

Aon plc
Form 10-Q
July 26, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

✓ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

FOR THE QUARTERLY PERIOD ENDED June 30, 2013

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

Commission file number 1-7933

Aon plc
(Exact Name of Registrant as Specified in Its Charter)

ENGLAND AND WALES
(State or Other Jurisdiction of
Incorporation or Organization)

98-1030901
(I.R.S. Employer
Identification No.)

8 DEVONSHIRE SQUARE, LONDON, ENGLAND
(Address of Principal Executive Offices)
+44 20 7623 5500
(Registrant's Telephone Number,
Including Area Code)

EC2M 4PL
(Zip Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ✓ NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ✓ NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x

Accelerated filer o

Non-accelerated filer o

Smaller reporting company o

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

Number of Class A Ordinary Shares of Aon plc, \$0.01 nominal value, outstanding as of June 30, 2013: 307,461,251

Part I Financial Information

ITEM 1. FINANCIAL STATEMENTS

Aon plc

Condensed Consolidated Statements of Income

(Unaudited)

(millions, except per share data)	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenue				
Commissions, fees and other	\$2,891	\$2,813	\$5,799	\$5,642
Fiduciary investment income	6	8	13	20
Total revenue	2,897	2,821	5,812	5,662
Expenses				
Compensation and benefits	1,712	1,639	3,437	3,300
Other general expenses	803	788	1,583	1,566
Total operating expenses	2,515	2,427	5,020	4,866
Operating income	382	394	792	796
Interest income	2	2	3	5
Interest expense	(48)	(57)	(100)	(116)
Other income	6	12	15	12
Income from continuing operations before income taxes	342	351	710	697
Income taxes	90	96	186	193
Income from continuing operations	252	255	524	504
Loss from discontinued operations before income taxes	—	(1)	—	(1)
Income taxes	—	—	—	—
Loss from discontinued operations	—	(1)	—	(1)
Net Income	252	254	524	503
Less: Net income attributable to noncontrolling interests	11	8	22	19
Net income attributable to Aon shareholders	\$241	\$246	\$502	\$484
Net income (loss) attributable to Aon shareholders				
Income from continuing operations	\$241	\$247	\$502	\$485
Loss from discontinued operations	—	(1)	—	(1)
Net income	\$241	\$246	\$502	\$484
Basic net income per share attributable to Aon shareholders				
Continuing operations	\$0.77	\$0.74	\$1.59	\$1.46
Discontinued operations	—	—	—	—
Net income	\$0.77	\$0.74	\$1.59	\$1.46
Diluted net income per share attributable to Aon shareholders				
Continuing operations	\$0.76	\$0.73	\$1.58	\$1.44
Discontinued operations	—	—	—	—
Net income	\$0.76	\$0.73	\$1.58	\$1.44

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Cash dividends per share paid on ordinary shares	\$0.18	\$0.16	\$0.33	\$0.31
Weighted average ordinary shares outstanding - basic	313.7	332.0	315.0	332.2
Weighted average ordinary shares outstanding - diluted	317.1	335.6	318.6	336.1

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Aon plc
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(millions)	Three Months Ended		Six Months Ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Net income	\$252	\$254	\$524	\$503
Less: Net income attributable to noncontrolling interests	11	8	22	19
Net income attributable to Aon shareholders	241	246	502	484
Other comprehensive (loss) income, net of tax:				
Change in fair value of investments	13	—	13	—
Change in fair value of derivatives	(7	) (17	) (21	) (10
Foreign currency translation adjustments	(58	) (197	) (232	) (93
Post-retirement benefit obligation	18	18	41	39
Total other comprehensive loss	(34	) (196	) (199	) (64
Less: Other comprehensive loss attributable to noncontrolling interests	(2	) (3	) (2	) (2
Total other comprehensive loss attributable to Aon shareholders	(32	) (193	) (197	) (62
Comprehensive income attributable to Aon shareholders	\$209	\$53	\$305	\$422

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Aon plc
Condensed Consolidated Statements of Financial Position

(millions, except nominal value)	Jun 30, 2013 (Unaudited)	Dec 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$266	\$291
Short-term investments	307	346
Receivables, net	2,838	3,101
Fiduciary assets	12,576	12,214
Other current assets	406	430
Total Current Assets	16,393	16,382
Goodwill	8,795	8,943
Intangible assets, net	2,736	2,975
Fixed assets, net	808	820
Investments	172	165
Other non-current assets	1,158	1,201
TOTAL ASSETS	\$30,062	\$30,486
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Fiduciary liabilities	\$12,576	\$12,214
Short-term debt and current portion of long-term debt	427	452
Accounts payable and accrued liabilities	1,423	1,853
Other current liabilities	769	831
Total Current Liabilities	15,195	15,350
Long-term debt	4,012	3,713
Pension, other post-retirement and other post-employment liabilities	1,897	2,276
Other non-current liabilities	1,340	1,342
TOTAL LIABILITIES	22,444	22,681
EQUITY		
Ordinary shares - \$0.01 nominal value	3	3
Authorized: 750 shares (issued: 2013 - 307.5; 2012 - 310.9)		
Additional paid-in capital	4,560	4,436
Retained earnings	5,805	5,933
Accumulated other comprehensive loss	(2,809)	(2,610)
TOTAL AON SHAREHOLDERS' EQUITY	7,559	7,762
Noncontrolling interests	59	43
TOTAL EQUITY	7,618	7,805
TOTAL LIABILITIES AND EQUITY	\$30,062	\$30,486

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Aon plc
Condensed Consolidated Statement of Shareholders' Equity
(Unaudited)

