather, awards are determined based upon an executive's past performance, expectations regarding the executive's future contributions to Aon and market pay data as a reference point for grant values.	Equity awards granted in special circumstances may be subject to Performance Criteria selected by the Committee; however these awards need not be subject to Performance Criteria.	Aon's Incentive Repayment Policy may be applicable to equity awards to the extent vesting is subject to Performance Criteria, or otherwise in the discretion of the Committee.
Pension and Retirement Schemes			
Attraction and retention of top talent; provide mechanism to accumulate retirement benefits.	Our executive officers, including our Chief Executive Officer is eligible to participate in the Aon Savings Plan, a U.S. tax-qualified defined contribution 401(k) plan, and the Aon Supplemental Savings Plan, a U.S. nonqualified supplemental savings scheme. He is not eligible to participate in the Aon Pension Plan, a tax-qualified defined benefit pension plan, because participation in that plan was frozen by the Company before he was hired in 2005. He is eligible to, but has not elected, to participate in a U.S. nonqualified deferred compensation program. Under the Aon Savings Plan, the Company will match amounts deferred by any employee up to the current United States Internal Revenue Service (“IRS”) limit of $17,500 per year (an additional $5,500 in contributions can be made annually for individuals 55 and older), and up to 6% of the current IRS compensation limit ($255,000 in 2013). Under the Aon Supplemental Savings Plan, a nonqualified deferred compensation plan, the Company will make additional contributions based upon years of service to certain executives, including our Chief Executive Officer, whose benefits are limited by the Internal Revenue Code. For 2013, our Chief Executive Officer received a $9,800 contribution. The Company may increase contributions to the Aon Savings Plan and Supplemental Savings Plan to align with any future changes to the IRS limit. The Company operates different pension schemes in the jurisdictions in which it operates. Alternate schemes may be offered in the future if an executive director resides outside the U.S. If an executive director joins the Board, the Company will provide that executive director with pension benefits customary for its senior leaders in the executive directors’ home country.	N/A	No recovery provisions apply to pension arrangements.

Purpose / Link to strategy	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Other Executive Benefits			
Attraction and retention of top talent.	The Company provides modest additional benefits to its executive officers, including our Chief Executive Officer. Current executive benefits include health coverage, health screening program, guest travel on Company-chartered aircraft where the executive officer is travelling for business purposes, directors and officers liability insurance and indemnification to the extent permitted by law. Additional benefits may be provided as the Committee deems necessary or to take account of perquisites or benefits received from a prior employer to the extent necessary to attract and retain talent. These additional benefits may include security services, financial or legal advisory services, reimbursement of government filing fees, grade allowances or limited personal use of Company-chartered aircraft or Company-owned event tickets. Certain benefits offered by the Company, such as travel costs or in kind benefits, are subject to market rates and therefore there is no prescribed monetary maximum. The Company and the Committee keep the cost of the benefits under review, and the Committee intends to keep the current level of benefits subject to the costs not becoming unreasonable. The Company provides different benefits in the jurisdictions in which it operates. If an executive director joins the Board, the Company will provide that executive director with benefits customary for its senior leaders in the executive directors' home country.	N/A	No recovery provisions apply to benefits.
Relocation Benefits			
Attraction and retention of top talent; provide customary benefits to make the executive ''whole'' on a total rewards basis, be transparent and equitable and reflect best practices and benchmarks of industry counterparts	Determined by market practice regarding relocation benefits. The Company may provide relocation and housing benefits, cost of living differential benefits, a monthly foreign service allowance, an annual waiver or retention bonus, transportation and home leave benefits, schooling assistance for eligible dependents and tax preparation and equalization benefits. The maximum relocation benefits payable is based upon the individual circumstances of the executive, and is designed to keep the executive whole. For the current level of benefits, see the Company's remuneration report for 2013.	N/A	Any waiver or retention bonus is subject to recoupment upon termination of the executive's employment during the period of international assignment. No recovery provisions apply to other relocation benefits.

Purpose / Link to strategy	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Change-in-Control Severance Arrangements			
Attract and retain top talent; secure the continued service and to ensure the dedication and objectivity of the Company's senior executives in the event of an actual or threatened change-in-control	The Company enters into severance agreements with its senior executives, including our Chief Executive Officer, providing severance benefits in the event of a termination of employment within two years following a change-in-control of the Company. The Committee determines the form of change-in-control severance agreement. The Committee may change the form of severance agreement it offers to account for changes in law or market conditions. The severance agreements provide for cash severance payments, continuation of benefits and accelerated vesting of outstanding equity awards. The maximum amount payable to an executive is dependent on the individual components of each executive's remuneration, benefits and outstanding equity awards at the time of termination, and as a result a maximum opportunity cannot be determined. If Mr. Case's severance agreement had been triggered on 31 December 2013, he would have been entitled to receive cash, benefits and accelerated vesting of equity awards valued at approximately $39 million under his severance agreement.	N/A	The Company may withhold payments if the executive does not enter into a non-competition agreement and release with the Company.

Performance Criteria and Permitted Adjustments

Selection of Criteria

The Committee annually assesses at the beginning of the relevant performance period which corporate Performance Criteria, or combination and weighting of Performance Criteria, are most appropriate for each of the annual bonus and the LPP to reflect the Company's strategic initiatives for the performance period. The potential performance criteria are set forth below. Awards under the ISP are intended to operate as a deferral of annual bonus into Aon ordinary shares. As a consequence, these awards are subject only to a continued employment condition and not to additional performance conditions beyond those for the annual bonus. For 2013, the Committee believed that adjusted pre-tax income and adjusted earnings per share are appropriate criteria for the annual bonus and long-term incentives, respectively, and these criteria provide an appropriate balance of short-term and long-term perspectives. For awards in 2014, see "Implementation of Policy in 2014" below.

Adjusted pre-tax income provides an incentive for senior management to deliver distinctive client value and achieve operational excellence within the year, while adjusted earnings per share over the three-year performance period provides senior management an incentive to achieve and sustain challenging long-term growth objectives. The performance targets set by the Committee are intended to be challenging but achievable over the performance period.

The Committee has the discretion to change the Performance Criteria in future years based upon the strategic plans of the Company.

Permitted Performance Criteria

The Committee has the discretion to use the following corporate performance criteria ("Performance Criteria") when administering the Company's compensation programs:

- revenues or net revenues;
- operating profit or margin;
- expenses, operating expenses, marketing and administrative expense, restructuring or other special or unusual items, interest, tax expense, or other measures of savings;
- operating earnings, earnings before interest, taxes, depreciation, or amortization, net earnings, earnings per share (basic or diluted) or other measure of earnings;
- cash flow, including cash flow from operations, investing, or financing activities, before or after dividends, investments, or capital expenditures;

- balance sheet performance, including debt, long or short term, inventory, accounts payable or receivable, working capital, or stockholders' equity;
- return measures, including return on invested capital, sales, assets, or equity;
- stock price performance or stockholder return;
- economic value created or added;
- implementation or completion of critical projects, including acquisitions, divestitures, and other ventures, process improvements, attainment of other strategic objectives, including market penetration, geographic expansion, product development, regulatory or quality performance, innovation or research goals, or the like.

In each case, performance may be measured:

- on an aggregate or net basis;
- before or after tax or cumulative effect of accounting changes;
- relative to other approved measures, on an aggregate or percentage basis, over time, or as compared to performance by other companies or groups of other companies; or
- by product, product line, business unit or segment, or geographic unit.

Adjustments

The Committee has the authority to exclude the impact of charges or benefit for restructuring plans, discontinued operations, amortization of intangible assets, extraordinary items, the cumulative effects of changes in accounting principles and other unusual, non-recurring adjustments (“Permitted Adjustments”). The Committee intends to only make Permitted Adjustments to address a material change in accounting policy; gain/loss on disposition of assets or business; extraordinary legal/regulatory settlements; extraordinary market conditions; effects of natural or man-made disasters (e.g. World Trade Center); hyperinflation (e.g. >15%); or other extraordinary, unusual or infrequently occurring items as defined by U.S. GAAP. The form and manner of any such adjustment shall be at the sole discretion of the Committee who will consider the long-term impact of such items.

Implementation of policy in 2014

In 2014, the Committee intends to continue to provide remuneration in accordance with the policy table set forth above.

For 2014, the Committee determined that adjusted earnings per share should continue to be the sole Performance Criteria for the ninth cycle of the LPP (“LPP 9”). The performance share units ("PSUs") awarded under LPP 9 are payable in Aon plc ordinary shares. Mr. Case was granted an award under LPP 9 with a nominal value of $9 million. The nominal value of the award for Mr. Case was based upon internal pay fairness factors, Mr. Case’s compensation mix and his total direct compensation. The number of target PSUs was calculated on the date of grant based on that day’s closing price of Ordinary Shares on the New York Stock Exchange.

The performance period applying to the PSUs began January 1, 2014, and will end on December 31, 2016. The performance results will be measured against the specified cumulative adjusted EPS target for 2014-2016. After adjustments, the performance payout range is from $15.11, below which no shares would be issued, to $17.31, which would yield shares equal to 200% of the target number of shares. A result of $16.11 in cumulative adjusted EPS would yield settlement in ordinary shares at 100% of target. This target represents a 17% cumulative increase over the adjusted target for the eighth cycle of the LPP established for the performance period 2013-2015.

In addition, the Committee determined that adjusted operating income should be the sole Performance Criteria for our annual bonus scheme. The Committee selected operating income because it is a broad-based metric that aligns the annual bonus scheme with the key metrics the Company measures against externally to deliver value to its shareholders. The Committee determined that the 2014 Aon-wide performance target would be 3% growth in operating income compared to the prior year, resulting in target operating income of $2,312 million. The Committee set the minimum achievement threshold at 85% of such target, or $1,965 million, as adjusted for extraordinary, unusual or infrequently occurring items. Mr. Case’s target bonus in 2014 remained at $3 million in accordance with the terms of his employment agreement.

Incentive Repayment Policy

Under Aon’s Incentive Repayment Policy, the Board is permitted to cancel or require reimbursement of any incentive payment or equity-based award received by Aon’s executive officers if the payment or award is based on the achievement of financial results that are subsequently restated.

If the Board determines that an executive officer engaged in fraud that caused or partially caused the need for financial restatement, the incentive payment or equity-based award is required to be forfeited in full.

If the restatement is not the result of fraud by the executive officer, the Board may, to the extent allowable under applicable law, require forfeiture or reimbursement of the amount by which the incentive payment or equity-based award exceeded the lower amount that would have been made based on the restated financial results.

Approach to Recruitment Remuneration

The Committee expects any new executive directors to be engaged on terms that are consistent with the general remuneration principles outlined on pages 63 to 68. In particular, regular variable remuneration would be awarded within the parameters outlined on pages 63 to 65, save that the Committee may provide that an initial award under the Shareholder Approved Plan is subject to a requirement of continued service over a specified period, rather than a corporate performance condition. In addition, the Committee expects that any new executive director would be offered a severance agreement that offers protection in the event of a loss of employment due to a change-in-control on terms consistent with the then-current form of agreement approved by the Committee for executive officers generally.

The Committee recognizes that it cannot always predict accurately the circumstances in which any new directors may be recruited. The Committee may determine that it is in the interests of the Company and shareholders to secure the services of a particular individual which may require the Committee to take account of the terms of that individual's existing employment and/or their personal circumstances. Examples of circumstances in which the Committee expects it might need to do this are:

- where an existing employee is promoted to the board, in which case the Company will honor all existing contractual commitments including any outstanding share awards or pension entitlements and will provide other benefits consistent with those provided to senior leaders in that employees home country;
- where an individual is relocating in order to take up the role, in which case the Company may provide certain one-off benefits such as reasonable relocation expenses, accommodation for a short period following appointment and assistance with visa applications or other immigration issues and ongoing arrangements such as tax equalization, annual flights home, and housing allowance;
- where an individual would be forfeiting fixed or valuable variable remuneration in order to join the Company, in which case the Committee may award appropriate additional compensation. The Committee would require reasonable evidence of the nature and value of any forfeited award or other lost compensation and use such information in setting an initial award in the Committee's discretion.

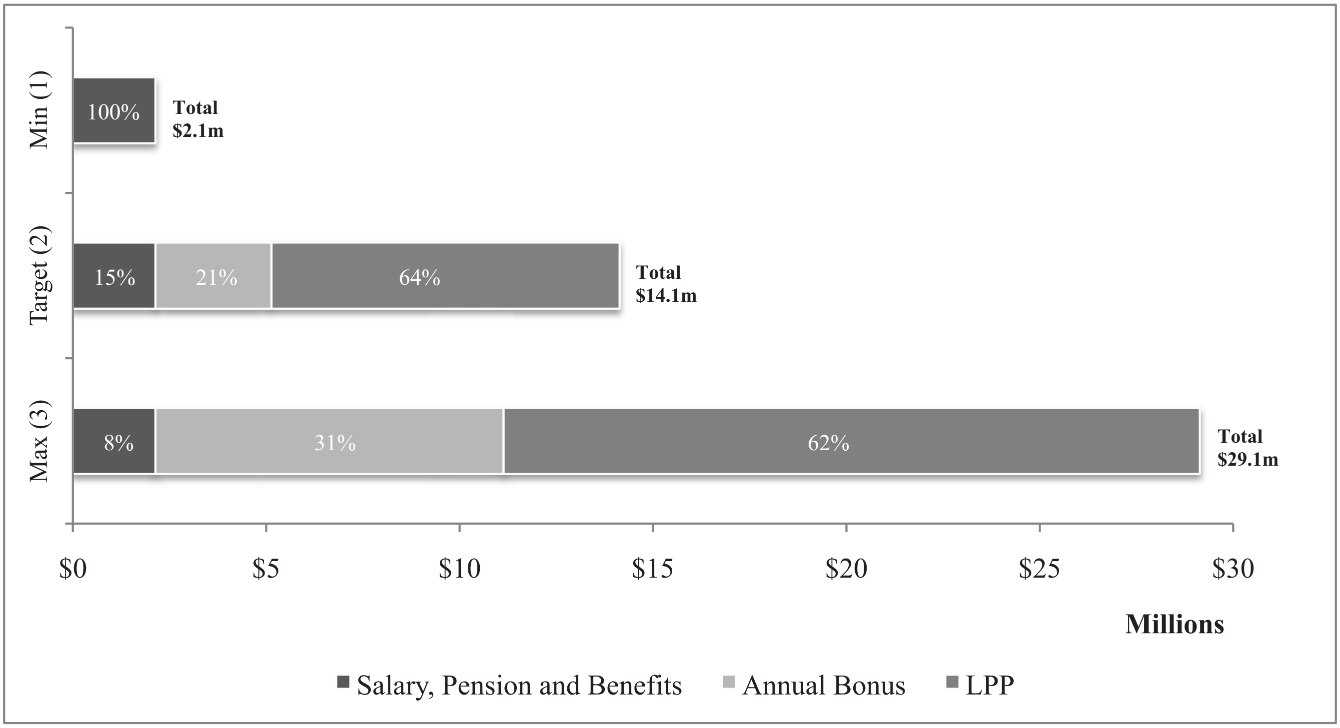
In making any decision on any aspect of the remuneration package for a new recruit, the Committee would balance shareholder expectations, current best practice and the requirements of any new recruit and would strive not to pay more than is necessary to achieve the recruitment. The Committee would give full details of the terms of the package of any new recruit in the next remuneration report.

Payments on Existing Awards

Subject to the achievement of the applicable performance conditions, Mr. Case is eligible to receive payment from any award made by the Company or Aon Corporation prior to the approval and implementation of the Remuneration Policy detailed in this report.

Total Remuneration by Performance Scenario for 2014

Mr. Case's total remuneration for minimum, target and maximum performance is presented in the chart below:



1. Minimum reflects salary, benefits and pension contributions. Certain benefits and pension contributions vary from year to year, but make up a small portion of total remuneration. The amounts shown in this table assume these variable amounts will not change in 2014.
2. Target reflects salary, benefits and pension contributions plus target bonus opportunity for 2014 plus target value of LPP award granted in 2014. Share price appreciation has been excluded from the amount shown.
3. Maximum reflects salary, benefits and pension contributions plus maximum bonus opportunity for 2014 plus maximum vesting of LPP award granted in 2014. Share price appreciation has been excluded from the amount shown.

Contracts with Mr. Case

The Company competes with companies worldwide for executive talent. As a result, the Company enters into employment agreements on terms designed to attract and retain the best executive management talent. The Committee believes that the provision of employment agreements and change-in-control severance agreements are critical to recruit talented employees and to secure the continued employment and dedication of the Company's existing employees. All or nearly all of the United States companies with which the Company competes for talent have change-in-control arrangements in place for their senior executives. While the Committee considers these agreements to be necessary, the terms of these agreements are not considered as part of the remuneration strategy when the Committee annually determines the remuneration for Mr. Case or other executive officers.

Employment Agreement

Our predecessor, Aon Corporation, entered into an Amended and Restated Employment Agreement with Mr. Case on 13 November 2009, which will expire on 3 April 2015 unless terminated earlier. The Company assumed Aon Corporation's obligations under this agreement on 2 April 2012. The Company intends to renew the agreement with Mr. Case prior to its expiration. Mr. Case's remuneration under the renewed agreement is anticipated to be consistent with the remuneration policy set forth above and the policy of payments for loss of office set out below.

The Company may terminate Mr. Case's employment for any reason (other than for cause as defined in the agreement) upon written notice, to take effect immediately. If the Company terminates Mr. Case's employment in these circumstances, or if Mr. Case voluntarily terminates his employment with good reason (as defined in the agreement), Mr. Case will be entitled to receive:

- his accrued base salary through and including his date of termination;

- any annual incentive bonus earned and payable but not yet paid for the bonus year prior to the year in which termination of employment occurs;
- a prorated annual incentive bonus through and including his date of termination, subject to the satisfaction of the specified performance goals established for the applicable bonus year;
- other employee benefits to which he was entitled at the time of his termination in accordance with the terms of the Company's plans and programs; provided that the Company shall continue to provide medical, dental and vision benefits to Mr. Case, his spouse and dependent children for a period of 24 months following the date of termination, followed with immediate eligibility for coverage under the Company's retiree medical program until Mr. Case, his spouse and dependent children become covered by the plan of another employer providing comparable benefits;
- accelerated vesting of Mr. Case's unvested restricted stock unit awards and continued vesting of his unvested stock option awards, if any, and payment or vesting of any other long-term incentive awards, in each case granted to him pursuant to the agreement;
- a lump sum cash payment equal to two times Mr. Case's target annual incentive bonus for the bonus year in which his employment terminates; and
- subject to continuing compliance with the non-competition, non-solicitation and confidentiality covenants set forth in the agreement, an amount equal to two times Mr. Case's base salary, payable in installment payments when the Company provides salary payments to the Company's executives generally, through a two-year non-competition period.

If the termination occurs after a change-in-control, as defined below, Mr. Case's severance agreement will apply. See "Severance Agreements Regarding Change-in-Control" below.

In addition, if Mr. Case's employment is terminated for any reason other than by the Company for cause (as defined in the agreement) after Mr. Case has completed at least 10 years of continuous employment, which he will do on 4 April 2015, Mr. Case, his spouse and his dependent children will be eligible for coverage under the Company's retiree medical program.

In the event of a termination for cause, Mr. Case must immediately resign from the Board and will be entitled to receive other employee benefits to which he has an accrued entitlement at the time of his termination in accordance with the Company's plans and programs.

Severance Agreements Regarding Change-in-Control

The Company entered into severance agreements with several of the Company's key executive officers, including Mr. Case, prior to 27 June 2012. As a result, this agreement is not subject to the requirements of the Regulations and is not part of the Company's directors' remuneration policy. The agreement with Mr. Case has not been modified or renewed on or after that date. As such, remuneration payments or payments for loss of office that are required to be made under the severance agreement are not subject to this remuneration policy. However, the Company intends to continue to offer these severance agreements on the terms identified below to its senior executive officers, including any future executive director. These agreements are intended to secure the continued service and to ensure the dedication and objectivity of these executives in the event of an actual or threatened change-in-control (as defined below) of the Company.

The current severance agreement provides that Mr. Case will receive certain severance benefits upon qualifying terminations of employment in connection with, or within two years following, a change-in-control of the Company. A "change-in-control" for purposes of this agreement generally occurs upon any of the following:

- an acquisition of 30% or more of either the Company's outstanding ordinary shares or the combined voting power of the outstanding securities entitled to vote;
- a change in the majority of the current Board;
- a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company, unless
    - the existing shareholders receive more than 60% of the Company's outstanding ordinary shares and the combined voting power of the surviving company, as the case may be,
    - no person or group owns 30% or more of the Company's outstanding ordinary shares or combined voting power of the surviving company and
    - there is no change in the majority of the Board; or
- a liquidation or dissolution of the Company.

The agreement requires a "double trigger"-a qualifying change-in-control of the Company and a qualifying termination of the executive's employment-in order for severance benefits to become payable. Qualifying terminations consist of termination by the Company other than for cause (as defined in the severance agreement) or by Mr. Case for good reason (as defined in the severance agreement), in each case in connection with or within two years following a change-in-control of the Company.

The severance agreement with Mr. Case provides that he receives the following severance benefits upon qualifying terminations (as defined below) of employment in connection with or within two years following a change-in-control of the Company:

- Mr. Case's base salary through the date of termination, a pro-rated bonus based upon his average annual cash incentive for the preceding three years and any accrued vacation pay;
- three times the sum of (i) his highest annual base salary in effect during the twelve-month period prior to the date of termination and (ii) his target annual incentive bonus for the fiscal year in which the date of termination occurs;
- the amount forfeited by Mr. Case under any qualified defined contribution plan as a result of his termination; and
- Mr. Case's accrued benefits under the Company's nonqualified benefit plans, which shall vest and be payable with three additional years of age and service credit and, in the case of the Supplemental Savings Plan, three additional years of plan contributions.

In addition, pursuant to the terms of Mr. Case's severance agreement, the Company is required to pay Mr. Case a lump sum cash amount equal to the actuarial equivalent of Mr. Case's accrued benefits under the Company's nonqualified benefit plans within 30 days of his termination of employment with the Company.

In addition, all stock options and other equity awards will become fully vested and each option will remain exercisable until the expiration of its term.

The severance agreement also requires that the Company maintain medical, dental and life insurance on behalf of Mr. Case for three years, or, if earlier, until Mr. Case becomes eligible for substantially equivalent benefits from another employer.

As a condition to the receipt of payments and benefits pursuant to the severance agreement, Mr. Case is required to enter into an agreement with the Company providing that he will not compete with the Company or solicit the Company's employees or customers for a two-year period and will not use or disclose any of the Company's confidential information. In addition, the severance agreement provides for a full release by Mr. Case of claims in connection with the payment of severance benefits. To the extent that payment under the severance agreement would be subject to excise tax, the payment due under the agreement may be reduced such that Mr. Case receives the greatest after tax amount possible.

The Company may terminate the severance agreement for the Company's executives, including Mr. Case, upon 120 days' notice to an executive, provided that no termination may occur if the Company has knowledge of an action to effect a change-in-control or if there has been a change-in-control. In any event, each executive's agreement will terminate upon the first to occur of the executive's death and the termination of the employment relationship of the executive prior to a change-in-control.

Policy for Payments for Loss of Office

We believe that the provision payments for loss of office currently in place through employment agreements and change-in-control severance agreements are critical to recruit talented employees and to secure the continued employment and dedication of our existing employees. All or nearly all of the companies with which we compete for talent have similar arrangements in place for their senior executives. While we consider these agreements to be necessary, the terms of these agreements are not considered as part of the remuneration strategy when the Committee annually determines the compensation for the named executive officers. However, the Committee reviews its change-in-control severance commitments for all senior members of management when it reviews the Company's change-in-control program annually. For further information on the agreements in place with Mr. Case, see "Contracts with Mr. Case" above. The Company intends to offer these arrangements on the terms identified here to its senior executive officers including any future executive director.

In addition, as circumstances may require, the Committee may approve other transitional compensation arrangements in consideration for a release of claims, enhanced post-termination restrictive covenants or cooperation or transitional assistance.

Internal Pay Fairness Considerations

It is not the Committee's practice to consult with employees generally about matters related to directors' pay. However, in determining Mr. Case's target annual incentive or long-term incentive award value, the Committee will, from time to time, consider internal pay fairness factors. The Committee has not adopted a broad internal pay equity policy pursuant to which Mr. Case's or any other executive officer's remuneration, or one or more components thereof, is tied to or targeted against the remuneration of other executive officers or employees.

Consideration of Shareholder Views

The Committee considers the results of the advisory votes by shareholders on the "say on pay" proposal and the directors' remuneration report presented to the Company's shareholders at each annual general meeting, and will consider the results of the vote on the directors' remuneration policy. In recent years, the Company has consistently received significant support by shareholders for the compensation program offered to its named executive officers and directors. Accordingly, the Committee has not made changes to the Company's executive compensation programs as a direct result of such vote.

Remuneration Policy for Non-Executive Directors

The fees for the Company's non-executive directors are reviewed periodically by the Committee, but in no event less than every two years. The Committee will recommend changes to the Board for approval. The Committee last reviewed non-executive director remuneration in September 2013.

Components of Remuneration for Non-Executive Director

Purpose / Link to	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Cash Compensation			
Attract top talent to the Board and retain directors.	Reviewed by the Board after recommendation by the Committee. The Board and the Committee consider pay data at comparator companies. The chairmen of each Board committee receive additional cash fees. There is no prescribed maximum for cash compensation. Cash fees may be increased to take into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. See "The Company's Remuneration Report for 2013 - Non-Executive Director Remuneration" for current compensation.	N/A	No recovery provisions apply to non-executive director compensation.
Equity Compensation			
Attract top talent to the Board, retain directors and encourage ownership of Aon equity.	Shares are awarded to non-executive directors on an annual basis. The number of shares awarded is determined by dividing the dollar value of the award by the closing price of the Company's ordinary shares on the New York Stock Exchange on the day the annual bonus is awarded. These shares are fully vested upon grant. Reviewed annually by the Board after recommendation by the Committee. The Board and the Committee consider pay data at comparator companies. The chairman of the Board receives additional equity compensation. There is no prescribed maximum for equity compensation and no prescribed differential for the Chairman of the Board's award. Equity compensation may be increased to take into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. See "The Company's Remuneration Report for 2013 - Non-Executive Director Remuneration" for current compensation.	N/A	No recovery provisions apply to non-executive director compensation.

Purpose / Link to	Operation (Including Maximum Opportunity)	Performance framework	Recovery or withholding
Tax Equalization			
Attract top talent to the Board and retain directors by making non-executive directors whole for serving	Non-executive directors are eligible to receive a tax equalization payment if the United Kingdom individual income taxes owed on their compensation or other Company-related benefits (such as spousal travel and transportation costs) exceed the income taxes owed on such compensation in their country of residence. The maximum amount payable is the amount required to make the non-executive director whole.	N/A	No recovery provisions apply to non-executive director compensation.
Benefits			
Attract top talent to the Board and retain directors	The Company may from time to time provide its non-executive directors with spousal travel or other travel expenses which may be considered remuneration, a charitable gift matching program, modest benefits in kind in recognition of their continued service to the Company, directors and officers liability insurance and indemnification to the extent permitted by applicable law. These benefits are subject to market rates and therefore there is no prescribed maximum. The Company and the Committee keep the cost of the benefits under review, and the Committee intends to keep the current level of benefits subject to the costs not becoming unreasonable.	N/A	No recovery provisions apply to non-executive director compensation.

