
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 March 31, 2018

OR

☐ **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.)

122 LEADENHALL STREET, LONDON, ENGLAND

(Address of Principal Executive Offices)

EC3V 4AN

(Zip Code)

+44 20 7623 5500

(Registrant's Telephone Number,
Including Area 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 ☐

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 ☐

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

Large accelerated filer ☒

Non-accelerated filer ☐

(Do not check if a smaller reporting company)

Accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 May 3, 2018 : 244,512,517

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Part I Financial Information
Item 1. Financial Statements

Aon plc
Condensed Consolidated Statements of Income
(Unaudited)

<i>(millions, except per share data)</i>	Three Months Ended	
	March 31, 2018	March 31, 2017
Revenue		
Total revenue	\$ 3,090	\$ 2,381
Expenses		
Compensation and benefits	1,616	1,469
Information technology	115	88
Premises	93	84
Depreciation of fixed assets	39	54
Amortization and impairment of intangible assets	110	43
Other general expenses	318	308
Total operating expenses	2,291	2,046
Operating income	799	335
Interest income	4	2
Interest expense	(70)	(70)
Other income (expense)	(15)	(2)
Income from continuing operations before income taxes	718	265
Income taxes	114	—
Net income from continuing operations	604	265
Net income from discontinued operations	6	40
Net income	610	305
Less: Net income attributable to noncontrolling interests	16	14
Net income attributable to Aon shareholders	\$ 594	\$ 291
Basic net income per share attributable to Aon shareholders		
Continuing operations	\$ 2.37	\$ 0.95
Discontinued operations	0.02	0.15
Net income	\$ 2.39	\$ 1.10
Diluted net income per share attributable to Aon shareholders		
Continuing operations	\$ 2.35	\$ 0.94
Discontinued operations	0.02	0.15
Net income	\$ 2.37	\$ 1.09
Cash dividends per share paid on ordinary shares	\$ 0.36	\$ 0.33
Weighted average ordinary shares outstanding - basic	248.5	264.8
Weighted average ordinary shares outstanding - diluted	250.2	267.0

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

Aon plc
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

<i>(millions)</i>	Three Months Ended	
	March 31, 2018	March 31, 2017
Net income	\$ 610	\$ 305
Less: Net income attributable to noncontrolling interests	16	14
Net income attributable to Aon shareholders	594	291
Other comprehensive income (loss), net of tax:		
Change in fair value of financial instruments	14	(2)
Foreign currency translation adjustments	247	147
Postretirement benefit obligation	48	18
Total other comprehensive income	309	163
Less: Other comprehensive income attributable to noncontrolling interests	3	1
Total other comprehensive income attributable to Aon shareholders	306	162
Comprehensive income attributable to Aon shareholders	\$ 900	\$ 453

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

Aon plc
Condensed Consolidated Statements of Financial Position

<i>(millions, except nominal value)</i>	(Unaudited) March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 597	\$ 756
Short-term investments	118	529
Receivables, net	3,053	2,478
Fiduciary assets	10,738	9,625
Other current assets	609	289
Total Current Assets	15,115	13,677
Goodwill	8,550	8,358
Intangible assets, net	1,662	1,733
Fixed assets, net	578	564
Deferred tax assets	296	389
Prepaid pension	1,207	1,060
Other non-current assets	439	307
TOTAL ASSETS	\$ 27,847	\$ 26,088
LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,545	\$ 1,961
Short-term debt and current portion of long-term debt	403	299
Fiduciary liabilities	10,738	9,625
Other current liabilities	972	870
Total Current Liabilities	13,658	12,755
Long-term debt	5,697	5,667
Deferred tax liabilities	243	127
Pension, other postretirement, and postemployment liabilities	1,759	1,789
Other non-current liabilities	1,105	1,102
TOTAL LIABILITIES	22,462	21,440
EQUITY		
Ordinary shares - \$0.01 nominal value		
Authorized: 750 shares (issued: 2018 - 245.2; 2017 - 247.6)	2	2
Additional paid-in capital	5,743	5,775
Retained earnings	2,747	2,302
Accumulated other comprehensive loss	(3,191)	(3,496)
TOTAL AON SHAREHOLDERS' EQUITY	5,301	4,583
Noncontrolling interests	84	65
TOTAL EQUITY	5,385	4,648
TOTAL LIABILITIES AND EQUITY	\$ 27,847	\$ 26,088

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

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

<i>(millions)</i>	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, 2017	247.6	\$ 5,777	\$ 2,302	\$ (3,496)	\$ 65	\$ 4,648
Adoption of new accounting guidance	—	—	493	(1)	—	492
Balance at January 1, 2018	247.6	5,777	2,795	(3,497)	65	5,140
Net income	—	—	594	—	16	610
Shares issued - employee stock compensation plans	1.5	(109)	—	—	—	(109)
Shares purchased	(3.9)	—	(553)	—	—	(553)
Share-based compensation expense	—	77	—	—	—	77
Dividends to shareholders	—	—	(89)	—	—	(89)
Net change in fair value of financial instruments	—	—	—	14	—	14
Net foreign currency translation adjustments	—	—	—	244	3	247
Net postretirement benefit obligation	—	—	—	48	—	48
Balance at March 31, 2018	245.2	\$ 5,745	\$ 2,747	\$ (3,191)	\$ 84	\$ 5,385

<i>(millions)</i>	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, 2016	262.0	\$ 5,580	\$ 3,807	\$ (3,912)	\$ 57	\$ 5,532
Adoption of new accounting guidance	—	—	49	—	—	49
Balance at January 1, 2017	262.0	5,580	3,856	(3,912)	57	5,581
Net income	—	—	291	—	14	305
Shares issued - employee stock compensation plans	1.9	(85)	—	—	—	(85)
Shares purchased	(1.1)	—	(126)	—	—	(126)
Share-based compensation expense	—	75	—	—	—	75
Dividends to shareholders	—	—	(87)	—	—	(87)
Net change in fair value of financial instruments	—	—	—	(2)	—	(2)
Net foreign currency translation adjustments	—	—	—	146	1	147
Net postretirement benefit obligation	—	—	—	18	—	18
Balance at March 31, 2017	262.8	\$ 5,570	\$ 3,934	\$ (3,750)	\$ 72	\$ 5,826

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

Aon plc
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(millions)	Three Months Ended	
	March 31, 2018	March 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 610	\$ 305
Less: Income from discontinued operations, net of income taxes	6	40
Adjustments to reconcile net income to cash provided by operating activities:		
Loss from sales of businesses, net	1	2
Depreciation of fixed assets	39	54
Amortization and impairment of intangible assets	110	43
Share-based compensation expense	77	78
Deferred income taxes	26	(2)
Change in assets and liabilities:		
Fiduciary receivables	(605)	337
Short-term investments — funds held on behalf of clients	(195)	(330)
Fiduciary liabilities	800	(7)
Receivables, net	(269)	38
Accounts payable and accrued liabilities	(439)	(390)
Restructuring reserves	(24)	99
Current income taxes	30	(56)
Pension, other postretirement and other postemployment liabilities	(53)	(41)
Other assets and liabilities	38	92
Cash provided by operating activities - continuing operations	140	182
Cash provided by operating activities - discontinued operations	—	58
CASH PROVIDED BY OPERATING ACTIVITIES	140	240
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	17	25
Payments for investments	(11)	(9)
Net sale of short-term investments — non-fiduciary	415	94
Acquisition of businesses, net of cash acquired	(29)	(46)
Sale of businesses, net of cash sold	(1)	(2)
Capital expenditures	(45)	(34)
Cash provided by investing activities - continuing operations	346	28
Cash used for investing activities - discontinued operations	—	(15)
CASH PROVIDED BY INVESTING ACTIVITIES	346	13
CASH FLOWS FROM FINANCING ACTIVITIES		
Share repurchase	(569)	(126)
Issuance of shares for employee benefit plans	(109)	(85)
Issuance of debt	808	992
Repayment of debt	(704)	(950)
Cash dividends to shareholders	(89)	(87)
Noncontrolling interests and other financing activities	—	(2)
Cash used for financing activities - continuing operations	(663)	(258)
Cash used for financing activities - discontinued operations	—	—
CASH USED FOR FINANCING ACTIVITIES	(663)	(258)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	18	25
NET INCREASE IN CASH AND CASH EQUIVALENTS	(159)	20
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	756	431
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 597	\$ 451
Supplemental disclosures:		
Interest paid	\$ 58	\$ 58

Income taxes paid, net of refunds	\$	58	\$	58
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See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Notes to 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 of its controlled subsidiaries ("Aon" or the "Company"). All 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 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, 2017. The results for the three months ended March 31, 2018 are not necessarily indicative of operating results that may be expected for the full year ending December 31, 2018.

Use of Estimates

The preparation of the accompanying 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. Management believes its estimates to be reasonable given the current facts available. Aon adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatile equity markets, and foreign currency exchange rate movements increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment would, if applicable, be reflected in the financial statements in future periods.

2. Accounting Principles and Practices

Adoption of New Accounting Standards

Presentation of Net Periodic Pension and Postretirement Benefit Costs

In March 2017, the Financial Accounting Standards Board ("FASB") issued new accounting guidance on the presentation of net periodic pension cost and net periodic postretirement benefit cost. The new guidance requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. It also requires the other components of net periodic pension cost and net periodic postretirement benefit cost to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. Additionally, only the service cost component is eligible for capitalization, when applicable. The Company has applied the new guidance retrospectively for the presentation of the service cost component and the other components of net periodic pension cost and net periodic postretirement benefit cost in the Condensed Consolidated Statement of Income and prospectively, on and after the effective date, for the capitalization of the service cost component of net periodic pension costs and net periodic postretirement benefit cost in assets. The new guidance allows a practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. The Company has not applied the practical expedient upon adoption of this guidance. The new guidance was effective for Aon in the first quarter of 2018. The adoption of this guidance had no impact on the net income of the Company.