(millions)	Shares	Ordinary Shares and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss, Net of Tax	Non- controlling Interests	Total
Balance at December 31, 2012	310.9	\$4,439	\$5,933	\$ (2,610)	\$43	\$7,805
Net income	—	—	502	—	22	524
Shares issued - employee benefit plans	0.5	16	—	—	—	16
Shares issued - employee compensation	4.6	(57)	—	—	—	(57)
Shares purchased	(8.5)	—	(525)	—	—	(525)
Tax benefit - employee benefit plans	—	35	—	—	—	35
Share-based compensation expense	—	137	—	—	—	137
Dividends to shareholders	—	—	(105)	—	—	(105)
Net change in fair value of investments	—	—	—	13	—	13
Net change in fair value of derivatives	—	—	—	(21)	—	(21)
Net foreign currency translation adjustments	—	—	—	(232)	(2)	(234)
Net post-retirement benefit obligation	—	—	—	41	—	41
Purchase of subsidiary shares from non-controlling interests	—	(7)	—	—	1	(6)
Dividends paid to non-controlling interests on subsidiary common stock	—	—	—	—	(5)	(5)
Balance at June 30, 2013	307.5	\$4,563	\$5,805	\$ (2,809)	\$59	\$7,618

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Aon plc
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(millions)	Six Months Ended	
	June 30, 2013	June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$524	\$503
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of fixed assets	118	112
Amortization of intangible assets	198	208
Share-based compensation expense	137	105
Deferred income taxes	24	23
Change in assets and liabilities:		
Fiduciary receivables	(654)	(1,501)
Short term investments - funds held on behalf of clients	(212)	(519)
Fiduciary liabilities	866	2,020
Receivables, net	191	81
Accounts payable and accrued liabilities	(431)	(500)
Restructuring reserves	(5)	(38)
Current income taxes	(110)	48
Pension, other post-retirement and other post-employment liabilities	(291)	(200)
Other assets and liabilities	32	(73)
CASH PROVIDED BY OPERATING ACTIVITIES	387	269
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales of long-term investments	23	51
Purchases of long-term investments	(6)	(7)
Net sales of short-term investments - non-fiduciary	29	259
Acquisition of businesses, net of cash acquired	(23)	(82)
Proceeds from sale of businesses	1	1
Capital expenditures	(122)	(129)
CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	(98)	93
CASH FLOWS FROM FINANCING ACTIVITIES		
Share repurchase	(525)	(350)
Issuance of shares for employee benefit plans	57	64
Issuance of debt	2,914	332
Repayment of debt	(2,607)	(305)
Cash dividends to shareholders	(105)	(102)
Purchase of shares from noncontrolling interests	—	1
Dividends paid to noncontrolling interests	(6)	(6)
CASH USED FOR FINANCING ACTIVITIES	(272)	(366)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(42)	18
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(25)	14
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	291	272
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$266	\$286

Supplemental disclosures:

Interest paid	\$121	\$132
Income taxes paid, net of refunds	\$237	\$99

See accompanying Notes to the Condensed Consolidated Financial Statements (Unaudited).

Notes to the Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements and Notes thereto have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). The Condensed 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 Condensed Consolidated Financial Statements 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.

Certain information and footnote disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012. The results for the three and six months ended June 30, 2013 are not necessarily indicative of operating results that may be expected for the full year ending December 31, 2013.

Use of Estimates

The preparation of the accompanying unaudited Condensed 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 reserves and expenses. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, 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. Accounting Principles and Practices

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 Condensed Consolidated Financial Statements.

Indefinite-Lived Intangible Asset Impairment

In July 2012, the 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 Condensed 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.

3. Cash and Cash Equivalents

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 \$118 million and \$124 million at June 30, 2013 and December 31, 2012, respectively. Cash and cash equivalents included restricted balances of \$83 million and \$76 million at June 30, 2013 and December 31, 2012 respectively. The restricted balances primarily relate to cash required to be held as collateral.

4. Other Income

Other income consists of the following (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Equity earnings	\$4	\$3	\$6	\$8
Realized (loss) gain on sale of investments	(2	) (8	) (1	) 2
Foreign currency remeasurement (losses) gains	(5	) 18	19	—
Derivative gains (losses)	9	(2	) (9) —
Other	—	1	—	2
	\$6	\$12	\$15	\$12

5. Acquisitions and Dispositions

Acquisitions

During the six months ended June 30, 2013, the Company completed the acquisition of four businesses in the Risk Solutions segment and one business in the HR Solutions segment. During the six months ended June 30, 2012, the Company completed the acquisition of two businesses in the HR Solutions segment and three businesses in the Risk 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:

Six months ended June 30,

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(millions)	2013	2012
Consideration	\$23	\$96
Intangible assets:		
Goodwill	\$16	\$57
Other intangible assets	11	42
Total	\$27	\$99

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The results of operations of these acquisitions are included in the Condensed 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.

Dispositions

During the six months ended June 30, 2013, the Company completed the sale of four businesses in the Risk Solutions segment. No pretax gain or loss was recognized on these sales. During the six months ended June 30, 2012, the Company completed the sale of one business in the HR Solutions segment and one business in the Risk Solutions segment. A pretax gain of \$2 million was recognized on these sales, which is included in Other income in the Condensed Consolidated Statements of Income.

