



Aon plc

Fourth Quarter and Full Year 2013 Results

January 31, 2014

AON



Greg Case
Chief Executive Officer

Christa Davies
Chief Financial Officer

Safe Harbor Statement

This communication 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. 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. These forward-looking statements include information about possible or assumed future results of our operations. All statements, other than statements of historical facts that address activities, events or developments that we expect or anticipate may occur in the future, including such things as our outlook, future capital expenditures, growth in commissions and fees, changes to the composition or level of our revenues, cash flow and liquidity, expected tax rates, business strategies, competitive strengths, goals, the benefits of new initiatives, growth of our business and operations, plans and references to future successes, are forward-looking statements. Also, when we use the words such as 'anticipate', 'believe', 'estimate', 'expect', 'intend', 'plan', 'probably', or similar expressions, we are making forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward looking statements: general economic conditions in different countries in which Aon does business around the world; changes in the competitive environment; changes in global equity and fixed income markets that could affect the return on invested assets; changes in the funding status of Aon's various defined benefit pension plans and the impact of any increased pension funding resulting from those changes; rating agency actions that could affect Aon's ability to borrow funds; fluctuations in exchange and interest rates that could influence 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 error and omissions claims against Aon; the failure to retain and attract qualified personnel; the impact of, and potential challenges in complying with, legislation and regulation in the jurisdictions in which Aon operates, particularly given the global scope of Aon's businesses and the possibility of conflicting regulatory requirements across jurisdictions in which Aon does business; the effect of the change in global headquarters and jurisdiction of incorporation, including differences in the anticipated benefits; the extent to which Aon retains existing clients and attracts new businesses and Aon's ability to incentivize and retain key employees; the extent to which Aon manages certain risks created in connection with the various services, including fiduciary and advisory services and business process outsourcing services, among others, that Aon currently provides, or will provide in the future, to clients; Aon's 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 disruption resulting in operational interruption or improper disclosure of personal data; any inquiries relating to compliance with the U.S. Foreign Corrupt Practices Act and non-U.S. anti-corruption laws and with U.S. and non-U.S. trade sanctions regimes; and Aon's ability to grow, develop and integrate companies that it acquires or new lines of business.

Further information concerning Aon and its business, including factors that potentially could materially affect Aon's financial results, is contained in Aon's filings with the SEC. See Aon's Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q for a further discussion of these and other risks and uncertainties applicable to Aon's businesses. Aon does not undertake, and expressly disclaims, any duty to update any forward-looking statement whether as a result of new information, future events or changes in their respective expectations, except as required by law.

Explanation of Non-GAAP Measures

This communication includes supplemental information related to organic revenue, free cash flow and several additional measures including expenses, margins and income per share, that exclude the effects of restructuring charges, intangible asset amortization, capital expenditures, transaction and integration costs and certain other noteworthy items that affected results for the comparable periods. Organic revenue excludes from reported revenues the impact of foreign exchange, acquisitions, divestitures, transfers between business units, reimbursable expenses and unusual items. The impact of foreign exchange is determined by translating last year's revenue, expense or net income at this year's foreign exchange rates. Reconciliations are provided in the attached schedules. Supplemental organic revenue information and additional measures that exclude the effects of the restructuring charges and certain other items do not affect net income or any other GAAP reported amounts. Free cash flow is cash flow from operating activity less capital expenditures. Management believes that these measures are important to make meaningful period-to-period comparisons and that this supplemental information is helpful to investors. They should be viewed in addition to, not in lieu of, the Company's Consolidated Financial Statements. Industry peers provide similar supplemental information regarding their performance, although they may not make identical adjustments.