Letters of Appointment with Non-Executive Directors

The Company does not enter into service contracts with its non-executive directors; rather the Company enters into letters of appointment which may be terminated by the Company at any time without compensation to the non-executive director for such termination. In addition, such letter of appointment provides that the non-executive director must stand for re-election at each annual general meeting of the Company. No compensation for loss of office is payable in the event a non-executive director is not re-elected.

THE COMPANY'S REMUNERATION REPORT FOR 2013

Directors' Remuneration (audited)

	Salary and Fees		Benefits		Annual Bonus[1]		LPP Vesting[2]		Pension		Total	
($000)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Executive												
Gregory C. Case[3]	1,500	1,500	611[4]	333	3,150	2,950	17,036	20,515	25	25	22,322	25,323
Non-Executive												
Lester B. Knight	465	463	117[5]	22	—	—	—	—	—	—	582	485
Fulvio Conti	265	255	72[5]	8	—	—	—	—	—	—	337	263
Cheryl A. Francis	250	248	30[5]	9	—	—	—	—	—	—	280	257
Edgar D. Jannotta	250	248	50[5]	9	—	—	—	—	—	—	300	257
J. Michael Losh	275	273	21[5]	8	—	—	—	—	—	—	296	281
Robert S. Morrison	250	248	41[5]	9	—	—	—	—	—	—	291	257
Richard B. Myers	250	248	28[5]	8	—	—	—	—	—	—	278	256
Richard C. Notebaert	265	263	35[5]	9	—	—	—	—	—	—	300	272
Gloria Santona	265	263	25[5]	8	—	—	—	—	—	—	290	271
Carolyn Y. Woo	250	248	26[5]	8	—	—	—	—	—	—	276	256
Total	**4,285**	**4,257**	**1,056**	**431**	**3,150**	**2,950**	**17,036**	**20,515**	**25**	**25**	**25,552**	**28,178**

Notes

(1) 35% of the bonus award ($1,102,500) was paid in restricted stock units under the ISP.

(2) The LPP vests upon certification of the achievement of performance criteria following the completion of the performance period. The amount shown is determined by multiplying the actual number of shares delivered (202,040) by the closing share price on the date of vesting ($84.32).

(3) Mr. Case serves as the Company's President and Chief Executive Officer, and receives his remuneration for serving in that role.

(4) Consists of accompanied travel, tax preparation services and certain allowances in connection with his relocation to London. See "Relocation Benefits" above. For accompanied travel, the amount included is the amount charged to income tax for Mr. Case in accordance with United States Internal Revenue Service regulations. Allowances related to Mr. Case's relocation totaled $561,000 in 2013.

(5) Consists of tax equalization for incremental individual income taxes paid in the United Kingdom as a result of the Company's redomestication.

Determination of 2013 Annual Bonus

Annual bonus payments were determined with reference to performance over the year ended 31 December 2013. The performance measures and targets are as follows:

Performance Criteria	Target PTI	Actual PTI	Pool Funding	Percentage of Target Bonus Paid
Adjusted pre-tax income	$2,003 million	$2,112 million	122.0%	105.0%

Management proposed a voluntary 20% reduction in this plan and the final funding after the reduction was 97.6%. The Committee has sole discretion to determine each executive officer's actual bonus amount as long as the corporate performance threshold was achieved. As the threshold was achieved, the Committee had discretion to pay bonuses at the cap level of the lesser of three times the target bonus or $10 million, or a lesser amount. For 2013, the Committee determined it was appropriate to award a bonus at or near the executive officer's funded bonus level; however with regard to Mr. Case, the independent members of the board determined that under his leadership the Company had achieved strong financial results in 2013 across all four key commitments to investors, including net income and EPS growth, operating margin expansion, organic revenue growth and increased free cash flow from operations. In addition, the results were underpinned by growth strategies and innovations designed to sustain the Company's financial performance over the long term. Mr. Case's bonus was approved at 105% of target.

In accordance with the Company's policy, 65% of the bonus was paid in cash and 35% of the bonus was deferred into restricted stock units vesting over three years. The restricted stock units are not subject to any performance measures.

Determination of Vesting of LPP Award

Performance Criteria	Performance Target: Threshold (50%)	Target (100%)	Maximum (200%)	Actual Performance	PSUs Vested
Adjusted cumulative earnings per share	$9.67	$10.01	$11.21	$10.26	125%

In early 2014, we determined the actual achievement under the sixth cycle of the LPP, covering the performance period 1 January 2011 through 31 December 2013 ("LPP 6") and settled the performance share units in Aon plc ordinary shares. The target level represented a 3.5% increase over the adjusted target for the fifth cycle of the LPP established for the performance period from 2010 through 2012 ("LPP 5"). The target number of shares awarded to Mr. Case under LPP 6 was 161,632. The actual number of shares vested could range from 50% of the target number of shares if the threshold amount was met, to 200% of the target number of shares if the maximum amount was met or exceeded. The adjusted EPS from continuing operations results for LPP 6 include adjustments detailed by the plan governing LPP 6 and approved by the Committee. For each year of the performance period associated with LPP 6 adjustments to EPS from continuing operations were approved by the Committee as follows: actual restructuring charges; gain on sale of land, businesses or discontinued operations; U.K. statutory tax rate change; legacy receivable write-offs; and an error in deferred tax purchase accounting for the Hewitt acquisition. Any permissible adjustment will be made on a comparable basis across the other Leadership Performance Programs then in progress.

Director Pension Scheme

No director who served during the year ended 31 December 2013 has any prospective entitlement to a defined benefit pension or a cash balance benefit arrangement (as defined in s152, Finance Act 2004).

The Company operates the Aon Savings Plan and the Aon Supplemental Savings Plan, which are U.S. defined contribution plans. During the year ended 31 December 2013, for Mr. Case, the Company made matching contributions of $15,300 to the Aon Savings Plan and $9,800 the Aon Supplemental Savings Plan on behalf of Mr. Case. No other director participates in the Aon Savings Plan or the Aon Supplemental Savings Plan.

Scheme Interests Awarded During the Year

In line with the Company's policy, Mr. Case was granted awards under the ISP in February 2013 and under the LPP in March 2013. The resulting number of restricted stock units and performance share units and the associated performance conditions are set forth below.

Leadership Performance Plan

	Target Number of PSUs(1)	Face Value	Threshold Vesting	End of Performance Period	Performance condition
Gregory C. Case	143,990	$8,625,000	50%	31 December 2015	Cumulative adjusted earnings per share(2)

Notes

(1) The target number of PSUs is determined by dividing the face value of $8,625,000 by the closing share price at the date of grant (15 March 2013) of $59.90.

(2) Vesting occurs per the vesting schedule below.

2013-2015 Cumulative Adjusted EPS	% of Target Units Earned
$13.01	50%
$13.40	75%
$13.80	100%
$13.98	125%
$14.15	150%
$14.33	175%
$14.51 or higher	200%

The Performance Share Units will pay out linearly between each set of data points based on relative penetration within the range and rounded to one decimal place using standard rounding rules. Any fractional Performance Share Units that result from the application of the resulting payout percent will be truncated, not rounded or otherwise paid.

Incentive Stock Program

	Number of RSUs[1]	Face Value	Threshold Vesting	End of Vesting Period	Performance condition
Gregory C. Case	18,114	$ 1,032,498	100%	15 February 2016	Continued employment[2]

Notes
(1) Valued with a face value of $1,032,498 and the closing share price at the date of grant (15 February 2013) of $57.00.
(2) Vesting occurs per the vesting schedule below.

Date	Number of Shares
15 February 2014	6,038
15 February 2015	6,038
15 February 2016	6,038

Remuneration Decisions in 2013

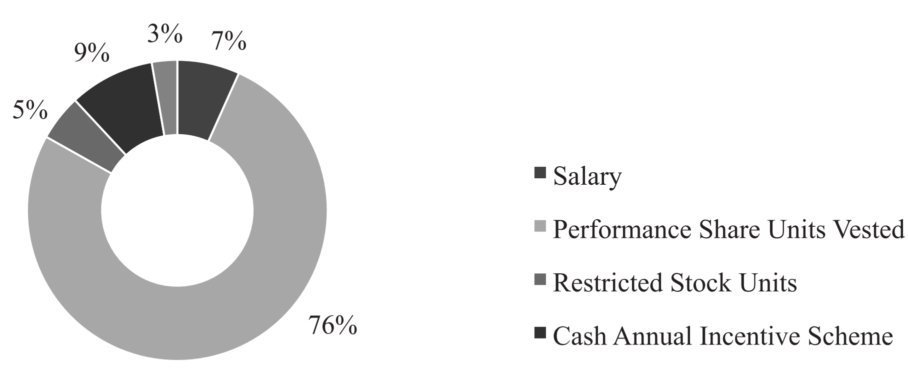
The Committee sets executive compensation at levels that it believes to be appropriate and competitive for global professional services firms within the Company's market sector and the general industry marketplace. The Committee also strives to link a significant portion of Mr. Case's remuneration and the remuneration of the Company's other senior executives to performance. Overall, the Committee's intent is to manage the various elements of total remuneration together so that the emphasis of the Company's remuneration program is on the Company's variable components of pay, including long-term share-based awards and annual cash incentives that fluctuate based on the Company's performance.

For 2013, the Committee did not have a specific market target to set total remuneration for Mr. Case or other executive officers or particular components of it. The Committee does not use a specific formula to set total remuneration either in relation to market data, the relative mix of pay components or otherwise. Rather, the Committee uses its judgment and business experience. A decision regarding one component of remuneration has only an indirect link to decisions regarding other pay components.

In setting remuneration for 2013, the Committee took into account the pay and employment conditions of other employees within the group, as follows:

- The Committee oversees the general funding of the annual cash incentive scheme for other eligible employees within the group, and the funding of that scheme is similarly linked to the Company's performance; and
- The Committee oversees the long-term share-based schemes available to other employees within the group and, where applicable, the Committee links those awards to the performance of the Company's business.

The chart below summarizes the actual total remuneration for Mr. Case received for 2013 as reported in the single figure table above.



Long-Term Share-Based Awards

The Company awarded two forms of long-term share-based awards to Mr. Case and other executive officers - performance share unit awards and restricted stock units granted in settlement of a proportion of the annual incentive scheme.

In prior years, the Organization and Compensation Committee of Aon Corporation awarded share options as part of the LPP, with the use of share options discontinued in 2010. The Committee believes that performance share units should be the exclusive form of award under the LPP because performance share units utilize fewer shares and are, therefore, a more efficient form of award than share options, while allowing the Committee to maintain a strong performance focus.

Performance Share Units

In the first quarter of 2013, we granted performance share units to our executive officers, including our executive director, pursuant to the eighth cycle of the LPP ("LPP 8"). LPP 8 is the eighth layer of consecutive three-year performance cycles for certain of our executive officers. It is intended to further strengthen the relationship between capital accumulation for our executives and long-term Aon financial performance and shareholder value.

The performance share units awarded under LPP 8 are payable in Aon plc ordinary shares. The nominal value of the awards was determined and approved by the Committee. The number of target performance share units granted was calculated on the date of grant based on that day's closing price of Aon plc ordinary shares on the New York Stock Exchange.

The performance share units under LPP 8 will be earned and settled in a range of 0% to 200% of the target value based on performance results over a three-year performance period. The performance period began 1 January 2013, and will end on 31 December 2015. The performance results will be measured against the specified cumulative adjusted earnings per share ("EPS") target. In prior years, the EPS metric was adjusted to exclude the impact of items of a discrete or non-operating nature, such as restructuring charges so as to provide a target that, while challenging, does not factor in events outside of the executive officers' control and, the Company believes, measures the Company's core operating performance in a manner more consistent with how the Company's shareholders evaluate its core operating performance. For 2013, LPP 8 used the Company's publicly-reported adjusted EPS metric as a starting point. The program allows for potential but limited adjustments from those measures as discussed in "The Company's Remuneration Policy" above. This change to the baseline for the calculation is intended to add to the clarity and transparency of the compensation programs but not anticipated to make targets fundamentally more or less challenging to achieve.

After adjustments, the cumulative performance range is from $13.01, below which no shares would be issued, to $14.51, which would yield shares equal to 200% of the target value. A result of $13.80 in cumulative adjusted EPS would yield settlement in Aon plc ordinary shares at 100% of target. This target represents a 6% increase over the adjusted target for the seventh cycle of the Company's Leadership Performance Program established for the performance period 2012-2014 ("LPP 7"). At the time the target was established, the Committee believed that such target represented a challenging, yet achievable, performance goal.

In determining the individual awards under LPP 8, the Committee considered internal pay fairness factors, the award recipient's compensation mix and total direct compensation. In addition, the market data relevant to Mr. Case supported a larger award to him than the awards granted to the other executive officers generally. The Committee does not use a specific formula to set total remuneration either in relation to market data, the relative mix of pay components or otherwise.

The Committee's selection under LPP 8 of the three-year performance period and the cumulative adjusted EPS financial performance metric provides the award recipients a reasonable period of time within which to achieve and sustain challenging long-term growth objectives. The Committee believes adjusted EPS more effectively aligns executives to improve Aon performance, rather than EPS calculated in accordance with U.S. GAAP, as the adjusted measure provides a target that is within their control and area of accountability, and is a better measure of long-term operating performance. Further, the Company believes that as adjusted, the EPS measure provides a perspective on the Company's core operating performance that is closer and more consistent with that of its shareholders.

Restricted Stock Units

At the beginning of 2013, the Company granted 18,114 time-vested restricted stock units to Mr. Case and smaller awards to the Company's other executive officers in connection with the Company's ISP. These time-vested restricted stock units are awarded based upon the achievement of performance goals related solely to the Company's past financial performance measured under the annual incentive plan; however, the time based vesting of the restricted stock units is intended to further focus the attention of Mr. Case and other executive officers on the Company's longer-term performance as a whole, and to further promote employee retention and equity ownership. The Committee believes this strikes a fair balance between reward for past performance and incentive for future improvements.

Each of the time-vested restricted stock units granted in connection with the program will vest ratably over a three-year period subject to continued employment. Awards are subject to forfeiture if an employee voluntarily terminates employment but in the event of termination by the Company without cause vesting continues over the same three-year period. Vesting is not subject to personal or corporate performance conditions. The restricted stock units are settled in Aon plc ordinary shares.

No other time-vested equity awards were granted to Mr. Case to date in 2013 or to date in 2014.

Performance-Based Annual Cash Incentive

At the beginning of 2013, the Committee set an Aon-wide performance target (expressed in U.S. dollars) and minimum achievement threshold (expressed as a percentage). If the metric was not achieved, no annual incentives were payable under the Company's schemes to eligible employees, including Mr. Case or other executive officers. The Committee determined that the 2013 Aon-wide performance target would be planned pre-tax income from continuing operations, excluding restructuring charges ("PTI"). The Committee set the minimum achievement threshold at 85% of that target as adjusted for extraordinary, unusual or infrequently occurring items. The Committee selected PTI as the measure to emphasize performance of the Company as a whole and directly link executives' awards to the Company's key business initiatives of delivering distinctive client value and achieving operational excellence. In combination with the performance targets established under the Company's LPP (i.e. cumulative adjusted earnings per share), the Committee believes the annual targets and the three-year LPP targets are appropriate measures of the Company's core operating performance and balance the executives' short and long-term perspective appropriately.

The 2013 PTI target was set at a level higher than the Company's actual PTI in 2012. The Committee believed that the 2013 target was achievable but challenging. The Committee set the minimum threshold at 85% because the Committee believed performance below that level would not create sufficient value for the Company's shareholders and, therefore, should not result in bonus payments.

The annual incentive scheme for Mr. Case and other executive officers does not provide guidelines or formulas for determining the actual incentives payable once the metric is achieved. Rather, the Committee retains sole discretion for determining the actual incentives payable. If the metric is achieved, the scheme would allow the Committee to award an incentive up to 300% of the executive's target incentive or to exercise negative discretion to award a lesser amount. Mr. Case's target incentive for 2013 was 200% of his base salary, or $3,000,000.

2013 Performance

During the first quarter of 2014, the Committee determined that the Company's 2013 PTI, after permitted adjustments for extraordinary or unusual items, was 122.0% of plan. This exceeded the minimum threshold established under the scheme.

The Committee then met to determine the funding status of the pool for 2013. Management proposed a 20% reduction in the funding of the plan. To apply this reduction, the 122% from above funding was multiplied by 80% to produce a final funding rate of 97.6% for all participants, including Mr. Case, which the Committee approved.

The actual size of the incentive pool equals the aggregate target bonuses of all participants multiplied by the percentage the pool was funded after application of the formula, as described above. In February 2014, the independent members of the Board approved an annual incentive award to Mr. Case for 2013 performance in the aggregate value of $3,150,000, 65% to be paid in cash and 35% to be provided in the form of time-vested restricted stock units (as described above).

Base Salary

Base salary is a fixed component of remuneration and is initially set at a level based primarily upon the executive's job scope or level of responsibility. The base salaries of the Company's most senior executives are adjusted infrequently, as discussed in "The Company's Remuneration Policy" above. No base salary adjustment was made for Mr. Case during 2013 or is proposed for 2014.

Incentive Repayment Policy

Certain components of Mr. Case's remuneration are subject to the Incentive Repayment Policy discussed in "The Company's Remuneration Policy" above.

Executive and Relocation Benefits

During 2013, the Company provided few personal benefits to Mr. Case as a component of his total compensation. Over the years, the Committee has taken significant steps to de-emphasize personal benefits in the Company's executive remuneration schemes.

Retirement Benefits

Mr. Case is eligible to participate in broad-based employee benefit programs that are available to the Company's employees generally (such as health coverage and 401(k) salary deferrals for the Company's U.S.-based employees). In addition, the Company provides an executive health screening program to Mr. Case and other executive officers. Mr. Case does not participate in the defined benefit pension plan or the supplemental pension program of the Company's predecessor, Aon Corporation. Mr. Case was hired by Aon Corporation after participation in the plans was frozen in 2004.

The Company also maintains a Supplemental Savings Plan, in which Mr. Case participates. It is a non-qualified, deferred compensation plan that provides eligible employees, including Mr. Case, with the opportunity to receive contributions that could not be credited under the base U.S. tax-qualified plan because of tax limitations and the specific provisions of such plan. If an executive officer contributes the maximum permissible amount to the Aon Savings Plan, the Supplemental Savings Plan provides for a company allocation as a percentage of compensation in excess of the United States Internal Revenue Service limit ($255,000 in 2013), with such compensation capped at $500,000. The percentage allocation varies by length of service but in the first four years of employment the allocation percentage is 3% and increases to 6% after 15 years of service.

Relocation Benefits

In connection with the Company's relocation of its headquarters to London, England, the Committee approved relocation benefits for the executive officers that relocated to the new corporate headquarters. The Committee approved the relocation benefits after consulting with its independent remuneration consultant, Frederic W. Cook & Co., Inc. and each relocating executive officer signed an international assignment letter with the Company's predecessor, Aon Corporation (the "Letter") dated 12 January 2012, which describes the relocation benefits available to them.

The terms of the Letter for Mr. Case provide for the following benefits:

- relocation and housing benefits;
- cost of living differential benefits;
- a monthly foreign service allowance; and
- tax preparation benefits.

Relocation benefits are customary for expatriate assignments for the Company and other employers in its industry. The relocation packages approved are intended to keep the executive "whole" on a total rewards basis, to be transparent and equitable and to reflect best practices and benchmarks of industry counterparts. The Committee will periodically review the relocation packages of all relocated executive officers.

All of the relocation benefits are subject to recoupment if an executive officer resigns employment with the Company within two years of commencing the international assignment, or twelve months after the end thereof, and becomes employed by a direct competitor of the Company.

Non-Executive Director Remuneration

Fees

Non-executive director fees are set by the Board as a whole. In 2013, the Company provided its non-executive directors with the following cash compensation:

- an annual retainer of $105,000, payable quarterly;
- an additional annual retainer of $15,000 to the chairperson of each Board committee other than the Audit Committee; and
- an additional annual retainer of $25,000 to the chairperson of the Audit Committee.

In 2013, after reviewing market conditions, the Board approved an increase in the annual retainer for the chairpersons of each Board committee other than the Audit Committee by $5,000 to $20,000 annually. This increase is effective on 1 January 2014.

Equity Awards

Each non-executive director is entitled to receive an annual grant of fully-vested Aon plc ordinary shares on the date of the Company's annual general meeting of shareholders. In 2013, the annual grant of Aon plc ordinary shares had an initial value of $145,000 and the non-executive chairman of the Board received a grant in addition to the annual grant awarded to all directors with a $200,000 initial value. The number of Aon plc ordinary shares to be granted was determined by dividing $145,000 (or in the case of the non-executive chairman of the Board, $345,000) by the fair market value of an Aon plc ordinary share on the date of grant.

In 2013, after reviewing market conditions, the Board approved an increase in the annual equity award for each non-executive director by $10,000 to an initial value of $155,000 annually and an increase in the additional annual equity award for the non-executive chairman of the Board by $10,000 to an initial value of $210,000 annually. This increase is effective on 1 January 2014.

Payments to Past Directors and Payments for Loss of Office

There have been no payments made to past directors during the year ended 31 December 2013 with respect to service as a director of the Company. No director left the Company during the year ended 31 December 2013, and no payments were made for loss of office.

Director Shareholdings and Share Ownership Guidelines

The Board has adopted share ownership guidelines. The guidelines are designed to increase the Company's executives' equity stakes and to align the Company's executives' interests more closely with those of its shareholders. The guidelines provide that Mr. Case should attain an investment position in the Aon plc ordinary shares equal to six times his annual base salary and each other executive officer should attain an investment position in the Aon plc ordinary shares equal to three times his or her annual base salary. While there is no specific period of time for an executive officer to reach these levels, each executive officer is expected to make consistent progress toward these levels. Mr. Case's shareholdings in the Company exceed the amount required under the guidelines.

The guidelines also set out equity retention rules generally requiring that net profit shares received upon the exercise of options to purchase Aon plc ordinary shares, the vesting of restricted stock units and the vesting of performance share units be retained until the required investment position is achieved. Aon plc ordinary shares counted toward these guidelines include:

- any shares owned outright;
- shares owned through an Aon-sponsored savings or retirement plan;
- shares purchased through an Aon-sponsored employee stock purchase plan;
- shares obtained through the exercise of stock options;
- shares issued upon the vesting of restricted stock units or performance share units;
- "phantom stock" held in the Company's deferred compensation plan; and
- "phantom stock" held in the Aon Supplemental Savings Plan.

The Board also has adopted share ownership guidelines for the Company's non-executive directors. These guidelines require each non-executive director to hold an investment position in Aon plc ordinary shares equal to five times the annual director retainer. The guidelines provide a transition period of five years for non-executive directors to achieve the ownership guidelines level; provided, however that each new non-executive director is expected to hold 1,000 Aon plc ordinary shares within the first year of joining the Board or transitioning from an executive director to a non-executive director. In addition to shares held directly, vested deferred stock units and shares credited to deferred accounts will be included when determining if the target ownership level has been achieved. The shareholdings of each non-executive director exceed the amount required under the guidelines.

Share Options

As of 31 December 2013, no director has received any share option granted in respect of their service as a director of the Company or otherwise in respect of any "qualifying services" in respect of the Company.

Mr. Case holds options as set forth below which were granted in respect of his prior service as President, Chief Executive Officer and Director of Aon Corporation which were assumed by the Company on 2 April 2012 and relate to the Aon plc ordinary shares. All of the options held at 31 December 2013 were vested and unexercised. The options are not subject to performance conditions.

	At 1 Jan 2013	Granted During Year	Exercised During Year	Lapsed During Year	At 31 Dec 2013	Exercise Price ($)	Market Price at Date of Exercise ($)	Date from Which Exercisable	Expiry Date
Gregory	1,000,000	—	—	—	1,000,000	22.86	n/a	4 Apr 2007 (1)	4 Apr 2015
C. Case	118,985	—	118,985	—	—	37.82	60.79	16 Mar 2008 (2)	16 Mar 2013
	96,432	—	—	—	96,432	40.91	n/a	13 Mar 2009 (3)	13 Mar 2014
	107,582	—	—	—	107,582	39.04	n/a	20 Mar 2010 (4)	20 Mar 2015

Notes

(1) One-third of the options vested on each of 4 April 2007, 4 April 2008 and 4 April 2009.

(2) One-third of the options vested on each of 16 March 2008, 16 March 2009 and 16 March 2010.

(3) One-third of the options vested on each of 13 March 2009, 13 March 2010 and 13 March 2011.

(4) One-third of the options vested on each of 20 March 2010, 20 March 2011 and 20 March 2012.

Long-Term Incentive Schemes

As of 31 December 2013, Mr. Case had the awards set forth below outstanding under the Company's LPP and ISP. Awards made prior to 2 April 2012 were made by Aon Corporation and were assumed by the Company on 2 April 2012 and relate to Aon plc ordinary shares. The awards set forth below vest in future years and the Aon plc ordinary shares will become receivable under the plans in respect of qualifying service. None of the Company's non-executive directors has any scheme interest in respect of qualifying service.

	Award Date	At 1 Jan 2013 Maximum number of shares under Award	At 31 Dec 2013 Maximum number of shares under Award	End of Performance Period/Latest Vesting Date	Vesting Date	Number of Shares Vested in 2013/2014	Market Price on Award Date ($)	Market Price on Vesting Date ($)
				LPP Awards[1]				
Gregory C. Case	9 Mar 2010	823,046	—	31 Dec 2012	14 Feb 2013	358,025[2]	41.31	57.30
	18 Mar 2011	323,264	323,264	31 Dec 2013	13 Feb 2014	202,040[3]	51.97	84.32
	16 Mar 2012	351,236	351,236	31 Dec 2014	Feb 2015	—	48.97	n/a
	15 Mar 2013	—	287,980	31 Dec 2015	Feb 2016	—	59.90	n/a
				ISP Awards[4]				
	26 Feb 2010	8,548	—	26 Feb 2013	26 Feb 2013	8,548	40.94	60.05
	18 Feb 2011	13,225	6,612	18 Feb 2014	18 Feb 2013	6,613	52.93	57.00
					18 Feb 2014	6,612	52.93	85.16
	17 Feb 2012	14,700	9,799	16 Feb 2015	17 Feb 2013	4,901	47.62	57.00
					17 Feb 2014	4,900	47.62	85.23
					17 Feb 2015	—		
	15 Feb 2013	—	18,114	15 Feb 2016	15 Feb 2014	6,038	57.00	85.23
					15 Feb 2015	—		
					15 Feb 2016	—		

Notes

(1) For performance shares awarded under the LPP, the actual number of shares issued to Mr. Case is determined based upon the adjusted earnings per share of the Company during the performance period. For all awards, the maximum potential number of shares that may vest is shown. See "The Company's Remuneration Policy" above.

(2) Represents the actual number of shares awarded to Mr. Case on 14 February 2013.

(3) Represents the actual number of shares awarded to Mr. Case on 13 February 2014.

(4) For restricted stock units awarded under our ISP, the shares awarded are the restricted share portion of awards approved by the independent members of the Board based upon the achievement of certain performance measures by Mr. Case during the year prior to the award date under the annual incentive plan. The restricted stock units vest in equal amounts on the first through the third anniversary date of the award date subject to continued employment. No other performance conditions apply to the vesting of the restricted stock units.

Directors' Interests in Aon plc Ordinary Shares

The table below provides details on the directors' interests in shares of the Company at 31 December 2013, including interests of connected persons (as defined for the purposes of section 96B(2) of the Financial Services and Markets Act 2000).