6. Goodwill and Other Intangible Assets

The change in the net carrying amount of goodwill by reportable segment for the six months ended June 30, 2013 is as follows (in millions):

	Risk Solutions	HR Solutions	Total
Balance as of December 31, 2012	\$5,982	\$2,961	\$8,943
Goodwill related to current year acquisitions	14	2	16
Goodwill related to prior year acquisitions	(2	) 17	15
Foreign currency translation	(157	) (22	) (179
Balance as of June 30, 2013	\$5,837	\$2,958	\$8,795

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

	June 30, 2013			December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets with indefinite lives:						
Tradenames	\$1,025	\$—	\$1,025	\$1,025	\$—	\$1,025
Intangible assets with finite lives:						
Customer related and contract based	2,659	1,124	1,535	2,714	969	1,745
Marketing, technology and other (1)	600	424	176	619	414	205
	\$4,284	\$1,548	\$2,736	\$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 \$99 million and \$198 million for the three and six months ended June 30, 2013, respectively. Amortization expense from finite lived intangible assets was \$104 million and \$208 million for the three and six months ended June 30, 2012, respectively.

The estimated future amortization for finite lived intangible assets as of June 30, 2013 is as follows (in millions):

HR Solutions	Risk Solutions	Total
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Remainder of 2013	\$139	\$55	\$194
2014	240	94	334
2015	209	79	288
2016	175	67	242
2017	139	57	196
Thereafter	338	119	457
	\$1,240	\$471	\$1,711

7. Restructuring

Aon Hewitt Restructuring Plan

On October 14, 2010, Aon announced a global restructuring plan ("Aon Hewitt Plan") in connection with the acquisition of Hewitt Associates, Inc. ("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 includes approximately 2,900 job eliminations. The Company expects these restructuring activities and related expenses to affect operations through the end of 2013. The Aon Hewitt Plan is expected to result in cumulative costs of approximately \$411 million through the end of the plan, consisting of approximately \$261 million in employee termination costs and approximately \$150 million in real estate rationalization costs across the Company. This represents an increase of \$86 million in costs over the amount previously disclosed as the Company has finalized additional restructuring actions related to the Aon Hewitt Plan.

From the inception of the Aon Hewitt Plan through June 30, 2013, approximately 2,420 jobs have been eliminated and total expenses of \$334 million have been incurred. The Company recorded \$53 million and \$79 million of restructuring and related charges in the three and six months ended June 30, 2013, respectively. The Company recorded \$13 million and \$25 million of restructuring and related charges in the three and six months ended June 30, 2012, respectively. Charges related to the restructuring are included in Compensation and benefits and Other general expenses in the accompanying Condensed Consolidated Statements of Income.

The following table summarizes restructuring and related costs by type that have been incurred and are estimated to be incurred through the end of the restructuring initiative related to the Aon Hewitt Plan (in millions):

	2010	2011	2012	Second Quarter 2013	Six Months 2013	Total to Date	Estimated Total Cost for Restructuring Plan (1)
Workforce reduction	\$49	\$64	\$74	\$14	\$38	\$225	\$ 261
Lease consolidation	3	32	18	34	36	89	128
Asset impairments	—	7	4	3	3	14	15
Other costs associated with restructuring (2)	—	2	2	2	2	6	7
Total restructuring expenses	\$52	\$105	\$98	\$53	\$79	\$334	\$ 411

Actual costs, when incurred, will vary due to changes in the assumptions built into this plan. Significant assumptions that may change when plans are finalized and implemented include, but are not limited to, changes in (1) severance calculations, changes in the assumptions underlying sublease loss calculations due to changing market conditions, and changes in the overall analysis that might cause the Company to add or cancel component initiatives.

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

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

	2010	2011	2012	Second Quarter 2013	Six Months 2013	Total to Date	Estimated Total Cost for Restructuring Plan (1)
HR Solutions	\$52	\$49	\$66	\$36	51	\$218	\$ 249

Risk Solutions	—	56	32	17	28	116	162
Total restructuring expenses (1)	\$52	\$105	\$98	\$53	\$79	\$334	\$ 411

(1) Costs included in the Risk Solutions segment are associated with the transfer of the health and benefits consulting business 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.

As of June 30, 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 December 31, 2012	\$96	\$3	\$35	\$3	\$137
Expensed	76	—	—	—	76
Cash payments	(58)	(1)	(18)	(1)	(78)
Foreign exchange translation and other	—	—	4	—	4
Balance at June 30, 2013	\$114	\$2	\$21	\$2	\$139

8. 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 receivables, as well as a corresponding liability, are included in Fiduciary assets and Fiduciary liabilities in the accompanying Condensed Consolidated Statements of Financial Position.

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

	6/30/2013	12/31/2012
Cash and cash equivalents	\$266	\$291
Short-term investments	307	346
Fiduciary assets (1)	4,089	4,029
Investments	172	165
	\$4,834	\$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):

	6/30/2013	12/31/2012
Equity method investments	\$94	\$102
Other investments	53	43
Fixed-maturity securities	25	20
	\$172	\$165

9. Debt

The Company uses proceeds from the commercial paper market from time to time in order to meet short-term working capital needs. At June 30, 2013, the Company had \$347 million in commercial paper outstanding as compared to \$50 million of commercial paper outstanding at December 31, 2012. The weighted average commercial paper outstanding for the three and six months ended June 30, 2013 was \$358 million and \$261 million, respectively. The weighted average interest rate of the commercial paper outstanding for the three and six months ended June 30, 2013 was 0.35% and 0.37%, respectively.

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 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 are to be 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 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 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.

During the second quarter 2013, the Company used available funds to repay \$306 million of the term loan credit facility due October 2013.

10. Shareholders' Equity

Ordinary Shares

In April 2012, the Company's Board of Directors 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 the second quarter of 2013, the Company repurchased 3.5 million shares at an average price per share of \$64.53 for a total cost of \$225 million under the 2012 Share Repurchase Program. During the six months ended June 30, 2013, the Company repurchased 8.5 million shares at an average price per share of \$61.75 for a total cost of \$525 million under the 2012 Share Repurchase Program. In the second quarter of 2012, the Company repurchased 5.3 million shares at an average price per share of \$47.40 for a total cost of \$250 million under the 2012 Share Repurchase Program. During the six months ended June 30, 2012, the Company repurchased 7.4 million shares at an average price per share of \$47.66 for a total cost of \$350 million 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 \$3.5 billion. Since the inception of the 2012 Share Repurchase Program, the Company repurchased a total of 28.0 million shares for an aggregate cost of \$1.5 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.