Key Metrics* – Positive Performance Across All Four Metrics

	<u>Q4</u>	<u>2013</u>	
1. Organic Revenue¹	+4%	+3%	Q4 Organic Revenue <ul style="list-style-type: none"> ▪ Solid growth with organic revenue of +3% in Risk Solutions and +8% in HR Solutions ▪ Delivered strong growth of +11% in Outsourcing in HR Solutions
<i>Prior Year</i>	+4%	+4%	
2. Operating Margin²	21.2%	19.0%	Q4 Operating Margin <ul style="list-style-type: none"> ▪ <u>Risk Solutions increased +40 bps</u> driven by solid organic revenue and restructuring savings, partially offset by a -40 basis point unfavorable impact from FX translation ▪ <u>HR Solutions increased +440 bps</u> driven by strong organic revenue and restructuring savings
<i>Y-o-Y change</i>	+160 bps	+40 bps	
3. Earnings per Share²	\$1.54	\$4.89	Q4 EPS <ul style="list-style-type: none"> ▪ <u>Double-digit earnings growth</u> reflects a strong operating performance, a lower effective tax rate and effective capital management
<i>Y-o-Y change</i>	+21%	+16%	
4. Free Cash Flow³	\$594M	\$1.4B	Q4 Free Cash Flow <ul style="list-style-type: none"> ▪ <u>Double-digit free cash flow growth</u> reflects strong working capital performance, a decrease in pension contributions and a 19% decrease in capital expenditures ▪ Record cash flow from operations of \$1.6 billion for full year 2013
<i>Y-o-Y change</i>	+23%	+22%	

* The results presented above are non-GAAP measures that are reconciled in the appendix of this presentation

- 1 Organic revenue excludes the impact of foreign exchange, acquisitions, divestitures, transfers, reimbursable expenses and other unusual items. Change in organic revenue, a non-GAAP measure, is reconciled to the corresponding U.S. GAAP change in revenue in Appendix A of this presentation
- 2 Certain noteworthy items impacted operating margin and earnings per share in the fourth quarter and full year of 2013 and 2012. A reconciliation of non-GAAP Measures for operating margin and diluted earnings per share to the corresponding U.S. GAAP measure is in Appendix B of this presentation
- 3 Free cash flow is defined as cash flow from operations less capital expenditures. This non-GAAP measure does not imply or represent a precise calculation of residual cash flow available for discretionary expenditures. A reconciliation of free cash flow to the corresponding U.S. GAAP measure can be found in Appendix A of this presentation



Organic Revenue¹ – Strong Growth in HR Solutions

	<u>Q4</u>	<u>2013</u>
<u>Risk Solutions</u>		
<i>Americas</i>	4%	5%
<i>International</i>	2%	2%
Retail	3%	4%
Reinsurance	0%	2%
Total Risk Solutions	+3%	+3%
<u>HR Solutions</u>		
Consulting	1%	3%
Outsourcing	11%	3%
Total HR Solutions	+8%	+3%
Total Aon	+4%	+3%

Q4

- Americas: Strong growth in Latin America and record new business in US Retail
- International: Strong growth across emerging markets, New Zealand and Asia, partially offset by a decline in Ireland
- Reinsurance: Growth in capital markets transactions and advisory business, as well as net new business growth in treaty placements, offset by unfavorable impact from timing in the quarter

Q4

- Consulting: Growth in investment and compensation consulting, partially offset by a decline in actuarial services in retirement consulting
- Outsourcing: Strong growth in health care exchanges and modest growth in benefits administration and HR BPO

¹ Organic revenue excludes the impact of foreign exchange, acquisitions, divestitures, transfers, reimbursable expenses and other unusual items. Change in organic revenue, a non-GAAP measure, is reconciled to the corresponding U.S. GAAP change in revenue in Appendix A of this presentation

Investment in the Business – Positioned for Long-Term Growth

“We believe Aon is in a unique position. Solid long-term operating performance, combined with expense discipline and strong cash flow, continues to enable substantial investment in colleagues and capabilities to better serve clients.”

