CORPORATE PARTICIPANTS

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Christa Davies  
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

Eric J. Andersen  
President, Aon Plc

OTHER PARTICIPANTS

Elyse Greenspan  
Analyst, Wells Fargo Securities LLC

Jimmy S. Bhullar  
Analyst, JPMorgan Securities LLC

Paul Newsome  
Analyst, Piper Sandler & Co.

David Motemaden  
Analyst, Evercore ISI

Meyer Shields  
Analyst, Keefe, Bruyette & Woods, Inc.

Robert Cox  
Analyst, Goldman Sachs & Co. LLC

Weston Bloomer  
Analyst, UBS Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning and thank you for holding. Welcome to Aon Plc's Second Quarter 2022 Conference Call. At this time, all parties will be in a listen-only mode until the question-and-answer portion of today's call. I would also like to remind all parties that this call is being recorded. If anyone has an objection, you may disconnect your line at this time.

It is important to note that some of the comments in today's call may constitute certain statements that are forward-looking in nature, as defined by the Private Securities Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or those anticipated. Information concerning risk factors that could cause such differences are described in the press release covering our second quarter 2022 results, as well as having been posted on our website.

Now it is my pleasure to turn the call over to Greg Case, CEO of Aon Plc. Thank you, sir. You may begin.

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Thank you and good morning, everyone. Welcome to our second quarter conference call. I'm joined by Christa Davies, our CFO; and Eric Anderson, our President. As in previous quarters, we posted a detailed financial presentation on our website. We begin by expressing our deepest appreciation for our colleagues. Their extraordinary dedication to delivering results for clients, bringing the best of Aon across geographies and solution
lines is inspiring. And their passion and commitment are reflected in the highest ever public engagement recorded in our latest full survey.

In the second quarter, our colleagues delivered excellent results, demonstrating continued momentum and progress against our key financial metrics. Organic revenue growth was 8% in Q2 and year-to-date on top of 11% in the prior year quarter, consistent with our ongoing financial guidance of mid-single digit or greater organic revenue growth. This top line strength translated into an adjusted operating margin of 26.2% in the quarter, up 40 basis points from last year, and adjusted EPS growth of 15%, demonstrating the strength of our Aon United strategy and Aon Business Services platform.

Turning to revenue. Commercial Risk delivered 7% organic revenue growth, driven by ongoing strong retention and renewals, highlighting the strength of our core business and strength in areas of investment like CoverWallet within digital client solutions. In addition, external trends like inflation continue to be an opportunity for us to help ensure clients are covered for increased exposure. Reinsurance delivered 9% organic revenue growth in a dynamic renewal market. Our team brought the full capability of our firm’s data, analytics and expertise, resulting in strong retention and net new business generation.

Health Solutions delivered 11% organic revenue growth with strong growth in core health and benefits, driven by client demand, decreasing healthcare costs, and continued growth in advisory work related to regulatory changes, well-being and resilience. Within Human Capital Solutions, demand remains very high to support clients with advice and solutions, especially as they manage ongoing return to work plans, a highly competitive talent market, wage inflation and employee well-being.

Finally, Wealth Solutions delivered 3% organic growth as our team continue to deliver results in core retirement and investment solutions with ongoing additional work helping our clients address regulatory changes, an impact from recent market conditions like the opportunity for pension risk transfer. Across Wealth and Health, external factors are increasing client costs, making it more important than ever for them to efficiently provide optimal benefits for their employees.

Overall, our strong performance in Q2 and year-to-date reflects the strength of our core business across regions and solution lines. While there is uncertainty around external economic factors, some of the trends that challenge the broader economy are positive for our business. They create opportunities to help clients. For the full year, we remain confident in our ability to deliver results in each of our three financial covenants: mid-single digit or greater organic revenue growth, margin improvement, and double digit free cash flow growth.

On the topic of innovation, among many categories of investment, we’d like to highlight two areas where clients are demanding new or better solutions, and we are making meaningful progress in serving them, intellectual property and climate. On IP, our intellectual property solutions team is delivering a first of its kind solution that enables entrepreneurs to fund IP rich startup growth businesses without giving up ownership using debt but is backed by insured IP assets. Q2 mark an exciting milestone as the team crossed the $1-billion threshold in IP backed insurance enhanced debt financing.

Let me highlight one recent opportunity where our team supported a high growth technology hardware company. Given the company’s business model and growth stage, it had multiple funding avenues available. The company chose this solution to meet its growth capital needs, minimizing equity dilution. The $100-million transaction allowed the company to secure its financing for growth, while insurance markets were able to diversify risk pools with an innovative application to an intangible asset class.
Going forward, we’re making progress to increase the number of lenders and insurance carriers participating in that solution as we build client awareness, accelerate distribution, and continue to scale this business. One additional note, as current and evolving economic conditions may compress equity driven valuation, IP backed debt provides a potential new option for startup growth clients to protect equity ownership and forego potential down round funding.