Upon adoption of the guidance, the presentation of the results reflect a change in Operating income offset by an equal and offsetting change in Other income (expense) for the period ended March 31, 2017 as follows:

	Three Months Ended March 31, 2017		
	As Reported	Adjustments	As Adjusted
Operating income ⁽¹⁾	\$ 343	\$ (8)	\$ 335
Other income (expense)	\$ (10)	\$ 8	\$ (2)

(1) Reclassification from Operating income is recorded in Compensation and benefits.

Income Tax Consequences of Intercompany Transactions

In October 2016, the FASB issued new accounting guidance on the income tax consequences of intra-entity asset transfers other than inventory. The guidance requires that the seller and buyer recognize the consolidated current and deferred income tax consequences of a transaction in the period the transaction occurs rather than deferring to a future period and recognizing those consequences when the asset has been sold to an outside party or otherwise recovered through use (i.e. depreciated, amortized, or impaired). The Company has applied the new guidance on a modified retrospective basis with a cumulative effect adjustment to retained earnings as of the beginning of the period of adoption. The new guidance was effective for Aon in the first quarter of 2018. Upon the adoption of this guidance on January 1, 2018, the Company recognized an increase to Deferred tax assets of \$23 million, an increase to Deferred tax liabilities of \$12 million, and a decrease to Other non-current assets of \$26 million on the Condensed Consolidated Statement of Financial Position through a cumulative adjustment of \$15 million decrease to Retained earnings. For the three months ended March 31, 2018, the impact of adopting this standard on the Condensed Consolidated Statement of Income was insignificant.

Statement of Cash Flows

In August 2016, the FASB issued new accounting guidance on the classification of certain cash receipts and cash payments. Under the new guidance, an entity no longer has discretion to choose the classification for a number of transactions, including contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, and distributions received from equity method investees. The new standard was effective for the Company in the first quarter of 2018. The adoption of this guidance had no impact on the Company's Condensed Consolidated Statements of Cash Flows.

Financial Assets and Liabilities

In January 2016, the FASB issued new accounting guidance on recognition and measurement of financial assets and financial liabilities. The amendments in the new guidance make targeted improvements, which include the requirement to measure equity investments with readily determinable fair values at fair value through net income, simplification of the impairment assessment for equity investments without readily determinable fair values, adjustments to existing and additional disclosure requirements, and additional tax considerations. The Company applied the amendments by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption, with the exception of the amendments related to equity securities without readily determinable fair values, including disclosure requirements, which were applied prospectively. Upon the adoption of this guidance on January 1, 2018, the Company recognized an increase to Accumulated other comprehensive loss of \$1 million on the Condensed Consolidated Statement of Financial Position through a cumulative adjustment of \$1 million increase to Retained earnings. For the three months ended March 31, 2018, the impact of adopting this standard on the Condensed Consolidated Statement of Income was insignificant.

Revenue Recognition

In May 2014, the FASB issued a new accounting standard on revenue from contracts with customers (the "Standard" or "ASC 606"), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP ("ASC 605"). The core principal of the Standard is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Standard also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments, changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. Two methods of transition were permitted upon adoption: full retrospective and modified retrospective. The Company elected to apply the modified retrospective adoption approach to all contracts. Under this approach, prior periods were not restated. Rather, revenues and other disclosures for prior periods were provided in the notes to the financial statements as previously reported under ASC 605, and the cumulative effect of initially applying the guidance was recognized as an adjustment to Retained earnings.

The following summarizes the significant changes to the Company as a result of the adoption of ASC 606 on January 1, 2018.

- The Company previously recognized revenue either at a point in time or over a period of time based on the transfer of value to customers or as the remuneration became determinable. Under ASC 606, the revenue related to certain brokerage services recognized over a period of time is recognized on the effective date of the associated policies when control of the policy transfers to the customer. As a result, revenue from these arrangements are typically recognized in earlier periods under ASC 606 in comparison to ASC 605, changing the timing and amount of revenue recognized for annual and interim periods. This change resulted in a significant shift in timing of interim revenue for the Reinsurance Solutions revenue line and, to a lesser extent, certain other brokerage services.

- The Standard provides guidance on accounting for certain revenue-related costs including when to capitalize costs associated with obtaining and fulfilling a contract. The majority of these costs were previously expensed as incurred under ASC 605. Assets recognized for the costs to obtain a contract, which includes certain sales commissions, are amortized on a systematic basis that is consistent with the transfer of the services to which the asset relates, considering anticipated renewals when applicable. For situations where the renewal period is one year or less and renewal costs are commensurate with the initial contract, the Company applied a practical expedient and recognizes the costs of obtaining a contract as an expense when incurred. Assets recognized as costs to fulfill a contract, which includes internal costs related to pre-placement broking activities, as well as other costs, are amortized on a systematic basis that is consistent with the transfer of the services to which the asset relates, which is generally less than one year.

As a result of applying the modified retrospective method to adopt ASC 606, the following adjustments were made to the Condensed Consolidated Statement of Financial position as of January 1, 2018:

(millions)	December 31, 2017		January 1, 2018	
	As Reported	Adjustments	As Adjusted	
ASSETS				
Receivables, net	\$ 2,478	\$ 252	\$ 2,730	
Other current assets	\$ 289	\$ 298	\$ 587	
Deferred tax assets	389	(128)	261	
Other non-current assets	\$ 307	\$ 145	\$ 452	
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,961	\$ 8	\$ 1,969	
Other current liabilities	\$ 870	\$ 13	\$ 883	
Deferred tax liabilities	\$ 127	\$ 42	\$ 169	
Other non-current liabilities	\$ 1,102	\$ (3)	\$ 1,099	
EQUITY				
Total equity	\$ 4,648	\$ 507	\$ 5,155	

The following tables summarize the impacts of adopting ASC 606 on the Company's Condensed Consolidated Statement of Income, Financial Position, and Cash Flows as of and for the three months ended March 31, 2018.

Condensed Consolidated Statement of Income

(millions)	Three Months Ended March 31, 2018		
	As Reported	Adjustments	Balances Without Adoption of ASC 606
Revenue			
Total revenue	\$ 3,090	\$ (413)	\$ 2,677
Expenses			
Compensation and benefits	\$ 1,616	\$ (65)	\$ 1,551
Other income (expense)	\$ (15)	\$ 1	\$ (14)
Income taxes	\$ 114	\$ (82)	\$ 32

Adoption of ASC 606 for the first quarter of 2018 was an impact of \$265 million on net income from continuing operations, or \$1.06 per share.

Condensed Consolidated Statement of Financial Position

(millions)	As of March 31, 2018		
	As Reported	Adjustments	Balances Without Adoption of ASC 606
ASSETS			
Receivables, net	\$ 3,053	\$ (644)	\$ 2,409
Other current assets	\$ 609	\$ (239)	\$ 370
Deferred tax assets	\$ 296	\$ 130	\$ 426
Other non-current assets	\$ 439	\$ (143)	\$ 296
LIABILITIES			
Other current liabilities	\$ 972	\$ (52)	\$ 920
Deferred tax liabilities	\$ 243	\$ (68)	\$ 175
Other non-current liabilities	\$ 1,105	\$ 3	\$ 1,108
EQUITY			
Total equity	\$ 5,385	\$ (779)	\$ 4,606

Condensed Consolidated Statement of Cash Flows

(millions)	Three Months Ended March 31, 2018		
	As Reported	Adjustments	Balances Without Adoption of ASC 606
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 610	\$ (265)	\$ 345
Deferred income taxes	\$ 26	\$ (28)	\$ (2)
Receivables, net	\$ (269)	\$ 400	\$ 131
Accounts payable and accrued liabilities	\$ (439)	\$ 8	\$ (431)
Current income taxes	\$ 30	\$ (54)	\$ (24)
Other assets and liabilities	\$ 38	\$ (61)	\$ (23)

The adoption of ASC 606 had no impact on total Cash Provided by Operating Activities.

Refer to Note 3 “Revenue from Contracts with Customers” to the Condensed Consolidated Financial Statements for further information.

Accounting Standards Issued But Not Yet Adopted

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued amendments related to reclassification of certain tax effects from accumulated other comprehensive income. The amendments allow a reclassification from accumulated comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. In addition, the entity is required to provide certain disclosures regarding stranded tax effects. The amendments are effective for Aon in the first quarter of 2019 and early adoption is permitted, including adoption in any interim period. The amendments should be applied either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company is currently evaluating the impact that the amendments will have on the Condensed Consolidated Financial Statements and the period in which it plans to adopt.

Targeted Improvements to Accounting for Hedging Activities

In August 2017, the FASB issued new accounting guidance on targeted improvements to accounting for hedging activities. The new guidance amends its hedge accounting model to enable entities to better portray their risk management activities in the financial statements. The guidance eliminates the requirement to separately measure and report hedge ineffectiveness and requires the effect

of a hedging instrument to be presented in the same income statement line as the hedged item. An entity will apply the new guidance on a modified retrospective basis with a cumulative effect adjustment to accumulated other comprehensive income with a corresponding adjustment to retained earnings as of the beginning of the period of adoption. Changes to income statement presentation and financial statement disclosures will be applied prospectively. The new guidance is effective for Aon in the first quarter of 2019 and early adoption is permitted. The Company is currently evaluating the impact that the standard will have on the Condensed Consolidated Financial Statements and the period in which it plans to adopt.

Simplifying the Test for Goodwill Impairment

In January 2017, the FASB issued new accounting guidance on simplifying the test for goodwill impairment. Currently the standard requires an entity to perform a two-step test to determine the amount, if any, of goodwill impairment. In Step 1, an entity compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, the entity performs Step 2 and compares the implied fair value of goodwill with the carrying amount of that goodwill for that reporting unit. An impairment charge equal to the amount by which the carrying amount of goodwill for the reporting unit exceeds the implied fair value of that goodwill is recorded, limited to the amount of goodwill allocated to that reporting unit. The new guidance removes Step 2. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. An entity will apply the new guidance on a prospective basis. The new guidance is effective for Aon in the first quarter of 2020 and early adoption is permitted. The Company is currently evaluating the impact that the standard will have on the Condensed Consolidated Financial Statements and the period in which it plans to adopt.