Risk Solutions

- ✓ Roll-out of the Revenue Engine and Client Promise internationally to drive greater retention/rollover rates
- ✓ Global Risk Insight Platform (GRIP), which is the world’s leading global repository of risk and insurance placement information
- ✓ Aon Broking initiative to better match client needs with insurer appetite for risk
- ✓ Aligning our global health and benefits platform to broaden our global distribution channel and strengthen deep brokerage capabilities
- ✓ Further development of data and analytics capability at Aon Benfield to strengthen already industry leading client serving capability
- ✓ Expansion of content and global footprint through tuck-in acquisitions that increase scale in emerging markets or expand capability to better serve clients

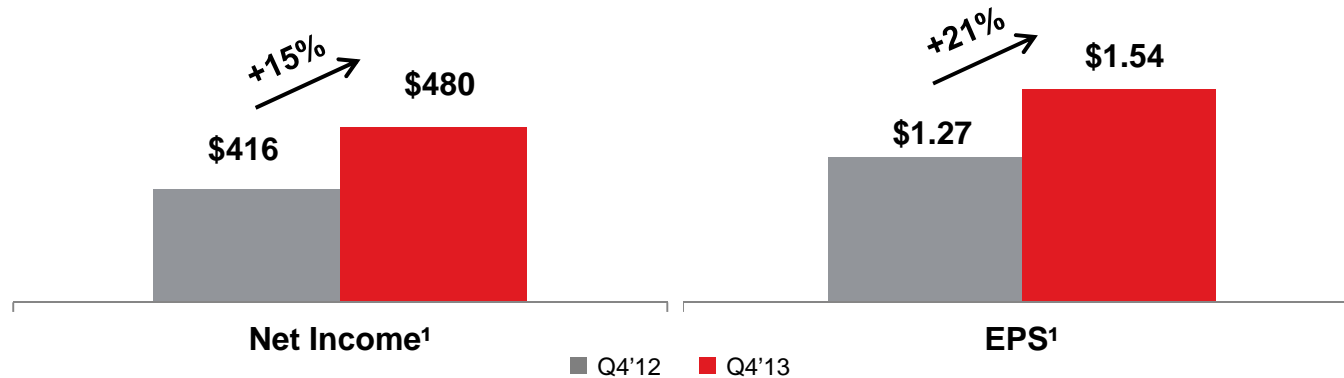
HR Solutions

- ✓ Significant investments in health care exchanges enabling clients to begin transitioning their participants to a market-based, defined contribution model for healthcare, while addressing unsustainable healthcare cost increases and decreasing population health
- ✓ Expanding in high-growth areas for both current clients and new markets; focused on innovative solutions to de-risk pension plans and providing a broader set of advisory and advocacy solutions to our clients’ employees to enable greater choice and improve decision-making on their retirement and health care options
- ✓ Expansion of our industry-leading benefits administration solutions and technology platform, including extensive mobile solutions
- ✓ Expansion of our international footprint to support a global workforce, with investments in key talent and capabilities across emerging markets

EPS* – Delivered Double-Digit Earnings Growth

“Our fourth quarter and full year results reflect double-digit earnings growth highlighted by strong operating performance and effective capital management. We finished 2013 having made significant investments across the firm to further position our industry leading-franchise for long-term growth, improved operational performance and significant shareholder value creation.”

(\$ millions)	<u>Q4</u>	<u>2013</u>
Net Income¹ Y-o-Y change	\$480 +15%	\$1,541 +10%
Earnings Per Share¹ Y-o-Y change	\$1.54 +21%	\$4.89 +16%



* The results presented above are non-GAAP measures that are reconciled in the appendix of this presentation

1 Certain noteworthy items impacted earnings per share in the fourth quarter and full year of 2013 and 2012. A reconciliation of non-GAAP measures for diluted earnings per share to the corresponding U.S. GAAP measure is in Appendix B of this presentation

Operating Margins* – Progress Against Long-Term Targets

(\$ millions)

	<u>Q4</u>	<u>2013</u>
<u>Risk Solutions</u>		
Operating Income¹	\$484	\$1,749
<i>Y-o-Y change</i>	+2%	+6%
Operating Margin¹	23.6%	22.5%
<i>Y-o-Y change</i>	+40 bps	+80 bps

Q4

Positive Impact

- Organic revenue growth of +3%
- Restructuring savings of ~\$9 million

Negative Impact

- Unfavorable impact from foreign currency translation of \$16 million, or -40 bps