On climate, our team is working on many initiatives. Today we will highlight two, Aon’s work on Aon and our work supporting renewable energy investment. We'll start with our progress on Aon’s journey to zero carbon. In March of 2021, we made an industry leading commitment to be net zero by 2030 in alignment with science-based targets for Scope 1, 2 and 3 emissions. We’re pleased to report that we've made great progress so far and reduced our 2021 carbon emissions 12% from our 2019 baseline as we decarbonize our supply chain, reduced our real estate footprint with smaller, greener space, and reduced travel, in part with the impact of COVID-19.

Our recent ESG Impact Report detailed our commitment and actions on climate, as well as other ESG topics which are embedded in our overall strategy. For our clients, this comes down to helping them understand and quantify their climate risk, be prepared to communicate and report on this risk, and do something about it by building resiliency, transitioning to lower carbon, and investing in transition.

Given our track record of underwriting new risks and developing proprietary valuation models paired with our climate analytics, data and partnerships, we’re very well positioned to help clients quantify current and potential future risk, which we can then help them mitigate and transfer. For example, in renewable energy alone, onshore and offshore wind investment exceeds $70 billion today and could grow to nearly $400 billion by 2030, another rapidly growing addressable market that we serve with meaningful solutions today to ensure the construction and ongoing operation of these facilities.

Similarly in solar, there’s $45 billion of investment today in construction, manufacturing and technology development, and we expect this investment to grow to over $100 billion by 2025. Recently, our team facilitated a placement from the world's largest solar farms, [indiscernible] (00:07:33) commercial risk and reinsurance to obtain coverage despite challenging market conditions.

As these renewable energy projects continue to grow in size, scale and complexity, the need for expertise and innovation in existing technologies will only increase. Further innovation in areas like carbon capture and storage, hydrogen, and other new technologies will require even more innovation to enable the risk financing necessary to make these projects more economically attractive. Our ability to reduce risk of new solutions helps bring in new investment and ultimately helps enable continued move towards decarbonization.

In summary, we delivered a strong quarter, demonstrating continued operating momentum and progress on our key financial metrics. Our Aon United strategy and operating model supported by Aon Business Services places us in a very strong position to support our clients as they face changing economic conditions. In addition, our colleague engagement is very high as our team delivers on a strategy that enables us to achieve results today, both in the core and in priority growth areas, while also investing in innovative new client solutions, like intellectual property and climate. Finally, our strong performance in Q2 and year-to-date reinforces our commitment to achieving our financial objectives for the year.

Now, I'd like to turn the call over to Christa for her thoughts on our performance and long-term outlook for continued shareholder value creation. Christa?
Christa Davies  
*Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc*

Thanks so much, Greg, and good morning, everyone. As Greg highlighted, we delivered continued progress in both the quarter and year-to-date. For the first half of the year, we translated 8% organic revenue growth into 50 basis points of adjusted margin expansion and double digit adjusted earnings per share growth. We look forward to building this momentum through the rest of 2022 as I reflect on our performance through the first half of the year.

As Greg noted, organic revenue growth was 8% in both Q2 and year-to-date. We continue to expect mid-single digit or greater organic revenue growth for full year 2022 and over the long-term. I would also note the reported revenue growth of 3% in Q2 and 4% year-to-date includes an unfavorable impact from changes in FX, primarily driven by a stronger US dollar versus most currencies and fiduciary investment income of $7 million in Q2 and $9 million year-to-date.

Further, I'd note we are uniquely well-positioned with respect to current economic conditions. Inflation increases in insured values, which has a positive impact on our business. And we continue to see modest tailwinds in insurance pricing, which remains strong. Interest rate increases benefit us through fiduciary investment income and reduced pension liabilities. Broadly, as Greg mentioned, volatility makes the solutions and advice we offer around risk and people even more valuable to our clients, for instance, in areas like work force resilience and pension de-risking.

Moving to operating performance. We delivered strong operational improvement through the first half of the year with adjusted operating margins of 32.7%, an increase of 50 basis points, driven by organic revenue growth and efficiencies in our Aon Business Services platform, overcoming expense growth, which includes investment in colleagues, technology to drive long-term growth and some ongoing resumption of T&E.

Looking forward, we expect to deliver margin expansion in 2022 and over the long-term as we continue our track record of cost discipline and managing investments in long-term growth on an ROIC basis. As we've previously communicated, we think about margins over the course of a full year and we expect continued investment in colleagues and ongoing resumption of T&E throughout the year.