Income from continuing operations, income from discontinued operations and net income, attributable to participating securities, were as follows (in millions):

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Income from continuing operations	\$2	\$3	\$5	\$6

Income from discontinued operations	—	—	—	—
Net income	\$2	\$3	\$5	\$6

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Shares for basic earnings per share (1)	313.7	332.0	315.0	332.2
Common stock equivalents	3.4	3.6	3.6	3.9
Shares for diluted earnings per share	317.1	335.6	318.6	336.1

(1) Includes 4.0 million and 4.8 million of participating securities for the three months ended June 30, 2013 and 2012, respectively, and 4.1 million and 4.8 million of participating securities for the six months ended June 30, 2013 and 2012, 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 and 1.1 million for the three months ended June 30, 2013 and 2012, respectively, and 0.4 million and 0.6 million for the six months ended June 30, 2013 and 2012, respectively.

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 December 31, 2012	\$—	\$(28)	\$233	\$ (2,815)	\$(2,610)
Other comprehensive loss before reclassifications, net	13	(30)	(232)	(4)	(253)
Amounts reclassified from accumulated other comprehensive loss:					
Amounts reclassified from accumulated other comprehensive loss	—	16	—	66	82
Tax benefit	—	(7)	—	(21)	(28)
Amounts reclassified from accumulated other comprehensive loss, net	—	9	—	45	54
Net current period other comprehensive (loss) income	13	(21)	(232)	41	(199)
Balance at June 30, 2013	\$13	\$(49)	\$1	\$ (2,774)	\$(2,809)

(1) Reclassifications from Accumulated other comprehensive loss are recorded in Other income

(2) Reclassifications from Accumulated other comprehensive loss are recorded in Compensation and benefits

11. Employee Benefits

The following table provides the components of the net periodic benefit cost for Aon's U.S. pension plans, along with its most significant international pension plans, which are located in the U.K., the Netherlands and Canada (in millions):

	Three months ended June 30,			
	U.K. and Non-U.S.		U.S.	
	2013	2012	2013	2012
Service cost	\$4	\$4	\$—	\$—
Interest cost	62	66	28	30
Expected return on plan assets	(88)	(81)	(35)	(32)
Amortization of net actuarial loss	19	15	13	11
Net periodic benefit cost	\$(3)	\$4	\$6	\$9

	Six months ended June 30,			
	U.K. and Non-U.S.		U.S.	
	2013	2012	2013	2012
Service cost	\$9	\$8	\$—	\$—
Interest cost	126	132	56	60
Expected return on plan assets	(178)	(161)	(69)	(64)
Amortization of net actuarial loss	37	29	26	22
Net periodic benefit cost	\$(6)	\$8	\$13	\$18

Based on current assumptions, in 2013, Aon plans to contribute \$167 million and \$381 million to its U.S. and most significant international defined benefit pension plans, respectively. During the three months ended June 30, 2013, contributions of \$35 million were made to the Company's U.S. pension plans and \$64 million were made to its most significant international pension plans. During the six months ended June 30, 2013, contributions of \$68 million were made to the Company's U.S. pension plans and \$231 million were made to its most significant international pension plans.

12. Share-Based Compensation Plans

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

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Restricted stock units ("RSUs")	\$40	\$34	\$95	\$83
Performance share awards ("PSAs")	27	13	38	15
Stock options	—	1	1	3
Employee stock purchase plans	1	2	3	4
Total stock-based compensation expense	\$68	\$50	\$137	\$105

Share Awards

A summary of the status of the Company's RSUs is as follows (shares in thousands):

	Six months ended June 30,		2012	
	2013		2012	
	Shares	Fair Value (1)	Shares	Fair Value (1)
Non-vested at beginning of period	10,432	\$44	9,916	\$42
Granted	3,505	62	4,706	45
Vested	(3,345)	) 44	(2,986)	) 42
Forfeited	(229)	) 45	(356)	) 44
Non-vested at end of period	10,363	50	11,280	44

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

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 plan. Dividend equivalents are not paid on PSAs.

Information as of June 30, 2013 regarding the Company's target PSAs granted and shares that would be issued at current performance levels for PSAs granted during the six months ended June 30, 2013 and the years ended December 31, 2012 and 2011, respectively, is as follows (shares in thousands, dollars in millions, except fair value):

	As of June 30, 2013	As of December 31, 2012	As of December 31, 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	1,135	1,958	1,339
Unamortized expense, based on current performance levels	\$59	\$49	\$11

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

Share Options

The Company did not grant any share options during the six months ended June 30, 2013 or 2012, respectively.

A summary of the status of the Company's share options and related information is as follows (shares in thousands):

	Six months ended June 30,		2012	
	2013		2012	
	Shares	Weighted- Average Exercise Price	Shares	Weighted- Average Exercise Price
Beginning outstanding	5,611	\$ 32	9,116	\$ 32
Granted	—	—	—	—
Exercised	(1,318)) 31	(1,584)) 33

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Forfeited and expired	(2) 33	(51) 37
Outstanding at end of period	4,291	33	7,481	32
Exercisable at end of period	4,063	32	6,931	31

The weighted average remaining contractual life, in years, of outstanding options was 2.4 years at both June 30, 2013 and 2012.