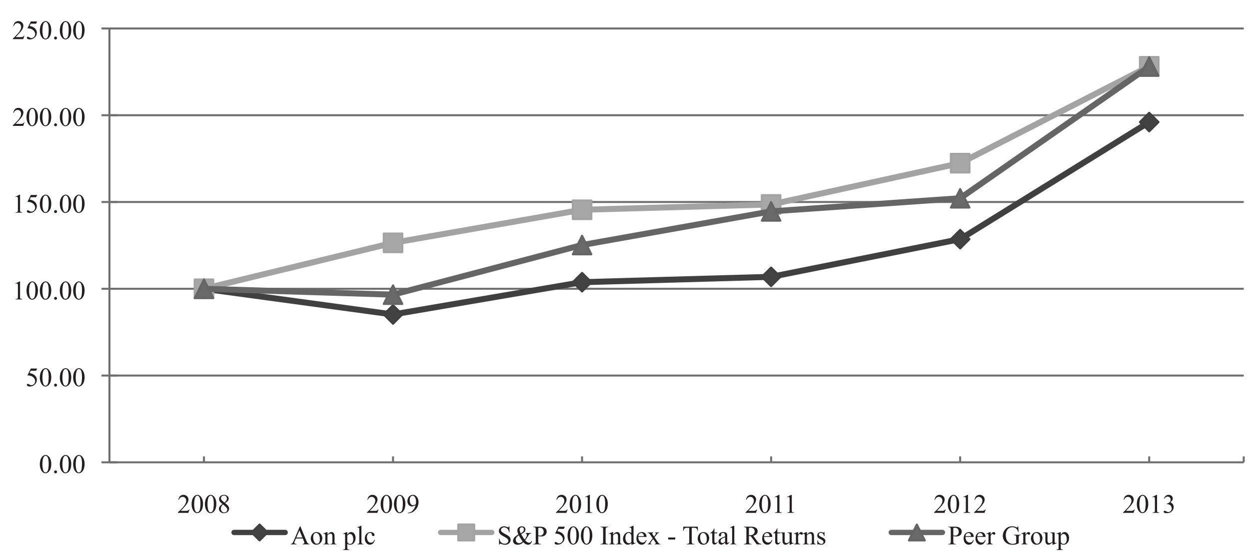
	Beneficially Owned Shares	LPP	ISP	Options	Total
Executive Director					
Gregory C. Case	781,291	962,480	34,525	1,204,014	2,982,310
Non-Executive Directors					
Lester B. Knight	163,221	—	—	—	163,221
Fulvio Conti	21,047	—	—	—	21,047
Cheryl A. Francis	16,549	—	—	—	16,549
Edgar D. Jannotta	82,930	—	—	—	82,930
J. Michael Losh	31,444	—	—	—	31,444
Robert S. Morrison	50,141	—	—	—	50,141
Richard B. Myers	17,753	—	—	—	17,753
Richard C. Notebaert	50,162	—	—	—	50,162
Gloria Santona	27,453	—	—	—	27,453
Carolyn Y. Woo	18,162	—	—	—	18,162

Performance Graph

The graph below shows the total shareholder return of the Company (and its predecessor Aon Corporation) for the five years ended 31 December 2013 on an assumed investment of $100 on 31 December 2008 in Aon Corporation, the Standard & Poor's S&P 500 Stock Index and an index of peer group companies.

The Standard & Poor's S&P 500 Stock Index has been chosen because the Company is a part of this index, and as a result the Company is required to use this index in its performance graph under U.S. Securities and Exchange Commission rules.

The peer group index reflects the performance of the following peer group companies which are, taken as a whole, in the same industry or which have similar lines of business as Aon: Arthur J. Gallagher & Co.; Marsh & McLennan Companies, Inc.; Brown & Brown, Inc.; Towers Watson & Co. and Willis Group Holdings Public Limited Company. The peer group returns are weighted by market capitalization at the beginning of each year. The performance graph assumes that the value of the investment of Aon plc ordinary shares and the peer group index was allocated pro rata among the peer group companies according to their respective market capitalizations, and that all dividends were reinvested.



Chief Executive Officer Remuneration

	2009	2010	2011	2012	2013
Total Remuneration[(1)] ($,000)	14,287	13,180	11,959	25,323	22,322
Annual bonus as a percentage of maximum[(2)]	60%	60%	22%	33%	35%
Shares vesting as a percentage of maximum	100%	65%	62%	44%	63%

Notes

(1) For all periods prior to 2 April 2012, the remuneration shown includes remuneration paid to Mr. Case for serving as an executive director of Aon Corporation.

(2) In 2011, the maximum bonus under the Shareholder Approved Plan was increased from the lesser of $5 million or three times target bonus to the lesser of $10 million or three times target bonus.

Percentage Change in Chief Executive Officer Remuneration Compared to Average

The table below shows the percentage change in the remuneration of our chief executive officer from 2012 to 2013 compared to the average percentage change for the Company's employees who participate in similar compensation schemes to our chief executive officer and are based in the United Kingdom and the United States. The Company believes that this is an appropriate comparator group because the remuneration arrangements for this group allow for a meaningful comparison.

	Salary	Benefits[(1)]	Annual Bonus
Chief Executive Officer	0%	84%	7%
Comparator Employees	2%	65%	5%

Notes

(1) The increase in benefits for our Chief Executive Officer is due to a full year of relocation benefits. See "Executive and Relocation Benefits-Relocation Benefits." For Comparator Employees, the increase is due to an increase in employees relocated by the Company.

Relative Importance of Spend on Pay

During the years ended 31 December 2012 and 2013, the Company's remuneration paid to its employees and distributions to shareholders were as follows:

	Year ended 31 December,		Percentage
($ millions)	2012	2013	Change
Employee remuneration	6,709	6,945	3.5 %
Dividends	204	212	3.9 %
Share buyback	1,125	1,102	(2.0)%

Vote on Remuneration in 2013

At the Company's annual general meeting held on 17 May 2013, the directors' remuneration report received the following votes from shareholders:

	Votes	%
For	226,182,917	86.0%
Against	19,005,544	7.2%
Withheld	1,714,754	0.7%
Broker Non-Votes	16,019,119	6.1%

For and on behalf of the Board

P Lieb
Company Secretary
Date: 14 March 2014
Registered Number 07876075

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law, the directors are required to prepare Group financial statements under accounting principles generally accepted in the United States of America (U.S. GAAP) and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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:

- for the Group financial statements, present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and accounting estimates that are reasonable and prudent;
- for the Group financial statements, provide additional disclosures when compliance with the specific requirements in U.S. GAAP is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state whether the Group financial statements have been prepared in accordance with U.S. GAAP subject to any material departures disclosed and explained in the financial statements;
- for the parent company financial statements, state whether applicable U.K. Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; 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 2006. 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 also responsible for preparing the Directors' Report in accordance with the Companies Act 2006.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AON PLC

We have audited the group financial statements of Aon plc for the year ended 31 December 2013 which comprise the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Shareholders' Equity, the Consolidated Cash Flows Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in United States of America (U.S. GAAP).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 86 the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with accounting principles generally accepted in United States of America (U.S. GAAP); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Aon plc for the year ended 31 December 2013 and on the information in the Directors' Remuneration Report that is described as having been audited.

Kevin Senior (Senior statutory auditor)
for and on behalf of Ernst &Young LLP, Statutory Auditor
London
14 March 2014

CONSOLIDATED STATEMENT OF INCOME

(millions, except per share data) *Years ended December 31*	2013	2012	2011
Revenue			
Commissions, fees and other	**$ 11,787**	$ 11,476	$ 11,235
Fiduciary investment income	**28**	38	52
Total revenue	**11,815**	11,514	11,287
Expenses			
Compensation and benefits	**6,945**	6,709	6,567
Other general expenses	**3,199**	3,209	3,124
Total operating expenses	**10,144**	9,918	9,691
Operating income	**1,671**	1,596	1,596
Interest income	**9**	10	18
Interest expense	**(210)**	(228)	(245)
Other income	**68**	2	19
Income before income taxes	**1,538**	1,380	1,388
Income taxes	**390**	360	378
Net income	**1,148**	1,020	1,010
Less: Net income attributable to noncontrolling interests	**35**	27	31
Net income attributable to Aon shareholders	**$ 1,113**	$ 993	$ 979
Basic net income per share attributable to Aon shareholders	**$ 3.57**	$ 3.02	$ 2.92
Diluted net income per share attributable to Aon shareholders	**$ 3.53**	$ 2.99	$ 2.87
Cash dividends per share paid on ordinary shares	**$ 0.68**	$ 0.62	$ 0.60
Weighted average ordinary shares outstanding — basic	**311.4**	328.5	335.5
Weighted average ordinary shares outstanding — diluted	**315.4**	332.6	340.9

The notes on pages 95 to 145 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(millions) *Years Ended December 31*	**2013**	2012	2011
Net income	**$ 1,148**	$ 1,020	$ 1,010
Less: Net income attributable to noncontrolling interests	**35**	27	31
Net income attributable to Aon shareholders	**$ 1,113**	$ 993	$ 979
Other comprehensive gain (loss), net of tax:			
Change in fair value of investments	**1**	—	—
Change in fair value of derivatives	**6**	9	(13)
Foreign currency translation adjustments	**(65)**	109	(43)
Post-retirement benefit obligation	**293**	(358)	(396)
Total other comprehensive gain (loss)	**235**	(240)	(452)
Less: Other comprehensive (loss) income attributable to noncontrolling interests	**(1)**	—	1
Total other comprehensive gain (loss) attributable to Aon shareholders	**236**	(240)	(453)
Comprehensive income attributable to Aon shareholders	**$ 1,349**	$ 753	$ 526

The notes on pages 95 to 145 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

(millions USD, except par value) *As of December 31*	2013	2012
FIXED ASSETS		
Goodwill	**$ 8,997**	$ 8,943
Customer relationships, technology, and tradenames (Intangible assets, net)	**2,578**	2,975
Tangible fixed assets (Fixed assets, net)	**791**	820
Investments	**132**	165
Total fixed assets	**12,498**	12,903
CURRENT ASSETS		
Receivables, net	**2,896**	3,101
Fiduciary assets	**11,871**	12,214
Deferred tax assets: amounts recoverable in greater than one year	**193**	285
Other assets: amounts recoverable in greater than one year (Other non-current assets)	**1,230**	916
Other assets: amounts recoverable in less than one year (Other current assets)	**563**	430
Short-term investments	**523**	346
Cash at bank and in hand (Cash and cash equivalents)	**477**	291
Total current assets	**17,753**	17,583
TOTAL ASSETS	**$ 30,251**	$ 30,486
LIABILITIES AND EQUITY		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Short-term debt and current portion of long-term debt	**$ 703**	$ 452
Accounts payable and accrued liabilities	**1,843**	1,770
Fiduciary liabilities	**11,871**	12,214
Other current liabilities	**847**	762
Total creditors: amounts falling due within one year	**15,264**	15,198
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Long-term debt	**3,686**	3,713
Other non-current liabilities	**789**	951
Total creditors: amounts falling due after more than one year	**4,475**	4,664
PROVISION FOR LIABILITIES		
Pension, other post retirement, and post employment liabilities	**1,607**	2,276
Deferred tax liabilities	**420**	306
Other provisions falling due within one year	**147**	152
Other provisions falling due after more than one year	**143**	85
Total provision for liabilities	**2,317**	2,819
TOTAL LIABILITIES	**22,056**	22,681
EQUITY		
Called up share capital (Ordinary shares) (2013 and 2012 - $0.01 nominal value)		
Authorized: 750 shares (issued: 2013— 300.7; 2012 — 310.9)	**3**	3
Share premium reserve	**179**	82
Share option and other reserves	**4,606**	4,354
Additional paid in capital	**4,785**	4,436
Profit and loss reserve (Retained earnings)	**5,731**	5,933
Other reserves (Accumulated other comprehensive income)	**(2,374)**	(2,610)
TOTAL AON SHAREHOLDERS' EQUITY	**8,145**	7,762
Minority interests (Noncontrolling interests)	**50**	43
TOTAL EQUITY	**8,195**	7,805
TOTAL LIABILITIES AND EQUITY	**$ 30,251**	$ 30,486

The financial statements were approved by the Board of Directors on 14 March 2014.

Gregory C. Case, Director

The notes on pages 95 to 145 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(millions)	Shares	Ordinary Shares and Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss, Net of Tax	Noncontrolling Interests	Total
Balance at January 1, 2011	385.9	$ 4,386	$ 7,861	$ (2,079)	$ (1,917)	$ 55	$ 8,306
Net income	—	—	979	—	—	31	1,010
Shares issued — employee benefit plans	0.5	113	(1)	—	—	—	112
Shares purchased	—	—	—	(828)	—	—	(828)
Shares reissued — employee benefit plans	—	(354)	(45)	354	—	—	(45)
Tax benefit — employee benefit plans	—	36	—	—	—	—	36
Share compensation expense	—	235	—	—	—	—	235
Dividends to stockholders	—	—	(200)	—	—	—	(200)
Change in net derivative gains/losses	—	—	—	—	(13)	—	(13)
Net foreign currency translation adjustments	—	—	—	—	(44)	1	(43)
Net post-retirement benefit obligation	—	—	—	—	(396)	—	(396)
Purchase of subsidiary shares from noncontrolling interests	—	(9)	—	—	—	(15)	(24)
Dividends paid to noncontrolling interests on subsidiary common stock	—	—	—	—	—	(30)	(30)
Balance at December 31, 2011	386.4	4,407	8,594	(2,553)	(2,370)	42	8,120

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (CONTINUED)

(millions)	Shares	Called up share capital	Share premium reserve	Share Option and Other Reserves	Profit and Loss	Reserve for Own Shares	Other Reserves	Minority Interest	Total
Balance at January 1, 2012	386.4	$ —	$ —	$ 4,407	$ 8,594	$ (2,553)	$ (2,370)	$ 42	$ 8,120
Net income	—	—	—	—	238	—	—	11	249
Shares issued — employee benefit plans	—	—	—	2	—	—	—	—	2
Shares purchased	—	—	—	—	—	(100)	—	—	(100)
Shares reissued — employee benefit plans	—	—	—	(181)	(13)	181	—	—	(13)
Tax benefit — employee benefit plans	—	—	—	16	—	—	—	—	16
Share-based compensation expense	—	—	—	55	—	—	—	—	55
Dividends to shareholders	—	—	—	—	(49)	—	—	—	(49)
Change in net derivative gains/losses	—	—	—	—	—	—	7	—	7
Net foreign currency translation adjustments	—	—	—	—	—	—	103	1	104
Net post-retirement benefit obligation	—	—	—	—	—	—	21	—	21
Purchase of subsidiary shares from noncontrolling interests	—	—	—	—	—	—	—	5	5
Dividends paid to noncontrolling interests on subsidiary common stock	—	—	—	—	—	—	—	(1)	(1)
Balance at March 31, 2012	386.4	—	—	4,299	8,770	(2,472)	(2,239)	58	8,416
Reclassification of called up share capital	—	386	—	(386)	—	—	—	—	—
Redomestication	—	(323)	82	241	—	—	—	—	—
Retirement of treasury shares	(60.00)	(60)	—		(2,412)	2,472	—	—	—
April 2, 2012 (Redomestication)	326.4	3	82	4,154	6,358	—	(2,239)	58	8,416
Net income	—	—	—	—	755	—	—	16	771
Shares issued — employee benefit plans	4.0	—	—	27	—	—	—	—	27
Shares purchased	(19.50)	—	—	—	(1,025)	—	—	—	(1,025)
Shares reissued — employee benefit plans	—	—	—	—	—	—	—	—	—
Tax benefit — employee benefit plans	—	—	—	17	—	—	—	—	17
Share-based compensation expense	—	—	—	157	—	—	—	—	157
Dividends to shareholders	—	—	—	—	(155)	—	—	—	(155)
Change in net derivative gains/losses	—	—	—	—	—	—	2	—	2
Net foreign currency translation adjustments	—	—	—	—	—	—	6	(1)	5
Net post-retirement benefit obligation	—	—	—	—	—	—	(379)	—	(379)
Purchase of subsidiary shares from noncontrolling interests	—	—	—	(1)	—	—	—	(4)	(5)
Dividends paid to noncontrolling interests on subsidiary common stock	—	—	—	—	—	—	—	(26)	(26)
Balance at December 31, 2012	310.9	$ 3	$ 82	$ 4,354	$ 5,933	—	$ (2,610)	$ 43	$ 7,805
Net income	—	—	—	—	1,113	—	—	35	1,148
Shares issued — employee benefit plans	0.7	—	29	(1)	(1)	—	—	—	27
Shares issued — employee compensation	5.9	—	68	(118)	—	—	—	—	(50)
Shares purchased	(16.8)	—	—	—	(1,102)	—	—	—	(1,102)
Tax benefit — employee benefit plans	—	—	—	74	—	—	—	—	74
Share-based compensation expense	—	—	—	300	—	—	—	—	300
Dividends to shareholders	—	—	—	—	(212)	—	—	—	(212)
Net change in fair value of investments	—	—	—	—	—	—	1	—	1
Change in net derivative gains/losses	—	—	—	—	—	—	6	—	6
Net foreign currency translation adjustments	—	—	—	—	—	—	(64)	(1)	(65)
Net post-retirement benefit obligation	—	—	—	—	—	—	293	—	293
Purchase of subsidiary shares from non-controlling interest	—	—	—	(3)	—	—	—	(8)	(11)
Dividends paid to non-controlling interests on subsidiary common stock								(19)	(19)
Balance at December 31, 2013	300.7	$ 3	$ 179	$ 4,606	$ 5,731	$ —	$ (2,374)	$ 50	$ 8,195

The notes on pages 95 to 145 are an integral part of these financial statements.

CONSOLIDATED CASH FLOWS STATEMENT

(millions) *Years ended December 31*	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 1,148**	$ 1,020	$ 1,010
Adjustments to reconcile net income to cash provided by operating activities:			
Gain from sales of businesses, net	**(65)**	—	(6)
Depreciation of fixed assets	**240**	232	220
Amortization of intangible assets	**395**	423	362
Share-based compensation expense	**300**	212	235
Deferred income taxes	**(14)**	(95)	146
Change in assets and liabilities:			
Fiduciary receivables	**(4)**	(1,402)	(14)
Short-term investments — funds held on behalf of clients	**156**	239	(713)
Fiduciary liabilities	**(152)**	1,163	727
Receivables, net	**141**	106	(494)
Accounts payable and accrued liabilities	**48**	(37)	—
Restructuring reserves	**15**	(46)	(73)
Current income taxes	**(116)**	185	120
Pension and other post employment liabilities	**(502)**	(585)	(399)
Other assets and liabilities	**43**	4	(103)
CASH PROVIDED BY OPERATING ACTIVITIES	**1,633**	1,419	1,018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of long-term investments	**93**	178	190
Purchases of long-term investments	**(15)**	(12)	(30)
Net (purchases) sales of short-term investments — non-fiduciary	**(174)**	440	(8)
Acquisition of businesses, net of cash acquired	**(54)**	(162)	(106)
Proceeds from sale of businesses	**40**	2	9
Capital expenditures	**(229)**	(269)	(241)
CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	**(339)**	177	(186)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share repurchase	**(1,102)**	(1,125)	(828)
Issuance of shares for employee benefit plans	**98**	118	201
Issuance of debt	**4,906**	733	1,673
Repayment of debt	**(4,679)**	(1,077)	(1,688)
Cash dividends to shareholders	**(212)**	(204)	(200)
Purchases of shares from noncontrolling interests	**(8)**	(4)	(24)
Dividends paid to noncontrolling interests	**(19)**	(27)	(30)
CASH USED FOR FINANCING ACTIVITIES	**(1,016)**	(1,586)	(896)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(92)**	9	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**186**	19	(74)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**291**	272	346
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 477**	$ 291	$ 272
Supplemental disclosures:			
Interest paid	**$ 206**	$ 232	$ 240
Income taxes paid, net of refunds	**445**	238	77

The notes on pages 95 to 145 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The directors have elected to prepare Consolidated Financial Statements in accordance with accounting principles generally acceptable in the United States of America (U.S. GAAP) as permitted by Statutory Instrument 2012 No. 2405 *The Accounting Standards (Prescribed Bodies) (United States of America and Japan) Regulations 2012* (SI 2012 No. 2405). The Directors Report and Consolidated Financial Statements are also prepared in accordance with the Companies Act 2006.

The Consolidated Financial Statements have been prepared for purposes of satisfying Companies Act 2006 requirements for entities domiciled in the U.K. The basis of preparation for these Consolidated Financial Statements is U.S. GAAP to the extent that the use of those principles does not contravene any provisions of the Companies Act 2006 or any regulations made there under as permitted by SI 2012 No. 2405. The Company has mirrored the Consolidated Financial Statements and Notes thereto to the Form 10-K filed with the SEC on February 18, 2014 to the extent that the Consolidated Financial Statements and Notes thereto contained in the Form 10-K do not contravene any provisions of the Companies Act 2006 or any regulations made there under as permitted by SI 2012 No. 2405. Certain items contained in the Form 10-K that are SEC requirements and have no comparable requirement under the Companies Act 2006 have been removed.

Where compliance with any of the provisions of the Companies Act 2006 is inconsistent with the requirements to give a true and fair view of the state of affairs and profit or loss in accordance with U.S. GAAP, the Directors have invoked the true and fair override. The Companies Act 2006 requires that goodwill is carried at cost reduced by provisions for depreciation calculated to write off the goodwill systematically over a period chosen by the Directors, which does not exceed its useful economic life. Under U.S. GAAP, Aon plc does not amortise goodwill. Instead goodwill is carried at cost less impairment, with impairment tested at least annually. As Aon's treatment of goodwill conflicts with the Regulations, the Directors have invoked a true and fair override in order to overcome the prohibition on non-amortisation of goodwill in the Companies Act 2006.

The Consolidated Financial Statements include the accounts of Aon plc and all controlled subsidiaries ("Aon" or the "Company"). All material intercompany accounts and transactions have been eliminated. The Consolidated Financial Statements as of December 31, 2013 and 2012, and for the years ended December 31, 2013, 2012, and 2011, include, in the opinion of management, all adjustments (consisting of normal recurring adjustments and reclassifications) necessary to present fairly the Company's consolidated financial position, results of operations and cash flows for all periods presented. The Consolidated Financial Statements and the majority of the information in the Notes thereto have been reconciled to the Company's Annual Report on Form 10-K for the fiscal year ended 31 December 2013 filed with the U.S. Securities and Exchange Commission on February 18, 2014.

Company Redomestication

On April 2, 2012, the Company completed the reorganization of the corporate structure of the group of companies controlled by its predecessor, Aon Corporation, as holding company of the Aon group, pursuant to which Aon Corporation merged with one of its indirect, wholly owned subsidiaries and Aon plc became the publicly-held parent company of the Aon group. This transaction is referred to as the Redomestication. In the Redomestication, each issued and outstanding share of Aon Corporation common stock held by stockholders of Aon Corporation was converted into the right to receive one Class A Ordinary Share, nominal value $0.01 per share, of Aon plc. Likewise, equity incentive and compensation plans were assumed by Aon plc and amended to provide that those plans will now provide for the award and issuance of Class A Ordinary Shares instead of shares of common stock of Aon Corporation on a one-for-one basis. Shares of treasury stock of Aon Corporation were cancelled in the Redomestication. Any references to "Aon", "the Company", "us", or "we," or any similar references relating to periods before the Redomestication shall be construed as references to Aon Corporation, being the previous parent company of the Aon group.

Reclassification

Certain amounts in prior year's consolidated financial statements and related notes have been reclassified to conform to the 2013 presentation. In prior periods, income or losses from discontinued operations and its related tax expense was recognized in Income (loss) from discontinued operations in the Consolidated Statements of Income. These amounts are now included in Other income in the Consolidated Statements of Income. The amounts reclassified were $1 million loss and $4 million income for the years ended December 31, 2012 and 2011, respectively. There was no earnings per share impact in 2012, and a $0.01 diluted per share impact in 2011.

Use of Estimates

The preparation of the accompanying Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Aon adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets, and foreign currency movements have combined to 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 will be reflected in the financial statements in future periods.

2. Summary of Significant Accounting Principles and Practices

Revenue Recognition

Risk Solutions segment revenues primarily include insurance commissions and fees for services rendered and investment income on funds held on behalf of clients. Revenues are recognized when they are earned and realized or realizable. The Company considers revenues to be earned and realized or realizable when all of the following four conditions are met: (1) persuasive evidence of an arrangement exists, (2) the arrangement fee is fixed or determinable, (3) delivery or performance has occurred, and (4) collectability is reasonably assured. For brokerage commissions, revenue is typically recognized at the completion of the placement process, assuming all other criteria required to recognize revenue have been met. The placement process is typically considered complete on the effective date of the related policy. Commission revenues are recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

HR Solutions segment revenues consist primarily of fees paid by clients for consulting advice and outsourcing contracts. Fees paid by clients for consulting services are typically charged on an hourly, project or fixed-fee basis. Revenues from time-and-materials or cost-plus arrangements are recognized as services are performed, assuming all other criteria to recognize revenue have been met. Revenues from fixed-fee contracts are recognized as services are provided using a proportional-performance model or at the completion of a project based on facts and circumstances of the client arrangement. Revenues from health care exchange arrangements are typically recognized upon successful enrollment of participants, net of a reserve for estimated cancellations, assuming all other criteria to recognize revenue have been met. Reimbursements received for out-of-pocket expenses are recorded as a component of revenues. The Company's outsourcing contracts typically have three-to-five year terms for benefits services and five-to-ten year terms for human resources business process outsourcing ("HR BPO") services. The Company recognizes revenues as services are performed, assuming all other criteria to recognize revenue have been met. The Company may also receive implementation fees from clients either up-front or over the ongoing services period as a component of the fee per participant. Lump sum implementation fees received from a client are typically deferred and recognized ratably over the ongoing contract services period. If a client terminates an outsourcing services arrangement prior to the end of the contract, a loss on the contract may be recorded, if necessary, and any remaining deferred implementation revenues would typically be recognized over the remaining service period through the termination date.

In connection with the Company's long-term outsourcing service agreements, highly customized implementation efforts are often necessary to set up clients and their human resource or benefit programs on the Company's systems and operating processes. For outsourcing services sold separately or accounted for as a separate unit of accounting, specific, incremental and direct costs of implementation incurred prior to the services commencing are generally deferred and amortized over the period that the related ongoing services revenue is recognized. Deferred costs are assessed for recoverability on a periodic basis to the extent the deferred cost exceeds related deferred revenue.

Share-Based Compensation Costs

Share-based payments to employees, including grants of employee share options, restricted shares and restricted share units ("RSUs"), performance share awards ("PSAs") as well as employee share purchases related to the Employee Share Purchase Plan, are measured based on estimated grant date fair value. The Company recognizes compensation expense over the requisite service period for awards expected to ultimately vest. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from original estimates.

Pension and Other Post-Retirement Benefits

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

Net Income per Share

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

Certain ordinary share equivalents, related primarily to options, were not included in the computation of diluted income per share because their inclusion would have been antidilutive.

Cash and Cash Equivalents and Short-term Investments

Cash and cash equivalents include cash balances and all highly liquid investments with initial maturities of three months or less. Short-term investments include certificates of deposit, money market funds and highly liquid debt instruments purchased with initial maturities in excess of three months but less than one year and are carried at amortized cost, which approximates fair value.

The Company is required to hold £77 million of operating funds in the U.K. as required by the Financial Conduct Authority, which were included in Short-term investments. These operating funds, when translated to U.S. dollars, were $126 million and $124 million at December 31, 2013 and 2012, respectively. Cash and cash equivalents included restricted balances of $88 million and $76 million at December 31, 2013 and 2012, respectively. The restricted balances primarily relate to cash required to be held as collateral.