Our Aon Business Services platform continues to be a key contributor to margin expansion and represents a competitive advantage, especially in a high inflationary market. While our Aon Business Services platform continues to enhance our ability to scale innovation and unlock growth opportunities, it also supports continuous improvement as we automate day to day processes around the firm.

For instance, our Aon Business Services and commercial risk teams saw automation opportunities with certificates of insurance. We're now using automation to locate, extract and validate the data, rather than manually pulling it from emails and attachments. Over the year, this would save our North American team 83,000 work hours, representing a 30% reduction in total time spent processing service requests for certificates of insurance before further enhancements.

We're delivering high-quality client service and enabling our colleagues to spend more time on high value-added activities and improving colleague engagement. Our Aon Business Services platform enables us to find and capture efficiency opportunities like this around the firm and remains a key driver of ongoing efficiency improvements and margin expansion.
We translated strong adjusted operating income growth into double digit adjusted EPS growth of 15% in Q2 and 14% year-to-date. As noted in our earnings materials, FX translation was an unfavorable impact of approximately $0.10 per share in Q2 and $0.29 per share year-to-date. If currency will remain stable at today’s rates, we would expect an unfavorable impact of approximately $0.11 per share in the second half or approximately $0.04 in Q3 and $0.07 in Q4 of 2022.

Turning to free cash flow and capital allocation. Free cash flow decreased 17% year-to-date to $1,063 million, primarily driven by higher receivables, as well as higher incentive compensation payments given our strong 2021 financial results, as we described in Q1, offset by strong operating income growth. As we’ve communicated before, free cash flow can be lumpy quarter-to-quarter, and free cash flow generation of second half of the year is seasonally stronger than the first half. We continue to expect to deliver double digit free cash flow growth for the full year 2022.

Looking forward, we continue to expect to drive free cash flow growth over the long-term, driven by operating income growth and working capital improvements. Given our strong outlook for free cash flow growth in 2022 and beyond, we expect share repurchase to continue to remain our highest return on capital opportunity for capital allocation. We believe we are significantly undervalued in the market today, highlighted by approximately $500 million of share repurchase in the quarter and $1.3 billion year-to-date.

We can also expect to continue to invest organically and inorganically in content and capabilities to address unmet client needs. Our M&A pipeline continues to be focused on our priority areas that will bring scalable solutions to our clients’ growing and evolving challenges. We will continue to actively manage the portfolio and assess all capital allocation decisions on an ROIC basis.

Now turning to our balance sheet and debt capacity. We remain confident in the strength of our balance sheet and manage liquidity risk through a well-laddered debt maturity profile. As we said before, we'll continue to add debt as EBITDA grows while maintaining our current investment grade credit ratings.

Thinking about interest rates, I’d note that our term debt is all fixed rate with an average interest rate of approximately 3.8% and a weighted average maturity of approximately 12 years. I’d also note that our pension liability improves as interest rate increase, and historically we’ve taken steps to de-risk this liability and reduce volatility.

In summary, our strong financial results in the quarter and year-to-date demonstrate continued momentum and progress against our key financial metrics. While we’re seeing signs of economic uncertainty, we remain confident in the strength of our firm and our financial guidance for 2022. Overall, our business is resilient and our Aon United strategy gives us confidence in our ability to deliver results in any economic scenario.

With that, I'll turn the call back over to the operator, and we'd be delighted to take your questions.
QUESTION AND ANSWER SECTION

Operator: At this time, we will be conducting a question-and-answer session. [Operator Instructions] Our first question comes from the line of Elyse Greenspan with Wells Fargo. You may proceed with your question.

Elyse Greenspan
Analyst, Wells Fargo Securities LLC

Hi. Thanks. Good morning. Last quarter on your conference call, you guys had alluded to if we go into a recession, there could be an impact on the discretionary pieces of your business, which I believe is around 20% of your revenue. I was just hoping for you guys to expand it upon if we go into recession later this year or 2023, how that could impact revenue in Aon. And I'm assuming right now given the growth you saw in the quarter, you're not seeing any signs of a slowdown just yet.

Gregory C. Case
Chief Executive Officer & Executive Director, Aon Plc

Elyse, maybe I'll start with that and go to Eric and Christa as well. We try to convey last quarter what was reinforced this quarter. As we look at the – the world is expanding and is evolving, we're in a very unique place, incredibly well-positioned, and it really shows through in the first quarter, shown through in the second quarter, and we expect through the year and into 2023.

If you look at growing risk across the board, clients are looking at their current businesses, of course, the growing risk around supply chain, in climate, in cyber, resilience, people aspects. All these things are areas we have a great opportunity to support clients and that's coming through. It really come through across the board on our core book of business and also our investment part of our business.