HR Solutions

Operating Income¹	\$249	\$678
<i>Y-o-Y change</i>	+36%	+4%
Operating Margin¹	21.4%	16.7%
<i>Y-o-Y change</i>	+440 bps	+10 bps

Q4

Positive Impact

- Organic revenue growth of +8%
- Restructuring savings of ~\$18 million

Negative Impact

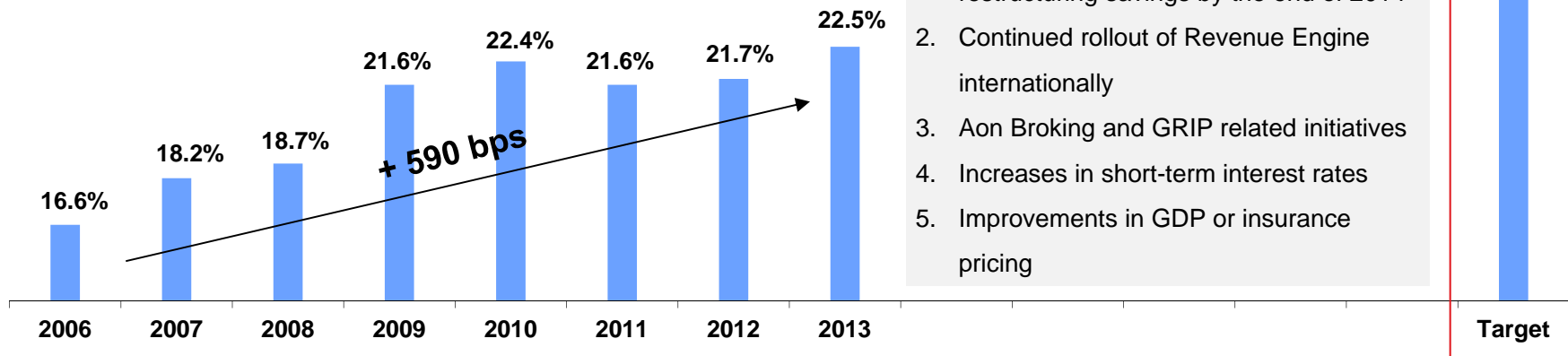
- Continued investment in long-term growth opportunities

* The results presented above are non-GAAP measures that are reconciled in the appendix of this presentation

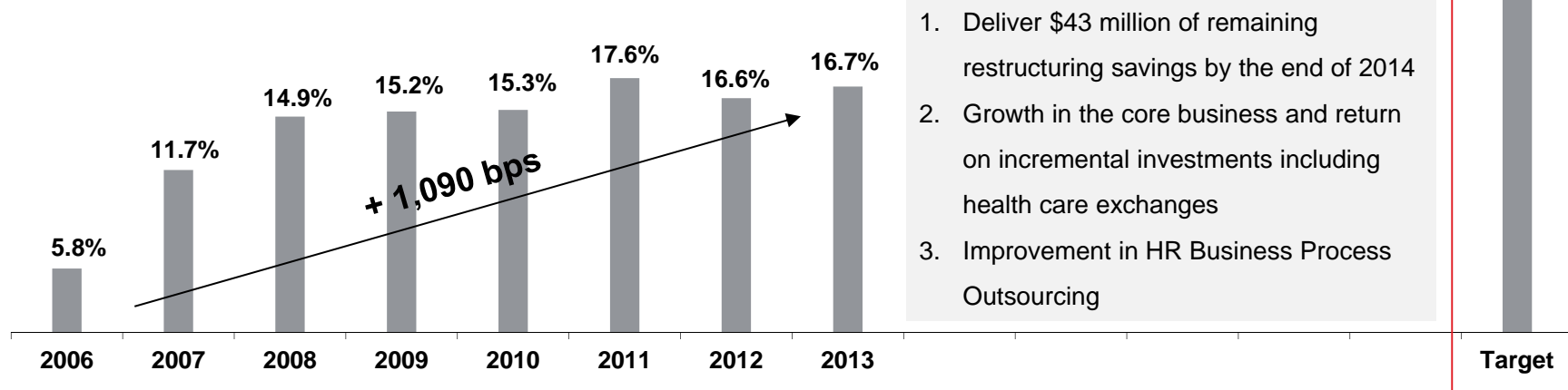
1 Certain noteworthy items impacted operating margin in the fourth quarter and full year of 2013 and 2012. A reconciliation of non-GAAP measures for operating margin to the corresponding U.S. GAAP measure is in Appendix B of this presentation