Fiduciary Assets and Liabilities

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

Aon maintained premium trust balances for premiums collected from insureds but not yet remitted to insurance companies of $3.8 billion and $4.0 billion at December 31, 2013 and 2012, respectively. These funds and a corresponding liability are included in Fiduciary assets and Fiduciary liabilities, respectively, in the accompanying Consolidated Statements of Financial Position.

Allowance for Doubtful Accounts

The Company's allowance for doubtful accounts with respect to receivables is based on a combination of factors, including evaluation of historical write-offs, aging of balances and other qualitative and quantitative analyses. Receivables included an allowance for doubtful accounts of $90 million and $118 million at December 31, 2013 and 2012, respectively.

Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation. Included in this category is internal use software, which is software that is acquired, internally developed or modified solely to meet internal needs, with no plan to market externally. Costs related to directly obtaining, developing or upgrading internal use software are capitalized. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which are generally as follows:

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

Investments

The Company accounts for investments as follows:

- *Equity method investments* — Aon accounts for limited partnership and other investments using the equity method of accounting if Aon has the ability to exercise significant influence over, but not control of, an investee. Significant influence generally represents an ownership interest between 20% and 50% of the voting stock of the investee. Under the equity method of accounting, investments are initially recorded at cost and are subsequently adjusted for additional capital contributions, distributions, and Aon's proportionate share of earnings or losses.

- *Cost method investments* — Investments where Aon does not have an ownership interest of greater than 20% or the ability to exert significant influence over the operations of the investee are carried at cost.

- *Fixed-maturity securities* are classified as available for sale and are reported at fair value with any resulting unrealized gain or loss recorded directly to shareholders' equity as a component of Accumulated other comprehensive loss in the Company's Consolidated Statement of Financial Position, net of deferred income taxes. Interest on fixed-maturity securities is recorded in Interest income in the Company's Consolidated Statements of Income when earned and is adjusted for any amortization of premium or accretion of discount.

The Company assesses any declines in the fair value of investments to determine whether such declines are other-than-temporary. This assessment is made considering all available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition and the near-term prospects of the entity issuing the security, and the Company's ability and intent to hold the investment until recovery of its cost basis. Other-than-temporary impairments of investments are recorded as part of Other income (expense) in the Consolidated Statements of Income in the period in which the determination is made.

Goodwill and Intangible Assets

Goodwill represents the excess of acquisition cost over the fair value of the net assets in the acquisition of a business. Goodwill is allocated to various reporting units, which are one reporting level below the operating segment. Upon disposition of a business entity, goodwill is allocated to the disposed entity based on the fair value of that entity compared to the fair value of the reporting unit in which it was included. Goodwill is not amortized, but instead is tested for impairment at least annually. The goodwill impairment test is performed at the reporting unit level. The Company initially performs a qualitative analysis to determine if it is more likely than not that the goodwill balance is impaired. If such a determination is made, then the Company will perform a two-step quantitative analysis. First, the fair value of each reporting unit is compared to its carrying value. If the fair value of the reporting unit is less than its carrying value, the Company performs a hypothetical purchase price allocation based on the reporting unit's fair value to determine the fair value of the reporting unit's goodwill. Fair value is determined using a combination of present value techniques and market prices of comparable businesses.

Intangible assets include customer related and contract based assets representing primarily client relationships and non-compete covenants, tradenames, and marketing and technology related assets. These intangible assets, with the exception of tradenames, are amortized over periods ranging from 1 to 13 years, with a weighted average original life of 10 years. Tradenames are generally not amortized as such assets have been determined to have indefinite useful lives, and are tested at least annually for impairments using an analysis of expected future cash flows. Interim impairment testing may be performed when events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable.

Derivatives

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

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

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

For a derivative designated as hedging the exposure to changes in the fair value of a recognized asset or liability or a firm commitment (a fair value hedge), the gain or loss is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. The effect is to reflect in earnings the extent to which the hedge is not effective in achieving offsetting changes in fair value. For a cash flow hedge that qualifies for hedge accounting, the effective portion of the change in fair value of a hedging instrument is recognized in Other Comprehensive Income ("OCI") and subsequently reclassified to earnings in the same period the hedged item impacts earnings. The ineffective portion of the change in fair value is recognized immediately in earnings. For a net investment hedge, the effective portion of the change in fair value of the hedging instrument is recognized in OCI as part of the cumulative translation adjustment, while the ineffective portion is recognized immediately in earnings.

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

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

When hedge accounting is discontinued because the derivative no longer qualifies as a fair value hedge, the Company continues to carry the derivative in the Consolidated Statements of Financial Position at its fair value, recognizes subsequent changes in the fair value of the derivative in the Consolidated Statements of Income, ceases to adjust the hedged asset or liability for changes in its fair value and accounts for the carrying amount (including the basis adjustment caused by designating the item as a hedged item) of the hedged asset, liability or firm commitment in accordance with GAAP applicable to those assets or liabilities.

When hedge accounting is discontinued and the derivative continues to exist but the forecasted transaction is no longer probable of occurrence, the Company continues to carry the derivative in the Consolidated Statements of Financial Position at its fair value, recognizes subsequent changes in the fair value of the derivative in the Consolidated Statements of Income, and continues to defer the derivative gain or loss accumulated in OCI (unless the forecasted transaction is deemed probable not to occur, at which time it would be reclassified to earnings) until the hedged forecasted transaction affects earnings.

Foreign Currency

Certain of the Company's non-US operations use their respective local currency as their functional currency. These operations that do not have the U.S. dollar as their functional currency translate their financial statements at the current rates of exchange in effect at the balance sheet date and revenues and expenses using rates that approximate those in effect during the period. The resulting translation adjustments are included as a component of stockholders' equity in Accumulated other comprehensive loss in the Consolidated Statements of Financial Position. Gains and losses from the remeasurement of monetary assets and liabilities that are denominated in a non-functional currency are included in Other income within the Consolidated Statements of Income. The effect of foreign exchange gains and losses on the Consolidated Statements of Income was a gain of $3 million in 2013, a loss of $16 million in 2012 and a gain of $10 million in 2011. Included in these amounts were hedging losses of $10 million in 2013, hedging gains of $3 million in 2012, and hedging losses of $20 million in 2011.

Income Taxes

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

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

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

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

Changes in Accounting Principles

Accumulated Other Comprehensive Income

In February 2013, the Financial Accounting Standards Board ("FASB") issued guidance on the disclosure of amounts to be reclassified out of accumulated other comprehensive income. The guidance requires that amounts reclassified out of accumulated other comprehensive income be presented either on the face of the statement of operations or in the notes to the financial statements by component. The guidance was effective for Aon beginning in the first quarter 2013. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Indefinite-Lived Intangible Asset Impairment

In July 2012, FASB issued guidance on the testing of indefinite-lived intangible assets for impairment that gives an entity the option to perform a qualitative assessment that may eliminate the requirement to perform the annual quantitative test. The guidance gives an entity the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a an indefinite-lived intangible asset is less than its carrying amount. If an entity concludes that this is the case, it must perform the quantitative test. The guidance was effective for Aon beginning in the first quarter 2013. The adoption of this guidance did not have a material impact on the Company's Consolidated Financial Statements.

Balance Sheet Offsetting

In December 2011, the FASB issued guidance on the disclosure of offsetting assets and liabilities to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The objective of this disclosure is to facilitate comparison between those entities that prepare their financial statements on the basis of U.S. GAAP and those entities that prepare their financial statements on the basis of IFRS. The guidance requires certain derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and lending transactions to disclose both the gross and net position of these financial instruments. The guidance was effective for Aon beginning in the first quarter 2013. The adoption of this guidance did not have a material impact on the Company's Condensed Consolidated Financial Statements.

Presentation of Unrecognized Tax Benefits

In July 2013, the FASB issued guidance on the presentation of certain unrecognized tax benefits on the financial statements. The guidance requires, unless certain conditions exist, an unrecognized tax benefit to be presented as a reduction to a deferred tax asset in the financial statements for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The guidance is effective for Aon in the first quarter of 2014. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

Foreign Currency

In March 2013, the FASB issued new accounting guidance clarifying the accounting for the release of cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The guidance is effective for Aon in the first quarter of 2014. The adoption of this guidance is not expected to have a material impact on the Company's Consolidated Financial Statements.

3. Other Financial Data

Consolidated Statements of Income Information

Other Income

Other income consists of the following (in millions):

Years ended December 31	2013	2012	2011
Equity earnings	**$ 20**	$ 13	$ 7
Gains on investments	**28**	7	18
Gain on disposal of business	**10**	1	—
Loss on extinguishment of debt	**—**	—	(19)
Foreign currency remeasurement gains (losses)	**13**	(19)	30
Derivative (losses) gains	**(10)**	3	(20)
Other	**7**	(3)	3
	$ 68	$ 2	$ 19

Consolidated Balance Sheet Information

Allowance for Doubtful Accounts

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

Years ended December 31,	2013	2012	2011
Balance at beginning of year	**$ 118**	$ 104	$ 102
Provision charged to operations	**9**	45	43
Accounts written off, net of recoveries	**(38)**	(30)	(42)
Effect of exchange rate changes and other	**1**	(1)	1
Balance at end of year	**$ 90**	$ 118	$ 104

Fixed Assets, net

The components of Fixed assets, net are as follows (in millions):

As of December 31	2013	2012
Software	**$ 997**	$ 867
Leasehold improvements	**434**	426
Furniture, fixtures and equipment	**323**	331
Computer equipment	**341**	332
Construction in progress	**70**	109
Other (1)	**124**	124
	2,289	2,189
Less: Accumulated depreciation	**1,498**	1,369
Fixed assets, net	**$ 791**	$ 820

(1) Land and buildings and Automobiles, disclosed separately in 2012, are now presented in Other to conform with the current presentation.

Depreciation expense, which includes software amortization, was $240 million, $232 million, and $220 million for the years ended December 31, 2013, 2012, and 2011, respectively.

4. Acquisitions and Dispositions

In 2013, the Company completed the acquisition of eight businesses in the Risk Solutions segment and three businesses in the HR Solutions segment.

In 2012, the Company completed the acquisition of six businesses in the Risk Solutions segment and five businesses in the HR Solutions segment.

The following table includes the aggregate consideration transferred and the preliminary value of intangible assets recorded as a result of the Company's acquisitions (in millions):

Years ended December 31	2013	2012
Consideration	**$ 54**	$ 175
Intangible assets:		
Goodwill	**$ 38**	$ 90
Other intangible assets	**28**	100
Total	**$ 66**	$ 190

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

Dispositions

During 2013, the Company completed the disposition of seven businesses in the Risk Solutions segment and two businesses in the HR Solutions segment. Total pretax gains of $10 million were recognized on these sales, which are included in Other income in the Consolidated Statements of Income.

During 2012, the Company completed the disposition of three businesses in the Risk Solutions segment and one business in the HR Solutions segment. Total pretax gains of $1 million were recognized on these sales, which are included in Other income in the Consolidated Statements of Income.

During 2011, the Company completed the disposition of two businesses in the Risk Solutions segment. No pretax gains or losses were recognized on these sales.

5. Goodwill and Other Intangible Assets

The changes in the net carrying amount of goodwill by operating segment for the years ended December 31, 2013 and 2012, respectively, are as follows (in millions):

	Risk Solutions	HR Solutions	Total
Balance as of January 1, 2012	$ 5,557	$ 3,213	$ 8,770
Goodwill related to acquisitions	49	47	96
Goodwill related to disposals	(1)	—	(1)
Goodwill related to other prior year acquisitions	(6)	—	(6)
Transfers (1)	313	(313)	—
Foreign currency translation	70	14	84
Balance as of December 31, 2012	**$ 5,982**	**$ 2,961**	**$ 8,943**
Goodwill related to acquisitions	**36**	**2**	**38**
Goodwill related to disposals	**(9)**	**(3)**	**(12)**
Goodwill related to other prior year acquisitions	**(2)**	**17**	**15**
Foreign currency translation	**13**	**—**	**13**
Balance as of December 31, 2013	**$ 6,020**	**$ 2,977**	**$ 8,997**

(1) Effective January 1, 2012, the Health and Benefits Consulting business was transferred from the HR Solutions segment to the Risk Solutions segment.

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

	As of December 31					
	2013			2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Tradenames	**$ 1,019**	**$ —**	**$ 1,019**	$ 1,025	$ —	$ 1,025
Intangible assets with finite lives:						
Customer related and contract based	**2,720**	**1,310**	**1,410**	2,714	969	1,745
Marketing, technology and other (1)	**584**	**435**	**149**	619	414	205
	$ 4,323	**$ 1,745**	**$ 2,578**	$ 4,358	$ 1,383	$ 2,975

(1) Tradenames with finite lives disclosed separately in prior years are now presented in Marketing, technology, and other.

Amortization expense from finite-lived intangible assets was $395 million, $423 million and $362 million during 2013, 2012 and 2011, respectively.

The estimated future amortization for intangible assets as of December 31, 2013 is as follows (in millions):

	Risk Solutions	HR Solutions	Total
2014	$ 98	$ 243	$ 341
2015	83	212	295
2016	72	177	249
2017	59	141	200
2018	42	94	136
Thereafter	76	262	338
	$ 430	$ 1,129	$ 1,559

6. Restructuring

Aon Hewitt Restructuring Plan

On October 14, 2010, the Company announced a global restructuring plan ("Aon Hewitt Plan") in connection with the acquisition of Hewitt. The Aon Hewitt Plan was intended to streamline operations across the combined Aon Hewitt organization and included 2,960 job eliminations. Additionally, duplicate space and assets were abandoned. The Company incurred all remaining costs for the Aon Hewitt Plan and the plan was closed in 2013. The Aon Hewitt Plan resulted in cumulative costs of approximately $429 million, consisting of approximately $266 million in employee termination costs and approximately $163 million in real estate rationalization costs.

The Company recorded $174 million of restructuring related expenses for the year ended December 31, 2013. Charges related to the restructuring are included in Compensation and benefits and Other general expenses in the accompanying Consolidated Statements of Income.

The following summarizes restructuring and related costs by type that were incurred through the end of the restructuring initiative related to the Aon Hewitt Plan (in millions):

	2010	2011	2012	2013	Completed Plan Total
Workforce reduction	$ 49	$ 64	$ 74	**$ 79**	$ 266
Lease consolidation	3	32	18	**83**	136
Asset impairments	—	7	4	**7**	18
Other costs associated with restructuring (1)	—	2	2	**5**	9
Total restructuring and related expenses	$ 52	$ 105	$ 98	**$ 174**	$ 429

(1) Other costs associated with restructuring initiatives, including moving costs and consulting and legal fees, are recognized when incurred.

The following summarizes the restructuring and related expenses, by segment, that have been incurred through the end of the restructuring initiative related to the Aon Hewitt Plan (in millions):

	2010	2011	2012	2013	Completed Plan Total
HR Solutions	$ 52	$ 49	$ 66	**$ 80**	$ 247
Risk Solutions	—	56	32	**94**	182
Total restructuring and related expenses	$ 52	$ 105	$ 98	**$ 174**	$ 429

(1) Costs included in the Risk Solutions segment are due to the inclusion of the health and benefits consulting business in the Risk Solutions segment, which was transfered from HR Solutions effective January 1, 2012. Costs incurred in 2011 in the HR Solutions segment of $41 million related to the health and benefits consulting business have been reclassified and presented in the Risk Solutions segment.

As of December 31, 2013, the Company's liabilities for its restructuring plans are as follows (in millions):

	Aon Hewitt Plan	Aon Benfield Plan	2007 Plan	Other	Total
Balance at January 1, 2011	$ 88	$ 26	$ 113	$ 10	$ 237
Expensed	98	19	(11)	—	106
Cash payments	(93)	(24)	(59)	(2)	(178)
Foreign exchange translation and other	2	(1)	7	—	8
Balance at December 31, 2011	$ 95	$ 20	$ 50	$ 8	$ 173
Expensed	94	6	(3)	—	97
Cash payments	(95)	(24)	(18)	(5)	(142)
Stock compensation	—	(1)	—	—	(1)
Foreign exchange translation and other	2	2	6	—	10
Balance at December 31, 2012	**$ 96**	**$ 3**	**$ 35**	**$ 3**	**$ 137**
Expensed	**167**	**—**	**—**	**—**	**167**
Cash payments	**(125)**	**(2)**	**(24)**	**(1)**	**(152)**
Foreign exchange and other	**5**	**—**	**9**	**—**	**14**
Balance at December 31, 2013	**$ 143**	**$ 1**	**$ 20**	**$ 2**	**$ 166**

The Company's unpaid restructuring liabilities are included in both Accounts payable and accrued liabilities and Other non-current liabilities in the Consolidated Statements of Financial Position.

7. Investments

The Company earns income on cash balances and investments, as well as on premium trust balances that the Company maintains for premiums collected from insureds but not yet remitted to insurance companies, and funds held under the terms of certain outsourcing agreements to pay certain obligations on behalf of clients. Premium trust balances and a corresponding liability are included in Fiduciary assets and Fiduciary liabilities in the accompanying Consolidated Statements of Financial Position.

The Company's interest-bearing assets and other investments are included in the following categories in the Consolidated Statements of Financial Position (in millions):

As of December 31	2013	2012
Cash and cash equivalents	**$ 477**	$ 291
Short-term investments	**523**	346
Fiduciary assets (1)	**3,778**	4,029
Investments	**132**	165
	$ 4,910	$ 4,831

(1) Fiduciary assets include funds held on behalf of clients but does not include fiduciary receivables.

The Company's investments are as follows (in millions):

As of December 31	2013	2012
Equity method investments	**$ 113**	$ 102
Other investments, at cost (2)	**10**	43
Fixed-maturity securities (2)	**9**	20
	$ 132	$ 165

(2) The reductions in other investments and fixed-maturity securities are primarily due to sales.

Included in equity method investments is one listed company carried at $18 million. The market value of this investment is approximately $36 million as of December 31, 2013.

Equity method investments are as follows:

Investment	Country of Incorporation	Parent Ownership %	Group Ownership %	Holdings
Agostini Insurance Brokers Limited	Republic of Trinidad and Tobago	-	47.11%	Ordinary Shares
JS Johnson & Company Limited	The Commonwealth of the Bahamas	-	40.00%	Ordinary Shares
Trident V Limited Partnership	Cayman Islands	-	3.64%	n/a
Private Equity Limited Partnership	United States of America	-	various	n/a

8. Debt

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

As of December 31	2013	2012
6.25% EUR 500 debt securities due July 2014	**$ 685**	$ 661
5.00% senior notes due September 2020	**599**	598
3.50% senior notes due September 2015	**599**	598
8.205% junior subordinated deferrable interest debentures due January 2027	**521**	521
3.125% senior notes due May 2016	**500**	500
4.76% CAD 375 debt securities due March 2018	**352**	377
4.00% senior notes due November 2023	**349**	—
6.25% senior notes due September 2040	**298**	297
4.45 senior notes due May 2043	**248**	—
4.25% senior notes due December 2042	**195**	107
Term loan credit facility due October 2013 (LIBOR+1.38%)	**—**	383
Other	**43**	123
Total debt	**4,389**	4,165
Less short-term and current portion of long-term debt	**703**	452
Total long-term debt	**$ 3,686**	$ 3,713

The Company uses proceeds from the commercial paper market from time to time in order to meet short-term working capital needs. The Company had no commercial paper outstanding at December 31, 2013 and $50 million of commercial paper outstanding at December 31, 2012 which was included in Short-term debt in the Company's Consolidated Statements of Financial Position. The weighted average commercial paper outstanding for 2013 and 2012 was $339 million and $67 million, respectively. The weighted average interest rate of the commercial paper outstanding during 2013 and 2012 was 0.35% and 0.41%, respectively.

On November 21, 2013, the Company issued $350 million in aggregate principal amount of 4.00% Notes Due 2023. The 4.00% Notes Due 2023 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. The Company used the proceeds of the issuance to repay commercial paper borrowings and for general corporate purposes.

On May 21, 2013, the Company issued $250 million in aggregate principal amount of 4.45% Notes Due 2043. The 4.45% Notes Due 2043 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. The Company used the proceeds of the issuance to repay commercial paper borrowings and for general corporate purposes.

On April 29, 2013, the Company amended its Euro Facility agreement to add Aon plc as an additional borrower. On May 8, 2013, the Company established a multi-currency commercial paper program in aggregate principal amount of up to €650 million. Aon Corporation is a guarantor under the program.

On April 15, 2013, an S-4 registration statement registering $256 million in aggregate principal amount of 4.250% Notes Due 2042 (the "Exchange Notes") under the Securities Act of 1933, as amended (the "Securities Act"), was declared effective by the Securities and Exchange Commission. The Exchange Notes were exchanged for the Original Notes. The form and terms of the Exchange Notes are substantially identical in all material respects to those of the Original Notes except that the Exchange Notes are registered under the Securities Act and the transfer restrictions, registration rights and related additional interest provisions applicable to the Original Notes do not apply to the Exchange Notes. Like the Original Notes, the Exchange Notes were issued by Aon plc and unconditionally guaranteed by Aon Corporation. All Original Notes were exchanged for Exchange Notes in the second quarter 2013

On March 8, 2013, the Company issued $90 million in aggregate principal amount of 4.250% Notes Due 2042. The 4.250% Notes Due 2042 constitute a further issuance of, and were consolidated to form a single series of debt securities with, the $166 million aggregate principal amount of the 4.250% Notes Due 2042 issued by Aon plc on December 12, 2012 (collectively, the "Original Notes"). The Original Notes were unconditionally guaranteed as to the payment of principal and interest by Aon Corporation.

On December 12, 2012, the Company issued $166 million aggregate principal amount of 4.250% Notes Due 2042 in connection with an exchange offer of Aon Corporation's outstanding 8.205% junior subordinated deferrable interest debentures due January 2027. In connection with this exchange, the Company paid a premium of $59 million which will be amortized into Interest expense over the life of the new notes.

On August 31, 2012, the Company 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. The availability of any potential liquidity for these types of securities is dependent on investor demand, market conditions and other factors.

On March 20, 2012, Aon entered into the U.S. Facility. Borrowings under the U.S. Facility will bear interest, at the Company's option, at a rate equal to either (a) the rate for eurodollar deposits as reflected on the applicable Reuters LIBOR01 page for the interest period relevant to such borrowing ("Eurodollar Rate"), plus the applicable margin or (b) the highest of (i) the rate of interest publicly announced by Citibank as its prime rate, (ii) the federal funds effective rate from time to time plus 0.5% and (iii) the one month Eurodollar rate plus 1.0%, in each case plus the applicable margin. The applicable margin for borrowings under the U.S. Facility may change depending on achievement of certain public debt ratings. The U.S. Facility has a maturity date of March 20, 2017. In conjunction with the Company entering into the U.S. Facility the prior revolving U.S. credit agreement dated December 4, 2009 was terminated.

On May 24, 2011, Aon entered into an underwriting agreement for the sale of $500 million of 3.125% unsecured Senior Notes due 2016 (the "Notes"). On June 15, 2011, Aon entered into a Term Credit Agreement for unsecured term loan financing of $450 million ("2011 Term Loan Facility") due on October 1, 2013. The 2011 Term Loan Facility is a variable rate loan that is based on LIBOR plus a margin and at December 31, 2012, the effective annualized rate was approximately 1.59%. The Company used the net proceeds from the Notes issuance and 2011 Term Loan Facility borrowings to repay all amounts outstanding under its $1.0 billion three-year credit agreement dated August 13, 2010 ("2010 Term Loan Facility"), which was entered into in connection with the acquisition of Hewitt. The Company recorded a $19 million loss on the extinguishment of the 2010 Term Loan Facility as a result of the write-off of the deferred financing costs, which is included in Other income (expense) in the Consolidated Statements of Income.

On March 8, 2011, an indirect wholly-owned subsidiary of Aon issued CAD 375 million ($377 at December 31, 2012 exchange rates) of 4.76% senior unsecured debt securities, which are due in March 2018 and are guaranteed by the Company. The Company used the net proceeds from this issuance to repay its CAD 375 million 5.05% debt securities upon their maturity on April 12, 2011.

On August 13, 2010, in connection with the acquisition of Hewitt, Aon entered into an unsecured three-year Term Credit Agreement (the "2010 Term Loan Credit Facility"), which provided unsecured term loan financing of up to $1.0 billion. This Term Loan Credit Facility has an interest rate of LIBOR+2.5%. The Company borrowed $1.0 billion under this facility on October 1, 2010 to finance a portion of the Hewitt purchase price. The Company incurred $26 million of deferred finance costs associated with the Term Loan Credit Facility that were to be amortized over the term of the loan. Concurrent with entering into the Term Loan Credit Facility, the Company also entered into a Senior Bridge Term Loan Credit Agreement which provided unsecured bridge financing of up to $1.5 billion (the "Bridge Loan Facility") to finance a portion of the Hewitt purchase price.

In lieu of drawing under the Bridge Loan Facility, on September 7, 2010, Aon entered into an Underwriting Agreement (the "Underwriting Agreement") with several underwriters with respect to the offering and sale by the Company of $600 million aggregate principal amount of its 3.50% Senior Notes due 2015 (the "2015 Notes"), $600 million aggregate principal amount of its 5.00% Senior Notes due 2020 (the "2020 Notes") and $300 million aggregate principal amount of its 6.25% Senior Notes due 2040 (the "2040 Notes" and, together with the 2015 Notes and 2020 Notes, the "Notes") under the Company's Registration Statement on Form S-3. All of these Notes are unsecured. Deferred financing costs associated with the Notes of $12 million were capitalized and are included in Other non-current assets, and will be amortized over the respective term of each note. Following the issuance of these Notes, on September 15, 2010, the Bridge Loan Facility was terminated and the Company recorded $14 million of related deferred financing costs in the Consolidated Statements of Income.

On October 15, 2010, the Company entered into a new €650 million ($860 million at December 31, 2012 exchange rates) multi-currency revolving loan credit facility (the "Euro Facility") used by certain of Aon's European subsidiaries. The Euro Facility replaced the previous facility which was entered into in October 2005 and matured in October 2010 (the "2005 Facility"). The Euro Facility expires in October 2015 and has commitment fees of 35 basis points payable on the unused portion of the facility. Aon has guaranteed the obligations of its subsidiaries with respect to this facility. The Company had no borrowings under the Euro Facility.

On July 1, 2009, an indirect wholly-owned subsidiary of Aon issued €500 million ($661 million at December 31, 2012 exchange rates) of 6.25% senior unsecured debentures due on July 1, 2014. The carrying value of the debt includes $11 million related to hedging activities. The payment of the principal and interest on the debentures is unconditionally and irrevocably guaranteed by Aon. Proceeds from the offering were used to repay the Company's $677 million outstanding indebtedness under its 2005 Facility.

In 1997, Aon created Aon Capital A, a wholly-owned statutory business trust ("Trust"), for the purpose of issuing mandatorily redeemable preferred capital securities ("Capital Securities"). Aon received cash and an investment in 100% of the common equity of Aon Capital A by issuing 8.205% Junior Subordinated Deferrable Interest Debentures (the "Debentures") to Aon Capital A. These transactions were structured such that the net cash flows from Aon to Aon Capital A matched the cash flows from Aon Capital A to the third party investors. Aon determined that it was not the primary beneficiary of Aon Capital A, a VIE, and, thus reflected the Debentures as long-term debt. During the first half of 2009, Aon repurchased $15 million face value of the Capital Securities for approximately $10 million, resulting in a $5 million gain, which was reported in Other income (expense) in the Consolidated Statements of Income. To facilitate the legal release of the obligation created through the Debentures associated with this repurchase and future repurchases, Aon dissolved the Trust effective June 25, 2009. This dissolution resulted in the exchange of the Capital Securities held by third parties for the Debentures. Also in connection with the dissolution of the Trust, the $24 million of common equity of Aon Capital A held by Aon was exchanged for $24 million of Debentures, which were then cancelled. Following these actions, $687 million of Debentures remain outstanding. The Debentures are subject to mandatory redemption on January 1, 2027 or are redeemable in whole, but not in part, at the option of Aon upon the occurrence of certain events.