Credit Losses

In June 2016, the FASB issued new accounting guidance on the measurement of credit losses on financial instruments. The new guidance replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. An entity will apply the new guidance through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The guidance is effective for Aon in the first quarter of 2020 and early adoption is permitted beginning in the first quarter of 2019. Aon is currently evaluating the impact that the standard will have on its Condensed Consolidated Financial Statements, as well as the method of transition and period of adoption.

Leases

In February 2016, the FASB issued new accounting guidance on leases, which requires lessees to recognize assets and liabilities for most leases. Under the new guidance, a lessee should recognize in the Condensed Consolidated Statement of Financial Position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current U.S. GAAP standards. The new standard will be effective for the Company in the first quarter of 2019, with early application permitted. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that entities may elect to apply. These practical expedients relate to the identification and classification of leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. The Company is currently evaluating the period of adoption.

A preliminary assessment to determine the impacts of the new accounting standard has been performed, including its impact on accounting and operational processes. The Company expects to recognize significant right of use assets and lease liabilities on its Condensed Consolidated Statements of Financial Position, but is unable to provide quantitative impacts at this time. Additionally, the Company expects to expand its disclosures around lease arrangements. The Company expects to adopt the new accounting standard in the first quarter of 2019 and is currently evaluating the practical expedients that will be applied.

3. Revenue from Contracts with Customers

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

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

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

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

Disaggregation of Revenue

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

Commercial Risk Solutions includes retail brokerage, cyber solutions, global risk consulting, and captives. Revenue primarily includes insurance commissions and fees for services rendered. Revenues will generally be recognized at a point in time upon the effective date of the underlying policy (or policies), or over the term of the arrangement to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenues are recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

Reinsurance Solutions includes treaty and facultative reinsurance brokerage and capital markets. Revenue primarily includes reinsurance commissions and fees for services rendered. Revenues will generally be recognized at a point in time upon the effective date of the underlying policy (or policies), or over the term of the arrangement to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Retirement Solutions includes core retirement, investment consulting, and talent, rewards & performance. Revenue consists primarily of fees paid by clients for consulting services, such as risk management strategies, health and benefits, and human capital consulting services. Revenue recognized for these arrangements are typically recognized at a point-in-time upon completion of the service or over time to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. For consulting arrangements recognized over-time, revenue will be recognized based on a measure of progress that depicts the transfer of control of the goods or services to the customer, utilizing an appropriate input or output measure. Fees paid by clients for consulting services are typically charged on an hourly, project or fixed-fee basis. Revenues from time-and-materials or cost-plus arrangements are recognized as services are performed. Reimbursements received for out-of-pocket expenses are recorded as a component of revenues.

Health Solutions includes health and benefits brokerage and healthcare exchanges. Revenue primarily includes insurance commissions and fees for services rendered. For brokerage commissions, revenue is typically recognized at the effective date of the underlying policy (or policies), or over the term of the arrangement to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenues from health care exchange arrangements are typically recognized upon successful enrollment of participants, net of a reserve for estimated cancellations, assuming all five steps to recognize revenue have been met.

Data & Analytic Services includes Affinity, Aon InPoint, and ReView. Revenue consists primarily of fees for services rendered and is generally recognized over the term of the arrangement to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. For Data & Analytic Services arrangements recognized over-time, revenue will be recognized based on a measure of progress that depicts the transfer of control of the goods or services to the customer, utilizing an appropriate input or output measure.

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

	Three months ended March 31, 2018
Commercial Risk Solutions	\$ 1,184
Reinsurance Solutions	742
Retirement Solutions	424
Health Solutions	451
Data & Analytic Services	294
Elimination	(5)
Total revenue	\$ 3,090

Consolidated Revenue by geographic area, which is attributed on the basis of where the services are performed, is as follows (in millions):

	Three months ended March 31, 2018
United States	\$ 1,116
Americas other than United States	237
United Kingdom	484
Europe, Middle East, & Africa other than United Kingdom	979
Asia Pacific	274
Total revenue	\$ 3,090

Contract Costs

The Company recognizes an asset for costs incurred to fulfill a contract for costs that are specifically identified and relate to a contract or anticipated contract, generate or enhance resources used in satisfying the Company's performance obligations, and are expected to be recovered. Assets recognized as costs to fulfill a contract, which includes internal costs related to pre-placement broking activities, as well as other costs, will be amortized on a systematic basis that is consistent with the transfer of the services to which the asset relates. The amortization is primarily included in Compensation and benefits on the Condensed Consolidated Statements of Income.

The changes in the net carrying amount of capitalized cost to fulfill contracts with customers are as follows (in millions):

	Three months ended March 31, 2018
Balance at beginning of period	\$ 298
Additions	370
Amortization	(432)
Impairment	—
Foreign currency translation and other	4
Balance at end of period	\$ 240

The Company capitalizes incremental costs to obtain a contract with a customer that are expected to be recovered. Assets recognized for the costs to obtain a contract, which includes certain sales commissions, will be amortized on a systematic basis that is consistent with the transfer of the services to which the asset relates, considering anticipated renewals when applicable. For situations where the renewal period is one year or less and renewal costs are commensurate with the initial contract, the Company has applied a practical expedient and recognized the costs of obtaining a contract as an expense when incurred. The amortization is included in Compensation and benefits on the Condensed Consolidated Statements of Income.

The changes in the net carrying amount of capitalized cost to obtain contracts with customers are as follows (in millions):

	Three months ended March 31, 2018	
Balance at beginning of period	\$	145
Additions		8
Amortization		(10)
Impairment		—
Foreign currency translation and other		1
Balance at end of period	\$	144

4. Discontinued Operations

On February 9, 2017, the Company entered into a Purchase Agreement with Tempo Acquisition, LLC (the “Purchase Agreement”) to sell its benefits administration and business process outsourcing business (the “Divested Business”) to an entity formed and controlled by affiliates of The Blackstone Group L.P. (the “Buyer”) and certain designated purchasers that are direct or indirect subsidiaries of the Buyer.

On May 1, 2017, the Buyer purchased all of the outstanding equity interests of the Divested Business, plus certain related assets and liabilities, for a purchase price of \$4.3 billion in cash paid at closing, subject to customary adjustments set forth in the Purchase Agreement, and deferred consideration of up to \$500 million (the “Transaction”). Cash proceeds after customary adjustments and before taxes due were \$4.2 billion .

Aon and the Buyer entered into certain transaction related agreements at the closing, including two commercial agreements, a transition services agreement, certain intellectual property license agreements, sub-leases, and other customary agreements. Aon expects to continue to be a significant client of the Divested Business and the Divested Business has agreed to use Aon for its broking and other services for a specified period of time.

The financial results of the Divested Business for the three months ended March 31, 2018 and 2017 are presented as Income from discontinued operations on the Company’s Condensed Consolidated Statements of Income. The following table presents the financial results of the Divested Business (in millions):

	Three months ended March 31	
	2018	2017
Revenue		
Total revenue	\$ —	\$ 527
Expenses		
Total operating expenses	3	470
Income (loss) from discontinued operations before income taxes	(3)	57
Income tax expense (benefit)	(1)	17
Income (loss) from discontinued operations excluding gain, net of tax	(2)	40
Gain on sale of discontinued operations, net of tax	8	—
Net income from discontinued operations	\$ 6	\$ 40

Upon triggering held for sale criteria in February 2017, Aon ceased depreciating and amortizing all long-lived assets included in discontinued operations. No depreciation or amortization expense was recognized during the three months ended March 31, 2018 . Total operating expenses for the three months ended March 31, 2017 include \$8 million of depreciation of fixed assets and \$11 million of intangible asset amortization.

The Company’s Condensed Consolidated Statements of Cash Flows present the operating, investing, and financing cash flows of the Divested Business as discontinued operations. Aon uses a centralized approach to cash management and financing of its operations. Prior to the closing of the Transaction, portions of the Divested Business’s cash were transferred to Aon daily, and Aon would fund the Divested Business as needed. Cash and cash equivalents of discontinued operations at March 31, 2017 was \$18 million . Total proceeds received for the sale of the divested business and taxes paid as a result of the sale are recognized on the

Consolidated Statements of Cash Flows in Cash provided by investing activities - continuing operations and Cash provided by operating activities - continuing operations, respectively.

5. Cash and Cash Equivalents and Short-term Investments

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

At March 31, 2018, Cash and cash equivalents and Short-term investments were \$715 million compared to \$1,285 million at December 31, 2017, a decrease of \$570 million. Of the total balances, \$102 million and \$96 million was restricted as to its use at March 31, 2018 and December 31, 2017, respectively. Included within the March 31, 2018 and December 31, 2017 balances, respectively, was £42.7 million (\$60.8 million at March 31, 2018 exchange rates and \$57.1 million at December 31, 2017 exchange rates) of operating funds required to be held by the Company in the United Kingdom by the Financial Conduct Authority, a U.K.-based regulator, which were included in Short-term investments.

6. Other Financial Data

Condensed Consolidated Statements of Income Information

Other Income (Expense)

Other income (expense) consists of the following (in millions):

	Three months ended March 31			
	2018		2017	
Foreign currency remeasurement gain (loss)	\$	(16)	\$	(10)
Loss on disposal of business		(1)		(2)
Pension and other postretirement income		2		8
Equity earnings (losses)		1		6
Gain (loss) on financial instruments		—		(4)
Other		(1)		—
Total	\$	(15)	\$	(2)

Condensed Consolidated Statements of Financial Position Information

Allowance for Doubtful Accounts

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

	Three months ended March 31			
	2018		2017	
Balance at beginning of period	\$	59	\$	56
Provision charged to Other general expenses		8		6
Accounts written off, net of recoveries		(3)		(3)
Foreign currency translation		1		2
Balance at end of period	\$	65	\$	61

Other Current Assets

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

As of	March 31, 2018	December 31, 2017
Taxes receivable	\$ 118	\$ 114
Prepaid expenses	142	126
Receivables from the Divested Business ⁽¹⁾	6	28
Cost to fulfill contracts with customers ⁽²⁾	240	—
Other	103	21
Total	\$ 609	\$ 289

(1) Refer to Note 4 “Discontinued Operations” for additional information.