The aggregate intrinsic value represents the total pretax intrinsic value, based on options with an exercise price less than the Company's closing stock price of \$64.35 as of June 30, 2013, which would have been received by the option holders had those option holders exercised their options as of that date. At June 30, 2013, the aggregate intrinsic value of options outstanding was \$136 million, of which \$131 million was exercisable.

Other information related to the Company's share options is as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Aggregate intrinsic value of stock options exercised	\$22	\$11	\$39	\$24
Cash received from the exercise of stock options	21	14	41	51
Tax benefit realized from the exercise of stock options	4	1	7	2

Unamortized deferred compensation expense, which includes both options and awards, amounted to \$411 million as of June 30, 2013, with a remaining weighted-average amortization period of approximately 2.2 years.

13. 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 Condensed 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 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 June 30, 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 June 30, 2013.

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

	Notional Amount		Derivative Assets		Derivative Liabilities	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Derivatives accounted for as hedges:						
Interest rate contracts	\$325	\$336	\$16	\$17	\$—	\$—
Foreign exchange contracts	1,072	1,208	39	191	110	250
Total	1,397	1,544	55	208	110	250
Derivatives not accounted for as hedges:						
Foreign exchange contracts	295	305	1	2	1	1
Total	\$1,692	\$1,849	\$56	\$210	\$111	\$251

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)	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Derivatives accounted for as hedges:						
Interest rate contracts	\$16	\$17	\$—	\$—	\$16	\$17
Foreign exchange contracts	39	191	(20	) (160	) 19	31
Total	55	208	(20	) (160	) 35	48
Derivatives not accounted for as hedges:						
Foreign exchange contracts	1	2	—	—	1	2
Total	\$56	\$210	\$(20	) \$(160	) \$36	\$50

(1) Included within Other current assets or Other non-current assets

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)	
	6/30/2013	12/31/2012	6/30/2013	12/31/2012	6/30/2013	12/31/2012
Derivatives accounted for as hedges:						
Interest rate contracts	\$—	\$—	\$—	\$—	\$—	\$—
Foreign exchange contracts	110	250	(20	) (160	) 90	90
Total	110	250	(20	) (160	) 90	90
Derivatives not accounted for as hedges:						
Foreign exchange contracts	1	1	—	—	1	1
Total	\$111	\$251	\$(20	) \$(160	) \$91	\$91

(2) Included within Other current liabilities or Other non-current liabilities

The amounts of derivative gains (losses) recognized in the Condensed Consolidated Financial Statements for the three and six months ended June 30, 2013 and 2012 are as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Gain (Loss) recognized in Accumulated Other Comprehensive Loss:				
Cash Flow Hedges:				
Interest rate contracts	\$—	\$—	\$—	\$—
Foreign exchange contracts	—	(32	) (29	) (30
Total	\$—	\$(32	) \$(29	) \$(30
Foreign Net Investment Hedges:				
Foreign exchange contracts	\$—	\$11	\$—	\$1
Gain (Loss) reclassified from Accumulated Other Comprehensive Loss into Income (Effective Portion):				
Cash Flow Hedges:				
Interest rate contracts (1)	\$—	\$—	\$(1) \$—
Foreign exchange contracts (2)	14	(8	) 3	(16
Total	14	(8	) 2	(16
Foreign Net Investment Hedges:				
Foreign exchange contracts	\$—	\$—	\$—	\$—

(1) Included within Fiduciary investment income and Interest expense

(2) Included within Other income and Interest expense

	Three months ended June 30,		Six months ended June 30,	
	Amount of Gain (Loss) Recognized in Income on Derivative (1) (2)		Amount of Gain (Loss) Recognized in Income on Derivative (1) (2)	
	2013	2012	2013	2012
Fair value hedges:				
Interest rate contracts	\$—	\$1	\$—	\$(1
			) \$(1	) \$3
			\$1	\$(3

(1) Relates to fixed rate debt

(2) Included in Interest expense

The Company estimates that approximately \$33 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 the three and six months ended June 30, 2013 and 2012 was not material.

During the three and six months ended June 30, 2013, the Company recorded a loss of \$9 million and \$18 million, respectively, in Other income for foreign exchange derivatives not designated or qualifying as hedges. During the three and six months ended June 30, 2012, the Company recorded a gain of \$1 million and \$7 million, respectively, in Other income for foreign exchange derivatives not designated or qualifying as hedges.

14. Fair Value 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;

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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 Condensed 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 Condensed 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 June 30, 2013 and December 31, 2012 (in millions):

	Balance at June 30, 2013	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)
Assets:				
Money market funds and highly liquid debt securities (1)	\$2,438	\$2,413	\$ 25	\$ —
Other investments:				
Fixed maturity securities:				
Corporate bonds	18	—	—	18
Government bonds	7	—	7	—
Equity securities	28	28	—	—
Derivatives:				
Interest rate contracts	16	—	16	—
Foreign exchange contracts	40	—	40	—
Liabilities:				
Derivatives:				

Foreign exchange contracts	111	—	111	—
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(1) Includes \$2,413 million of money market funds and \$25 million of highly liquid debt securities that are classified as Fiduciary assets, Short-term investments or Cash and cash equivalents in the Condensed Consolidated Statements of Financial Position, depending on their nature and initial maturity. See Note 8 “Investments” for additional information regarding the Company’s investments.

	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)
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 and cash equivalents in the Condensed Consolidated Statements of Financial Position, depending on their nature and initial maturity. See Note 8 “Investments” for additional information regarding the Company’s investments.