There are a number of covenants associated with both the U.S. and Euro facilities, the most significant of which require Aon to maintain a ratio of consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization), adjusted for Hewitt related transaction costs and up to $50 million in non-recurring cash charges ("Adjusted EBITDA"), to consolidated interest expense of 4 to 1 and a ratio of consolidated debt to Adjusted EBITDA, of not greater than 3 to 1. Aon was in compliance with all debt covenants during 2013.

Other than the Debentures, outstanding debt securities are not redeemable by Aon prior to maturity. There are no sinking fund provisions. Interest is payable semi-annually on most debt securities.

Repayments of total debt are as follows (in millions):

2014	$ 703
2015	609
2016	510
2017	4
2018	352
Thereafter	2,211
	$ 4,389

9. Lease Commitments

The Company leases office facilities, equipment and automobiles under non-cancelable operating leases. These leases expire at various dates and may contain renewal and expansion options. In addition to base rental costs, occupancy lease agreements generally provide for rent escalations resulting from increased assessments for real estate taxes and other charges. The Company's lease obligations are primarily for the use of office space.

In September 2013, the Company entered into an agreement to lease up to 479,000 square feet in a new building to be constructed in Gurgaon, India. The agreement is contingent upon the completion of the building construction. Aon expects to move into the new building in phases during 2014 and 2015 upon the expiration of the existing leases at the Gurgaon locations. The Company has included the future minimum rental payments for this leased space in the schedule below.

In November 2011, the Company entered into an agreement to lease office space in a new building to be constructed in London, United Kingdom. The agreement is contingent upon the completion of the building construction. Aon expects to move into the new building in 2015 when the building is completed and it exercises an early break option at another leased facility. The Company has included the future minimum rental payments for this leased space in the schedule below and has excluded the future minimum rental payments for the existing lease beyond the expected date of the exercise of the break option.

Rental expenses (including amounts applicable to taxes, insurance and maintenance) for operating leases are as follows (in millions):

Years ended December 31	**2013**	2012	2011
Rental expense	**$ 520**	$ 536	$ 525
Sub lease rental income	**77**	72	71
Net rental expense	**$ 443**	$ 464	$ 454

At December 31, 2013, future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year, net of sublease rental income, are as follows (in millions):

2014	$ 409
2015	371
2016	334
2017	287
2018	250
Thereafter	903
Total minimum payments required	$ 2,554

10. Income Taxes

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

Years ended December 31	2013	2012	2011
Income before income taxes:			
U.K.	**$ 96**	$ 36	$ 222
U.S.	**349**	468	305
Other	**1,093**	876	861
Total	**$ 1,538**	$ 1,380	$ 1,388
Income tax (benefit) expense:			
Current:			
U.K.	**$ (18)**	$ (10)	$ 13
U.S. federal	**111**	170	(17)
U.S. state and local	**52**	57	35
Other	**259**	238	204
Total current	**$ 404**	$ 455	$ 235
Deferred:			
U.K.	**$ 43**	$ 46	$ 32
U.S. federal	**(48)**	(83)	109
U.S. state and local	**10**	(10)	14
Other	**(19)**	(48)	(12)
Total deferred	**$ (14)**	$ (95)	$ 143
Total income tax expense	**$ 390**	$ 360	$ 378

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

A reconciliation of the income tax provisions based on the Company's domicile and statutory rate at each reporting period is performed. Due to the Redomestication, the 2013 and 2012 reconciliations are based on the U.K. statutory corporate tax rate of 23% and 24%, respectively, and 2011 is based on the U.S. statutory rate of 35%, which was the statutory rate prior to the Redomestication. The reconciliation to the provisions reflected in the Consolidated Financial Statements is as follows:

Years ended December 31	2013	2012	2011
Statutory tax rate	**23.0%**	24.0%	35.0%
U.S. state income taxes, net of U.S. federal benefit	**2.6**	2.2	2.3
Taxes on international operations (1)	**(4.4)**	0.6	(11.5)
Nondeductible expenses	**1.4**	2.0	3.5
Adjustments to prior year tax requirements	**(1.6)**	0.4	(1.1)
Deferred tax adjustments, including statutory rate changes	**1.4**	0.7	0.9
Deferred tax adjustments, international earnings	**3.3**	—	—
Adjustments to valuation allowances	**(1.7)**	(5.6)	(1.7)
Other — net	**1.4**	1.8	(0.1)
Effective tax rate	**25.4%**	26.1%	27.3%

(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 23%, 24% and 35% at December 31, 2013, 2012 and 2011, respectively.

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

As of December 31	2013	2012
Deferred tax assets:		
Employee benefit plans	**$ 623**	$ 917
Net operating/capital loss and tax credit carryforwards	**354**	368
Other accrued expenses	**142**	47
Investment basis differences	**50**	13
Other	**58**	77
Total	**1,227**	1,422
Valuation allowance on deferred tax assets	**(127)**	(154)
Total	**$ 1,100**	$ 1,268
Deferred tax liabilities:		
Intangibles and property, plant and equipment	**$ (1,074)**	$ (1,128)
Unremitted earnings	**(51)**	—
Deferred revenue	**(27)**	(30)
Other accrued expenses	**(39)**	(62)
Unrealized investment gains	**—**	(5)
Unrealized foreign exchange gains	**(27)**	(8)
Other	**(64)**	(29)
Total	**$ (1,282)**	$ (1,262)
Net deferred tax asset (liability)	**$ (182)**	$ 6

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,	2013	2012
Deferred tax assets — current (1)	**$ 93**	$ 44
Deferred tax assets — non-current	**193**	285
Deferred tax liabilities — current (1)	**(48)**	(17)
Deferred tax liabilities — non-current	**(420)**	(306)
Net deferred tax asset (liability)	**$ (182)**	$ 6

(1) Included in Other current assets and Other current liabilities.

Valuation allowances have been established primarily with regard to the tax benefits of certain net operating loss and tax credit carryforwards. Valuation allowances decreased by $27 million in 2013, primarily attributable to the change in the valuation allowances for foreign tax credit carryforwards.

The Company recognized, as an adjustment to additional paid-in-capital, income tax benefits attributable to employee stock compensation of $74 million, $33 million and $36 million in 2013, 2012 and 2011, respectively.

During 2013 we changed our assertion on a portion of our undistributed earnings and U.S deferred income taxes of $51 million were accrued. Undistributed earnings of non-U.S. entities were approximately $3.8 billion at December 31, 2013. U.S. income taxes have not been provided on these undistributed earnings because they are considered to be permanently invested in those subsidiaries. It is not practicable to estimate the amount of unrecognized deferred tax liabilities, if any, for these undistributed foreign earnings.

At December 31, 2013, the Company had U.K. operating loss carryforwards of $660 million and capital loss carryforwards of $270 million, nearly all of which have an indefinite carryforward. In addition there are U.S. federal operating loss carryforwards of $25 million that will expire at various dates from 2020 to 2027 and U.S. state operating loss carryforwards of $412 million that will expire at various dates from 2014 to 2031. In other non-U.S. jurisdictions there are operating and capital loss carryforwards of $287 million and $86 million, respectively, which have various carryforward periods and will begin to expire in 2015.

During 2012, we were 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 during 2013 was approximately $3.9 million.

Uncertain Tax Positions

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

	2013	2012
Balance at January 1	**$ 156**	$ 118
Additions based on tax positions related to the current year	**22**	21
Additions for tax positions of prior years	**69**	45
Reductions for tax positions of prior years	**(70)**	(1)
Settlements	**(10)**	(22)
Lapse of statute of limitations	**(3)**	(5)
Balance at December 31	**$ 164**	$ 156

As of December 31, 2013, $141 million of uncertain tax positions would impact the effective tax rate if recognized. The Company does not expect the uncertain tax positions to change significantly over the next twelve months.

The Company recognizes interest and penalties related to uncertain tax positions in its provision for income taxes. Aon accrued potential interest and penalties of $2 million and $6 million in 2013 and 2012, respectively. The Company has recorded a liability for interest and penalties of $27 million and $23 million as of December 31, 2013 and 2012, respectively.

The Company and its subsidiaries file various income tax returns in their jurisdictions. The Company has substantially concluded all U.S. federal income tax matters for years through 2006. Material U.S. state and local income tax jurisdiction examinations have been concluded for years through 2005. The Company has concluded income tax examinations in its primary non-U.S. jurisdictions through 2005.

11. Shareholders' Equity

Redomestication

Prior to the Redomestication, the Company accounted for purchases of its outstanding common stock using the treasury share method permitted under U.S. GAAP. Under this method, the Company recorded purchases of its own outstanding common stock as a reduction to Additional paid-in capital based on the cost of the shares acquired. Under U.K. law, when the Company repurchases its outstanding shares, those shares are treated as cancelled. In April 2012, the Company constructively cancelled 60 million shares of treasury stock related to the Redomestication. The impact of the cancellation of all outstanding treasury shares was a decrease in Ordinary shares and Retained earnings of $60 million and $2.4 billion, respectively. The balance of Treasury stock at cost of $2.5 billion was also eliminated as part of the cancellation. Additionally, effective upon the completion of the Redomestication, the par value of Aon's outstanding equity shares decreased from $1.00 to $0.01. The impact of this change was a decrease in Ordinary shares of $323 million, and an increase in Additional paid-in capital of $323 million.

As a U.K. incorporated company, Aon plc must have "distributable reserves" to make share repurchases or pay dividends to shareholders. Distributable reserves may be created through the earnings of the U.K. parent company and, amongst other methods, through a reduction in share capital approved by the English Companies Court. Distributable reserves are not linked to a U.S. GAAP reported amount. On April 4, 2012, the Company received approval from the English Companies Court to reduce its share premium and in connection with that approval, recognized distributable reserves in the amount of $8.0 billion. As of December 31, 2013 and 2012, the Company had distributable reserves of $5.9 billion and $7.0 billion, respectively.

Ordinary Shares

In January 2010, the Company's Board of Directors authorized a share repurchase program under which up to $2 billion of common stock may be repurchased ("2010 Stock Repurchase Plan"). Shares could be repurchased through the open market or in privately negotiated transactions, including structured repurchase programs, from time to time, based on prevailing market conditions, and were to be funded from available capital. Any repurchased shares were to be available for employee stock plans and for other corporate purposes.

The 2010 Stock Repurchase Program, which related to common stock of Aon Corporation and preceded the Redomestication, did not extend to shares of Aon plc. In April 2012, the Company's Board of Directors therefore authorized a share repurchase program under which up to $5.0 billion of Class A Ordinary Shares may be repurchased ("2012 Share Repurchase Program"). Under this program, shares may be repurchased through the open market or in privately negotiated transactions, from time to time, based on prevailing market conditions, and will be funded from available capital.

In 2013, the Company repurchased 16.8 million shares at an average price per share of $65.65 for a total cost of $1.1 billion. During 2012, the Company repurchased 21.6 million shares at an average price per share of $52.16 for a total cost of $1.1 billion under the 2012 Share Repurchase Program and the previously completed 2010 Share Repurchase Program. The remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $2.9 billion. Since the inception of the 2012 Share Repurchase Program, we repurchased a total of 36.3 million shares for an aggregate cost of $2.1 billion.

Participating Securities

Unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, are participating securities, as defined, and therefore, should be included in computing basic and diluted earnings per share using the two class method. Certain of the Company's restricted share awards allow the holder to receive a non-forfeitable dividend equivalent.

Net income, attributable to participating securities were $11 million, $11 million, and $13 million for the years ended December 31, 2013, 2012, and 2011 respectively.

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

	Year ended December 31,		
	2013	**2012**	**2011**
Shares for basic earnings per share (1)	**311.4**	328.5	335.5
Common stock equivalents	**4.0**	4.1	5.4
Shares for diluted earnings per share	**315.4**	332.6	340.9

(1) Includes 3.9 million, 4.7 million and 7.6 million shares of participating securities for the years ended December 31, 2013, 2012, and 2011 respectively.

Certain ordinary share equivalents were not included in the computation of diluted net income per share because their inclusion would have been antidilutive. The number of shares excluded from the calculation was 0.0 million in 2013, 0.2 million in 2012 and 0.1 million in 2011.

Dividends

During 2013, 2012, and 2011, the Company paid dividends on its Class A Ordinary Shares of $212 million, $204 million, and $200 million, respectively. Dividends paid per Class A Ordinary Share were $0.68, $0.62 and $0.60 for the years ended December 31, 2013, 2012, and 2011 respectively.

In January 2014, the Company approved the declaration of a dividend to shareholders of $0.18 per ordinary share. In February 2014, the Company paid those dividends in the amount of $53 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 2006.

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 Investments (1)	Change in Fair Value of Derivatives (1)	Foreign Currency Translation Adjustments	Post-Retirement Benefit Obligation (2)	Total
Balance at January 1, 2011	$ —	$ (24)	$ 168	$ (2,061)	$ (1,917)
Other comprehensive loss before reclassifications:					
Other comprehensive loss before reclassifications	—	(44)	(47)	(682)	(773)
Tax benefit	—	15	3	225	243
Other comprehensive loss before reclassifications, net	—	(29)	(44)	(457)	(530)
Amounts reclassified from accumulated other comprehensive loss:					
Amounts reclassified from accumulated other comprehensive loss	—	25	—	89	114
Tax benefit	—	(9)	—	(28)	(37)
Amounts reclassified from accumulated other comprehensive loss, net	—	16	—	61	77
Net current period other comprehensive (loss) income	—	(13)	(44)	(396)	(453)
Balance at December 31, 2011	—	(37)	124	(2,457)	(2,370)
Other comprehensive loss before reclassifications:					
Other comprehensive loss before reclassifications	—	(19)	109	(598)	(508)
Tax benefit	—	7	—	164	171
Other comprehensive loss before reclassifications, net	—	(12)	109	(434)	(337)
Amounts reclassified from accumulated other comprehensive loss:					
Amounts reclassified from accumulated other comprehensive loss	—	33	—	110	143
Tax benefit	—	(12)	—	(34)	(46)
Amounts reclassified from accumulated other comprehensive loss, net	—	21	—	76	97
Net current period other comprehensive (loss) income	—	9	109	(358)	(240)
Balance at December 31, 2012	**—**	**(28)**	**233**	**(2,815)**	**(2,610)**
Other comprehensive loss before reclassifications:					
Other comprehensive loss before reclassifications	**27**	**(12)**	**(65)**	**336**	**286**
Tax benefit	**(13)**	**5**	**1**	**(136)**	**(143)**
Other comprehensive loss before reclassifications, net	**14**	**(7)**	**(64)**	**200**	**143**
Amounts reclassified from accumulated other comprehensive loss:					
Amounts reclassified from accumulated other comprehensive loss	**(20)**	**21**	**—**	**131**	**132**
Tax benefit	**7**	**(8)**	**—**	**(38)**	**(39)**
Amounts reclassified from accumulated other comprehensive loss, net	**(13)**	**13**	**—**	**93**	**93**
Net current period other comprehensive (loss) income	**1**	**6**	**(64)**	**293**	**236**
Balance at December 31, 2013	**$ 1**	**$ (22)**	**$ 169**	**$ (2,522)**	**$ (2,374)**

(1) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Other income
(2) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Compensation and benefits

12. Employee Benefits

Defined Contribution Savings Plans

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

Years ended December 31	2013	2012	2011
U.S.	**$ 123**	$ 115	$ 104
U.K.	**45**	41	43
	$ 168	$ 156	$ 147

Pension and Other Post-retirement Benefits

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

Pension Plans

The following tables provide a reconciliation of the changes in the projected benefit obligations and fair value of assets for the years ended December 31, 2013 and 2012 and a statement of the funded status as of December 31, 2013 and 2012, for the material U.K. plans, U.S. plans and other plans, which are located in the Netherlands and Canada. These plans represent approximately 93% of the Company's projected benefit obligations.

(millions)	U.K. 2013	U.K. 2012	U.S. 2013	U.S. 2012	Other 2013	Other 2012
Change in projected benefit obligation						
At January 1	**$ 4,944**	$ 4,520	**$ 2,884**	$ 2,657	**$ 1,323**	$ 1,063
Service cost	**1**	1	**7**	—	**18**	14
Interest cost	**210**	217	**114**	119	**45**	48
Participant contributions	**—**	—	**—**	—	**1**	1
Plan amendment	**—**	—	**12**	—	**—**	—
Curtailments	**—**	—	**—**	—	**(1)**	—
Plan transfer and acquisitions	**—**	—	**115**	—	**—**	—
Actuarial loss (gain)	**145**	(116)	**17**	29	**1**	(23)
Benefit payments	**(186)**	(153)	**(128)**	(123)	**(44)**	(42)
Actual expenses	**—**	—	**—**	—	**(1)**	—
Change in discount rate	**(95)**	324	**(277)**	202	**(85)**	238
Foreign currency impact	**87**	151	**—**	—	**(5)**	24
At December 31	**$ 5,106**	$ 4,944	**$ 2,744**	$ 2,884	**$ 1,252**	$ 1,323
Accumulated benefit obligation at end of year	**$ 5,106**	$ 4,944	**$ 2,744**	$ 2,884	**$ 1,177**	$ 1,241
Change in fair value of plan assets						
At January 1	**$ 4,860**	$ 4,245	**$ 1,631**	$ 1,325	$ 1,009	$ 853
Actual return on plan assets	**304**	281	**199**	203	**34**	111
Participant contributions	**—**	—	**—**	—	**1**	1
Employer contributions	**316**	341	**153**	226	**55**	71
Plan transfer and acquisitions	**—**	—	**—**	—	**—**	—
Benefit payments	**(186)**	(153)	**(128)**	(123)	**(44)**	(42)
Actual Expenses	**—**	—	**—**	—	**(1)**	—
Foreign currency impact	**104**	146	**—**	—	**7**	15
At December 31	**$ 5,398**	$ 4,860	**$ 1,855**	$ 1,631	**$ 1,061**	$ 1,009
Market related value at end of year	**$ 5,398**	$ 4,860	**$ 1,765**	$ 1,566	**$ 1,061**	$ 1,009
Amount recognized in Statement of Financial Position at December 31						
Funded status	**$ 292**	$ (84)	**$ (889)**	$ (1,253)	**$ (191)**	$ (314)
Unrecognized prior-service cost	**24**	24	**12**	—	**3**	4
Unrecognized loss	**2,012**	1,981	**1,219**	1,591	**402**	491
Net amount recognized	**$ 2,328**	$ 1,921	**$ 342**	$ 338	**$ 214**	$ 181

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

	U.K. 2013	U.K. 2012	U.S. 2013	U.S. 2012	Other 2013	Other 2012
Prepaid benefit cost (1)	**$ 549**	$ 301	**$ —**	$ —	**$ 1**	$ —
Accrued benefit liability (2)	**(257)**	(385)	**(889)**	(1,253)	**(192)**	(314)
Accumulated other comprehensive loss	**2,036**	2,005	**1,231**	1,591	**405**	495
Net amount recognized	**$ 2,328**	$ 1,921	**$ 342**	$ 338	**$ 214**	$ 181

(1) Included in Other non-current assets
(2) Included in Pension, other post retirement, and post employment liabilities

Amounts recognized in Accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost at December 31, 2013 and 2012 consist of (in millions):

	U.K.		U.S.		Other	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Net loss	**$ 2,012**	$ 1,981	**$ 1,219**	$ 1,591	**$ 402**	$ 491
Prior service cost	**24**	24	**12**	—	**3**	4
	$ 2,036	$ 2,005	**$ 1,231**	$ 1,591	**$ 405**	$ 495

In 2013, 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 $2.7 billion, an ABO of $2.7 billion, and plan assets of $1.9 billion. U.K. plans with a PBO in excess of the fair value of plan assets had a PBO of $1.2 billion and plan assets with a fair value of $1.0 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $1.2 billion and plan assets with a fair value of $1.0 billion. Other plans with a PBO in excess of the fair value of plan assets had a PBO of $1.2 billion and plan assets with a fair value of $1.0 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $0.4 billion and plan assets with a fair value of $0.3 billion.

In 2012, U.S. plans with a with a PBO and an ABO in excess of the fair value of plan assets had a PBO of $2.9 billion, an ABO of $2.9 billion, and plan assets of $1.6 billion. U.K. plans with a PBO in excess of the fair value of plan assets had a PBO of $2.2 billion and plan assets with a fair value of $1.8 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $2.2 billion and plan assets with a fair value of $1.8 billion. Other plans with a PBO in excess of the fair value of plan assets had a PBO of $1.3 billion and plan assets with a fair value of $1.0 billion, and plans with an ABO in excess of the fair value of plan assets had an ABO of $1.3 billion and plan assets with a fair value of $1.0 billion.

The following table provides the components of net periodic benefit cost for the plans (in millions):

	U.K.			U.S.			Other		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Service cost	**$ 1**	$ 1	$ 4	**$ 7**	$ —	$ —	**$ 18**	$ 14	$ 15
Interest cost	**210**	217	216	**114**	119	122	**45**	48	51
Expected return on plan assets	**(302)**	(274)	(238)	**(139)**	(127)	(120)	**(59)**	(49)	(49)
Amortization of prior-service cost	**1**	1	1	**—**	—	—	**—**	—	—
Amortization of net actuarial loss	**49**	43	39	**52**	43	31	**23**	17	14
Net periodic benefit cost	**$ (41)**	$ (12)	$ 22	**$ 34**	$ 35	$ 33	**$ 27**	$ 30	$ 31

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

	U.K.		U.S.		Other	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Discount rate	**4.55%**	4.45%	**3.97-4.87%**	3.73 – 4.05%	**3.60 - 4.71%**	3.25 - 3.89%
Rate of compensation increase.	**3.70 - 4.40%**	3.85%	**N/A**	N/A	**2.25 - 3.50%**	2.25 - 3.50%
Underlying price inflation	**2.4%**	2.25%	**N/A**	N/A	**1.50 - 2.50%**	2.00 - 2.50%

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

	U.K.			U.S.			Other		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Discount rate	**4.45%**	4.80%	5.30 - 5.50%	**3.73 - 4.05%**	4.33 – 4.60%	4.35 – 5.34%	**3.25 - 3.89%**	4.40 - 4.94%	4.70 - 5.45%
Expected return on plan assets	**6.30%**	6.30%	3.20 - 7.20%	**8.80%**	8.80%	8.80%	**4.60 - 6.50%**	4.90 - 6.75%	4.90 - 7.00%
Rate of compensation increase	**3.25 - 3.85%**	3.55%	4.00%	**N/A**	N/A	N/A	**2.25 - 3.50%**	2.25 - 3.50%	2.00 - 3.50%

The amounts in Accumulated other comprehensive loss expected to be recognized as components of net periodic benefit cost during 2014 are $44 million in the U.S. and $63 million outside the U.S.

Expected Return on Plan Assets

To determine the expected long-term rate of return on plan assets, the historical performance, investment community forecasts and current market conditions are analyzed to develop expected returns for each asset class used by the plans. The expected returns for each asset class are weighted by the target allocations of the plans. The expected return on plan assets in the U.S. of 8.8% reflects a portfolio that is seeking asset growth through a higher equity allocation while maintaining prudent risk levels. The portfolio contains certain assets that have historically resulted in higher returns and other financial instruments to minimize downside risk.

No plan assets are expected to be returned to the Company during 2014.

Fair value of plan assets

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

The fair values of the Company's U.S. pension plan assets at December 31, 2013 and December 31, 2012, by asset category, are as follows (in millions):

		Fair Value Measurements Using		
Asset Category	**Balance at December 31, 2013**	**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)	**$ 53**	$ 53	$ —	$ —
Equity investments: (2)				
Large cap domestic	**303**	303	—	—
Small cap domestic	**66**	5	61	—
Large cap international	**212**	66	146	—
Equity derivatives	**361**	146	215	—
Fixed income investments: (3)				
Corporate bonds	**395**	—	395	—
Government and agency bonds	**96**	—	96	—
Asset-backed securities	**25**	—	25	—
Fixed income derivatives	**13**	—	13	—
Other investments:				
Alternative investments (4)	**266**	—	—	266
Commodity derivatives (5)	**14**	—	14	—
Real estate and REITS (6)	**51**	51	—	—
Total	**$ 1,855**	$ 624	$ 965	$ 266

(1) Consists of cash and institutional short-term investment funds.

(2) Consists of equity securities, equity derivatives, and pooled equity funds.

(3) Consists of corporate and government bonds, asset-backed securities, and fixed income derivatives.

(4) Consists of limited partnerships, private equity and hedge funds.

(5) Consists of long-dated options on a commodity index.

(6) Consists of exchange traded REITS.

Asset Category	Balance at December 31, 2012	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)	$ 22	$ 22	$ —	$ —
Equity investments: (2)				
Large cap domestic	233	233	—	—
Small cap domestic	44	—	44	—
Large cap international	188	59	129	—
Equity derivatives	226	69	157	—
Fixed income investments: (3)				
Corporate bonds	421	—	421	—
Government and agency bonds	97	—	97	—
Asset-backed securities	18	—	18	—
Fixed income derivatives	52	—	52	—
Other investments:				
Alternative investments (4)	262	—	—	262
Commodity derivatives (5)	17	—	17	—
Real estate and REITS (6)	51	51	—	—
Total	$ 1,631	$ 434	$ 935	$ 262

(1) Consists of cash and institutional short-term investment funds.

(2) Consists of equity securities, equity derivatives, and pooled equity funds.

(3) Consists of corporate and government bonds, asset-backed securities, and fixed income derivatives.

(4) Consists of limited partnerships, private equity and hedge funds.

(5) Consists of long-dated options on a commodity index.

(6) Consists of exchange traded REITS.

The following table presents the changes in the Level 3 fair-value category in the Company's U.S. pension plans for the years ended December 31, 2013 and December 31, 2012 (in millions):

	Fair Value Measurement Using Level 3 Inputs
Balance at January 1, 2012	$ 191
Actual return on plan assets:	
Relating to assets still held at December 31, 2012	22
Relating to assets sold during 2012	1
Purchases, sales and settlements—net	48
Transfer in/(out) of Level 3	—
Balance at December 31, 2012	262
Actual return on plan assets:	
Relating to assets still held at December 31, 2013	**26**
Relating to assets sold during 2013	**4**
Purchases, sales and settlements—net	**(26)**
Transfer in/(out) of Level 3	**—**
Balance at December 31, 2013	**$ 266**

The fair values of the Company's major U.K. pension plan assets at December 31, 2013 and December 31, 2012, by asset category, are as follows (in millions):

		Fair Value Measurements Using		
	Balance at December 31, 2013	**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	**$ 555**	$ 555	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	**668**		668	—
Europe	**155**	—	155	—
Equity securities — global (2)	**171**	171	—	—
Derivatives (2)	**31**	—	31	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	**500**	—	500	—
Fixed income securities (3)	**2,043**	2,043	—	—
Annuities	**564**	—	—	564
Derivatives (3)	**142**	—	142	—
Other investments:				
Pooled funds: (1)				
Real estate (4)	**23**	—	—	23
Alternative investments (5)	**546**	—	—	546
Total	**$ 5,398**	$ 2,769	$ 1,496	$ 1,133

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of equity securities and equity derivatives.