(2) Refer to Note 3 “Revenue from Contracts with Customers” for additional information.

Other Non-Current Assets

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

As of	March 31, 2018	December 31, 2017
Investments	\$ 58	\$ 57
Taxes receivable	83	84
Cost to obtain contracts with customers ⁽¹⁾	144	—
Other	154	166
Total	\$ 439	\$ 307

(1) Refer to Note 3 “Revenue from Contracts with Customers” for additional information.

Other Current Liabilities

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

As of	March 31, 2018	December 31, 2017
Deferred revenue ⁽¹⁾	\$ 329	\$ 311
Taxes payable ⁽²⁾	164	139
Other	479	420
Total	\$ 972	\$ 870

(1) During the three months ended March 31, 2018, \$100 million was recognized in the Condensed Consolidated Statement of Income.

(2) Includes a provisional estimate of \$42 million for the current portion of the Transition Tax as of March 31, 2018 and December 31, 2017.

Other Non-Current Liabilities

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

As of	March 31, 2018	December 31, 2017
Taxes payable ⁽¹⁾	\$ 538	\$ 529
Deferred revenue	56	49
Leases	156	153
Compensation and benefits	62	67
Other	293	304
Total	\$ 1,105	\$ 1,102

(1) Includes a provisional estimate of \$222 million for the non-current portion of the Transition Tax as of March 31, 2018 and December 31, 2017 .

7. Acquisitions and Dispositions of Businesses

Acquisitions

The Company completed three acquisitions during the three months ended March 31, 2018 and seventeen acquisitions during the twelve months ended December 31, 2017 . The following table includes the fair values of consideration transferred, assets acquired, and liabilities assumed as a result of the Company's acquisitions (in millions):

	Three months ended March 31, 2018
Cash	\$ 26
Deferred and contingent consideration	3
Aggregate consideration transferred	\$ 29
Assets acquired:	
Receivables, net	2
Goodwill	12
Intangible assets, net	16
Other assets	3
Total assets acquired	33
Liabilities assumed:	
Current liabilities	4
Total liabilities assumed	4
Net assets acquired	\$ 29

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

2018 Acquisitions

On March 1, 2018, the Company completed the transaction to acquire the business and assets of the trade credit business of Niche International Business Proprietary Limited, a trade credit brokerage based in Johannesburg, South Africa.

On March 1, 2018, the Company completed the transaction to acquire Affinity Risk Partners (Brokers) Pty. Ltd., an insurance broker in Victoria, Australia.

On January 19, 2018, the Company completed the transaction to acquire substantially all of the assets of The Burchfield Group, a provider in pharmacy benefit consulting, auditing, and health plan compliance services based in the United States.

2017 Acquisitions

On December 29, 2017, the Company completed the transaction to acquire the Townsend Group, a U.S.-based provider of global investment management and advisory services primarily focused on real estate.

On December 29, 2017, the Company completed the transaction to acquire Baltolink UADBB, a regional broker based in Lithuania.

On December 19, 2017, the Company completed the transaction to acquire a client register of Grant Liddell Financial Advisor Services Pty Ltd in Australia.

On December 1, 2017, the Company completed the transaction to acquire Henderson Insurance Brokers Limited, an independent insurance broking firm based in the United Kingdom.

On November 30, 2017, the Company completed the transaction to acquire Unidelta AG, an insurance broker located in Switzerland.

On October 31, 2017, the Company completed the transaction to acquire Unirobe Meeûs Groep, an insurance broker based in the Netherlands.

On October 31, 2017, the Company completed the transaction to acquire Lenzi Paolo Broker di Assicurazioni S.r.l., an insurance broker based in Italy.

On October 26, 2017, the Company completed the transaction to acquire Nauman Insurance Brokers Limited, an insurance broker based in New Zealand.

On October 2, 2017, the Company completed the transaction to acquire Portus Consulting, an independent employee benefits firm based in the United Kingdom.

On August 31, 2017, the Company completed the transaction to acquire Mark Kelly Insurance and Financial Services PTY LTD, an Australia-based broker servicing the insurance needs of commercial clients in and around the Townsville regional center.

On August 28, 2017, the Company completed the transaction to acquire a certain portfolio in the Charlotte office of The Hays Group, Inc. d/b/a Hays Companies.

On July 27, 2017, the Company completed the transaction to acquire Grupo Innovac Sociedad de Correduría de Seguros, S.A, an insurance broker based in Valencia, Spain.

On July 3, 2017, the Company completed the transaction to acquire PWZ AG, an independent insurance broker based in Zurich, Switzerland.

On May 31, 2017, the Company completed the transaction to acquire SchneiderGolling IFFOXX Assekuranzmakler AG and SchneiderGolling Industrie Assekuranzmaklergesellschaft mbH from SchneiderGolling Gruppe, a property and casualty broker based in Southern Germany.

On May 2, 2017, the Company completed the transaction to acquire cut-e Assessment Global Holdings Limited, a high-volume online psychometric assessments provider based in Ireland.

On March 3, 2017, the Company completed the transaction to acquire Finaccord Limited, a market research, publishing and consulting company based in the United Kingdom.

On January 19, 2017, the Company completed the transaction to acquire VERO Management AG, an insurance broker and risk advisor based in Austria.

Dispositions

The Company completed no dispositions during the three months ended March 31, 2018 and three dispositions during the three months ended March 31, 2017 .

Total pretax losses recognized were \$1 million for the three months ended March 31, 2018 related to prior period transactions. Total pretax losses recognized were \$2 million for the three months ended March 31, 2017 . Gains and losses recognized as a result of a disposition are included in Other income (expense) in the Condensed Consolidated Statements of Income.

8. Restructuring

In 2017, Aon initiated a global restructuring plan (the “Restructuring Plan”) in connection with the sale of the Divested Business. The Restructuring Plan is intended to streamline operations across the organization and deliver greater efficiency, insight, and connectivity. The Company expects these restructuring activities and related expenses to affect continuing operations through 2019, including an estimated 4,200 to 4,800 role eliminations. The Restructuring Plan is expected to result in cumulative costs of approximately \$1,025 million through the end of the plan, consisting of approximately \$450 million in employee termination costs, \$130 million in technology rationalization costs, \$85 million in lease consolidation costs, \$50 million in non-cash asset impairments, and \$310 million in other costs, including certain separation costs associated with the sale of the Divested Business.

From the inception of the Restructuring Plan through March 31, 2018, the Company has eliminated 3,123 positions and incurred total expenses of \$571 million for restructuring and related separation costs. These charges are included in Compensation and benefits, Information technology, Premises, Depreciation of fixed assets, and Other general expenses in the accompanying Condensed Consolidated Statements of Income.

The following table summarizes restructuring and separation costs by type that have been incurred through March 31, 2018 and are estimated to be incurred through the end of the Restructuring Plan (in millions). Estimated costs may be revised in future periods as these assumptions are updated:

	Three months ended March 31, 2018		Inception to Date		Estimated Remaining Costs		Estimated Total Cost ⁽¹⁾
Workforce reduction	\$	33	\$	332	\$	118	\$ 450
Technology rationalization ⁽²⁾		10		43		87	130
Lease consolidation ⁽²⁾		3		11		74	85
Asset impairments		1		27		23	50
Other costs associated with restructuring and separation ⁽²⁾⁽³⁾		27		158		152	310
Total restructuring and related expenses	\$	74	\$	571	\$	454	\$ 1,025

- (1) Actual costs, when incurred, may vary due to changes in the assumptions built into the Restructuring Plan. Significant assumptions that may change when plans are finalized and implemented include, but are not limited to, changes in 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) Contract termination costs included within Technology rationalization were \$1 million for the three months ended March 31, 2018 and \$2 million since inception. Contract termination costs included within Lease consolidations were \$2 million for the three months ended March 31, 2018 and \$10 million since inception. Contract termination costs included within Other costs associated with restructuring and separation were \$4 million for the three months ended March 31, 2018 and \$7 million since inception. Total estimated contract termination costs to be incurred under the Restructuring Plan associated with Technology rationalizations, Lease consolidations, and Other costs associated with restructuring and separation, respectively, are \$15 million, \$80 million, and \$80 million.
- (3) Other costs associated with the Restructuring Plan include those to separate the Divested Business, as well as moving costs, and consulting and legal fees. These costs are generally recognized when incurred.

The changes in the Company’s liabilities for the Restructuring Plan as of March 31, 2018 are as follows (in millions):

Balance as of December 31, 2017	\$	186
Expensed		74
Cash payments		(98)
Foreign currency translation and other		(2)
Balance as of March 31, 2018	\$	160

9. Goodwill and Other Intangible Assets

The changes in the net carrying amount of goodwill for the three months ended March 31, 2018 are as follows (in millions):

Balance as of December 31, 2017	\$	8,358
Goodwill related to current year acquisitions		12
Goodwill related to prior year acquisitions		4
Foreign currency translation and other		176
Balance as of March 31, 2018	\$	8,550

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

	March 31, 2018			December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization and Impairment	Net Carrying Amount
Customer related and contract based	\$ 2,615	\$ 1,496	\$ 1,119	\$ 2,550	\$ 1,415	\$ 1,135
Tradenames	1,052	589	463	1,047	533	514
Technology and other	426	346	80	416	332	84
Total	\$ 4,093	\$ 2,431	\$ 1,662	\$ 4,013	\$ 2,280	\$ 1,733

In the second quarter of 2017 and in connection with the completion of the sale of the Divested Business, the Company recognized a non-cash impairment charge to the associated tradenames of \$380 million. The fair value of the tradenames was determined using the Relief from Royalty Method. This impairment was included in Amortization and impairment of intangible assets on the Condensed Consolidated Statement of Income.

The estimated future amortization for finite lived intangible assets as of March 31, 2018 is as follows (in millions):

Remainder of 2018	\$	332
2019		430
2020		252
2021		151
2022		101
Thereafter		396
Total	\$	1,662

10. Debt

Notes

On March 8, 2018, the Company's CAD 375 million (\$291 million at March 8, 2018 Exchange Rates) 4.76% Senior Note due March 2018 issued by a Canadian subsidiary of Aon Corporation matured and were repaid in full.