And then the underlying pieces that are talked about, inflation and interest rates, as Christa described, have a positive impact on our business. And finally, Aon Business Services enables us to react and implement solutions globally while continuing to operate and invest efficiently. So, you're seeing us do what we do, we improve and drive mid-single digit or greater organic growth, margin improvement and free cash flow growth at the double digit level. So, that's what we want to convey be and make sure you understand sort of where we look as we think about the global economy.

But, Eric, anything else you'd add from a client standpoint?

Eric J. Andersen
President, Aon Plc

Sure, Greg. I would say, look, Elyse, it's a great question. And areas of growing risks like climate change, geopolitical uncertainty all have a major impact. Changing regulation on areas like wealth, the focus on workforce resilience, well-being, jobs and talent market, you go on and on, healthcare costs are all issues that our clients are facing irrespective of broader economic conditions.

I would also say the Aon United model that we've built is actually built for moments like this where our teams are integrating together, trying to come up with innovative solutions for clients in a way that pulls all the different capabilities of the firm and can deliver it in one unified fashion. So, we think the world isn't getting any less risky, and so the opportunity is there for us to continue to grow our business.
And, Elyse, I'd just add that many of the underlying drivers of GDP, as Greg highlighted, probably impacts our business. We've talked about market impact, which is really made up of two components: insurance pricing, which provides modest tailwinds to growth and remains strong, and inflation, which increases insured values, exposures, wages, medical costs, some asset values. All things that positively correlate with our revenue and offset potential pressure as well in GDP.

We've also mentioned that interest rates have a positive impact on our business through fiduciary investment income. Each 100-basis point increase in interest rates is $60 million top line and bottom line for us. It also decreases our pension unfunded liability, which decreases cash contributions to pensions. And finally, our investment Aon Business Services continues to drive efficiency and support growth while helping mitigate inflationary impacts on our own cost base.

So, we're very confident of these trends and, in fact, that volatility actually create challenges for other industries but really creates opportunity for us with clients, as Greg and Eric has highlighted.

Elyse Greenspan
Analyst, Wells Fargo Securities LLC

That's helpful. And then my second question, Christa, in your prepared remarks, you talked about the slowdown in free cash flow at the start of the year and mentioned receivables is part of the reason. So, as you think about the back half of the year, do you think cash flow is going to be strong enough that you'll hit the double digit target this year [indiscernible] (00:20:14) is still double digit growth for 2022?

Christa Davies
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

We are certainly confident about achieving double digit growth for 2022, Elyse. And we – absolutely, as you described, second half cash flow is always stronger than first half cash flow, and first half was really impacted by two things, higher receivables, which is really due to stronger organic revenue growth. I would note, by the way, DSO is actually flat, so we're keeping up but we're not accelerating that and we have a plan to accelerate and collect receivables much faster. And it was also impacted by incentive compensation payments from a very strong 2021 performance, which is exactly what we should be doing and rewarding our colleagues.

And so, we're very confident about double digit free cash flow growth for the full year 2022 and beyond, 2023 and beyond. So, we've got a very strong free cash flow outlook and we're really excited about deploying that organically in M&A and in share repurchase, which is our highest return on capital opportunity across Aon.

Elyse Greenspan
Analyst, Wells Fargo Securities LLC

Great. And one last quick filing thing, the other income line, you did see gains couple of quarters in a row in some business sales. Should we model that going forward? I know in the past you told us to assume kind of zero for that line on an ongoing basis.

Christa Davies
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

We would assume zero for that line on an ongoing basis, Elyse. What you saw in this quarter was us continuing to manage the portfolio as we do. We continue to invest in higher revenue growth, higher margin, higher return on
capital opportunities, and we continue to divest. And this is a small divestment in lower revenue growth, lower margin, lower return on capital opportunities. And so, I would continue to model it a zero going forward.

Elyse Greenspan
Analyst, Wells Fargo Securities LLC

Okay. Thank you.

Operator: Our next question comes from the line of Jimmy Bhullar with JPMorgan. You may proceed with your question.

Jimmy S. Bhullar
Analyst, JPMorgan Securities LLC

Hi. Good morning. I had a couple of questions. First, on margins. You mentioned you expect to improve margins in 2022 and thereafter. I think, seasonally, second half should be weaker than the first half. But with – do you expect to improve margins in the second half as well with the potential increase in T&E versus last year and maybe some inflationary pressures if you're seeing them?

Christa Davies
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

Thank you so much for the question. We absolutely agree that we are focused and committed to expanding margins for the full year 2022. We don't give margin guidance by quarter. We've certainly seen very strong 50 basis points of margin expansion in the first half of the year. And we expect the full year margin expansion, driven by organic revenue growth, our portfolio mix shift to higher revenue growth, higher margin areas, and our continued productivity benefit through Aon Business Services, which I mentioned specifically in our prepared remarks. So, again, completely committed to full year 2022 margin expansion.