(3) Consists of corporate and government bonds and fixed income derivatives.

(4) Consists of property funds and trusts holding direct real estate investments.

(5) Consists of limited partnerships, private equity and hedge funds.

		Fair Value Measurements Using		
	Balance at December 31, 2012	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	$ 298	$ 298	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	967	—	967	—
Europe	319	—	319	—
Equity securities — global (2)	137	137	—	—
Derivatives (2)	103	—	103	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	501	—	501	—
Fixed income securities (3)	1,234	1,234	—	—
Annuities	568	—	—	568
Derivatives (3)	217	—	217	—
Other investments:				
Pooled funds: (1)				
Real estate (4)	70	—	—	70
Alternative investments (5)	446	—	—	446
Total	$ 4,860	$ 1,669	$ 2,107	$ 1,084

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of equity securities and equity derivatives.

(3) Consists of corporate and government bonds and fixed income derivatives.

(4) Consists of property funds and trusts holding direct real estate investments.

(5) Consists of limited partnerships, private equity and hedge funds.

The following table presents the changes in the Level 3 fair-value category in the Company's U.K. pension plans for the years ended December 31, 2013 and December 31, 2012 (in millions):

	Fair Value Measurements Using Level 3 Inputs			
	Annuities	Real Estate	Alternative Investments	Total
Balance at January 1, 2012	$ 419	$ 97	$ 335	$ 851
Actual return on plan assets:				
Relating to assets still held at December 31, 2012	(4)	1	19	16
Relating to assets sold during 2012	—	1	11	12
Purchases, sales and settlements—net	137	(32)	68	173
Transfers in/(out) of Level 3	—	—	—	—
Foreign exchange	16	3	13	32
Balance at December 31, 2012	**568**	**70**	**446**	**1,084**
Actual return on plan assets:				
Relating to assets still held at December 31, 2013	**(13)**	**1**	**32**	**20**
Relating to assets sold during 2013	**—**	**3**	**5**	**8**
Purchases, sales and settlements—net	**—**	**(50)**	**51**	**1**
Transfers in/(out) of Level 3	**—**	**—**	**—**	**—**
Foreign exchange	**9**	**(1)**	**12**	**20**
Balance at December 31, 2013	**$ 564**	**$ 23**	**$ 546**	**$ 1,133**

The fair values of the Company's major other pension plan assets at December 31, 2013 and December 31, 2012, by asset category, are as follows (in millions):

		Fair Value Measurements Using		
	Balance at December 31, 2013	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and cash equivalents	**$ 11**	$ 11	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	**318**	—	318	—
North America	**52**	—	52	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	**509**	—	509	—
Derivatives	**20**	—	20	—
Fixed income securities (2)	**61**	—	61	—
Derivatives (2)	**14**	—	14	—
Other investments:				
Pooled funds: (1)				
Commodities	**32**	—	32	—
REITS	**5**	—	5	—
Real estate (3)	**17**	—	—	17
Alternative investments (4)	**8**	—	—	8
Derivatives	**14**	—	14	—
Total	**$ 1,061**	$ 11	$ 1,025	$ 25

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of corporate and government bonds and fixed income derivatives.

(3) Consists of property funds and trusts holding direct real estate investments.

(4) Consists of limited partnerships, private equity and hedge funds.

		Fair Value Measurements Using		
	Balance at December 31, 2012	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	$ 5	$ 5	$ —	$ —
Equity investments:				
Pooled funds: (1)				
Global	274	—	274	—
North America	65	—	65	—
Fixed income investments:				
Pooled funds: (1)				
Fixed income securities	472	—	472	—
Derivatives	23	—	23	—
Fixed income securities (2)	64	—	64	—
Derivatives (2)	28	—	28	—
Other investments:				
Pooled funds: (1)				
Commodities	30	—	30	—
REITS	5	—	5	—
Real estate (3)	17	—	—	17
Alternative investments (4)	11	—	—	11
Derivatives	15	—	15	—
Total	$ 1,009	$ 5	$ 976	$ 28

(1) Consists of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles.

(2) Consists of corporate and government bonds and fixed income derivatives.

(3) Consists of property funds and trusts holding direct real estate investments.

(4) Consists of limited partnerships, private equity and hedge funds.

The following table presents the changes in the Level 3 fair-value category in the Company's other pension plans for the years ended December 31, 2013 and December 31, 2012 (in millions):

	Fair Value Measurements Using Level 3 Inputs		
	Real Estate	Alternative Investments	Total
Balance at January 1, 2012	$ 37	$ 11	$ 48
Actual return on plan assets:			
Relating to assets still held at December 31, 2012	(2)	—	(2)
Relating to assets sold during 2012	—	—	—
Purchases, sales and settlements—net	—	—	—
Transfers in/(out) of Level 3	(18)	—	(18)
Foreign exchange	—	—	—
Balance at December 31, 2012	**17**	**11**	**28**
Actual return on plan assets:			
Relating to assets still held at December 31, 2013	**(1)**	**1**	**—**
Relating to assets sold during 2013	**—**	**1**	**1**
Purchases, sales and settlements—net	**—**	**(4)**	**(4)**
Transfers in/(out) of Level 3	**—**	**—**	**—**
Foreign exchange	**1**	**(1)**	**—**
Balance at December 31, 2013	**$ 17**	**$ 8**	**$ 25**

Investment Policy and Strategy

The U.S. investment policy, as established by the Aon Retirement Plan Governance and Investment Committee ("RPGIC"), seeks reasonable asset growth at prudent risk levels within target allocations, which are 49% equity investments, 30% fixed income investments, and 21% other investments. Aon believes that plan assets are well-diversified and are of appropriate quality. The investment portfolio asset allocation is reviewed quarterly and re-balanced to be within policy target allocations. The investment policy is reviewed at least annually and revised, as deemed appropriate by the RPGIC. The investment policies for international plans are generally established by the local pension plan trustees and seek to maintain the plans' ability to meet liabilities and to comply with local minimum funding requirements. Plan assets are invested in diversified portfolios that provide adequate levels of return at an acceptable level of risk. The investment policies are reviewed at least annually and revised, as deemed appropriate to ensure that the objectives are being met. At December 31, 2013, the weighted average targeted allocation for the U.K. and non-U.S. plans was 31% for equity investments and 69% for fixed income investments.

Cash Flows

Contributions

Based on current assumptions, the Company expects to contribute approximately $173 million and $212 million, respectively, to its U.S. and non-U.S. pension plans during 2014.

Estimated Future Benefit Payments

Estimated future benefit payments for plans are as follows at December 31, 2013 (in millions):

	U.K.	U.S.	Other
2014	$ 156	$ 152	$ 45
2015	157	158	46
2016	168	166	48
2017	181	173	49
2018	190	171	51
2019 – 2023	1,143	868	280

U.S. and Canadian Other Post-Retirement Benefits

The following table provides an overview of the accumulated projected benefit obligation, fair value of plan assets, funded status and net amount recognized as of December 31, 2013 and 2012 for the Company's other material post-retirement benefit plans located in the U.S. and Canada (in millions):

	2013	2012
Accumulated projected benefit obligation	**$ 118**	$ 134
Fair value of plan assets	**20**	20
Funded status	**(98)**	(114)
Unrecognized prior-service credit	**(9)**	(15)
Unrecognized loss	**18**	37
Net amount recognized	**$ (89)**	$ (92)

Other information related to the Company's other post-retirement benefit plans are as follows:

	2013	2012	2011
Net periodic benefit cost recognized (millions)	**$4**	$1	$6
Weighted-average discount rate used to determine future benefit obligations	**4.44 - 4.95**	3.67 – 4.00	4.33 – 5.00
Weighted-average discount rate used to determine net periodic benefit costs	**3.67 - 4.00**	4.33 – 5.00	4.92 – 6.00

Amounts recognized in Accumulated other comprehensive loss that have not yet been recognized as components of net periodic benefit cost at December 31, 2013 are $18 million and $9 million of net loss and prior service credit, respectively. The amount in Accumulated other comprehensive income expected to be recognized as a component of net periodic benefit cost during 2014 is $1 million and $5 million of net loss and prior service credit, respectively.

Based on current assumptions, the Company expects:

- To contribute $6 million to fund material other post-retirement benefit plans during 2014.
- Estimated future benefit payments will be approximately $8 million each year for 2014 through 2018, and $40 million in aggregate for 2019-2023.

The accumulated post-retirement benefit obligation is increased by $5 million and decreased by $5 million by a respective 1% increase or decrease to the assumed health care trend rate. The service cost and interest cost components of net periodic benefits cost is increased by $0.5 million and decreased by $0.5 million by a respective 1% increase or decrease to the assumed healthcare trend rate.

For most of the participants in the U.S. plan, Aon's liability for future plan cost increases for pre-65 and Medical Supplement plan coverage is limited to 5% per annum. Although the net employer trend rates range from 8% to 5% per year, because of this cap, these plans are effectively limited to 5% per year in the future. During 2012, Aon recognized a plan amendment that phases out post-retirement coverage in its U.S. plan over the next two years. The amendment resulted in recognition of prior service credits of $5 million in 2012 in net periodic benefit cost. The impact of this amendment also resulted in a new prior service credit of $10 million which will impact net periodic benefit cost in future periods as it is recognized over the average remaining service life of the employees.

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	2013	2012	2011
Restricted share units ("RSUs")	**$ 174**	$ 154	$ 142
Performance share awards ("PSAs")	**117**	46	78
Share options	**2**	5	9
Employee share purchase plans	**7**	7	6
Total share-based compensation expense	**300**	212	235
Tax benefit	**81**	62	77
Share-based compensation expense, net of tax	**$ 219**	$ 150	$ 158

Restricted Share Units

RSUs generally vest between three and five years, but may vest up to ten years from the date of grant. The fair value of RSUs is based upon the market value of the Aon ordinary shares at the date of grant. With certain limited exceptions, any break in continuous employment will cause the forfeiture of all unvested awards. Compensation expense associated with RSUs is recognized over the requisite service period. Dividend equivalents are paid on certain RSUs, based on the initial grant amount.

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

	2013		2012		2011	
Years ended December 31	Shares	Fair Value (1)	Shares	Fair Value (1)	Shares	Fair Value (1)
Non-vested at beginning of year	**10,432**	**$ 44**	9,916	$ 42	10,674	$ 38
Granted	**3,714**	**62**	5,113	46	3,506	51
Vested	**(3,945)**	**44**	(3,958)	42	(3,773)	39
Forfeited	**(442)**	**47**	(639)	44	(491)	39
Non-vested at end of year	**9,759**	**51**	10,432	44	9,916	42

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

The fair value of RSUs that vested during 2013, 2012 and 2011 was $172 million, $180 million and $146 million, respectively.

Performance Share Awards

The vesting of PSAs is contingent upon meeting various individual, divisional or company-wide performance conditions, including revenue generation or growth in revenue, pretax income or earnings per share over a one to five-year period. The performance conditions are not considered in the determination of the grant date fair value for these awards. The fair value of PSAs is based upon the market price of an Aon ordinary share at the date of grant. Compensation expense is recognized over the performance period, and in certain cases an additional vesting period, based on management's estimate of the number of units expected to vest. Compensation expense is adjusted to reflect the actual number of shares issued at the end of the programs. The actual issue of shares may range from 0-200% of the target number of PSAs granted, based on the terms of the plan and level of achievement of the related performance target. Dividend equivalents are not paid on PSAs.

Information regarding the Company's target PSAs granted and shares that would be issued at current performance levels for PSAs granted during the years ended December 31, 2013, 2012 and 2011, respectively, is as follows (shares in thousands, dollars in millions, except fair value):

	2013	2012	2011
Target PSAs granted	**1,135**	1,369	1,715
Fair value (1)	**$ 58**	$ 47	$ 50
Number of shares that would be issued based on current performance levels	**1,702**	2,451	1,443
Unamortized expense, based on current performance levels	**$ 70**	$ 40	$ —

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

During 2013, the Company issued approximately 1.1 million shares in connection with the 2010 Leadership Performance Plan ("LPP") cycle and 0.2 million shares related to other performance plans. During 2012, the Company issued approximately 1.4 million shares in connection with the 2009 LPP cycle and 0.9 million shares related to other performance plans. During 2011, the Company issued approximately 1.2 million shares in connection with the 2008 LPP cycle and 0.3 million shares related to a 2006 performance plan.

Share Options

In prior periods, options to purchase ordinary shares were granted to certain employees at fair value on the date of grant. Commencing in 2010, the Company ceased granting new share options with the exception of historical contractual commitments. Generally, employees are required to complete two continuous years of service before the options begin to vest in increments until the completion of a four-year period of continuous employment, although a number of options were granted that require five continuous years of service before the options are fully vested. Options issued under the LPP program vest ratably over three years with a six-year term. The maximum contractual term on share options is ten years from the date of grant.

The Company uses a lattice-binomial option-pricing model to value share options. Lattice-based option valuation models use a range of assumptions over the expected term of the options. Expected volatilities are based on the average of the historical volatility of the Company's share price and the implied volatility of traded options and the Company's shares. The valuation model stratifies employees between those receiving LPP options, Special Stock Plan ("SSP") options, and all other option grants. The Company believes that this stratification better represents prospective share option exercise patterns. The expected dividend yield assumption is based on the Company's historical and expected future dividend rate. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life of employee share options represents the weighted-average period stock options are expected to remain outstanding and is a derived output of the lattice-binomial model.

In connection with its incentive compensation plans, the Company granted no shares for the years ended December 31, 2013 and 2012 and 80,000 shares at $53 per share for the year ended December 31, 2011. The weighted average assumptions, the weighted average expected life and estimated fair value of employee share options granted are summarized as follows:

Years ended December 31	2013	2012	2011
Weighted average volatility	**NA**	NA	26.1%
Expected dividend yield	**NA**	NA	1.3%
Risk-free rate	**NA**	NA	2.2%
Weighted average expected life, in years	**NA**	NA	5.5
Weighted average estimated fair value per share	**NA**	NA	$10.92

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

Years ended December 31	2013		2012		2011	
	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share	Shares	Weighted-Average Exercise Price Per Share
Beginning outstanding	**5,611**	**$ 32**	9,116	$ 32	13,919	$ 32
Granted	**—**	**—**	—	—	80	53
Exercised	**(2,116)**	**32**	(3,413)	31	(4,546)	32
Forfeited and expired	**(33)**	**34**	(92)	37	(337)	36
Outstanding at end of year	**3,462**	**32**	5,611	32	9,116	32
Exercisable at end of year	**3,270**	**32**	5,117	31	7,833	30
Shares available for grant	**11,330**		17,024		24,508	

A summary of options outstanding and exercisable as of December 31, 2013 is as follows (shares in thousands):

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Shares Outstanding	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price Per Share	Shares Exercisable	Weighted-Average Remaining Contractual Life (years)	Weighted-Average Exercise Price Per Share
$14.71 – 22.86	1,244	1.43	$ 22.45	1,244	1.43	$ 22.45
22.87 – 25.51	174	1.50	25.44	174	1.50	25.44
25.52 – 32.53	304	0.90	27.41	304	0.90	27.41
32.54 – 36.88	392	2.32	35.89	323	2.09	35.77
36.89 – 43.44	830	2.55	39.49	760	2.31	39.54
43.45 – 52.93	518	3.50	47.05	465	3.09	46.38
	3,462			3,270		

The aggregate intrinsic value represents the total pretax intrinsic value, based on options with an exercise price less than the Company's closing share price of $83.89 as of December 31, 2013, which would have been received by the option holders had those option holders exercised their options as of that date. At December 31, 2013, the aggregate intrinsic value of options outstanding was $179 million, of which $170 million was exercisable.

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

	2013	2012	2011
Aggregate intrinsic value of stock options exercised	**$ 73**	$ 67	$ 80
Cash received from the exercise of stock options	**61**	105	153
Tax benefit realized from the exercise of stock options	**15**	11	14

Unamortized deferred compensation expense, which includes both options and awards, amounted to $336 million as of December 31, 2013, with a remaining weighted-average amortization period of approximately 2.1 years.

Employee Share Purchase Plan

United States

The Company has an employee share purchase plan that provides for the purchase of a maximum of 7.5 million shares of the Company's ordinary shares by eligible U.S. employees. Prior to 2011, shares of the Company's common stock were purchased at 3-month intervals at 85% of the lower of the fair market value of the common stock on the first or the last day of each 3-month period. Beginning in 2011, the Company's ordinary shares were purchased at 6-month intervals at 85% of the lower of the fair market value of the ordinary shares on the first or last day of each 6-month period. In 2013, 2012, and 2011, 556,000 shares, 621,000 shares and 468,000 shares, respectively, were issued to employees under the plan. Compensation expense recognized was $6 million in both 2013 and 2012, and $5 million in 2011.

United Kingdom

The Company also has an employee share purchase plan for eligible U.K. employees that provides for the purchase of shares after a 3-year period and that is similar to the U.S. plan previously described. Three-year periods began in 2013 and 2010, allowing for the purchase of a maximum of 350,000 and 300,000 shares, respectively. In 2013, 2012, and 2011, 172,000 shares, 25,000 shares, and 63,000 shares, respectively, were issued under the plan. Compensation expense of $1 million was recognized in each of 2013, 2012, and 2011.

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 receives revenues, pays expenses, or enters into intercompany loans denominated in a currency that differs from its functional currency, or other transactions that are denominated in a currency other than its functional currency. The Company uses foreign exchange derivatives, typically forward contracts, options and cross currency swaps, to reduce its overall exposure to the effects of currency fluctuations on cash flows. These exposures are hedged, on average, for less than two years; however, in limited instances, the Company has hedged certain exposures up to five years in the future.

The Company also uses foreign exchange derivatives, typically forward contracts and options, to hedge its net investments in foreign operations for up to two years in the future.

The Company also uses foreign exchange derivatives, typically forward contracts and options, to manage 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, for up to one year in the future. These derivatives are not accounted for as hedges, and changes in fair value are recorded each period in Other income in the Consolidated Statements of Income.

Interest Rate Risk Management

The Company holds variable-rate short-term brokerage and other operating deposits. The Company uses interest rate derivatives, typically swaps, to reduce its exposure to the effects of interest rate fluctuations on the forecasted interest receipts from these deposits for up to two years in the future.

Certain derivatives also give rise to credit risks from the possible non-performance by counterparties. The credit risk at the balance sheet date is generally limited to the fair value of those contracts that are favorable to the Company. The Company has reduced its credit risk by using International Swaps and Derivatives Association ("ISDA") master agreements, collateral and credit support arrangements, entering into non-exchange-traded derivatives with highly-rated major financial institutions and by using exchange-traded instruments. The Company monitors the creditworthiness of, and exposure to, its counterparties. As of December 31, 2013, all net derivative positions were free of credit risk contingent features. The Company has not received or pledged any collateral related to derivative arrangements as of December 31, 2013.

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

	Notional Amount		Derivative Assets (1) Fair Value		Derivative Liabilities (2) Fair Value	
As of December 31	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Derivatives accounted for as hedges:						
Interest rate contracts	**$ 171**	$ 336	**$ 9**	$ 17	**$ —**	$ —
Foreign exchange contracts	**1,191**	1,208	**71**	191	**93**	250
Total	**1,362**	1,544	**80**	208	**93**	250
Derivatives not accounted for as hedges:						
Foreign exchange contracts	**215**	305	**—**	2	**—**	1
Total	**$ 1,577**	$ 1,849	**$ 80**	$ 210	**$ 93**	$ 251

(1) Included within Other current assets ($46 million in 2013 and $167 million in 2012) or Other non-current assets ($34 million in 2013 and $43 million in 2012)
(2) Included within Other liabilities $51 million in 2013 and $171 million in 2012) or Other non-current liabilities ($42 million in 2013 and $80 million in 2012)

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

	Gross Amounts of Recognized Assets		Gross Amounts Offset in the Statement of Financial Position		Net Amounts of Assets Presented in the Statement of Financial Position (1)	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Derivatives accounted for as hedges:						
Interest rate contracts	**$ 9**	$ 17	**$ —**	$ —	**$ 9**	$ 17
Foreign exchange contracts	**71**	191	**(30)**	(160)	**41**	31
Total	**80**	208	**(30)**	(160)	**50**	48
Derivatives not accounted for as hedges:						
Foreign exchange contracts	**—**	2	**—**	—	**—**	2
Total	**$ 80**	$ 210	**$ (30)**	$ (160)	**$ 50**	$ 50

(1) Included within Other current assets ($18 million in both 2013 and 2012) or Other non-current assets ($32 million in both 2013 and 2012)

Offsetting of financial liabilities and derivative liabilities are as follows (in millions):

	Gross Amounts of Recognized Liabilities		Gross Amounts Offset in the Statement of Financial Position		Net Amounts of Liabilities Presented in the Statement of Financial Position (2)	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Derivatives accounted for as hedges:						
Interest rate contracts	**$ —**	$ —	**$ —**	$ —	**$ —**	$ —
Foreign exchange contracts	**93**	250	**(30)**	(160)	**63**	90
Total	**93**	250	**(30)**	(160)	**63**	90
Derivatives not accounted for as hedges:						
Foreign exchange contracts	**—**	1	**—**	—	**—**	1
Total	**$ 93**	$ 251	**$ (30)**	$ (160)	**$ 63**	$ 91

(2) Included within Other current liabilities ($23 million in both 2013 and 2012) or Other non-current liabilities ($40 million in 2013 and $68 million in 2012)

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

	December 31,		
Gain (Loss) recognized in Accumulated Other Comprehensive Loss:	**2013**	**2012**	**2011**
Cash flow hedges:			
Interest rate contracts (1)	**$ 2**	$ —	$ (1)
Foreign exchange contracts (2)	**(4)**	(21)	(54)
Total	**(2)**	(21)	(55)
Foreign net investment hedges:			
Foreign exchange contracts	**$ —**	$ 4	$ (2)

(1) Location of future reclassification from Accumulated Other Comprehensive Loss will be included within Interest Expense
(2) Location of future reclassification from Accumulated Other Comprehensive Loss will be included within Compensation and benefits ($17 million loss for 2013, $8 million loss for 2012 and $6 million loss for 2011), Other general expenses (none for 2013, $19 million loss for 2012 and $34 million loss for 2011), and Other income ($13 million gain for 2013, $6 million gain for 2012 and $14 million loss for 2011)

	December 31,		
Gain (Loss) reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion):	**2013**	**2012**	**2011**
Cash flow hedges:			
Interest rate contracts (1)	**$ (1)**	$ (1)	$ —
Foreign exchange contracts (2)	**(10)**	(34)	(36)
Total	**(11)**	(35)	(36)
Foreign net investment hedges:			
Foreign exchange contracts	**$ —**	$ —	$ —

(1) Included within Interest Expense
(2) Included within Compensation and benefits ($12 million loss for 2013, $9 million loss for 2012 and $3 million loss for 2011), Interest Expense ($3 million loss for 2013 and none for both 2012 and 2011), Other general expenses ($9 million loss for 2013, $16 million loss for 2012 and $25 million loss for 2011), and Other income ($14 million gain for 2013, $9 million loss for 2012 and $8 million loss for 2011)

The amount of gain (loss) recognized in the Consolidated Financial Statements is as follows (in millions):

	Twelve months ended December 31,					
	Amount of Gain (Loss) Recognized in Income on Derivative(2)			**Amount of Gain (Loss) Recognized in Income on Related Hedged Item**		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
Fair value hedges:						
Foreign exchange contracts(1)	**$ (8)**	$ 1	$ 2	**$ 8**	$ (1)	$ (2)

(1) Relates to fixed rate debt
(2) Included in interest expense

The Company estimates that approximately $20 million of pretax losses currently included within Accumulated other comprehensive loss will be reclassified into earnings in the next twelve months.

The amount of gain (loss) recognized in income on the ineffective portion of derivatives for 2013, 2012 and 2011 was not material.

The Company recorded a loss of $18 million and a gain of $13 million in Other income for foreign exchange derivatives not designated or qualifying as hedges for 2013 and 2012, respectively.

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:

Money market funds and highly liquid debt securities are carried at cost and amortized cost, respectively, as an approximation of fair value. Based on market convention, the Company considers cost a practical and expedient measure of fair value.

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

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

Fixed income investments consist of certain categories of bonds and derivatives. Corporate, government, and agency bonds are valued by pricing vendors who estimate fair value using recently executed transactions and proprietary models based on observable inputs, such as interest rate spreads, yield curves and credit risk. Asset-backed securities are valued by pricing vendors who estimate fair value using discounted cash flow models utilizing observable inputs based on trade and quote activity of securities with similar features. Fixed income derivatives are valued by pricing vendors using observable inputs such as interest rates and yield curves. The Company obtains a detailed understanding of the models, inputs, and assumptions used in developing prices provided by its vendors. This understanding includes discussions with valuation resources at the vendor. During these discussions, the Company uses a fair value measurement questionnaire, which is part of the Company's internal controls over financial reporting, to obtain the information necessary to assert the model, inputs and assumptions used comply with U.S. GAAP, including disclosure requirements. The Company also obtains observable inputs from the pricing vendor and independently verifies the observable inputs, as well as assesses assumptions used for reasonableness based on relevant market conditions and internal Company guidelines. If an assumption is deemed unreasonable, based on the Company's guidelines, it is then reviewed by a member of management and the fair value estimate provided by the vendor is adjusted, if deemed appropriate. These adjustments do not occur frequently and have not historically been material to the fair value estimates used in the Consolidated Financial Statements.

Pooled funds consist of various equity, fixed income, commodity, and real estate mutual fund type investment vehicles. Pooled investment funds fair value is estimated based on the proportionate share ownership in the underlying net assets of the investment, which is based on the fair value of the underlying securities that trade on a national securities exchange. Where possible, the Company independently reviews the listing 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 fund and discusses fund performance with pooled fund managers. The Company obtains audited fund manager financial statements, when available. If the pooled fund is designed to replicate a publicly traded index, the Company compares the performance of the fund to the index to assess the reasonableness of the fair value measurement.

Alternative investments consist of limited partnerships, private equity and hedge funds. Alternative investment fair value is generally estimated based on the proportionate share ownership in the underlying net assets of the investment as determined by the general partner or investment manager. The valuations are based on various factors depending on investment strategy, proprietary models, and specific financial data or projections. The Company obtains audited fund manager financial statements, when available. The Company obtains a detailed understanding of the models, inputs and assumptions used in developing prices provided by the investment managers (or appropriate party) through regular discussions. During these discussions with the investment managers, the Company uses a fair value measurement questionnaire, which is part of the Company's internal controls over financial reporting, to obtain the information necessary to assert the model, inputs and assumptions used comply with U.S. GAAP, including disclosure requirements. The Company also obtains observable inputs from the investment manager and independently verifies the observable inputs, as well as assesses assumptions used for reasonableness based on relevant market conditions and internal Company guidelines. If an assumption is deemed unreasonable, based on the Company's guidelines, it is then reviewed by a member of management and the fair value estimate provided by the vendor is adjusted, if deemed appropriate. These adjustments do not occur frequently and have not historically been material to the fair value estimates in the Consolidated Financial Statements.

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

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

Real estate and REITs consist of publicly traded REITs and direct real estate investments. Level 1 REITs are valued using the closing stock price on a national securities exchange. The Level 3 values are based on the proportionate share of ownership in the underlying net asset value as determined by the investment manager. The Company independently reviews the listing of Level 1 REIT securities in the portfolio and agrees the closing stock prices to a national securities exchange. The Company gains an understanding of the investment guidelines and valuation policies of the Level 3 real estate funds and discusses performance with the fund managers. The Company obtains audited fund manager financial statements, when available. See the description of "Alternative investments" for further detail on valuation procedures surrounding Level 3 REITs.