Revolving Credit Facilities

As of March 31, 2018, Aon plc had two primary committed credit facilities outstanding: its \$900 million multi-currency U.S. credit facility expiring in February 2021 (the "2021 Facility") and its \$400 million multi-currency U.S. credit facility expiring in October 2022 (the "2022 Facility").

Each of these facilities includes customary representations, warranties and covenants, including financial covenants that require Aon to maintain specified ratios of adjusted consolidated earnings before interest, taxes, depreciation, and amortization ("EBITDA") to consolidated interest expense and consolidated debt to adjusted consolidated EBITDA, in each case, tested quarterly. At March 31, 2018, Aon did not have borrowings under the 2021 Facility or the 2022 Facility, and was in compliance with all covenants contained therein during the three months ended March 31, 2018.

Commercial Paper

Aon Corporation, a wholly-owned subsidiary of Aon plc, has established a U.S. commercial paper program and Aon plc has established a European multi-currency commercial paper program (collectively, the “CP Programs”). Commercial paper may be issued in aggregate principal amounts of up to \$900 million under the U.S. program and €300 million under the European program, not to exceed the amount of committed credit, which was \$1.3 billion at March 31, 2018. The U.S. commercial paper program is fully and unconditionally guaranteed by Aon plc and the European commercial paper program is fully and unconditionally guaranteed by Aon Corporation.

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

As of	March 31, 2018	December 31, 2017
Commercial paper outstanding	\$ 399	\$ —

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

	Three months ended March 31	
	2018	2017
Weighted average commercial paper outstanding	\$ 125	\$ 367
Weighted average interest rate of commercial paper outstanding	(0.50)%	0.12%

11. Income Taxes

The effective tax rate on net income from continuing operations was 15.9% for the three months ended March 31, 2018. The effective tax rate on net income from continuing operations was 0.1% for the three months ended March 31, 2017. For the three months ended March 31, 2018, the tax rate was primarily driven by the geographical distribution of income, changes to tax laws as a result of the Tax Cuts and Jobs Act (“U.S. Tax Reform”), and certain discrete items including the impact of share-based payments and the recognition of previously unrecognized tax benefits related to the statute of limitations expiration following an audit. For the three months ended March 31, 2017, the tax rate was primarily driven by the geographical distribution of income, including the estimated impact of the Restructuring Program and accelerated amortization of tradenames, and the impact of share-based payments.

On December 22, 2017, U.S. Tax Reform was enacted which significantly changed U.S. corporate income tax laws. Also on December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of U.S. GAAP in situations when a registrant did not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of U.S. Tax Reform in the period of enactment. SAB 118 allowed registrants to record provisional amounts during a one year measurement period.

In the fourth quarter of 2017, a net provisional charge of \$345 million was recorded which included the transition tax, the re-measurement of existing deferred tax balances, as well as local country income taxes, state income taxes and withholding taxes expected to be due upon repatriation of the earnings subject to the transition tax. In addition, the Company was unable to estimate the allocation between continuing and discontinued operations of the tax benefit from foreign tax credits generated in 2017 and related valuation allowance release. In the first quarter of 2018, the Company continued to analyze the impacts of U.S. Tax Reform and did not record any significant adjustments to its provisional estimates. The Company will finalize the provisional estimates by the end of 2018 after completing its reviews, analyzing guidance issued during the measurement period, and evaluating the local tax rules where the Company has pools of undistributed earnings within our complex legal entity structure.

12. Shareholders' Equity

Ordinary Shares

Aon has a share repurchase program authorized by the Company's Board of Directors (the "Repurchase Program"). The Repurchase Program was established in April 2012 with up to \$5.0 billion in authorized repurchases, and was increased by \$5.0 billion in authorized repurchases in each of November 2014 and February 2017 for a total of \$15.0 billion in repurchase authorizations.

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

In the three months ended March 31, 2018, the Company repurchased 3.9 million shares at an average price per share of \$140.94, for a total cost of approximately \$550 million and recorded an additional \$2.8 million of costs associated with the repurchases to retained earnings. In the three months ended March 31, 2017, the Company repurchased 1.1 million shares at an average price per share of \$114.46 for a total cost of approximately \$125 million and recorded an additional \$0.6 million of costs associated with the repurchases to retained earnings.

At March 31, 2018, the remaining authorized amount for share repurchase under the Repurchase Program was \$4.9 billion. Under the Repurchase Program, the Company has repurchased a total of 112.1 million shares for an aggregate cost of approximately \$10.1 billion.

Net Income Per Share

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

	Three months ended March 31	
	2018	2017
Basic weighted average ordinary shares outstanding	248.5	264.8
Dilutive effect of potentially issuable shares	1.7	2.2
Diluted weighted average ordinary shares outstanding	250.2	267.0

Potentially issuable shares are not included in the computation of diluted net income per share if their inclusion would be antidilutive. There were 0.1 million shares excluded from the calculation for the three months ended March 31, 2018 and no shares excluded from the calculation for the three months ended March 31, 2017.

Accumulated Other Comprehensive Loss

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

	Change in Fair Value of Financial Instruments ⁽¹⁾	Foreign Currency Translation Adjustments	Post-Retirement Benefit Obligation ⁽²⁾	Total
Balance at December 31, 2017	\$ (25)	\$ (879)	\$ (2,592)	\$ (3,496)
Adoption of new accounting guidance ⁽³⁾	(1)	—	—	(1)
Balance at January 1, 2018	(26)	(879)	(2,592)	(3,497)
Other comprehensive income before reclassifications, net	11	244	22	277
Amounts reclassified from accumulated other comprehensive loss:				
Amounts reclassified from accumulated other comprehensive income	4	—	34	38
Tax expense	(1)	—	(8)	(9)
Amounts reclassified from accumulated other comprehensive income, net	3	—	26	29
Net current period other comprehensive income	14	244	48	306
Balance at March 31, 2018	\$ (12)	\$ (635)	\$ (2,544)	\$ (3,191)

(1) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Other income (expense), Other general expenses, and Compensation and benefits. See Note 15 “Derivatives and Hedging” for additional information regarding the Company’s derivative and hedging activity.

(2) Reclassifications from this category included in Accumulated other comprehensive loss are recorded in Other income (expense).

(3) Refer to Note 2 “Accounting Principles and Practices” for further information.

13. Employee Benefits

The following table provides the components of the net periodic cost (benefit) recognized in the Condensed Consolidated Statements of Income for Aon’s material U.K., U.S., and other significant international pension plans located in the Netherlands and Canada. Service cost is reported in Compensation and benefits and all other components are reported in Other income (expense) as follows (in millions):

	Three months ended March 31					
	U.K.		U.S.		Other	
	2018	2017	2018	2017	2018	2017
Service cost	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Interest cost	29	30	25	24	7	6
Expected return on plan assets, net of administration expenses	(51)	(48)	(36)	(35)	(12)	(11)
Amortization of net actuarial loss	8	7	15	13	3	3
Net periodic cost (benefit)	(14)	(11)	4	2	(2)	(2)
Loss on pension settlement	7	—	—	—	—	—
Total net periodic cost (benefit)	\$ (7)	\$ (11)	\$ 4	\$ 2	\$ (2)	\$ (2)

In March 2017, the Company approved a plan to offer a voluntary one-time lump sum payment option to certain eligible employees of the Company’s U.K. pension plans that, if accepted, would settle the Company’s pension obligations to them. The lump sum cash payment offer will close during 2018. In total for 2018, lump sum payments from plan assets of £48 million (\$68 million using March 31, 2018 exchange rates) were paid. As a result of this settlement, the Company remeasured the assets and liabilities of the U.K. pension plan during the first quarter of 2018, which in aggregate resulted in a reduction to the projected benefit obligation of £44 million (\$63 million using March 31, 2018 exchange rates) as well as a non-cash settlement charge of £5 million (\$7 million using average March 31, 2018 exchange rate) in the first quarter of 2018. Additional non-cash settlement charges are expected in 2018.

Contributions

The Company expects to make cash contributions of approximately \$92 million, \$63 million, and \$22 million, based on exchange rates as of December 31, 2017, to its significant U.K., U.S., and other significant international pension plans, respectively, during 2018. During the three months ended March 31, 2018, cash contributions of \$23 million, \$17 million, and \$8 million were made to the Company's significant U.K., U.S., and other significant international pension plans, respectively.

During the three months ended March 31, 2017, cash contributions of \$16 million, \$13 million, and \$2 million were made to the Company's significant U.K., U.S., and other significant international pension plans, respectively.

14. 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 March 31			
	2018		2017	
Restricted share units ("RSUs")	\$	58	\$	55
Performance share awards ("PSAs")		16		19
Employee share purchase plans		3		4
Total share-based compensation expense	\$	77	\$	78

Restricted Share Units

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

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

	2018		2017	
	Shares	Fair Value at Date of Grant	Shares	Fair Value at Date of Grant
Non-vested at beginning of period	4,849	\$ 104	6,195	\$ 89
Granted	505	144	614	119
Vested	(806)	101	(960)	90
Forfeited	(63)	105	(50)	91
Non-vested at end of period	4,485	\$ 109	5,799	\$ 92

Unamortized deferred compensation expense amounted to \$352 million as of March 31, 2018, with a remaining weighted-average amortization period of approximately 2.0 years.

Performance Share Awards

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

Information as of March 31, 2018 regarding the Company's target PSAs granted and shares that would be issued at current performance levels for PSAs granted during the three months ended March 31, 2018 and the years ended December 31, 2017 and 2016, respectively, is as follows (shares in thousands and dollars in millions, except fair value):

	March 31, 2018	December 31, 2017	December 31, 2016
Target PSAs granted during period	561	548	750
Weighted average fair value per share at date of grant	\$ 135	\$ 114	\$ 100
Number of shares that would be issued based on current performance levels	561	942	745
Unamortized expense, based on current performance levels	\$ 75	\$ 68	\$ 19

15. Derivatives and Hedging

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

Foreign Exchange Risk Management

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

The Company also uses foreign exchange derivatives, typically forward contracts and options, to economically hedge the currency exposure of the Company's global liquidity profile, including monetary assets or liabilities that are denominated in a non-functional currency of an entity, typically on a rolling 30 -day basis, but may be for up to one year in the future. These derivatives are not accounted for as hedges, and changes in fair value are recorded each period in Other income (expense) in the Condensed Consolidated Statements of Income.