Jimmy S. Bhullar
Analyst, JPMorgan Securities LLC

Okay. And on fiduciary investment income, I think theoretically, obviously, it's understandable how it should pick up. But rates have been high for a while now and we haven't seen too much of a pickup. So, I'm just wondering if you could comment on the expected lag and what the outlook is for fiduciary investment income if interest rates stay around current levels maybe a year or two years from now.

Christa Davies
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

Yeah. So as I mentioned in my prepared remarks, every 100-basis point increase in interest rates and this is the short end of the curve is $60 million top line and bottom line for us. I'd note that our assets in terms of investments on behalf of clients are about 55% in the US and 45% outside the US. Our fiduciary investment income for Q2 was $9 million, and so it is increasing as interest rates rise.

Jimmy S. Bhullar
Analyst, JPMorgan Securities LLC

Okay. Thank you.

Operator: Our next question comes from the line of Paul Newsome with Piper Sandler. You may proceed with your question.
Paul Newsome  
Analyst, Piper Sandler & Co.

Good morning. I want to follow-up on Elyse's question about the economic sensitivity. Maybe you could just kind of remind us and contrast sort of the Aon of today versus the Aon of past recessions if we look back and why would the business mix be – why is the business mix materially different and how should we think about sort of the relative sensitivity today versus not – just any sort of magnitude would be very helpful. And then kind of as a follow-up, as we think further into M&A, does the M&A strategy change in any way because of the recession or the desire to change your economic sensitivity?

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Excellent, Paul. Let's take both of those two big categories, both important. On the first piece, when we talk about mix, Eric's point around how we approach our clients around Aon United is fundamentally different, and evolving, and getting stronger and stronger. We're bringing the whole capability of our firm to clients every day, and that really does enhance our ability to grow in the core but also bring new solutions and ideas to them and also solutions, ideas which connect across areas. I mean, we're connecting things in D&O with our people business in ways we haven't done before that fundamentally changes the risk costs for clients sort of in the D&O world with that piece. That really cuts across solution lines.

And what we're trying to convey and why we're confident in mid-single digit or greater growth across all the environments Christa described is this capability, fundamentally different than it's ever existed before and we've been working on it for quite some time. And it's really – it really is reinforced in client [indiscernible] (00:25:53) our clients, so exceptionally positive, which is why, as I said before, we're confident mid-single digit for the year and over time. But it really does show up at a client level and there are aspects that are discretionary, but those change over time and evolve over time. Overall, the client service leadership capability just continues to strengthen.

But additional thoughts in these?

Christa Davies  
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

Thanks so much, Greg. And, Paul, what I would add is if you go back to 2008 to 2010, that was really the worst economic environment you could design for a company like Aon. It was a global economic recession without inflation and without interest rates, which is pretty unusual. And during 2008 to 2010, Aon grew organically over those two years. Our reported revenue grew 6% CAGR over those two years. We expanded margins by 250 basis points, and we grew free cash flow very strongly.

And we would say in this environment, there are three things that make us stronger than that performance. The first is inflation, which has a positive impact on our revenue as I described, increasing asset values, employment levels, revenue, etcetera. The second is interest rates, which has a positive impact on fiduciary investment income. As I mentioned, $60 million top line and bottom line per 100- basis point increase in interest rates. And the third, as Greg highlighted, is our investments – and Eric highlighted is our investments in Aon United, which allows us to bring together capability to serve clients who in times of volatility need us more, whether that's work towards resilience, pension de-risking, supply chain, climate, a number of different areas.
So, we feel very good about our ability to navigate through, which is why we’re reiterating the guidance we have for full year 2022 and beyond. Mid-single digit organic revenue growth, margin expansion for the full year and double digit free cash flow growth.

**Gregory C. Case**  
*Chief Executive Officer & Executive Director, Aon Plc*

And so maybe we could take a minute then, Paul, come back to your other question, also equally important, around M&A, what we’re up to and how we’re thinking about it. We are seeing an evolving market, it's terrific. But maybe it's helpful to start, Christa, with you on just overall capital allocation, how we’re thinking about it because there's really opportunity on the M&A front than elsewhere, and then, Eric, some examples that we’re seeing and some things we've done recently. Christa...

**Christa Davies**  
*Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc*

Absolutely. I would say firstly, Greg, our M&A pipeline is really strong and we are continuing to invest organically and inorganically in areas of great growth and great margin expansion. Data analytics with Tyche, digital with CoverWallet, a number of other areas across our business where we’re seeing enormous client need, supply chain, workforce resilience, climate, etcetera.