There were no transfers of assets or liabilities between fair value hierarchy levels in the three and six months ended June 30, 2013 and 2012, respectively. The Company recognized \$6 million of unrealized gains in Accumulated other comprehensive loss during the three and six months ended June 30, 2013, respectively, related to assets and liabilities measured at fair value using unobservable inputs. There were no realized or unrealized gains or losses recognized in the Condensed Consolidated Statements of Income or Financial Position during either the three and six months ended June 30, 2012 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):

	June 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	\$4,012	\$4,289	\$3,713	\$4,162

15. 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 Condensed 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. 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 prior to 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 December 2011, the Aon subsidiary received notice of a potential claim alleging negligence and breach of duty. The notice asserts 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. No lawsuit has yet been filed. 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.

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 Condensed Consolidated Financial Statements.

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 \$69 million at June 30, 2013, as 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 Condensed Consolidated Financial Statements to the extent the guarantees are probable and estimable.

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 \$42 million at June 30, 2013. During the three and six months ended June 30, 2013, the Company funded \$3 million and \$6 million, respectively 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 \$95 million at June 30, 2013 as compared to \$104 million at December 31, 2012.

16. 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 Condensed 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):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Risk Solutions	\$1,944	\$1,899	\$3,915	\$3,804
HR Solutions	956	931	1,910	1,876
Intersegment elimination	(3	) (9	(13	) (18
Total revenue	\$2,897	\$2,821	\$5,812	\$5,662

Commissions, fees and other revenues by product are as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Retail brokerage	\$1,562	\$1,511	\$3,124	\$3,005
Reinsurance brokerage	376	380	778	779
Total Risk Solutions Segment	1,938	1,891	3,902	3,784
Consulting services	388	366	770	746
Outsourcing	578	570	1,159	1,138
Intrasegment	(10	) (5	(19	) (8
Total HR Solutions Segment	956	931	1,910	1,876
Intersegment	(3	) (9	(13	) (18
Total commissions, fees and other revenue	\$2,891	\$2,813	\$5,799	\$5,642

Fiduciary investment income by segment is as follows (in millions):

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Risk Solutions	\$6	\$8	\$13	\$20
HR Solutions	—	—	—	—
Total fiduciary investment income	\$6	\$8	\$13	\$20

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

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Risk Solutions	\$391	\$384	\$794	\$750
HR Solutions	36	58	87	131
Segment income before income taxes	427	442	881	881
Unallocated expenses	(45	) (48	(89	) (85
Interest income	2	2	3	5
Interest expense	(48	) (57	(100	) (116
Other income	6	12	15	12
Income before income taxes	\$342	\$351	\$710	\$697

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.

17. Guarantee of Registered Securities

As described in Note 15, in connection with the Redomestication, Aon plc entered into various agreements pursuant to which it agreed to guarantee the obligations of Aon Corporation arising under issued and outstanding debt securities. Aon Corporation is a 100% indirectly owned subsidiary of Aon plc. The debt securities that are subject to Rule 3-10 of Regulation S-X are the 3.50% senior notes due September 2015, the 3.125% senior notes due May 2016, the 5.00% senior notes due September 2020, the 8.205% junior subordinated deferrable interest debentures due January 2027 and the 6.25% senior notes due September 2040. All guarantees of Aon plc are full and unconditional. There are no subsidiaries of Aon plc that are guarantors of the debt.

Aon Corporation entered into an agreement pursuant to which it agreed to guarantee the obligations of Aon plc arising under the 4.250% Notes Due 2042 exchanged for Aon Corporation's outstanding 8.205% junior subordinated deferrable interest debentures due January 2027 in both Original Notes and Exchange Notes form as described in Note 9. Those notes are subject to Rule 3-10 of Regulation S-X. Aon Corporation also agreed to guarantee the obligations of Aon plc arising under the 4.45% Notes Due 2043 issued on May 21, 2013. In each case, the guarantee of Aon Corporation is full and unconditional. There are no subsidiaries of Aon plc, other than Aon Corporation, that are guarantors of the 4.250% Notes Due 2042 or the 4.45% Notes Due 2043.

The following tables set forth condensed consolidating statements of income for the three and six months ended June 30, 2013 and 2012, condensed consolidating statements of comprehensive income for the three and six months ended June 30, 2013 and 2012, condensed consolidating statements of financial position as of June 30, 2013 and December 31, 2012, and condensed consolidating statements of cash flows for the six months ended June 30, 2013 and 2012 in accordance with Rule 3-10 of Regulation S-X. The condensed consolidating financial information includes the accounts of Aon plc, the accounts of Aon Corporation, and the combined accounts of the non-guarantor subsidiaries. The condensed consolidating financial statements are presented in all periods as a merger under common control, with Aon plc presented as the parent company in all periods prior and subsequent to the Redomestication. The principal consolidating adjustments are to eliminate the investment in subsidiaries and intercompany balances and transactions.

Condensed Consolidating Statement of Income

	Three months ended June 30, 2013					
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated	
Revenue						
Commissions, fees and other	\$ 1	\$ —	\$ 2,890	\$ —	\$ 2,891	
Fiduciary investment income	—	—	6	—	6	
Total revenue	1	—	2,896	—	2,897	
Expenses						
Compensation and benefits	4	5	1,703	—	1,712	
Other general expenses	9	17	777	—	803	
Total operating expenses	13	22	2,480	—	2,515	
Operating income	(12	) (22	) 416	—	382
Interest income	—	1	1	—	2	
Interest expense	(4) (33) (11) —	(48)
Intercompany interest (expense) income	(7	) 43	(36) —	—	
Other (expense) income	—	(2	) 8	—	6
(Loss) income from continuing operations before taxes	(23	) (13	) 378	—	342
Income tax (benefit) expense	(3	) (6	) 99	—	90
(Loss) income from continuing operations	(20	) (7	) 279	—	252
Loss from discontinued operations before taxes	—	—	—	—	—	
Income taxes	—	—	—	—	—	
Loss from discontinued operations	—	—	—	—	—	
Equity in earnings of subsidiaries, net of tax	261	246	239	(746) —	
Net income	241	239	518	(746	) 252
Less: Net income attributable to noncontrolling interests	—	—	11	—	11	
Net income attributable to Aon shareholders	\$ 241	\$ 239	\$ 507	\$ (746	) \$ 241