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

	Notional Amount		Net Amount of Derivative Assets Presented in the Statements of Financial Position ⁽¹⁾		Net Amount of Derivative Liabilities Presented in the Statements of Financial Position ⁽²⁾	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Foreign exchange contracts						
Accounted for as hedges	\$ 758	\$ 701	\$ 45	\$ 31	\$ 1	\$ 3
Not accounted for as hedges ⁽³⁾	329	254	1	1	1	3
Total	\$ 1,087	\$ 955	\$ 46	\$ 32	\$ 2	\$ 6

(1) Included within Other current assets (\$13 million at March 31, 2018 and \$9 million at December 31, 2017) or Other non-current assets (\$33 million at March 31, 2018 and \$23 million at December 31, 2017).

(2) Included within Other current liabilities (\$1 million at March 31, 2018 and \$3 million at December 31, 2017) or Other non-current liabilities (\$1 million at March 31, 2018 and \$3 million at December 31, 2017).

(3) These contracts typically are for 30 day durations and executed close to the last day of the most recent reporting month, thereby resulting in nominal fair values at the balance sheet date.

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

	Three Months Ended	
	March 31, 2018	March 31, 2017
Gain (Loss) Recognized in Accumulated Other Comprehensive Loss	\$ 14	\$ 6
Location of future reclassification from Accumulated Other Comprehensive Loss		
Compensation and benefits	\$ —	\$ 8
Other general expenses	\$ 4	\$ 1
Other income (expense)	\$ 10	\$ (3)

The amounts of derivative gains (loss) reclassified from Accumulated other comprehensive loss into the Condensed Consolidated Statements of Income (effective portion) are as follows (in millions):

	Three Months Ended	
	March 31, 2018	March 31, 2017
Compensation and benefits	\$ 1	\$ 13
Other general expenses	(1)	(1)
Interest expense	(1)	—
Other income (expense)	(3)	(2)
Total	\$ (4)	\$ 10

The Company estimates that approximately \$2 million of pretax losses currently included within Accumulated other comprehensive loss will be reclassified in to earnings in the next twelve months.

The amount of gain (loss) recognized in income on the ineffective portion of derivatives for the three months ended March 31, 2018 and 2017 was insignificant.

During the three months ended March 31, 2018, the Company recorded a gain of \$9 million in Other income (expense) for foreign exchange derivatives not designated or qualifying as hedges. During the three months ended March 31, 2017, the Company recorded a gain of \$1 million in Other income (expense) for foreign exchange derivatives not designated or qualifying as hedges.

Net Investments in Foreign Operations Risk Management

The Company uses non-derivative financial instruments to protect the value of its investments in a number of foreign subsidiaries. In 2016, the Company designated a portion of its Euro-denominated commercial paper issuances as a non-derivative hedge of the foreign currency exposure of a net investment in its European operations. The change in fair value of the designated portion of the Euro-denominated commercial paper due to changes in foreign currency exchange rates is recorded in Foreign currency translation adjustment, a component of Accumulated other comprehensive loss, to the extent it is effective as a hedge. The foreign currency translation adjustment of the hedged net investments that is also recorded in Accumulated other comprehensive loss. Ineffective portions of net investment hedges, if any, are reclassified from Accumulated other comprehensive loss into earnings during the period of change.

As of March 31, 2018, the Company has €220 million (\$274 million at March 31, 2018 exchange rates) of outstanding Euro-denominated commercial paper designated as a hedge of the foreign currency exposure of its net investment in its European operations. As of March 31, 2018, the unrealized loss recognized in Accumulated other comprehensive loss related to the net investment non derivative hedging instrument was \$3 million.

The Company did not reclassify any deferred gains or losses related to net investment hedges from Accumulated other comprehensive loss to earnings during the three months ended March 31, 2018 and 2017. In addition, the Company did not incur any ineffectiveness related to net investment hedges during the three months ended March 31, 2018 and 2017.

16. Fair Value Measurements and Financial Instruments

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

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

The following methods and assumptions are used to estimate the fair values of the Company's financial instruments:

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

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

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

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 March 31, 2018 and December 31, 2017 (in millions):

	Balance at March 31, 2018	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 ⁽¹⁾	\$ 1,502	\$ 1,502	\$ —	\$ —	
Other investments:					
Government bonds	\$ 1	\$ —	\$ 1	\$ —	
Equity investments	\$ 3	\$ —	\$ 3	\$ —	
Derivatives: ⁽²⁾					
Gross foreign exchange contracts	\$ 54	\$ —	\$ 54	\$ —	
Liabilities:					
Derivatives: ⁽²⁾					
Gross foreign exchange contracts	\$ 8	\$ —	\$ 8	\$ —	

(1) Included within Fiduciary assets or Short-term investments in the Condensed Consolidated Statements of Financial Position, depending on their nature and initial maturity.

(2) Refer to Note 15 "Derivatives and Hedging" for additional information regarding the Company's derivatives and hedging activity.

	Balance at December 31, 2017	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 ⁽¹⁾	\$ 1,847	\$ 1,847	\$ —	\$ —	
Other investments:					
Government bonds	\$ 1	\$ —	\$ 1	\$ —	
Equity investments	\$ 4	\$ —	\$ 4	\$ —	
Derivatives: ⁽²⁾					
Gross foreign exchange contracts	\$ 33	\$ —	\$ 33	\$ —	
Liabilities:					
Derivatives: ⁽²⁾					
Gross foreign exchange contracts	\$ 6	\$ —	\$ 6	\$ —	

(1) Included within Fiduciary assets or Short-term investments in the Condensed Consolidated Statements of Financial Position, depending on their nature and initial maturity.

(2) Refer to Note 15 "Derivatives and Hedging" for additional information regarding the Company's derivatives and hedging activity.

There were no transfers of assets or liabilities between fair value hierarchy levels in either the three months ended March 31, 2018 or 2017. The Company recognized no realized or unrealized gains or losses in the Condensed Consolidated Statements of Income during either the three months ended March 31, 2018 or 2017, related to assets and liabilities measured at fair value using unobservable inputs.

The fair value of debt is classified as Level 2 of the fair value hierarchy. The following table discloses the Company's financial instruments where the carrying amounts and fair values differ (in millions):

	March 31, 2018		December 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Current portion of long-term debt	\$ —	\$ —	\$ 299	\$ 301
Long-term debt	\$ 5,697	\$ 6,077	\$ 5,667	\$ 6,267

17. 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. While Aon maintains meaningful E&O insurance and other insurance programs to provide protection against certain losses that arise in such matters, Aon has exhausted or materially depleted its coverage under some of the policies that protect the Company and, consequently, is self-insured or materially self-insured for some claims. Accruals for these exposures, and related insurance receivables, when applicable, are included in the Condensed Consolidated Statements of Financial Position and have been recognized in Other general expenses in the Condensed Consolidated Statements of Income to the extent that losses are deemed probable and are reasonably estimable. These amounts are adjusted from time to time as developments warrant. Matters that are not probable and reasonably estimable are not accrued for in the financial statements.

The Company has included in the current matters described below certain matters in which (1) loss is probable, (2) loss is reasonably possible, that is, more than remote but not probable, or (3) there exists the reasonable possibility of loss greater than the accrued amount. In addition, the Company may from time to time disclose matters for which the probability of loss could be remote but the claim amounts associated with such matters are potentially significant. The reasonably possible range of loss for the matters described below for which loss is estimable, in excess of amounts that are deemed probable and estimable and therefore already accrued, is estimated to be between \$0 and \$0.3 billion, exclusive of any insurance coverage. These estimates are based on currently available information. As available information changes, the matters for which Aon is able to estimate may change, and the estimates themselves may change. In addition, many estimates involve significant judgment and uncertainty. For example, at the time of making an estimate, Aon may only have limited information about the facts underlying the claim, and predictions and assumptions about future court rulings and outcomes may prove to be inaccurate. Although management at present believes that the ultimate outcome of all matters described below, individually or in the aggregate, will not have a material adverse effect on the consolidated financial position of Aon, legal proceedings are subject to inherent uncertainties and unfavorable rulings or other events. Unfavorable resolutions could include substantial monetary or punitive damages imposed on Aon or its subsidiaries. If unfavorable outcomes of these matters were to occur, future results of operations or cash flows for any particular quarterly or annual period could be materially adversely affected.

Current Matters

A retail insurance brokerage subsidiary of Aon was sued on September 14, 2010 in the Chancery Court for Davidson County, Tennessee Twentieth Judicial District, at Nashville 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 in coverage from numerous insurers with whom this Aon subsidiary placed the client’s property insurance coverage. The insurers contend that only \$50 million in coverage (which has already been paid) 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. In March 2015, the trial court granted partial summary judgment in favor of plaintiffs and against the insurers, holding generally that the plaintiffs are entitled to \$200 million in coverage under the language of the policies. In August 2015, a jury returned a verdict in favor of Opry Mills and against the insurers in the amount of \$204 million. On January 26, 2018, the Tennessee Court of Appeals reversed and remanded, reversing summary judgment in favor of plaintiffs and concluding that coverage is limited to \$50 million. Aon believes it has meritorious defenses and intends to vigorously defend itself against these claims.