Long-Term Operating Margin Targets

Risk Solutions*



HR Solutions*



* The results above represent non-GAAP measures. See Appendix B and C for a reconciliation of non-GAAP measures to the corresponding U.S. GAAP measure



Unallocated Expenses & Non-Operating Segment Information

(\$ millions)

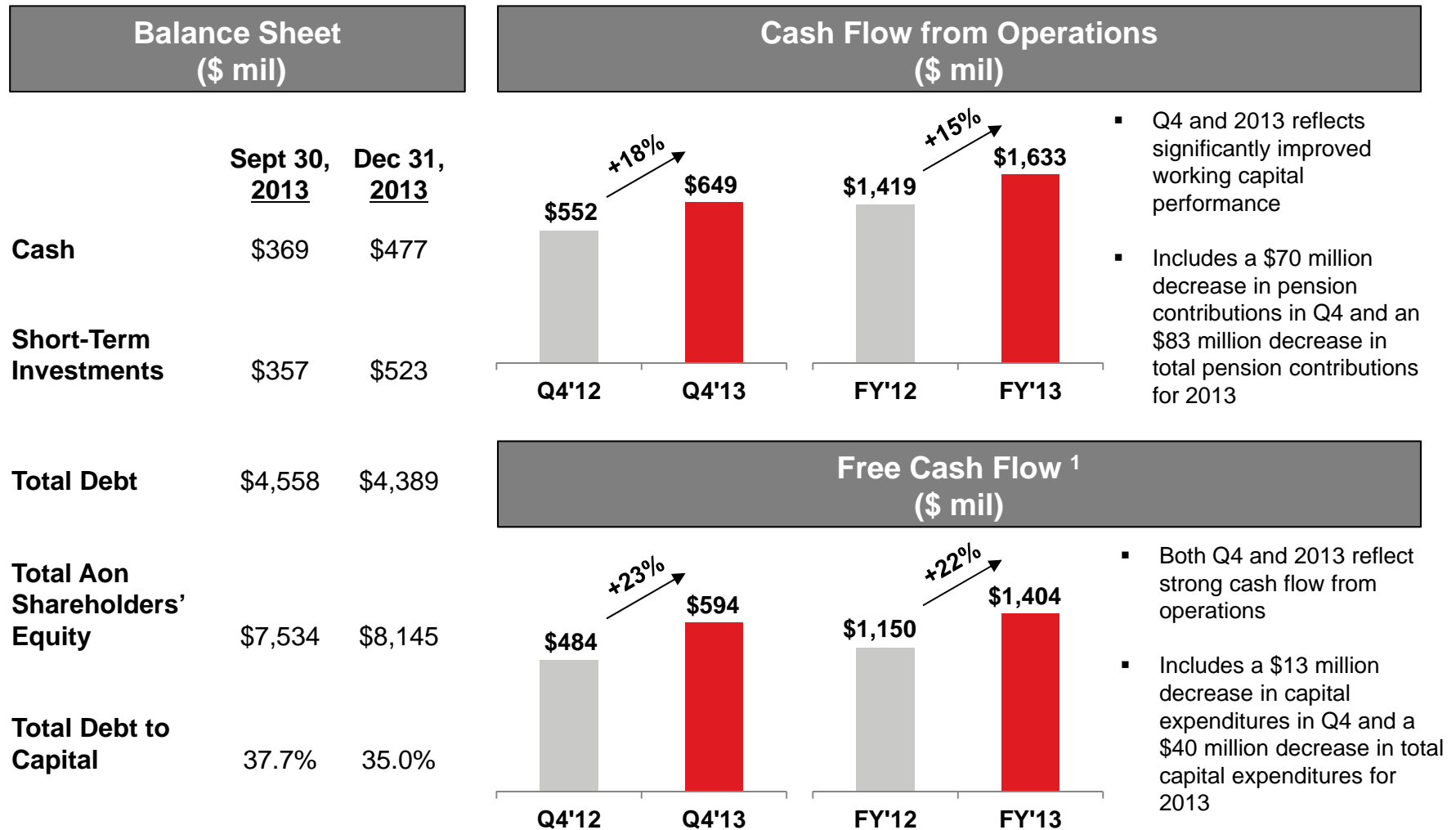
	<u>Q4'12</u>	<u>Q4'13</u>	<u>Quarterly Guidance</u>
Unallocated Expenses ¹	(\$48)	(\$54)	(\$45)
Interest Income	\$4	\$3	\$1
Interest Expense	(\$55)	(\$57)	(\$60)
Other Income (expense) ¹	-	\$14	-
Effective Tax Rate	25.2%	24.2%	-
Minority interest	(\$2)	(\$5)	(\$9)
Actual common shares outstanding at 12-31-13 (million)	N/A	300.7	-