And then I would say we continue to operate in a very disciplined way on return on capital. So, as we generate very strong free cash flow for full year 2022, we expect our highest and best use of cash will remain share repurchase because we remain undervalued today, we remain undervalued and our peak pricing of you know $350 million. And so we continue to invest in share repurchase because it remains the highest return on capital opportunity across Aon. And for us to invest in M&A organically in any of these very, very attractive opportunities, it has to be share repurchase because that's the bar.

But, Eric, you are in the middle of a lot of the great investments in our business and – including in M&A. Maybe you can talk a little bit more about this.

**Eric J. Andersen**  
*President, Aon Plc*

Sure, Christa. And maybe I'll just touch on the Tyche platform that we acquired just as a way to tie some of these pieces together. And for those that remember, Tyche was really about enhancing the capability around capital modeling that we do around reserving and pricing, predominantly for the life and non-life business on the reinsurance side. But, ultimately, where we see it going over time is how we extend the platform beyond insurers to corporate clients as many of these large corporates with big balance sheets are looking to optimize their own risk strategies across insureds, captive, self-insurance, etcetera, and need better information to be able to do it.

So, the ability to add that team and that talent to be able to provide that existing impact to our insurance clients from a reinsurance angle but then use that capability across the broader firm is one of the areas of why we were so interested in Tyche. And it's also just worth saying that once you acquire an asset like that, getting them involved in the Aon United mindset, how we actually integrate them and leverage their capabilities across the broader firm has been what we've been working on over the last couple of months and I think just build confidence in our ability to use that kind of capability across the broader firm.

**Paul Newsome**  
*Analyst, Piper Sandler & Co.*
Okay, thank you for your help, as always. Appreciate it. Congratulations on the quarter.

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Thanks, Paul.

Operator: Our next question comes from the line of David Motemaden with Evercore ISI. You may proceed with your question.

David Motemaden  
Analyst, Evercore ISI

Hi. Good morning, Christa, last quarter you made some commentary around the discretionary parts of your business. I was just wondering if you can talk about what you're seeing in terms of leading indicators of demand on those discretionary businesses, specifically in the second quarter.

Christa Davies  
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

Sure. So, what you're seeing, David, is very strong growth across our business. 8% growth in the quarter. 8% growth year-to-date. And we're reiterating guidance of mid-single digit or greater organic revenue growth for the full year, exactly the outlook we started the year with. So, we're continuing to see strong areas of demand from clients in the core and in the discretionary areas.

Really, David, because in times of volatility, a lot of the services we're offering clients are in greater demand. And so, whether that's supply chain volatility, whether that's market volatility which is creating opportunities, the pension de-risking, the pension buyout, buy-ins, whether that's workforce resilience, whether that's supply chain, there are so many areas of increased demand from clients in times of disruption.

David Motemaden  
Analyst, Evercore ISI

Got it. Okay. That's helpful. And Greg, last question. I had asked a – or last quarter, I had asked a question around just new head count and you spoke of more about focusing on productivity. And I think on this call, Christa, you made some interesting comments on just how Aon Business Services is helping enhance productivity. So, I'm wondering if you could just help me think about are there any metrics you look at internally just on producer productivity, and maybe you can just share how much those have increased over the last several years and sort of the outlook going forward just on producer productivity.

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Well, David, thanks. We love the question around talent. It is – it's the heart of our firm, everything we do comes back to our colleagues as they support clients. And we continue to invest very substantially in attracting and retaining talent. And that's been the strategy forever at Aon and continues to be. But as Christa described and I described, we are investing in capability to do that more effectively. So, yes, last time we talked about productivity. Productivity for us is helping our colleagues do more with clients. They love it when they can sit across the table and wow a client on new ideas. It's a tremendous outcome. And we are developing content capability that makes it easier and easier for them to do that.
So, yes, not just bringing talent in, but making talent better. Not just bigger but better. And it really is at an individual level working to do that. It’s why, as I described in Q2, we recorded the highest ever engagement we’ve ever had from our pool survey. You see that from the standpoint of sort of how colleagues are reacting to that in our volunteer attrition, for example, as you know, way back in line with where it was pre-pandemic.

So, all things are coming together very, very positively and continue to reinforce each other from an overall talent perspective. And we'll take energy and efforts to sort of make investments where we need to to support our businesses and to support our client leadership.

Eric, you’re leading us every day at the talent level, it’s so fundamental. What do you see?

Eric J. Andersen  
President, Aon Plc  

Thanks, Greg. It’s a great question and one that’s really important to us and we spend a lot of time on. And we have been making investments which are really exciting. I would say they come in like three buckets. The first is we’re investing in client leadership, especially people who have industry focus and deep understanding of client specific challenges. We’re also investing organically in some of the areas we’ve been talking about, like climate, cyber, IP, analytics, all the areas where we think we can add real value to clients and need expertise to be able to provide that value.