A pensions consulting and administration subsidiary of Aon provided advisory services to the Trustees of the Gleeds pension fund in the United Kingdom and, on occasion, to the relevant employer of the fund. In April 2014, the High Court, Chancery Division, London found that certain governing documents of the fund that sought to alter the fund’s benefit structure and that had been drafted by Aon were procedurally defective and therefore invalid. No lawsuit naming Aon as a party was filed, although a tolling agreement was entered. The High Court decision says that the additional liabilities in the pension fund resulting from the alleged defect in governing documents amount to approximately £45 million (\$64 million at March 31, 2018 exchange rates). In December 2014, the Court of Appeal granted the employer leave to appeal the High Court decision. At a hearing in October 2016, the Court of Appeal approved a settlement of the pending litigation. On October 31, 2016, the fund’s trustees and employer sued Aon in the High Court, Chancery Division, London, alleging negligence and breach of duty in relation to the governing documents. The proceedings were served on Aon on December 20, 2016. The claimants seek damages of approximately £70 million (\$100 million at March 31, 2018 exchange rates). In February 2018, the claimants instructed new lawyers and notified Aon that the claimants intend to add their previous lawyers as defendants to the Aon lawsuit. Claimants will allege that the previous lawyers were responsible for some of the losses sought from Aon because the lawyers gave negligent legal advice during the course of the High

Court and Court of Appeal proceedings. The addition of the new parties will delay any potential trial until 2019. Aon believes that it has meritorious defenses and intends to vigorously defend itself against this claim.

On June 29, 2015, Lyttelton Port Company Limited (“LPC”) sued Aon New Zealand in the Christchurch Registry of the High Court of New Zealand. LPC alleges, among other things, that Aon was negligent and in breach of contract in arranging LPC’s property insurance program for the period covering June 30, 2010, to June 30, 2011. LPC contends that acts and omissions by Aon caused LPC to recover less than it otherwise would have from insurers for losses suffered in the 2010 and 2011 Canterbury earthquakes. LPC claims damages of approximately NZD 184 million (\$134 million at March 31, 2018 exchange rates) plus interest and costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

On October 3, 2017, Christchurch City Council (“CCC”) invoked arbitration to pursue a claim that it asserts against Aon New Zealand. Aon provided insurance broking services to CCC in relation to CCC’s 2010-2011 material damage and business interruption program. In December 2015, CCC settled its property and business interruption claim for its losses arising from the 2010-2011 Canterbury earthquakes against the underwriter of its material damage and business interruption program and the reinsurers of that underwriter. CCC contends that acts and omissions by Aon caused CCC to recover less in that settlement than it otherwise would have. CCC claims damages of approximately NZD 528 million (\$385 million at March 31, 2018 exchange rates) plus interest and costs. Aon believes that it has meritorious defenses and intends to vigorously defend itself against these claims.

In April 2017, the Financial Conduct Authority (the “FCA”) announced an investigation relating to suspected competition law breaches in the aviation and aerospace broking industry, which, for Aon in 2016, represented less than \$100 million in global revenue. The European Commission has now assumed jurisdiction over the investigation in place of the FCA. Other antitrust agencies outside the European Union are also conducting formal or informal investigations regarding these matters. Aon intends to work diligently with all antitrust agencies concerned to ensure they can carry out their work as efficiently as possible. At this time, in light of the uncertainties and many variables involved, we cannot estimate the ultimate impact on our company from these investigations or any related private litigation, nor any damages, penalties, or fines related to them. There can be no assurance that the ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations, or liquidity.

Guarantees and Indemnifications

Redomestication

In connection with the redomicile of Aon’s headquarters (the “Redomestication”), the Company on April 2, 2012 entered into various agreements pursuant to which it agreed to guarantee the obligations of its subsidiaries arising under issued and outstanding debt securities. Those agreements included the (1) Amended and Restated Indenture, dated 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), and (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.

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

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

Sale of the Divested Business

In connection with the sale of the Divested Business, the Company guaranteed future operating lease commitments related to certain facilities assumed by the Buyer. The Company is obligated to perform under the guarantees if the Divested Business defaults on such leases at any time during the remainder of the lease agreements, which expire on various dates through 2024. As of March 31, 2018, the undiscounted maximum potential future payments under the lease guarantee is \$97 million, with an estimated

fair value of \$22 million . No cash payments were made in connection to the lease commitments during the three months ended March 31, 2018 .

Additionally, the Company is subject to performance guarantee requirements under certain client arrangements that were assumed by the Buyer. Should the Divested Business fail to perform as required by the terms of the arrangements, the Company would be required to fulfill the remaining contract terms, which expire on various dates through 2023. As of March 31, 2018 , the undiscounted maximum potential future payments under the performance guarantees were \$206 million , with an estimated fair value of \$1 million . No cash payments were made in connection to the performance guarantees during the three months ended March 31, 2018 .

Letters of Credit

Aon has entered into a number of arrangements whereby the Company's performance on certain obligations is guaranteed by a third party through the issuance of letters of credit ("LOCs"). The Company had total LOCs outstanding of approximately \$117 million at March 31, 2018 , compared to \$96 million at December 31, 2017 . 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 obtained LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at its international subsidiaries.

Premium Payments

The Company has certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. The maximum exposure with respect to such contractual contingent guarantees was approximately \$68 million at March 31, 2018 compared to \$95 million at December 31, 2017 .

18. Segment Information

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

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

As Aon operates as one segment, segment profit or loss is consistent with consolidated reporting as disclosed on the Condensed Consolidated Statements of Income.

19. Guarantee of Registered Securities

As described in Note 17 "Commitments and Contingencies," 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, including the 5.00% Notes due September 2020, the 8.205% Notes due January 2027, and the 6.25% Notes due September 2040 (collectively, the "Aon Corporation Notes"). Aon Corporation is a 100% indirectly owned subsidiary of Aon plc. All guarantees of Aon plc are full and unconditional. There are no other subsidiaries of Aon plc that are guarantors of the Aon Corporation Notes.

In addition, Aon Corporation entered into an agreement pursuant to which it agreed to guarantee the obligations of Aon plc arising under the 4.25% Notes due 2042 exchanged for Aon Corporation's outstanding 8.205% Notes due January 2027, and also agreed to guarantee the obligations of Aon plc arising under the 4.45% Notes due 2043, the 4.00% Notes due November 2023, the 2.875% Notes due May 2026, the 3.50% Notes due June 2024, the 4.60% Notes due June 2044, the 4.75% Notes due May 2045, the 2.80% Notes due March 2021, and the 3.875% Notes due December 2025 (collectively, the "Aon plc Notes"). All guarantees of Aon Corporation are full and unconditional. There are no subsidiaries of Aon plc, other than Aon Corporation, that are guarantors of the Aon plc Notes. As a result of the existence of these guarantees, the Company has elected to present the financial information set forth in this footnote in accordance with Rule 3-10 of Regulation S-X.

The following tables set forth Condensed Consolidating Statements of Income for the three months ended March 31, 2018 and 2017 , Condensed Consolidating Statements of Comprehensive Income for the three months ended March 31, 2018 and 2017 , Condensed Consolidating Statements of Financial Position as of March 31, 2018 and December 31, 2017 , and Condensed Consolidating Statements of Cash Flows for the three months ended March 31, 2018 and 2017 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

(millions)	Three months ended March 31, 2018					
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated	
Revenue						
Total revenue	\$ —	\$ —	\$ 3,090	\$ —	\$ 3,090	
Expenses						
Compensation and benefits	19	1	1,596	—	1,616	
Information technology	—	—	115	—	115	
Premises	—	—	93	—	93	
Depreciation of fixed assets	—	—	39	—	39	
Amortization and impairment of intangible assets	—	—	110	—	110	
Other general expenses	1	—	317	—	318	
Total operating expenses	20	1	2,270	—	2,291	
Operating income (loss)	(20)	(1)	820	—	799	
Interest income	—	14	—	(10)	4	
Interest expense	(49)	(24)	(7)	10	(70)	
Intercompany interest income (expense)	4	(128)	124	—	—	
Intercompany other income (expense)	(71)	(5)	76	—	—	
Other income (expense)	(7)	(6)	(5)	3	(15)	
Income (loss) from continuing operations before income taxes	(143)	(150)	1,008	3	718	
Income tax expense (benefit)	(16)	(27)	157	—	114	
Net income (loss) from continuing operations	(127)	(123)	851	3	604	
Income from discontinued operations, net of tax	—	—	6	—	6	
Net income (loss) before equity in earnings of subsidiaries	(127)	(123)	857	3	610	
Equity in earnings of subsidiaries, net of tax	718	704	581	(2,003)	—	
Net income	591	581	1,438	(2,000)	610	
Less: Net income attributable to noncontrolling interests	—	—	16	—	16	
Net income attributable to Aon shareholders	\$ 591	\$ 581	\$ 1,422	\$ (2,000)	\$ 594	

Condensed Consolidating Statement of Income

	Three months ended March 31, 2017									
(millions)	Aon plc		Aon Corporation		Other Non-Guarantor Subsidiaries		Consolidating Adjustments		Consolidated	
Revenue										
Total revenue	\$	—	\$	—	\$	2,381	\$	—	\$	2,381
Expenses										
Compensation and benefits		52		3		1,414		—		1,469
Information technology		—		—		88		—		88
Premises		—		—		84		—		84
Depreciation of fixed assets		—		—		54		—		54
Amortization and impairment of intangible assets		—		—		43		—		43
Other general expenses		5		2		301		—		308
Total operating expenses		57		5		1,984		—		2,046
Operating income (loss)		(57)		(5)		397		—		335
Interest income		—		6		(2)		(2)		2
Interest expense		(45)		(24)		(3)		2		(70)
Intercompany interest income (expense)		3		(136)		133		—		—
Intercompany other income (expense)		(50)		7		43		—		—
Other income (expense)		(10)		9		(9)		8		(2)
Income (loss) from continuing operations before income taxes		(159)		(143)		559		8		265
Income tax expense (benefit)		(14)		(54)		68		—		—
Net income (loss) from continuing operations		(145)		(89)		491		8		265
Income from discontinued operations, net of tax		—		—		40		—		40
Net income (loss) before equity in earnings of subsidiaries		(145)		(89)		531		8		305
Equity in earnings of subsidiaries, net of tax		428		271		182		(881)		—
Net income		283		182		713		(873)		305
Less: Net income attributable to noncontrolling interests		—		—		14		—		14
Net income attributable to Aon shareholders	\$	283	\$	182	\$	699	\$	(873)	\$	291