Guarantees are carried at fair value, which is based on discounted estimated cash flows using published historical cumulative default rates and discount rates commensurate with the underlying exposure.

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

The following tables present the categorization of the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2013 and 2012, respectively (in millions):

		Fair Value Measurements Using		
	Balance at December 31, 2013	**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 and highly liquid debt securities (1)	$ 2,079	$ 2,054	$ 25	$ —
Other investments				
Fixed maturity securities				
Corporate bonds	2	—	—	2
Government bonds	7	—	7	—
Equity securities	13	6	7	—
Derivatives				
Interest rate contracts	9	—	9	—
Foreign exchange contracts	71	—	71	—
Liabilities:				
Derivatives				
Foreign exchange contracts	93	—	93	—

(1) Includes $2,054 million of money market funds and $25 million of highly liquid debt securities that are classified as Fiduciary assets, Short-term investments or Cash equivalents in the Consolidated Statements of Financial Position, depending on their nature and initial maturity. See Note 7 "Investments" for additional information regarding the Company's investments.

		Fair Value Measurements Using		
	Balance at December 31, 2012	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 and highly liquid debt securities (1)	$ 2,133	$ 2,108	$ 25	$ —
Other investments				
Fixed maturity securities				
Corporate bonds	12	—	—	12
Government bonds	8	—	8	—
Equity securities	5	5	—	—
Derivatives				
Interest rate contracts	17	—	17	—
Foreign exchange contracts	193	—	193	—
Liabilities:				
Derivatives				
Foreign exchange contracts	251	—	251	—

(1) Includes $2,108 million of money market funds and $25 million of highly liquid debt securities that are classified as Fiduciary assets, Short-term investments or Cash equivalents in the Consolidated Statements of Financial Position, depending on their nature and initial maturity. See Note 7 "Investments" for additional information regarding the Company's investments.

There were no transfers of assets or liabilities between fair value hierarchy levels during 2013 or 2012. The Company recognized $6 million of realized gains and no unrealized gains or losses recognized in the Consolidated Statements of Income during 2013 related to assets and liabilities measured at fair value using unobservable inputs. There were no realized or unrealized gains or losses recognized in the Consolidated Statements of Income during 2012 or 2011 related to assets and liabilities measured at fair value using unobservable inputs.

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

As of December 31	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	**$ 3,686**	**$ 3,894**	$ 3,713	$ 4,162

16. Commitments and Contingencies

Legal

Aon and its subsidiaries are subject to numerous claims, tax assessments, lawsuits and proceedings that arise in the ordinary course of business, which frequently include errors and omissions ("E&O") claims. The damages claimed in these matters are or may be substantial, including, in many instances, claims for punitive, treble or extraordinary damages. Aon has historically purchased E&O insurance and other insurance 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 historical claims. Accruals for these exposures, and related insurance receivables, when applicable, have been provided to the extent that losses are deemed probable and are reasonably estimable. These amounts are adjusted from time to time as developments warrant. Amounts related to settlement provisions are recorded in Other general expenses in the Consolidated Statements of Income.

A retail insurance brokerage subsidiary of Aon provides insurance brokerage services to Northrop Grumman Corporation ("Northrop"). This Aon subsidiary placed Northrop's excess property insurance program for the period covering 2005. Northrop suffered a substantial loss in August 2005 when Hurricane Katrina damaged Northrop's facilities in the Gulf states. Northrop's excess insurance carrier, Factory Mutual Insurance Company ("Factory Mutual"), denied coverage for the claim pursuant to a flood exclusion. Northrop sued Factory Mutual in the United States District Court for the Central District of California and later sought to add this Aon subsidiary as a defendant, asserting that if Northrop's policy with Factory Mutual does not cover the losses suffered by Northrop stemming from Hurricane Katrina, then this Aon subsidiary will be responsible for Northrop's losses. On August 26, 2010, the court granted in large part Factory Mutual's motion for partial summary judgment regarding the applicability of the flood exclusion and denied Northrop's motion to add this Aon subsidiary as a defendant in the federal lawsuit. On January 27, 2011, Northrop filed suit against this Aon subsidiary in state court in Los Angeles, California, pleading claims for negligence, breach of contract and negligent misrepresentation. Northrop has since settled with Factory Mutual. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims. The outcome of this lawsuit, and the amount of any losses or other payments that may result, cannot be estimated at this time.

Another retail insurance brokerage subsidiary of Aon has been sued in Tennessee state court by a client, Opry Mills Mall Limited Partnership ("Opry Mills") that sustained flood damage to its property in May 2010. The lawsuit seeks $200 million from numerous insurers with whom this Aon subsidiary placed the client's property insurance coverage. The insurers contend that only $50 million in coverage is available for the loss because the flood event occurred on property in a high hazard flood zone. Opry Mills is seeking full coverage from the insurers for the loss and has sued this Aon subsidiary in the alternative for the same $150 million difference on various theories of professional liability if the court determines there is not full coverage. In addition, Opry Mills seeks prejudgment interest, attorneys' fees and enhanced damages which could substantially increase Aon's exposure. Aon believes it has meritorious defenses and intends to vigorously defend itself against these claims. The outcome of this lawsuit, and the amount of any losses or other payments that may result, cannot be estimated at this time.

A pensions consulting and administration subsidiary of Hewitt before its acquisition by Aon provided advisory services to the Trustees of the Philips UK pension fund and the relevant employer of fund beneficiaries (together, "Philips"). In January 2014, the Aon subsidiary was served with a High Court lawsuit alleging negligence and breach of duty. The proceeding assert Philips' right to claim damages related to Philips' use of a credit default swap hedging strategy pursuant to the supply of the advisory services, which is said to have resulted in substantial damages to Philips. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these allegations. The outcome of this circumstance, and the amount of any losses or other payments that may result, cannot be estimated at this time.

Mazeikiu Nafta ("MN"), which operates an oil refinery in Lithuania, has sued an insurance brokerage subsidiary of Aon in London. Aon placed property damage and business interruption coverage for MN. There was a fire at the refinery in 2006. MN settled with insurers in November 2011 and claimed against Aon in December 2012. The claim is for $125 million, which is the shortfall alleged by MN to have been caused by Aon's failure to obtain appropriate business interruption coverage. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these allegations. The outcome of this lawsuit, and the amount of any losses or other payments that may result, cannot be estimated at this time.

The International Road Transport Union ("IRU") sued Aon in a court in Switzerland. IRU alleges, among other things, that, between 1995 and 2004, a predecessor of Aon and, later, an Aon subsidiary (1) accepted commissions for certain insurance placements that violated a fee agreement entered between the parties and (2) negligently failed to ask certain insurance carriers to contribute to the IRU's risk management costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims. The outcome of these proceedings, and the amount of any losses or other payments that may result, cannot be estimated at this time.

AXA Versicherung Aktiengesellschaft ("AXA") started arbitral proceedings against an insurance and reinsurance brokerage subsidiary of Aon in Germany. Predecessors of AXA granted predecessors of the Aon subsidiary a mandate to underwrite non-proportional reinsurance business from 1975 through 1999. AXA alleges, among other things, that the Aon-related entities intentionally exceeded their mandate and that, if AXA had known of this intention, it would not have granted a mandate. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims. The outcome of these proceedings, and the amount of any losses or other payments that may result, cannot be estimated at this time.

From time to time, Aon's clients may bring claims and take legal action pertaining to the performance of fiduciary responsibilities. Whether client claims and legal action related to the Company's performance of fiduciary responsibilities are founded or unfounded, if such claims and legal actions are resolved in a manner unfavorable to the Company, they may adversely affect Aon's financial results and materially impair the market perception of the Company and that of its products and services.

Although the ultimate outcome of all matters referred to above cannot be ascertained, and liabilities in indeterminate amounts may be imposed on Aon or its subsidiaries, on the basis of present information, amounts already provided, availability of insurance coverages and legal advice received, it is the opinion of management that the disposition or ultimate determination of such claims will not have a material adverse effect on the consolidated financial position of Aon. However, 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.

Guarantees and Indemnifications

In connection with the redomicile of Aon's headquarters ("the Redomestication"), the Company on April 2, 2012 entered various agreements pursuant to which it agreed to guarantee the obligations of its subsidiaries arising under issued and outstanding debt securities. Those agreements included the (1) Amended and Restated Indenture, dated as of April 2, 2012, among Aon Corporation, Aon plc, and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee") (amending and restating the Indenture, dated as of September 10, 2010, between Aon Corporation and the Trustee), (2) Amended and Restated Indenture, dated as of April 2, 2012, among Aon Corporation, Aon plc and the Trustee (amending and restating the Indenture, dated as of December 16, 2002, between Aon Corporation and the Trustee), (3) Amended and Restated Indenture, dated as of April 2, 2012, among Aon Corporation, Aon plc and the Trustee (amending and restating the Indenture, dated as of January 13, 1997, as supplemented by the First Supplemental Indenture, dated as of January 13, 1997) (4) First Supplemental Indenture, dated as of April 2, 2012, among Aon Finance N.S. 1, ULC, as issuer, Aon Corporation, as guarantor, Aon plc, as guarantor, and Computershare Trust Company of Canada, as trustee, and (5) Amended and Restated Trust Deed, among Aon Corporation, Aon plc, Aon Services Luxembourg & Co S.C.A. (formerly known as Aon Financial Services Luxembourg S.A.) ("Aon Luxembourg") and BNY Mellon Corporate Trustee Services Limited, as trustee (the "Luxembourg Trustee") (amending and restating the Trust Deed, dated as of July 1, 2009, as amended and restated on January 12, 2011, among Aon Delaware, Aon Luxembourg and the Luxembourg Trustee).

Effective as of the same date, the Company also entered into agreements pursuant to which it agreed to guarantee the obligations of its subsidiaries arising under the (1) $450,000,000 Term Credit Agreement dated June 15, 2011, among Aon Corporation, as borrower, Bank of America, N.A., as administrative agent and the other agents and lenders party thereto, (2) $400,000,000 five-Year Agreement dated March 20, 2012, among Aon Corporation, as borrower, Citibank, N.A., as administrative agent and the other agents and lenders party thereto and (3) €650,000,000 Facility Agreement, dated October 15, 2010, among Aon Corporation, the subsidiaries of Aon Corporation party thereto as borrowers, Citibank International plc, as agent, and the other agents and lenders party thereto, as amended on July 18, 2011.

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 that are deemed to be probable and reasonably estimable are included in the Company's Consolidated Financial Statements, and are recorded at fair value.

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

Letters of Credit

The Company had total letters of credit ("LOCs") outstanding for approximately $71 million at December 31, 2013, compared to $74 million at December 31, 2012. These letters of credit cover the beneficiaries related to certain of Aon's U.S. and Canadian non-qualified pension plan schemes and secure deductible retentions for Aon's own workers compensation program. The Company has also issued LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at its international subsidiaries. Amounts are accrued in the Consolidated Financial Statements to the extent the guarantees are probable and estimable, and are recorded at fair value.

Commitments

The Company has provided commitments to fund certain limited partnerships in which it has an interest in the event that the general partners request funding. Some of these commitments have specific expiration dates and the maximum potential funding under these commitments was $34 million at December 31, 2013. During 2013, the Company funded $15 million of these commitments.

Premium Payments

The Company has certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. Costs associated with these guarantees, to the extent estimable and probable, are provided in Aon's allowance for doubtful accounts. The maximum exposure with respect to such contractual contingent guarantees was approximately $98 million at December 31, 2013 compared to $104 million at December 31, 2012.

17. Segment Information

The Company has two reportable segments: Risk Solutions and HR Solutions. Unallocated income and expenses, when combined with the operating segments and after the elimination of intersegment revenues and expenses, equal the amounts in the Consolidated Financial Statements.

Reportable operating segments have been determined using a management approach, which is consistent with the basis and manner in which Aon's chief operating decision maker ("CODM") uses financial information for the purposes of allocating resources and evaluating performance. The CODM assesses performance based on operating income and generally accounts for inter-segment revenue as if the revenue were from third parties and at what management believes are current market prices. The Company does not present net assets by segment as this information is not reviewed by the CODM.

Risk Solutions acts as an advisor and insurance and reinsurance broker, helping clients manage their risks, via consultation, as well as negotiation and placement of insurance risk with insurance carriers through Aon's global distribution network.

HR Solutions partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance by designing, implementing, communicating and administering a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies.

Aon's total revenue is as follows (in millions):

Years ended December 31	2013	2012	2011
Risk Solutions	**$ 7,789**	$ 7,632	$ 7,537
HR Solutions	**4,057**	3,925	3,781
Intersegment elimination	**(31)**	(43)	(31)
Total revenue	**$ 11,815**	$ 11,514	$ 11,287

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

Years ended December 31	2013	2012	2011
Retail brokerage	**$ 6,256**	$ 6,089	$ 6,022
Reinsurance brokerage	**1,505**	1,505	1,463
Total Risk Solutions Segment	**7,761**	7,594	7,485
Consulting services	**1,626**	1,585	1,546
Outsourcing	**2,469**	2,372	2,258
Intrasegment	**(38)**	(32)	(23)
Total HR Solutions Segment	**4,057**	3,925	3,781
Intersegment	**(31)**	(43)	(31)
Total commissions, fees and other revenue	**$ 11,787**	$ 11,476	$ 11,235

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

Years ended December 31	2013	2012	2011
Risk Solutions	**$ 28**	$ 38	$ 52
HR Solutions	**—**	—	—
Total fiduciary investment income	**$ 28**	$ 38	$ 52

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

Years ended December 31	2013	2012	2011
Risk Solutions	**$ 1,540**	$ 1,493	$ 1,413
HR Solutions	**318**	289	336
Segment income before income taxes	**1,858**	1,782	1,749
Unallocated expenses	**(187)**	(186)	(153)
Interest income	**9**	10	18
Interest expense	**(210)**	(228)	(245)
Other income	**68**	2	19
Income before income taxes	**$ 1,538**	$ 1,380	$ 1,388

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

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

Revenues are generally attributed to geographic areas based on the location of the resources producing the revenues. Intercompany revenues and expenses are eliminated in consolidated results.

Consolidated revenue by geographic area is as follows (in millions):

Years ended December 31	Total	United States	Americas other than U.S.	United Kingdom	Europe, Middle East, & Africa	Asia Pacific
2013	**$ 11,815**	**$ 5,574**	**$ 1,214**	**$ 1,544**	**$ 2,304**	**$ 1,179**
2012	11,514	5,336	1,190	1,541	2,271	1,176
2011	11,287	5,134	1,176	1,519	2,377	1,081

Consolidated non-current assets by geographic area are as follows (in millions):

As of December 31	Total	United States	Americas other than U.S.	United Kingdom	Europe, Middle East, & Africa	Asia Pacific
2013	**$ 13,728**	**$ 7,720**	**$ 559**	**$ 2,392**	**$ 2,440**	**$ 617**
2012	13,819	8,355	599	1,721	2,462	682

18. Quarterly Financial Data (Unaudited)

Selected quarterly financial data for the years ended December 31, 2013 and 2012 as follows (in millions, except per share data):

	1Q	2Q	3Q	4Q	2013
INCOME STATEMENT DATA					
Commissions, fees and other revenue	$ 2,908	$ 2,891	$ 2,786	$ 3,202	**$ 11,787**
Fiduciary investment income	7	6	8	7	**28**
Total revenue	$ 2,915	$ 2,897	$ 2,794	$ 3,209	**$ 11,815**
Operating income	$ 410	$ 382	$ 364	515	**$ 1,671**
Net income	272	252	264	360	**1,148**
Less: Net income attributable to noncontrolling interests	11	11	8	5	**35**
Net income attributable to Aon shareholders	$ 261	$ 241	$ 256	$ 355	**$ 1,113**
PER SHARE DATA					
Basic net income per share attributable to Aon shareholders	$ 0.82	$ 0.77	$ 0.83	$ 1.16	**$ 3.57**
Diluted net income per share attributable to Aon shareholders	$ 0.82	$ 0.76	$ 0.82	$ 1.14	**$ 3.53**
CLASS A ORDINARY SHARE DATA					
Dividends paid per share	$ 0.16	$ 0.18	$ 0.18	$ 0.18	**$ 0.68**
Price range:					
High	$ 61.87	$ 67.26	$ 76.30	$ 84.33	**$ 84.33**
Low	$ 54.65	$ 58.48	$ 64.20	$ 70.72	**$ 54.65**
Shares outstanding	309.1	307.5	301.0	300.7	**300.7**
Average monthly trading volume	46.4	34.9	30.9	37.6	**37.5**

	1Q	2Q	3Q	4Q	2012
INCOME STATEMENT DATA					
Commissions, fees and other revenue	$ 2,829	$ 2,813	$ 2,726	$ 3,108	**$ 11,476**
Fiduciary investment income	12	8	11	7	**38**
Total revenue	$ 2,841	$ 2,821	$ 2,737	$ 3,115	**$ 11,514**
Operating income	$ 402	$ 394	$ 339	$ 461	**$ 1,596**
Net income	249	254	210	307	**1,020**
Less: Net income attributable to noncontrolling interests	11	8	6	2	**27**
Net income attributable to Aon shareholders	$ 238	$ 246	$ 204	$ 305	**$ 993**
PER SHARE DATA					
Basic net income per share attributable to Aon shareholders	$ 0.72	$ 0.74	$ 0.62	$ 0.95	**$ 3.02**
Diluted net income per share attributable to Aon shareholders	$ 0.71	$ 0.73	$ 0.62	$ 0.93	**$ 2.99**
CLASS A ORDINARY SHARE DATA					
Dividends paid per share	$ 0.15	$ 0.16	$ 0.16	$ 0.16	**$ 0.62**
Price range:					
High	$ 49.51	$ 52.61	$ 53.35	$ 57.92	**$ 57.92**
Low	$ 45.58	$ 45.04	$ 45.87	$ 51.78	**$ 45.04**
Shares outstanding	326.4	322.4	318.7	310.9	**310.9**
Average monthly trading volume	47.0	47.6	30.1	33.7	**39.6**

19. Directors' Emoluments

Information regarding the Non-Executive Directors' emoluments and further information on the emoluments for Mr. Case is incorporated herein by reference to the audited section of the Directors' Remuneration Report contained in this report.

Mr. Case serves as the Company's President and Chief Executive Officer, and receives his remuneration for serving in that role. Mr. Case is the Company's sole executive director.

($000)	Salary and Fees		Benefits		Annual Bonus		LPP Shares Delivered		Pension		Share Options [1]		Total	
Executive	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Gregory C. Case	**1,500**	1,500	**611**	333	**3,150**	2,950	**20,515**	8,461	**25**	25	**2,733**	687	**28,534**	13,956

Notes

(1) Mr. Case holds options which were granted in respect of his prior service as President, Chief Executive Officer and Director of Aon Corporation which were assumed by the Company on 2 April 2012 and relate to the Aon plc ordinary shares. On February 22, 2013, 118,985 options were exercised at a closing price of $60.79 with an exercise price of $37.82.

20. Auditors' Remuneration

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

2013	**Audit Fees**	**Audit Related Fees**	**Taxation Fees**	**All Other Fees**	**Total**
Audit of the Group's financial statements	10.0	0.5	—	—	10.5
Other Services:					
The auditing of accounts of any associate of the company	6.4	0.5	—	—	6.9
Audit-related assurance services		1.3	—	—	1.3
Taxation compliance services	—	—	0.3	—	0.3
All taxation advisory services	—	—	2.7	—	2.7
Internal audit services	—	—	—	—	—
All assurance services	—	—	—	—	—
All services relating to corporate finance transactions	—	—	—	—	—
All non-audit services	—	—	—	—	—
	16.4	2.3	3.0	—	21.7

2012	**Audit Fees**	**Audit Related Fees**	**Taxation Fees**	**All Other Fees**	**Total**
Audit of the Group's financial statements	10.4	—	—	—	10.4
Other Services:					
The auditing of accounts of any associate of the company	8.5	0.3	—	—	8.8
Audit-related assurance services	—	1.2	—	—	1.2
Taxation compliance services	—	—	0.9	—	0.9
All taxation advisory services	—	—	1.2	—	1.2
Internal audit services	—	—	—	—	—
All assurance services	—	—	—	—	—
All services relating to corporate finance transactions	—	0.1	—	—	0.1
All non-audit services	—	—	—	—	—
	18.9	1.6	2.1	—	22.6

21. Employees

The average number of persons employed by the Group was as follows:

	2013	2012
Risk solutions	31,479	31,463
HR solutions	29,270	28,199
Corporate and other	4,753	4,165
Total	65,502	63,827

Employee costs were as follows (in millions):

	2013	2012
Wages and salaries	$ 4,496	$ 4,352
Social security costs	194	227
Share based compensation expense	300	212
Pension and postretirement expense	168	156
Other, primarily employee benefits	1,787	1,762
Total employee costs	$ 6,945	$ 6,709

22. Tangible Fixed Assets

(in millions)	2013	2012
COST:		
Balance at 1 January	$ 2,189	$ 1,971
Additions	238	291
Disposals	(118)	(87)
Foreign currency translation	(20)	14
Balance at 31 December	$ 2,289	$ 2,189
DEPRECIATION:		
Balance at 1 January	$ 1,369	$ 1,188
Charge for the year	240	232
Disposals	(95)	(61)
Foreign currency translation	(16)	10
Balance at 31 December	$ 1,498	$ 1,369
NET BOOK VALUE:		
As at 31 December	$ 791	$ 820
As at 1 January	$ 820	$ 783

The Company has presented the components of tangible fixed assets in Note 3 to the Consolidated Financial Statements. The Company has presented the activity in tangible fixed assets in aggregate as no individual component has a significant level of activity during the periods presented.

23. Subsequent Events

During the period from January 1, 2014 to March 13, 2014, the Company repurchased 7.2 million shares at an average price per share of $83.45 for a total cost of $600 million. At March 13, 2014, the remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $2.3 billion.

As of March 14, 2014, the Company had $478 million of commercial paper borrowings outstanding. The proceeds from the issuance of commercial paper will be used to fund short-term working capital needs.

24. Subsidiaries

As at 31 December 2013, the principal subsidiaries affecting the results and assets of the group were as follows:

Name of company	Country of incorporation	Holdings	Proportion of voting rights and shares held	Nature of business
Aon Corporation	United States of America	Ordinary shares	100%	Holding Company
Aon Group Inc	United States of America	Ordinary shares	100%	Holding Company
Aon Consulting Worldwide Inc.	United States of America	Ordinary shares	100%	HR Solutions
Hewitt Associates LLC	United States of America	Ordinary shares	100%	HR Solutions
Aon Services Group, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Risk Services Companies, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Special Risk Resources, Inc.	United States of America	Ordinary shares	100%	Holding Company
Aon Benfield Global, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Benfield, Inc.	United States of America	Ordinary shares	100%	Risk Solutions
Aon Holdings International BV	Netherlands	Ordinary shares	100%	Holding Company
Aon Holdings BV	Netherlands	Ordinary shares	100%	Holding Company
Aon Southern Europe	Netherlands	Ordinary shares	100%	Holding Company
Aon Group International	Netherlands	Ordinary shares	100%	Holding Company
Aon International Coöperatief U.A.	Netherlands	Ordinary shares	100%	Holding Company
Aon International Holdings, Inc.	United States of America	Ordinary shares	100%	Holding Company
Aon U.K. Group Ltd	Great Britain	Ordinary shares	100%	Holding Company
Aon U.K. Holdings Intermediaries Limited	Great Britain	Ordinary shares	100%	Holding Company
Aon Benfield Limited	Great Britain	Ordinary shares	100%	Risk Solutions
Aon U.K. Limited	Great Britain	Ordinary shares	100%	HR Solutions and Risk Solutions

Wholly owned subsidiaries Aon Zimbabwe and Glenrand Zimbabwe are not included in the consolidated financial statements due to hyperinflationary environments. There are no transactions between Aon Zimbabwe or Glenrand Zimbabwe and the group.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AON PLC

We have audited the parent company financial statements of Aon plc for the year ended 31 December 2013 which comprise the Parent Company Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 86, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Aon plc for the year ended 31 December 2013.

Kevin Senior (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
14 March 2014

PARENT COMPANY BALANCE SHEET

(thousands USD) *As of 31 December*	Note	2013	2012
FIXED ASSETS			
Property and equipment		**$ 1**	$ 1
Investments			
Investment in group undertakings	6	**5,247,719**	10,228,559
Loans to group undertakings	6	**7,107,974**	107,354
Total Fixed Assets		**12,355,694**	10,335,914
CURRENT ASSETS			
Debtors: amounts falling due within one year	7	**186,476**	29,807
Debtors: amounts falling due after more than one year	7	**6,518**	1,064
Cash at bank and in hand		**21**	131,088
Total Current Assets		**193,015**	161,959
CREDITORS: AMOUNTS FALLING DUE IN ONE YEAR			
Creditors	8	**59,900**	81,709
Loans and borrowings	9	**1,016,856**	790,000
NET CURRENT ASSETS		**(883,741)**	(709,750
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,471,953**	9,626,164
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Creditors	8	**4,559**	4,627
Loans and borrowings	9	**2,885,148**	2,207,378
Total Non Current Liabilities		**2,889,707**	2,212,005
NET ASSETS		**$ 8,582,246**	$ 7,414,159
CAPITAL AND RESERVES			
Called up share capital	11, 12	**3,084**	3,186
Share premium account	12	**179,210**	81,980
Revaluation reserves	12	**1,906,845**	—
Share option reserves	12	**592,472**	294,942
Capital redemption reserves	12	**6,830**	6,662
Profit and loss account	12	**5,893,805**	7,027,389
Total Capital and Reserves		**$ 8,582,246**	$ 7,414,159

The financial statements of Aon plc (registered number 07876075) were approved by the Board of Directors on 14 March 2014.

Signed on behalf of the Board

Gregory C. Case, Director

The notes on pages 149 to 160 form an integral part of these financial statements.

NOTES TO PARENT COMPANY BALANCE SHEET

1. Basis of Presentation

The financial statements of Aon plc (the 'Parent Company') have been prepared in accordance with applicable accounting standards and the Companies Act 2006. The financial statements are prepared under the historical cost convention modified to include the revaluation of investments in group undertakings.

The Company has also adopted the exemption of presenting the profit and loss account as permitted by section 408 of the Companies Act 2006. The Parent Company's profit for the year ended 31 December 2013 was $180 million.

The Company has availed of the exemption in Financial Reporting Standard ("FRS") 1 (Revised) from the requirement to present a cash flow statement on the grounds that the Company's cash flows are included within the Consolidated Cash Flows Statement presented on page 94 of the consolidated accounts.

The 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 on page 58.

The financial statements and related notes have been prepared and presented in U.S. Dollars, being the Company's functional and presentational currency. Unless otherwise noted, amounts are presented in USD thousands.

Company Redomestication

On April 2, 2012, the Company completed the reorganization of the corporate structure of the group of companies controlled by its predecessor, Aon Corporation, as holding company of the Aon group, pursuant to which Aon Corporation merged with one of its indirect, wholly-owned subsidiaries and Aon plc became the publicly-held parent company of the Aon group. This transaction is referred to as the Redomestication. In the Redomestication, each issued and outstanding share of Aon Corporation ordinary shares held by stockholders of Aon Corporation was converted into the right to receive one Class A Ordinary Share, nominal value $0.01 per share, of Aon plc. Likewise, equity incentive and compensation plans were assumed by Aon plc and amended to provide that those plans will now provide for the award and issuance of Class A Ordinary Shares instead of shares of ordinary shares of Aon Corporation on a one-for-one basis. Shares of treasury stock of Aon Corporation were cancelled in the Redomestication.