And then the third and we talked a little about it with Tyche but CoverWallet, the same. Through M&A, we’re bringing in expertise not only from a people perspective but a technology perspective as well. And then critical too, I think, Greg, just picking up on your last point, making sure that we embed that talent in the firm so that the broader firm can use it and leverage it with their clients. Using that Aon United model to get that talent across all types of clients around the world is critical, but really focused on making sure we’ve got the best talent in the industry. And I think we’re making great progress.

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc  

I mean, Eric, two great examples as you sort of go back in time – we’re talking now of CoverWallet and Tyche. But if you go back in time, the investments we made in cyber have been phenomenal, both on the acquisition front and M&A front. It put us in an unbelievable position to serve clients today in a category. Also, go back to 601West, we haven't talked about on these calls for quite some time, a few years ago. Now, we've evolved with what was a truly world-class capability and the 200 colleagues working on intellectual property. And we put these example out with Aon sort of after a number of years, sort of what we're seeing, $1 billion now across the threshold on IP debt.

So, these are all the things that you think are fundamental, David, to come into this. And we track it carefully, as you might expect, and we're seeing results and progression. I do want to just touch on the Aon Business Services and get Christa to highlight that again too because that also is an area that helps us scale capability that reinforces talent. So, Christa, do you want to talk about ABS for a minute?

Christa Davies  
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc  

Yeah. Look, a really important part of our pallet strategy is Aon Business Services. As you’ve heard us say before, it's not just driving efficiency, but it's enabling us to increase growth and scale innovation much faster. And so the power of Aon Business Services enables to drive efficiency in our core operations, which helps offset the trends
we see around wage inflation, enabling us to continue to invest in talent and people which drive long-term margin expansion. So, we're really excited about how Aon Business Services helps us accelerate Aon United.

David Motemaden  
*Analyst, Evercore ISI*

Okay. Great. That's – I really appreciate the comprehensive answer. Thanks so much.

Operator: Our next question comes from the line of Meyer Shields with KBW. You may proceed with your question.

Meyer Shields  
*Analyst, Keefe, Bruyette & Woods, Inc.*

Thanks, [indiscernible] (00:36:45) right now, I don't mean you, I mean politically. We've gone through two quarters of contracting real GDP growth. Can you talk about how that impacted your first half results relative to expectations?

Christa Davies  
*Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc*

Meyer.

Gregory C. Case  
*Chief Executive Officer & Executive Director, Aon Plc*

Go ahead, Christa.

Christa Davies  
*Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc*

Yeah. So, look, Meyer, I would start with we've seen really strong revenue growth, 8% in Q1, 8% in Q2, 8% year-to-date. And we continue to reiterate guidance for the full year exactly as we did at the beginning of the year, mid-single digit or greater organic revenue growth, margin expansion for the full year and double digit free cash flow growth. So, we're seeing opportunities, Meyer, whether it's inflation, which positively impacts our revenue in driving up asset values, driving up employment levels, driving up corporate revenues; whether it's interest rates, which obviously positively impacting the revenue side in terms of fiduciary investment income; or whether its volatility and clients needing us more on the supply chain, workforce resilience, pension de-risking in times of increased volatility. But, Greg, what would you say?

Gregory C. Case  
*Chief Executive Officer & Executive Director, Aon Plc*

No, I think you captured it well. Meyer, we're just trying to reinforce in every way we can, mid-single digit or greater in terms of some of the performance for the year and ongoing for lots of different ways and perspectives that we've been able to accomplish that. And you've just seen it, you've seen the performance. You've seen – by the way, where we think about growth, it's not just top line growth, it's also operating income growth and free cash flow growth, as Christa described before.

Meyer Shields  
*Analyst, Keefe, Bruyette & Woods, Inc.*
Okay. No. That's helpful. Second, maybe a more detailed question because we've been talking a little bit about CoverWallet. So, can you just update us on how consumer or I should say customer willingness to use technologies like CoverWallet, how is that evolving over time?

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Eric, why don't you take that one?

Eric J. Andersen  
President, Aon Plc

Sure, Greg, I will. It's a great question and something we're really excited about as a platform. And there's two ways you use it, use it direct to consumer, which continues to be sort of the base of what CoverWallet was when we acquired it and that continues to grow. But where we're actually seeing great opportunity is how we bring CoverWallet to our existing clients that have large distribution issues on their own, whether it's rideshare companies or dealerships or what have you, where they need to provide product to a broad number of people. Think of it from a B2B2C perspective versus a direct to consumer.

And so, when you look at our enterprise client strategy and our ability to get to those large clients with this capability as they're trying to provide value either to their own colleagues or to their business partners, it does give us a platform that we think drives great growth for us and rounds out the relationships that we have with these clients in a way we're providing real value. So, we bought it as a D2C and we've been able to expand it into the B2B2C arena and are having some good success with it.