Condensed Consolidating Statement of Income

	Three months ended June 30, 2012				
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue					
Commissions, fees and other	\$—	\$—	\$ 2,813	\$—	\$ 2,813
Fiduciary investment income	—	—	8	—	8
Total revenue	—	—	2,821	—	2,821
Expenses					
Compensation and benefits	2	—	1,637	—	1,639
Other general expenses	10	7	771	—	788
Total operating expenses	12	7	2,408	—	2,427
Operating income	(12	) (7	) 413	—	394
Interest income	—	—	2	—	2
Interest expense	—	(40	) (17	) —	(57
Intercompany interest (expense) income	(3	) 47	(44) —	—
Other (expense) income	—	(5	) 17	—	12
(Loss) income from continuing operations before taxes	(15	) (5	) 371	—	351
Income tax (benefit) expense	(1	) (2	) 99	—	96
(Loss) income from continuing operations	(14	) (3	) 272	—	255
Loss from discontinued operations before taxes	—	—	(1	) —	(1
Income taxes	—	—	—	—	—
Loss from discontinued operations	—	—	(1	) —	(1
Equity in earnings of subsidiaries, net of tax	260	234	231	(725) —
Net income	246	231	502	(725	) 254
Less: Net income attributable to noncontrolling interests	—	—	8	—	8
Net income attributable to Aon shareholders	\$246	\$231	\$ 494	\$ (725	) \$ 246

Condensed Consolidating Statement of Income

(millions)	Six months ended June 30, 2013				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue					
Commissions, fees and other	\$2	\$—	\$ 5,797	\$ —	\$ 5,799
Fiduciary investment income	—	—	13	—	13
Total revenue	2	—	5,810	—	5,812
Expenses					
Compensation and benefits	15	21	3,401	—	3,437
Other general expenses	16	23	1,544	—	1,583
Total operating expenses	31	44	4,945	—	5,020
Operating income	(29)	) (44	) 865	—	792
Interest income	—	1	2	—	3
Interest expense	(6	) (67	) (27	) —	(100)
Intercompany interest (expense) income	(14	) 86	(72) —	—
Other (expense) income	—	(3	) 18	—	15
(Loss) income from continuing operations before taxes	(49	) (27	) 786	—	710
Income tax (benefit) expense	(9	) (11	) 206	—	186
(Loss) income from continuing operations	(40	) (16	) 580	—	524
Loss from discontinued operations before taxes	—	—	—	—	—
Income taxes	—	—	—	—	—
Loss from discontinued operations	—	—	—	—	—
Equity in earnings of subsidiaries, net of tax	542	509	493	(1,544) —
Net income	502	493	1,073	(1,544	) 524
Less: Net income attributable to noncontrolling interests	—	—	22	—	22
Net income attributable to Aon shareholders	\$502	\$493	\$ 1,051	\$ (1,544	) \$ 502

Condensed Consolidating Statement of Income

(millions)	Six months ended June 30, 2012				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Revenue					
Commissions, fees and other	\$—	\$—	\$ 5,642	\$—	\$ 5,642
Fiduciary investment income	—	1	19	—	20
Total revenue	—	1	5,661	—	5,662
Expenses					
Compensation and benefits	2	67	3,231	—	3,300
Other general expenses	10	21	1,535	—	1,566
Total operating expenses	12	88	4,766	—	4,866
Operating income	(12)	(87)	895	—	796
Interest income	—	—	5	—	5
Interest expense	—	(80)	(36)	—	(116)
Intercompany interest (expense) income	(3)	93	(90)	—	—
Other (expense) income	—	3	9	—	12
(Loss) income from continuing operations before taxes	(15)	(71)	783	—	697
Income tax (benefit) expense	(1)	(27)	221	—	193
(Loss) income from continuing operations	(14)	(44)	562	—	504
Loss from discontinued operations before taxes	—	—	(1)	—	(1)
Income taxes	—	—	—	—	—
Loss from discontinued operations	—	—	(1)	—	(1)
Equity in earnings of subsidiaries, net of tax	498	484	440	(1,422)	—
Net income	484	440	1,001	(1,422)	503
Less: Net income attributable to noncontrolling interests	—	—	19	—	19
Net income attributable to Aon shareholders	\$484	\$440	\$ 982	\$ (1,422)	\$ 484

Condensed Consolidating Statement of Comprehensive Income

(millions)	Three months ended June 30, 2013				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	\$241	\$239	\$ 518	\$ (746)	\$ 252
Less: Net income attributable to noncontrolling interests	—	—	11	—	11
Net income attributable to Aon shareholders	\$241	\$239	\$ 507	\$ (746)	\$ 241
Other comprehensive loss, net of tax:					
Change in fair value of investments	—	4	9	—	13
Change in fair value of derivatives	—	2	(9)	—	(7)
Foreign currency translation adjustments	—	(11)	(47)	—	(58)
Post-retirement benefit obligation	—	7	11	—	18
Total other comprehensive loss	—	2	(36)	—	(34)
Equity in other comprehensive loss of subsidiaries, net of tax	(32)	(34)	(32)	98	—
Less: Other comprehensive loss attributable to noncontrolling interests	—	—	(2)	—	(2)
Total other comprehensive loss attributable to Aon shareholders	(32)	(32)	(66)	98	(32)
Comprehensive income attributable to Aon shareholders	\$209	\$207	\$ 441	\$ (648)	\$ 209