Comments

- **Unallocated expenses** reflects an increase in certain long-term employee incentive compensation programs
- **Interest expense** reflects an increase in costs associated with certain derivative hedging programs
- **Interest income** decreased due to lower average interest rates and average cash balances
- **Other Income** includes gains on sale of businesses and certain long-term investments
- **Effective tax rate** was favorably impacted by certain discrete tax adjustments and favorably impacted by changes in the geographic distribution of income
- **Actual common shares outstanding** declined due to the Company's share repurchase program. The Company repurchased \$77 mil or 965,487 of ordinary shares in the fourth quarter. Estimated Q1'14 dilutive share count is ~310 mil subject to share price movement, share issuance and share repurchase

¹ Certain noteworthy items impacted earnings per share in the fourth quarter and full year of 2013 and 2012. A reconciliation of non-GAAP measures for diluted earnings per share to the corresponding U.S. GAAP measure is in Appendix B of this presentation

Solid Balance Sheet and Free Cash Flow Generation



¹ Free cash flow is defined as cash flow from operations less capital expenditures. This non-GAAP measure does not imply or represent a precise calculation of residual cash flow available for discretionary expenditures. A reconciliation of free cash flow to the corresponding U.S. GAAP measure can be found in Appendix A of this presentation

Significantly Increasing Free Cash Flow*

Aon has the opportunity to double free cash flow from 2012 over the next three to five years driven by three key areas:

1. Operational improvement as the firm makes progress towards its long-term operating margin targets
2. Declining required uses of cash for pension and restructuring
3. A lower effective tax rate over time

Uses of Cash (\$mil)	2012	2013	2014	2015	2016	2017	2018
Pension Contributions¹	\$638	\$523	\$385	\$324	\$302	\$274	\$180
- Pension Expense (non-cash)	\$53	\$21	↓	↓	↓	↓	↓
Restructuring – Cash	\$143	\$152	\$92	\$37	\$17	\$12	\$8
Capital Expenditures	\$269	\$229	\$240	\$245	\$250	\$255	\$260
Estimated Net Annual Increase to FCF		\$146	\$187	\$111	\$37	\$28	\$93
Cumulative Net Annual Increase to FCF		\$146	\$333	\$444	\$481	\$509	\$602

Cumulative increase of **\$602 million** annually

Uses of Free Cash Flow (\$mil)	2012	2013
Dividends	\$204	\$212
Share Repurchase²	\$1,125	\$1,102
M & A	\$162	\$54

* Free cash flow is a non-GAAP measure that is defined as cash flow from operations less capital expenditures

¹ Estimate based on current actuarial assumptions as of 12/31/13 measurement date. Expect to be fully funded on a GAAP basis by end of 2016 for qualified plans

² The Company has \$2.87 billion of remaining authorization under its share repurchase program