2. Summary of Significant Accounting Principles and Practices

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

In accordance with FRS 19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax returns in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation were taken to the profit and loss account.

Longer term incentive provision

The Company operates a number of long-term incentive schemes and any costs associated with these have been calculated and provision made where applicable.

Loans and borrowings

Interest-bearing borrowings are recorded at the value of proceeds received, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts or premiums, are accounted for on an accrual basis to the profit and loss account using the effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

Share based payments

Directors and certain senior executives of the Company and its subsidiaries receive an element of remuneration in the form of share based payments, whereby the participants effectively render their services in consideration for shares of the Company. The awards vest when certain performance and/or service obligations are met, see Note 13 for individual vesting conditions for the various schemes.

Share based compensation expense is measured based on the estimated grant date fair value and recognised over the requisite service period for awards that are ultimately expected to vest. The Company estimates forfeitures at the time of grant based on actual experience to date and revises estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Investments

Investment in group undertakings

Investments in group undertakings are stated at a valuation that is based on alternative accounting rules as allowed by Schedule 1.32(3) of the Companies Act 2006 on a basis that the Directors deem to be appropriate in the circumstances of the Company. The Directors have elected to value the investment in subsidiary undertakings at its U.S. GAAP net asset value of the group headed by the subsidiary undertaking. The adoption of this policy was deemed appropriate as the net asset value provides a consistent measure of value of group headed by the subsidiary undertaking. The value of this investment is revalued at each balance sheet date and changes in net asset value are recorded in the revaluation reserve.

Loans to group undertakings

Interest-bearing loans to group undertakings are recorded at the value of funds loaned, net of discounts and direct issue costs. Finance charges, including the unwinding of any discounts or premiums, are accounted for on an accrual basis to the profit and loss account using the effective interest method. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost.

Debtors

Debtors are stated net of specific provisions against doubtful debts, which are made on the basis of regular reviews made by management. Provisions are established when specific debtors are identified as being unable to pay.

3. Employees

The Parent Company employed only certain officers during the years ended 31 December 2013 and 2012. Information regarding directors' remunerations, interests in stock, stock options and pension benefits for consolidated Aon plc is included within the Directors' Remuneration Report contained in this report. Information regarding directors' remunerations for the Parent Company is included within Note 4 over Directors' Remuneration below.

The number of persons employed by the parent was as follows:

	2013	**2012**
Corporate and other	**16**	15

Employee costs were as follows (in thousands):

	2013	2012
Wages and salaries	**$ 13,469**	$ 4,024
Social security costs	**1,195**	211
Share based compensation expense	**48,381**	27,109
Pension and postretirement expense	**—**	—
Other, primarily employee benefits	**22,824**	10,882
Total employee costs	**$ 85,869**	$ 42,226

4. Directors' Remuneration

The directors of the Parent Company during the period were also directors and/or employees of other group companies. Mr. Case serves as the Company's President and Chief Executive Officer, and receives his remuneration for serving in that role. Mr. Case is the Company's sole executive director. Information regarding Mr. Case's remuneration is disclosed in Note 19 to Consolidated Financial Statements of the Group. Information regarding the non-executive directors' remunerations is incorporated herein by reference to the audited section of the Directors' Remuneration Report contained in this report.

5. Auditor's Remuneration

The actual auditor's remuneration for the statutory audit is analysed as follows (in thousands):

	2013	2012
Audit of the individual financial statements	**$ 310**	$ 365

Fees paid to the Company's auditor, Ernst & Young LLP and its associates, for services other than the statutory audit of the Company and other Group undertakings are disclosed in Note 20 to Consolidated Financial Statements of the Group.

6. Investments

Investment in Group Undertakings

Directors' valuation	**$000**
At 8 December 2011	$ —
Additions	2,438,606
Revaluations	7,789,953
At 31 December 2012	10,228,559
Additions	**112,315**
Distributions from subsidiaries	**(7,000,000)**
Revaluations	**1,906,845**
At 31 December 2013	**$ 5,247,719**
Cost	
At 8 December 2011	$ —
Additions	2,438,606
At 31 December 2012	2,438,606
Additions	**112,315**
At 31 December 2013	**$ 2,550,921**

Details of the direct subsidiary undertakings are detailed as follows:

Name of company	Country of incorporation	Holdings	Proportion of voting rights and shares held	Nature of business
Aon Corporation	United States of America	Ordinary shares	100%	Holding company
Aon Global Operations Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company
Aon Overseas Holdings Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company
Aon Holdings (Isle of Man) Ltd	Isle of Man	Ordinary shares	100%	Intermediate holding company
Aon Holdings Luxembourg S.a.r.l	Luxembourg	Ordinary shares	100%	Intermediate holding company
Aon Hewitt U.S. Holdings Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company
Aon Risk Services U.S. Holdings Ltd	Great Britain	Ordinary shares	100%	Intermediate holding company

On 16 March 2012, Aon Corporation contributed all 1,000 shares of Aon Holdings LLC to the Company. Aon Corporation did not receive consideration in exchange for the shares.

On 2 April 2012, a reorganization of the corporate structure of the group of companies controlled by the Company's predecessor, Aon Corporation, was completed, pursuant to which an indirect, wholly-owned subsidiary of the Company merged with Aon Corporation, and Aon plc became the group's publicly-held parent company ("the Redomestication").

On 2 April 2012, as part of the Redomestication, the Company entered into a Deed of Assumption in respect of the existing equity based compensation plans of Aon Corporation. As all equity awards and options will be settled in Aon plc shares in the future, a Share Option Reserve and a related increase in Investment in Subsidiary was recorded to reflect this arrangement.

During 2012, the Company entered into an agreement with one of its subsidiary undertakings whereby it issued a note payable in the amount of $2.1 billion to the subsidiary in exchange for a 100% ownership interest in Aon Holdings Luxembourg S.a.r.l.

During 2012, the Company capitalized the remaining subsidiary undertakings with cash contributions.

In July 2013, Aon Holdings LLC, an intermediate holding company and the direct parent of Aon Corporation, transferred its ownership of Aon Corporation to the Company via distribution. Aon Holdings LLC was subsequently liquidated in August 2013.

Loans to Group Undertakings

Loans to group undertakings relate to controlled entities of the consolidated Company.

(in $000)	**2013**	2012
Loans to group undertakings	**$ 7,107,974**	$ 107,354

On December 12, 2012, Aon Corporation borrowed $166 million aggregate principal amount of 4.350% Notes Due 2042 from Aon plc in connection with an exchange offer of its outstanding 8.205% junior subordinated deferrable interest debentures due January 2027. In connection with this exchange, the Aon plc received a premium of $59 million which will be amortized into Interest income over the life of the new notes.

On September 6, 2013, as settlement of a distribution to Aon plc, Aon Corporation issued two promissory notes. Aon plc received $1.75 billion aggregate principal amount of 6.25% notes receivable due September 2021 and $5.25 billion aggregate principal amount of 6.75% notes receivable due September 2023.

7. Debtors

(in $000)	2013	2012
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	**$ 186,458**	$ 16,285
Group relief receivable	**—**	9,270
Other debtors	**18**	4,252
	$ 186,476	$ 29,807
Amounts falling due after more than one year:		
Deferred taxation (see Note 14)	**$ 6,518**	$ 1,064

8. Creditors

(in $000)	2013	2012
Amounts falling due within one year		
Amounts owed to group undertakings	**$ 21,008**	$ 72,184
Accruals	**19,585**	9,525
Group Relief Payable	**19,307**	—
	$ 59,900	$ 81,709
Amounts falling due after more than one year		
Accruals	**$ 4,559**	$ 4,627

9. Loans and Borrowings

(in $000)	2013	2012
Borrowings and loans due in one year		
Bank loans and overdrafts	**$ 1,016,856**	$ —
Loans from group undertakings	**—**	790,000
	$ 1,016,856	$ 790,000
Borrowings and loans due after more than one year		
Loans	**$ 785,148**	$ 107,378
Loans from group undertakings	**2,100,000**	2,100,000
	$ 2,885,148	$ 2,207,378

The Parent Company uses proceeds from the commercial paper market from time to time in order to meet short-term working capital needs. The Parent Company had no commercial paper outstanding at December 31, 2013 and issued no commercial paper in 2012. The weighted average commercial paper outstanding for 2013 was $175 million. The weighted average interest rate of the commercial paper outstanding during 2013 was 0.31%.

On November 21, 2013, the Parent Company issued $350 million in aggregate principal amount of 4.00% Notes Due 2023. The 4.00% Notes Due 2023 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. The $350 million aggregate principal amount of 4.00% Notes will be repaid in a singular payment in 2023. The Parent Company used the proceeds of the issuance to repay commercial paper borrowings and for general corporate purposes.

On May 21, 2013, the Parent Company issued $250 million in aggregate principal amount of 4.45% Notes Due 2043. The 4.45% Notes Due 2043 were issued by Aon plc and fully and unconditionally guaranteed by Aon Corporation. The $250 million aggregate principal amount of 4.45% Notes will be repaid in a singular payment in 2043. The Parent Company used the proceeds of the issuance to repay commercial paper borrowings and for general corporate purposes.

On April 29, 2013, the Company amended its Euro Facility agreement to add Aon plc as an additional borrower. On May 8, 2013, the Parent Company established a multi-currency commercial paper program in aggregate principal amount of up to €650 million. Aon Corporation is a guarantor under the program.

On April 15, 2013, an S-4 registration statement registering $256 million in aggregate principal amount of 4.250% Notes Due 2042 (the "Exchange Notes") under the Securities Act of 1933, as amended (the "Securities Act"), was declared effective by the Securities and Exchange Commission. The Exchange Notes were exchanged for the Original Notes. The form and terms of the Exchange Notes are substantially identical in all material respects to those of the Original Notes except that the Exchange Notes are registered under the Securities Act and the transfer restrictions, registration rights and related additional interest provisions applicable to the Original Notes do not apply to the Exchange Notes. Like the Original Notes, the Exchange Notes were issued by Aon plc and unconditionally guaranteed by Aon Corporation. All Original Notes were exchanged for Exchange Notes in the second quarter 2013.

On March 8, 2013, the Parent Company issued $90 million in aggregate principal amount of 4.250% Notes Due 2042. The 4.250% Notes Due 2042 constitute a further issuance of, and were consolidated to form a single series of debt securities with, the $166 million aggregate principal amount of the 4.250% Notes Due 2042 issued by Aon plc on December 12, 2012 (collectively, the "Original Notes"). The Original Notes were unconditionally guaranteed as to the payment of principal and interest by Aon Corporation. The $90 million aggregate principal amount of 4.250% Notes will be repaid in a singular payment in 2042.

On December 12, 2012, the Parent Company issued $166 million aggregate principal amount of 4.250% Notes Due 2042 in connection with an exchange offer of subsidiary Aon Corporation's outstanding 8.205% junior subordinated deferrable interest debentures due January 2027. In connection with this exchange, the Parent Company paid a premium of $59 million which will be amortized into Interest expense over the life of the new notes. The $166 million aggregate principal amount of 4.250% Notes will be repaid in a singular payment in 2042.

Loans from group undertakings relate to controlled entities of the consolidated Company. The Parent Company has $2 billion revolving credit with the Company's cash pool, of which none was drawn upon as at 31 December 2013 and $790 million was drawn upon as of 31 December 2012. Interest on draws is the bank's overnight lending rate plus 0.55%. In connection with a legal entity restructuring, the Parent Company issued $2.1 billion aggregate principal amount of 1.3% notes due June 2015 to a consolidated subsidiary.

Repayments of total debt are as follows (in thousands):

	2013	2012
Wholly repayable within five years	**$ 3,116,856**	$ 2,890,000
Not wholly repayable within five years	**785,148**	107,387
	$ 3,902,004	$ 2,997,387

10. Guarantees

On 2 April 2012, the Parent Company entered into a series of agreements to guarantee certain debt instruments of Aon Corporation and its subsidiaries. The following debt instruments are guaranteed by the Parent Company:

- A €650 million multi-currency revolving loan credit facility used by certain of Aon Corporation's European subsidiaries to fund operations. This facility expires in October 2015 and has commitment fees of 35 basis points payable on the unused portion of the facility. The coupon rate on borrowings from this facility is LIBOR plus 100 basis points. There are no borrowings under this facility as at 31 December 2013.
- A $400 million U.S. revolving credit facility to support short term borrowing needs. This facility expires in March 2017 and has commitment fees of 15 basis points on the unused portion of the facility. The coupon rate on borrowings from this facility is LIBOR plus 97.5 basis points. There are no borrowings under this facility as at 31 December 2013.
- A $450 million term credit facility to support short term borrowing needs. This facility expired in October 2013 and has no borrowings outstanding as of 31 December 2013. The coupon rate on borrowings from this facility was LIBOR plus 137.5 basis points.

The following table summarises the remaining term loans that are guaranteed by the Parent Company:

Issue Type	Debt Outstanding	Coupon	Maturity
Jr Sub Debt	$521,000,000	8.205%	1 January 2027
Sr Unsecured Debt	$599,000,000	3.500%	30 September 2015
Sr Unsecured Debt	$500,000,000	3.125%	27 May 2016
Sr Unsecured Debt	$599,000,000	5.000%	30 September 2020
Sr Unsecured Debt	$298,000,000	6.250%	30 September 2040

11. Called Up Share Capital

(thousands, except number of shares)	2013	2012
Allotted and called up and fully paid:		
Class A Ordinary Shares of $0.01 each (2013-307,726,908, 2012-310,858,575)	**$ 3,007**	$ 3,109
Class B Ordinary Shares of £0.40 each (2013 and 2012-125,000)	**77**	77
	$ 3,084	$ 3,186

The Company was incorporated with 10 ordinary shares having a nominal value of £0.10 each, for an aggregate consideration of £1. On 15 December 2011, these initial 10 ordinary shares were reclassified as Class B Ordinary Shares. On this same date, the Company issued 345,523,558 Class A Ordinary Shares having a nominal value of $0.01 each for an aggregate consideration of $3,455,235.58, settled in exchange for a deed of trust for subscription monies. Further, on the same date, the Company issued an additional 499,990 Class B Ordinary Shares having a nominal value of £0.10 each for a consideration of £49,999, settled in exchange for a deed of trust for subscription monies. The deed of trust for subscription monies was settled for cash of $3,455,235.58 and £49,990 on 27 March 2012.

Subsequent to the share subscriptions, the Company then entered into a Deposit Agreement with EES Trustees International Limited, acting as depository. Under the Deposit Agreement, the Class A Ordinary Shares were deposited with EES Nominees International Ltd (Custodian). The Custodian then issued Depositary Receipts, each of which represented one Class A Ordinary Share.

15 March 2012 – The Company subdivided its 500,000 Class B Ordinary Shares having a nominal value of £0.10 each into 5,000,000 Class B Ordinary Shares having a nominal value of £0.01 each. In addition, the Company issued 400,000,000 additional Class B Ordinary Shares having a nominal value of £0.01 each to Aon Corporation in exchange for consideration of £4,000,000, settled in exchange for a deed of trust for subscription monies. The deed of trust for subscription monies was settled in cash £4,000,010 on 29 March 2012.

27 March 2012 – The Company received a capital contribution of $300,000 and £4,000,000 from Aon Corporation.

2 April 2012 – The Company redeemed 400,000,000 Class B Ordinary Shares having a nominal value of £0.01 each in the capital of the Company for a total consideration of £4,000,000. Further, the Company consolidated the remaining 5,000,000 Class B Ordinary Shares in the capital of the Company, having a nominal value of £0.01 each, into 125,000 Class B Ordinary Shares with a nominal value of £0.40 each.

2 April 2012 – In connection with the Redomestication, each issued and outstanding share of common stock of Aon Corporation was converted into the right to receive one Class A Ordinary Share, par value $0.01 of the Company, with 326,415,020 shares exchanged for shares of common stock of Aon Corporation. Prior to the Redomestication, the Company also had outstanding 125,000 Class B Ordinary Shares of £0.40 each, held by Aon Corporation and Aon Hewitt LLC. The Class B Ordinary Shares have no voting rights or rights to dividends or distributions as they continue to be held by subsidiary undertakings, which is in accordance with the Companies Act 2006.

2 April 2012 – The Company redeemed 19,108,538 Class A Ordinary Shares having a nominal value of $0.01 each in the Capital of the Company for a total consideration of $191,085.38.

2 April 2012 – The Depositary Receipts were cancelled. Instead, all outstanding Class A Ordinary Shares of the Company were transferred to Cede & Co., as Nominee for Deposit Trust Company.

2 April 2012 – The Company issued a since redeemable Class C Ordinary Share to Aon Corporation as a fully paid bonus share, thereby capitalizing the revaluation reserve recognised by the Company as a result of its indirect holding of Aon Corporation after the Redomestication.

4 April 2012 – The Company received approval from the English Companies Court to reduce the Class C Ordinary Share, and the share premium paid thereon. As a result of this approval, the share premium of $8,000,000 was reduced and distributable reserves of $8,000,000 were recognised. This process resulted in the cancellation of the Class C Ordinary Share.

During 2012, the Company repurchased in the open market 19,498,745 Class A Ordinary Shares having a nominal value of $0.01 each in the Capital of the Company for a total consideration of $1.0 billion.

During 2013, the Company repurchased in the open market 16,780,487 Class A Ordinary Shares having a nominal value of $0.01 each in the Capital of the Company for a total consideration of $1.1 billion.

During 2013, the Company issued 6,648,800 Class A Ordinary Shares having a nominal value of $0.01each in the Capital of the Company for a total consideration of $97,296 thousand related to employee benefit plans and employee compensation.

12. Reconciliation of Shareholders' Funds

(thousands)	Called up share capital	Share premium account	Revaluation reserves	Share option reserves	Capital Redemption reserves	Profit and loss account	Total shareholders' funds
At beginning of period	$ 3,186	$ 81,980	$ —	$ 294,942	$ 6,662	$ 7,027,389	$ 7,414,159
Profit for the period	—	—	—	—	—	180,431	180,431
Issued during the year - A shares	66	97,230	—	—	—	—	97,296
Revaluation of subsidiary	—	—	1,906,845	—	—	—	1,906,845
Share option reserve	—	—	—	297,530	—	—	297,530
Dividends paid	—	—	—	—	—	(212,077)	(212,077)
Share repurchases	(168)	—	—	—	168	(1,101,938)	(1,101,938)
At end of period	$ 3,084	$ 179,210	$ 1,906,845	$ 592,472	$ 6,830	$ 5,893,805	$ 8,582,246

The Company had distributable reserves of $5.9 billion and $7.0 billion as at 31 December 2013 and 2012, respectively.

The Company paid dividends on its ordinary shares of $212 million and $153 million for the years ended December 31, 2013 and 2012, respectively. Dividends paid per ordinary share were $0.68 and $0.47 for the years ended December 31, 2013 and 2012, respectively.

In January 2014, the Company approved the declaration of a dividend to shareholders of $0.18 per ordinary share. In February 2014, the Company paid those dividends in the amount of $53 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 2006.

13. Share Based Payments

Prior to the Redomestication, Aon Corporation had established various share based payment plans. On 2 April 2012, the Company entered into a Deed of Assumption to assume the obligation to issue shares under the various plans as disclosed below. As of 2 April 2012, there were awards and options that had previously vested for which shares had not yet been issued, as well as awards and options which had not yet vested. The following table summarises the fair value attributable to vested awards and outstanding options for which shares that had not been issued as at 31 December 2013:

Grant Date Fair Value	Number Outstanding	Fair Value	Total ($000)
Restricted Stock Units	1,723,405	$83.89	144,576
Stock Options	3,461,597	$18.76	64,940
			209,516

The Company recognized $48,381 thousand and $27,109 thousand of share based payment expense for the year ended 31 December 2013 and for the period 2 April 2012 to 31 December 2012, respectively.

Restricted Stock Units

Stock awards in the form of restricted stock units are granted to certain employees and vest over a service period, which is generally between three and five years, but may vest up to ten years after the date of grant. The fair value of the restricted stock unit is based upon the market value of the underlying stock at the date of grant. Restricted stock units are settled in equity. The table below summarizes the movement in the number of unvested restricted stock units outstanding at the end of the period:

	Shares
At 2 April 2012	9,958,236
Granted	2,835,204
Vested	(1,936,172)
Cancelled	(425,662)
At 31 December 2012	**10,431,606**
Granted	**3,713,973**
Vested	**(3,944,943)**
Cancelled	**(441,602)**
At 31 December 2013	**9,759,034**

The weighted average remaining contractual life of the restricted stock units outstanding is 2.10 years as at 31 December 2013. The weighted average fair value at measurement date of the restricted stock units outstanding is $51 as at 31 December 2013.

Performance Share Awards

Performance share awards are granted and require certain performance conditions to be met in order for the granted shares to vest. The vesting of performance share awards is contingent upon meeting various individual, divisional, or company-wide performance conditions, including revenue generation or growth in revenue, pre-tax income or earnings per share over a one to five year period. The fair value of performance share awards is based upon the market price of the Company stock on the grant date. The actual issuance of these shares may range from 0-200% of the target number of awards granted, based on the plan. As at 31 December 2013, the number of performance share awards that would have been granted based on current performance levels was 5,652,583 shares at a fair value of $83.89 per share. Performance share awards are settled in equity. There were 1,134,598 of performance share awards granted in the year ended 31 December 2013, and 1,247,034 awards vested during that period. The performance share awards had a remaining weighted average life of 1.14 years as at 31 December 2013.

Stock Options

Commencing in 2010, Aon Corporation ceased granting new stock options with the exception of historical contractual commitments. As at 31 December 2013, there were 3,461,597 options outstanding, 3,269,767 of which were exercisable. The fair value of the options was $18.76, with a weighted average remaining life on the unvested options of 1.06 years. Stock options are settled in equity. There were no grants and 2,115,802 exercises during the year ended 31 December 2013. Options were exercised on a regular basis throughout the period. The average daily close price of Aon plc ordinary shares for the year ended 31 December 2013 was $79.16.

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

	2013		2012	
	Shares	**Weighted Average Exercise Price Per Share**	**Shares**	**Weighted Average Exercise Price Per Share**
Beginning outstanding	**5,611**	**32**	8,073	$31
Granted	**—**	**—**	—	—
Exercised	**(2,116)**	**32**	(2,381)	29
Forfeited and expired	**(33)**	**34**	(81)	36
Outstanding at end of year	**3,462**	**32**	5,611	32
Exercisable at end of year	**3,270**	**32**	5,117	31

The table below summarizes the ranges of exercise prices for the options outstanding at 31 December 2013 and 2012:

2013			2012		
Grant Price Range	**Shares Outstanding**	**Weighted Average Remaining Contractual Term**	**Grant Price Range**	**Shares Outstanding**	**Weighted Average Remaining Contractual Term**
14.71 – 22.86	**1,243,711**	**1.43**	14.71 – 22.86	1,746,725	2.07
22.87 – 25.51	**174,005**	**1.50**	22.87 – 25.51	331,080	2.43
25.52 – 32.53	**303,955**	**0.90**	25.52 – 32.53	674,856	1.74
32.54 – 36.88	**392,538**	**2.32**	32.54 – 36.88	631,179	2.99
36.89 – 43.44	**829,546**	**2.55**	36.89 – 43.44	1,393,417	2.81
43.45 – 52.93	**517,842**	**3.50**	43.45 – 52.93	834,062	3.79
Total	**3,461,597**		Total	5,611,319	

The method of valuation for stock options is the Black-Scholes model. The fair value of options was estimated with the following weighted average assumptions:

Weighted average volatility	24.86%
Expected dividend yield	1.22%
Risk-free rate	0.29%

Expected volatilities are based on the average of the historical volatility of Aon Corporation's stock price. The expected dividend yield assumption is based on the Aon Corporation's historical and Aon plc's expected future dividend rate. The risk-free rate for periods within the contractual life of the option is based on U.S. Treasury yield curve in effect at the time of the grant.

14. Tax

a) **Tax on profit on ordinary activities** **The tax charge is made up as follows:**	**2013** **$000s**	**2012** **$000s**
CURRENT TAX		
On current year's profit at 23.25% (2012: 24.50%)	**19,307**	(9,270)
Tax under/(over) provided in previous years	**(233)**	—
	19,074	(9,270)
Foreign tax	**17**	—
Total current tax	**19,091**	(9,270)
DEFERRED TAX		
Origination and reversal of timing differences	**(5,454)**	(1,064)
Tax on profit on ordinary activities	**13,637**	(10,334)

b) **Factors affecting current tax charge/(credit)**

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporation tax in the U.K. of 23.25% (2012: 24.50%). The differences are reconciled below:

	2013 $000s	2012 $000s
Profit/(loss) on ordinary activities before tax	**194,068**	404,469
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the U.K. of 23.25% (2012: 24.50%)	**45,121**	99,095
Effect of:		
Expenses not deductible for tax purposes	**1,642,783**	13,007
Transfer pricing adjustments	**135**	72
Income not subject to tax	**(1,666,329)**	(121,444)
Other	**(2,403)**	—
Foreign tax	**17**	—
Prior year adjustment	**(233)**	—
Total current tax credit (a)	**19,091**	(9,270)

c) **Deferred taxation**

	2013 $000s	2012 $000s
The movements in deferred taxation are as follows:		
Balance at 1 January	**1,064**	—
Credit for the year	**6,518**	1,064
Prior year adjustment	**(1,064)**	—
Balance at 31 December	**6,518**	1,064
The deferred tax balance as at 31 December represents:		
Accrued compensation	**—**	1,064
Share based payments	**6,518**	—
Balance at 31 December	**6,518**	1,064

d) Factors affecting current and future tax charges

A gradual reduction in the UK tax rate from 28% to 24% was announced in June 2010. Finance Act 2011 included reductions in the corporation tax rate to 26% from 1 April 2011 and 25% from 1 April 2012 and received Royal Assent on 19 July 2011.

Further rate changes were announced in the 2012 Budget with the effect that the corporation tax rate would decrease to 24% from 1 April 2012 and then by 1% each year down to 22% in April 2014. The corporation tax rate decreases to 24% (applicable from 1 April 2012) and to 23% (applicable from 1 April 2013) were included in the Finance Act 2012 which received Royal Assent on 17 July 2012. These changes were therefore enacted at 31 December 2012 and have been reflected in the amounts recognised as at that date, shown as comparatives for the year ended 31 December 2012.

The proposed decrease in the corporation tax rate to 22% was not included in the Finance Act 2012. Further rate changes were announced in the 2013 Budget with the effect that the corporation tax rate would decrease to 21% from 1 April 2014 and to 20% from 1 April 2015. These corporation tax rate decreases were included in the Finance Act 2013 which received Royal Assent on 17 July 2013. These changes were therefore enacted at 31 December 2013 and have been reflected in the amounts recognised as at that date.

15. Related Party Transactions

The Company is exempt from the requirements of FRS 8: Related Party Disclosures, concerning the disclosure of transactions with other group companies that qualify as related parties within the Group, as the Company's financial statements are presented together with the Group's consolidated financial statements.

16. Post Balance Sheet Events

During the period from January 1, 2014 to March 13, 2014, we repurchased 7.2 million shares at an average price per share of $83.45 for a total cost of $600 million. At March 13, 2014, the remaining authorized amount for share repurchase under the 2012 Share Repurchase Program is $2.3 billion.

As of March 14, 2014, the Company had $478 million of commercial paper borrowings outstanding. The proceeds from the issuance of commercial paper will be used to fund short-term working capital needs.

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