Condensed Consolidating Statement of Comprehensive Income

(millions)	Three months ended June 30, 2012				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	\$246	\$231	\$ 502	\$ (725)	\$ 254
Less: Net income attributable to noncontrolling interests	—	—	8	—	8
Net income attributable to Aon shareholders	\$246	\$231	\$ 494	\$ (725)	\$ 246
Other comprehensive income, net of tax:					
Change in fair value of investments	—	—	—	—	—
Change in fair value of derivatives	—	—	(17)	—	(17)
Foreign currency translation adjustments	—	(5)	(192)	—	(197)
Post-retirement benefit obligation	—	9	9	—	18
Total other comprehensive income	—	4	(200)	—	(196)
Equity in other comprehensive income of subsidiaries, net of tax	(193)	(193)	(189)	575	—
Less: Other comprehensive income attributable to noncontrolling interests	—	—	(3)	—	(3)
Total other comprehensive income attributable to Aon shareholders	(193)	(189)	(386)	575	(193)
Comprehensive income attributable to Aon Shareholders	\$53	\$42	\$ 108	\$ (150)	\$ 53

Condensed Consolidating Statement of Comprehensive Income

(millions)	Six months ended June 30, 2013				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	\$502	\$493	\$ 1,073	\$ (1,544)	\$ 524
Less: Net income attributable to noncontrolling interests	—	—	22	—	22
Net income attributable to Aon shareholders	\$502	\$493	\$ 1,051	\$ (1,544)	\$ 502
Other comprehensive loss, net of tax:					
Change in fair value of investments	—	4	9	—	13
Change in fair value of derivatives	—	3	(24)	—	(21)
Foreign currency translation adjustments	—	(19)	(213)	—	(232)
Post-retirement benefit obligation	—	15	26	—	41
Total other comprehensive loss	—	3	(202)	—	(199)
Equity in other comprehensive loss of subsidiaries, net of tax	(197)	(200)	(197)	594	—
Less: Other comprehensive loss attributable to noncontrolling interests	—	—	(2)	—	(2)
Total other comprehensive loss attributable to Aon shareholders	(197)	(197)	(397)	594	(197)
Comprehensive income attributable to Aon shareholders	\$305	\$296	\$ 654	\$ (950)	\$ 305

Condensed Consolidating Statement of Comprehensive Income

(millions)	Six months ended June 30, 2012				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	\$484	\$440	\$ 1,001	\$ (1,422)	\$ 503
Less: Net income attributable to noncontrolling interests	—	—	19	—	19
Net income attributable to Aon shareholders	\$484	\$440	\$ 982	\$ (1,422)	\$ 484
Other comprehensive income, net of tax:					
Change in fair value of investments	—	—	—	—	—
Change in fair value of derivatives	—	—	(10)	—	(10)
Foreign currency translation adjustments	—	(1)	(92)	—	(93)
Post-retirement benefit obligation	—	15	24	—	39
Total other comprehensive income	—	14	(78)	—	(64)
Equity in other comprehensive income of subsidiaries, net of tax	(62)	(77)	(63)	202	—
Less: Other comprehensive income attributable to noncontrolling interests	—	—	(2)	—	(2)
Total other comprehensive income attributable to Aon shareholders	(62)	(63)	(139)	202	(62)
Comprehensive income attributable to Aon Shareholders	\$422	\$377	\$ 843	\$ (1,220)	\$ 422

Condensed Consolidating Statement of Financial Position

(millions)	As of June 30, 2013				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Cash and cash equivalents	\$294	\$258	\$ —	\$ (286)	\$ 266
Short-term investments	—	63	244	—	307
Receivables, net	—	(2)	2,840	—	2,838
Fiduciary assets	—	—	12,576	—	12,576
Intercompany receivables	255	2,881	5,244	(8,380)	—
Other current assets	17	50	339	—	406
Total Current Assets	566	3,250	21,243	(8,666)	16,393
Goodwill	—	—	8,795	—	8,795
Intangible assets, net	—	—	2,736	—	2,736
Fixed assets, net	—	—	808	—	808
Investments	—	60	112	—	172
Intercompany receivables	166	2,093	2,196	(4,455)	—
Other non-current assets	119	739	403	(103)	1,158
Investment in subsidiary	10,879	11,057	8,716	(30,652)	—
TOTAL ASSETS	\$11,730	\$17,199	\$ 45,009	\$ (43,876)	\$ 30,062
LIABILITIES AND EQUITY					
Fiduciary liabilities	\$ —	\$ —	\$ 12,576	\$ —	\$ 12,576
Short-term debt and current portion of long-term debt	297	107	23	—	427
Accounts payable and accrued liabilities	17	65	1,627	(286)	1,423
Intercompany payables	14	4,112	2,961	(7,087)	—
Other current liabilities	1	47	721	—	769
Total Current Liabilities	329	4,331	17,908	(7,373)	15,195
Long-term debt	443	2,515	1,054	—	4,012
Pension, other post-retirement and other post-employment liabilities	—	1,220	677	—	1,897
Intercompany payables	3,393	166	2,189	(5,748)	—
Other non-current liabilities	6	251	1,186	(103)	1,340
TOTAL LIABILITIES	4,171	8,483	23,014	(13,224)	22,444
TOTAL AON SHAREHOLDERS' EQUITY	7,559	8,716	21,936	(30,652)	7,559
Noncontrolling interests	—	—	59	—	59
TOTAL EQUITY	7,559	8,716	21,995	(30,652)	7,618
TOTAL LIABILITIES AND EQUITY	\$11,730	\$17,199	\$ 45,009	\$ (43,876)	\$ 30,062

Condensed Consolidating Statement of Financial Position

As of December 31, 2012