Summary – Continued Long-Term Value Creation

- Positioned for **sustainable long-term growth**
- **Significant leverage** to an improving global economy and insurance pricing
- **Investing in colleagues and capabilities** around the globe to better serve clients
- Opportunity for **long-term operating margin improvement**
- Strong balance sheet and free cash flow generation with **declining uses of required cash outlays**
- **Increased financial flexibility** and **effective capital allocation** is expected to drive significant shareholder value



Appendix

Appendix A: Reconciliation of Non-GAAP Measures – Organic Revenue and Free Cash Flow

<u>Commissions, Fees and Other (millions)</u>	<u>Three Months Ended</u>					
	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>	<u>Percent Change</u>	<u>Less: Currency Impact (1)</u>	<u>Less: Acquisitions, Divestitures & Other</u>	<u>Organic Revenue (2)</u>
Risk Solutions Segment:						
Retail brokerage						
Americas	\$ 905	\$ 883	2 %	(2) %	-	4 %
International	803	811	(1)	-	(3)	2
Total Retail brokerage	<u>1,708</u>	<u>1,694</u>	1	(1)	(1)	3
Reinsurance brokerage	338	349	(3)	(3)	-	-
Total Risk Solutions	<u>2,046</u>	<u>2,043</u>	-	(1)	(2)	3
HR Solutions Segment:						
Consulting services	450	445	1	-	-	1
Outsourcing	723	649	11	-	-	11
Intrasegment	(7)	(16)	N/A	N/A	N/A	N/A
Total HR Solutions	<u>1,166</u>	<u>1,078</u>	8	-	-	8
Total Operating Segments	<u>\$ 3,212</u>	<u>\$ 3,121</u>	3 %	(1) %	-	4 %

<u>Commissions, Fees and Other (millions)</u>	<u>Twelve Months Ended</u>					
	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>	<u>Percent Change</u>	<u>Less: Currency Impact (1)</u>	<u>Less: Acquisitions, Divestitures & Other</u>	<u>Organic Revenue (2)</u>
Risk Solutions Segment:						
Retail brokerage						
Americas	\$ 3,191	\$ 3,071	4 %	(1) %	-	5 %
International	3,065	3,018	2	-	-	2
Total Retail brokerage	<u>6,256</u>	<u>6,089</u>	3	(1)	-	4
Reinsurance brokerage	1,505	1,505	-	(1)	(1)	2
Total Risk Solutions	<u>7,761</u>	<u>7,594</u>	2	(1)	-	3
HR Solutions Segment:						
Consulting services	1,626	1,585	3	(1)	1	3
Outsourcing	2,469	2,372	4	-	1	3
Intrasegment	(38)	(32)	N/A	N/A	N/A	N/A
Total HR Solutions	<u>4,057</u>	<u>3,925</u>	3	-	-	3
Total Operating Segments	<u>\$ 11,818</u>	<u>\$ 11,519</u>	3 %	(1) %	1 %	3 %

<u>(millions)</u>	<u>Three Months Ended</u>			<u>Twelve Months Ended</u>		
	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>	<u>Percent Change</u>	<u>Dec. 31, 2013</u>	<u>Dec. 31, 2012</u>	<u>Percent Change</u>
Cash Provided By (Used For) Operations	\$ 649	\$ 552	18 %	\$ 1,633	\$ 1,419	15 %
Less: Capital Expenditures	(55)	(68)	(19)	(229)	(269)	(15)
Free Cash Flow (3)	<u>\$ 594</u>	<u>\$ 484</u>	23 %	<u>\$ 1,404</u>	<u>\$ 1,150</u>	22 %

(1) Currency impact is determined by translating last year's revenue at this year's foreign exchange rates.

(2) Organic revenue excludes the impact of foreign exchange, acquisitions, divestitures, transfers, reimbursable expenses and unusual items.

(3) Free cash flow is defined as cash flow from operations less capital expenditures. This non-GAAP measure does not imply or represent a precise calculation of residual cash flow available for discretionary expenditures.