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

And when you think about it, Meyer, this is really about [indiscernible] (00:39:37) introducing technology, you're sitting across the table from a client, again, as they've got, as Eric described [indiscernible] (00:39:43) around the world. We're essentially saying, hey, we think we can actually help you provide service to them with a really clean, tight interface that does things that help them manage their business on your behalf. We could do it globally. That's just not something that anyone can say. The behind the scenes technology is massive.

Now, behind the scenes technology and IP intellectual property is also massive, but you're not having that conversation. The conversation is our colleagues essentially asking someone who's got a growth business, hey, would you like to actually raise growth capital in a way that doesn't dilute your equity ownership. And so the technology, the content is all behind that and reinforces that. And so the introduction of technology to clients is really through helping them win in their business. And that's where we found great receptivity.

Meyer Shields  
Analyst, Keefe, Bruyette & Woods, Inc.

Okay. That's very helpful. Thank you so much.

Operator: Our next question comes from the line of Rob Cox with Goldman Sachs. You may proceed with your question.

Robert Cox  
Analyst, Goldman Sachs & Co. LLC
Hey, thanks for taking my question. I was hoping to get a little more color on what's driving the strong growth in Health Solutions broadly. And if you could quantify how meaningful the benefit from the timing of revenues was in the core health and benefits brokerage business in the quarter.

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Excellent. I love this question, Rob, and we love this category as we talked about before. So much going on around the global world with health and it really does cut across regions beyond just a specific area. But, Eric, thoughts on the progression in health?

Eric J. Andersen  
President, Aon Plc

Sure. I mean, I think when you look at the long-term outlook, certainly helping the clients mitigate healthcare costs and improving employee health and well-being is a great business at the moment, and I think we're really confident in it. The growth has come from all geographies and it's driven by retention renewals, project work across a broad segment of that area, but also great growth related to the well-being and employee resilience part of health. The human capital piece with the data solutions growth, the advisory work, really broad based in terms of its impact we're having with clients across all of our geographies.

Robert Cox  
Analyst, Goldman Sachs & Co. LLC

Got it. And then on the timing benefit on revenues in the quarter, is there any way to quantify that?

Christa Davies  
Chief Financial Officer & Executive Vice President-Global Finance, Aon Plc

Yeah. So, what I would say is – and we haven't disclosed it, but what we have said is it's coming from Q3 into Q2. So, it's not material, Rob, but you should see some smaller amount in Q3 than you would otherwise expect.

Robert Cox  
Analyst, Goldman Sachs & Co. LLC

Okay. Got it. And then just lastly, I was just hoping to ask a question on Aon's ability to negotiate higher pricing in some of the fee-based businesses in light of inflation, and if you've seen any greater success in doing so in certain fee-based businesses versus others.

Gregory C. Case  
Chief Executive Officer & Executive Director, Aon Plc

Rob, the conversation we have with our clients always is about value, the value we provide for them, how we build team to support them and create. And then having to establish that, they have to understand the value, appreciate the value. And then we talk about what's fair in the context of sort of how we are compensated for that.

So, that's been something we always do. Ours is about higher value. We want to bring more incremental value to clients than anyone else and more over time. And in doing so, we have been rewarded for that as it relates to value for clients. And so, we continue to do that and we're having the progression this year, just like we have last year and the years before.
Robert Cox
Analyst, Goldman Sachs & Co. LLC

Thank you.

Operator: Our last question comes from the line of Weston Bloomer with UBS. You may proceed with your question.

Weston Bloomer
Analyst, UBS Securities LLC

Hi, good morning. One follow-up question on organic growth within reinsurance. You highlight strong growth in both treaty and facultative in the quarter. So with the facultative piece, understanding its more transactional nature and second half weight, just curious on your outlook for facultative placements in the second half of the year. Any tailwinds worth pointing out? Or is this facultative growing faster, slower than treaty currently?

Gregory C. Case
Chief Executive Officer & Executive Director, Aon Plc

Facultative has been a great business for us over many years, and if you put it in the context of the overall market where many of the insurers continue to remediate their portfolios and they often do that through the use of facultative placements in order to maintain their direct client relationship. So, fact for us around the world continues to be a great business and we create value with it and expect that that would continue as we go forward.

Weston Bloomer
Analyst, UBS Securities LLC

Great. Thank you.

Operator: Ladies and gentlemen, we have reached the end of today's question-and-answer session. I would like to turn this call back over to Mr. Greg Case for closing remarks.

Gregory C. Case
Chief Executive Officer & Executive Director, Aon Plc

Thanks very much. And just wanted to say to everybody appreciated being part of the call and look forward to our discussion next quarter.

Operator: This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation. Enjoy the rest of your day.
Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREEIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2022 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.