Appendix B: Reconciliation of Non-GAAP Measures – Operating Margin and Diluted Earnings per Share

	Three Months Ended December 31, 2013				Twelve Months Ended December 31, 2013			
(millions)	Risk Solutions	HR Solutions	Unallocated Income & Expense	Total	Risk Solutions	HR Solutions	Unallocated Income & Expense	Total
Revenue	\$ 2,053	\$ 1,166	\$ (10)	\$ 3,209	\$ 7,789	\$ 4,057	\$ (31)	\$ 11,815
Operating income (loss) - as reported	\$ 413	\$ 156	\$ (54)	\$ 515	\$ 1,540	\$ 318	\$ (187)	\$ 1,671
Restructuring charges	42	23	-	65	94	80	-	174
Intangible asset amortization	29	70	-	99	115	280	-	395
Headquarters relocation costs	-	-	-	-	-	-	5	5
Operating income (loss) - as adjusted	\$ 484	\$ 249	\$ (54)	\$ 679	\$ 1,749	\$ 678	\$ (182)	\$ 2,245
Operating margins - as adjusted	23.6%	21.4%	N/A	21.2%	22.5%	16.7%	N/A	19.0%

	Three Months Ended December 31, 2012				Twelve Months Ended December 31, 2012			
(millions)	Risk Solutions	HR Solutions	Unallocated Income & Expense	Total	Risk Solutions	HR Solutions	Unallocated Income & Expense	Total
Revenue	\$ 2,050	\$ 1,078	\$ (13)	\$ 3,115	\$ 7,632	\$ 3,925	\$ (43)	\$ 11,514
Operating income (loss) - as reported	\$ 434	\$ 78	\$ (51)	\$ 461	\$ 1,493	\$ 289	\$ (186)	\$ 1,596
Restructuring charges	6	30	-	36	35	66	-	101
Intangible asset amortization	35	75	-	110	126	297	-	423
Headquarters relocation costs	-	-	3	3	-	-	24	24
Operating income (loss) - as adjusted	\$ 475	\$ 183	\$ (48)	\$ 610	\$ 1,654	\$ 652	\$ (162)	\$ 2,144
Operating margins - as adjusted	23.2%	17.0%	N/A	19.6%	21.7%	16.6%	N/A	18.6%

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(millions except per share data)	2013	2012	2013	2012
Operating income - as adjusted	\$ 679	\$ 610	\$ 2,245	\$ 2,144
Interest income	3	4	9	10
Interest expense	(57)	(55)	(210)	(228)
Other income - as reported	14	-	68	2
Headquarters relocation costs	-	-	-	2
Other income - as adjusted	14	-	68	4
Income before income taxes - as adjusted	639	559	2,112	1,930
Income taxes (2)	154	141	536	504
Net income - as adjusted	485	418	1,576	1,426
Less: Net income attributable to noncontrolling interests	5	2	35	27
Net income attributable to Aon shareholders - as adjusted	\$ 480	\$ 416	\$ 1,541	\$ 1,399
Diluted earnings per share - as adjusted	\$ 1.54	\$ 1.27	\$ 4.89	\$ 4.21
Weighted average ordinary shares outstanding - diluted	311.4	327.5	315.4	332.6

- (1) Certain noteworthy items impacting operating income in 2013 and 2012 are described in this schedule. The items shown with the caption "as adjusted" are non-GAAP measures.
- (2) The effective tax rate for continuing operations is 24.2% and 25.2% for the three months ended December 31, 2013 and 2012, respectively and 25.4% and 26.1% for the twelve months ended December 31, 2013 and 2012, respectively. Adjusting items are generally taxed at the effective tax rate.

Appendix D: Intangible Asset Amortization Schedule

Intangible Amortization by Segment

<i>(\$ millions)</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Risk Solutions	\$93	\$114	\$129	\$126	\$115	\$100	\$85	\$74	\$61
HR Solutions	-	\$40	\$233	\$297	\$280	\$243	\$212	\$177	\$141
Total	\$93	\$154	\$362	\$423	\$395	\$343	\$297	\$251	\$202



Investor Relations

Scott Malchow

scott.malchow@aon.com

Office: +44 (0) 20 7086 0100

Erika Shouldice

erika.shouldice@aon.com

Office: 312-381-5957

The AON logo, consisting of the letters 'AON' in a bold, red, sans-serif font.