Condensed Consolidating Statement of Comprehensive Income

	Three months ended March 31, 2018				
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	\$ 591	\$ 581	\$ 1,438	\$ (2,000)	\$ 610
Less: Net income attributable to noncontrolling interests	—	—	16	—	16
Net income attributable to Aon shareholders	591	581	1,422	(2,000)	594
Other comprehensive income (loss), net of tax:					
Change in fair value of financial instruments	—	3	11	—	14
Foreign currency translation adjustments	—	—	250	(3)	247
Postretirement benefit obligation	—	11	37	—	48
Total other comprehensive income	—	14	298	(3)	309
Equity in other comprehensive income of subsidiaries, net of tax	309	285	299	(893)	—
Less: Other comprehensive income attributable to noncontrolling interests	—	—	3	—	3
Total other comprehensive income attributable to Aon shareholders	309	299	594	(896)	306
Comprehensive income attributable to Aon shareholders	\$ 900	\$ 880	\$ 2,016	\$ (2,896)	\$ 900

Condensed Consolidating Statement of Comprehensive Income

	Three months ended March 31, 2017				
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
Net income	\$ 283	\$ 182	\$ 713	\$ (873)	\$ 305
Less: Net income attributable to noncontrolling interests	—	—	14	—	14
Net income attributable to Aon shareholders	283	182	699	(873)	291
Other comprehensive income (loss), net of tax:					
Change in fair value of financial instruments	—	(2)	—	—	(2)
Foreign currency translation adjustments	—	—	155	(8)	147
Postretirement benefit obligation	—	8	10	—	18
Total other comprehensive income	—	6	165	(8)	163
Equity in other comprehensive income of subsidiaries, net of tax	170	164	170	(504)	—
Less: Other comprehensive income attributable to noncontrolling interests	—	—	1	—	1
Total other comprehensive income attributable to Aon shareholders	170	170	334	(512)	162
Comprehensive income attributable to Aon shareholders	\$ 453	\$ 352	\$ 1,033	\$ (1,385)	\$ 453

Condensed Consolidating Statement of Financial Position

(millions)	As of March 31, 2018				
	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ —	\$ 2,603	\$ 640	\$ (2,646)	\$ 597
Short-term investments	—	1	117	—	118
Receivables, net	—	1	3,052	—	3,053
Fiduciary assets	—	—	10,738	—	10,738
Current intercompany receivables	186	2,355	10,953	(13,494)	—
Other current assets	1	19	589	—	609
Total Current Assets	187	4,979	26,089	(16,140)	15,115
Goodwill	—	—	8,550	—	8,550
Intangible assets, net	—	—	1,662	—	1,662
Fixed assets, net	—	—	578	—	578
Deferred tax assets	99	391	57	(251)	296
Non-current intercompany receivables	426	261	8,247	(8,934)	—
Prepaid pension	—	6	1,201	—	1,207
Other non-current assets	1	32	406	—	439
Investment in subsidiary	10,406	19,124	1,311	(30,841)	—
TOTAL ASSETS	\$ 11,119	\$ 24,793	\$ 48,101	\$ (56,166)	\$ 27,847
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	\$ 896	\$ 12	\$ 3,283	\$ (2,646)	\$ 1,545
Short-term debt and current portion of long-term debt	374	26	3	—	403
Fiduciary liabilities	—	—	10,738	—	10,738
Current intercompany payables	262	12,098	1,134	(13,494)	—
Other current liabilities	—	65	907	—	972
Total Current Liabilities	1,532	12,201	16,065	(16,140)	13,658
Long-term debt	4,282	1,414	1	—	5,697
Deferred tax liabilities	—	—	494	(251)	243
Pension, other postretirement and other post-employment liabilities	—	1,365	394	—	1,759
Non-current intercompany payables	—	8,412	522	(8,934)	—
Other non-current liabilities	4	90	1,011	—	1,105
TOTAL LIABILITIES	5,818	23,482	18,487	(25,325)	22,462
TOTAL AON SHAREHOLDERS' EQUITY					
Noncontrolling interests	—	—	84	—	84
TOTAL EQUITY	5,301	1,311	29,614	(30,841)	5,385
TOTAL LIABILITIES AND EQUITY	\$ 11,119	\$ 24,793	\$ 48,101	\$ (56,166)	\$ 27,847

Condensed Consolidating Statement of Financial Position

	As of December 31, 2017					
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 1	\$ 2,524	\$ 793	\$ (2,562)	\$ 756	
Short-term investments	—	355	174	—	529	
Receivables, net	—	2	2,476	—	2,478	
Fiduciary assets	—	—	9,625	—	9,625	
Current intercompany receivables	165	1,046	10,824	(12,035)	—	
Other current assets	1	29	259	—	289	
Total Current Assets	167	3,956	24,151	(14,597)	13,677	
Goodwill	—	—	8,358	—	8,358	
Intangible assets, net	—	—	1,733	—	1,733	
Fixed assets, net	—	—	564	—	564	
Deferred tax assets	99	396	143	(249)	389	
Non-current intercompany receivables	414	261	8,232	(8,907)	—	
Prepaid pension	—	6	1,054	—	1,060	
Other non-current assets	1	35	271	—	307	
Investment in subsidiary	8,884	17,910	20	(26,814)	—	
TOTAL ASSETS	\$ 9,565	\$ 22,564	\$ 44,526	\$ (50,567)	\$ 26,088	
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	\$ 574	\$ 36	\$ 3,913	\$ (2,562)	\$ 1,961	
Short-term debt and current portion of long-term debt	—	—	299	—	299	
Fiduciary liabilities	—	—	9,625	—	9,625	
Current intercompany payables	130	11,149	756	(12,035)	—	
Other current liabilities	16	64	790	—	870	
Total Current Liabilities	720	11,249	15,383	(14,597)	12,755	
Long-term debt	4,251	1,415	1	—	5,667	
Deferred tax liabilities	—	—	376	(249)	127	
Pension, other postretirement and other post-employment liabilities	—	1,391	398	—	1,789	
Non-current intercompany payables	—	8,398	509	(8,907)	—	
Other non-current liabilities	11	91	1,000	—	1,102	
TOTAL LIABILITIES	4,982	22,544	17,667	(23,753)	21,440	
TOTAL AON SHAREHOLDERS' EQUITY	4,583	20	26,794	(26,814)	4,583	
Noncontrolling interests	—	—	65	—	65	
TOTAL EQUITY	4,583	20	26,859	(26,814)	4,648	
TOTAL LIABILITIES AND EQUITY	\$ 9,565	\$ 22,564	\$ 44,526	\$ (50,567)	\$ 26,088	

Condensed Consolidating Statement of Cash Flows

	Three months ended March 31, 2018				
(millions)	Aon plc	Aon Corporation	Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash provided by (used for) operating activities - continuing operations	\$ (21)	\$ 626	\$ 277	\$ (742)	\$ 140
Cash provided by operating activities - discontinued operations	—	—	—	—	—
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(21)	626	277	(742)	140
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from investments	—	10	7	—	17
Payments for investments	(1)	(5)	(6)	1	(11)
Net purchases of short-term investments - non-fiduciary	—	355	60	—	415
Acquisition of businesses, net of cash acquired	—	—	(29)	—	(29)
Sale of businesses, net of cash sold	—	—	(1)	—	(1)
Capital expenditures	—	—	(45)	—	(45)
Cash provided by (used for) investing activities - continuing operations	(1)	360	(14)	1	346
Cash used for investing activities - discontinued operations	—	—	—	—	—
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(1)	360	(14)	1	346
CASH FLOWS FROM FINANCING ACTIVITIES					
Share repurchase	(569)	—	—	—	(569)
Advances from (to) affiliates	418	(933)	(142)	657	—
Issuance of shares for employee benefit plans	(109)	—	—	—	(109)
Issuance of debt	431	375	2	—	808
Repayment of debt	(61)	(349)	(294)	—	(704)
Cash dividends to shareholders	(89)	—	—	—	(89)
Noncontrolling interests and other financing activities	—	—	—	—	—
Cash provided by (used for) financing activities - continuing operations	21	(907)	(434)	657	(663)
Cash used for financing activities - discontinued operations	—	—	—	—	—
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	21	(907)	(434)	657	(663)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS					
	—	—	18	—	18
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1)	79	(153)	(84)	(159)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1	2,524	793	(2,562)	756
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ —	\$ 2,603	\$ 640	\$ (2,646)	\$ 597

Condensed Consolidating Statement of Cash Flows

	Three months ended March 31, 2017						
(millions)	Aon plc		Aon Corporation		Other Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash provided by (used for) operating activities - continuing operations	\$	(28)	\$	1,117	\$	533	\$ (1,440) \$ 182
Cash provided by operating activities - discontinued operations		—		—		58	— 58
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		(28)		1,117		591	(1,440) 240
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from investments		—		565		4	(544) 25
Payments for investments		—		(4)		(546)	541 (9)
Net sales of short-term investments - non-fiduciary		—		94		—	— 94
Acquisition of businesses, net of cash acquired		—		—		(46)	— (46)
Sale of businesses, net of cash sold		—		—		(2)	— (2)
Capital expenditures		—		—		(34)	— (34)
Cash provided by (used for) investing activities - continuing operations		—		655		(624)	(3) 28
Cash used for investing activities - discontinued operations		—		—		(15)	— (15)
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES		—		655		(639)	(3) 13
CASH FLOWS FROM FINANCING ACTIVITIES							
Share repurchase		(126)		—		—	— (126)
Advances from (to) affiliates		290		(1,990)		(17)	1,717 —
Issuance of shares for employee benefit plans		(85)		—		—	— (85)
Issuance of debt		457		535		—	— 992
Repayment of debt		(421)		(525)		(4)	— (950)
Cash dividends to shareholders		(87)		—		—	— (87)
Noncontrolling interests and other financing activities		—		—		(2)	— (2)
Cash provided by (used for) financing activities - continuing operations		28		(1,980)		(23)	1,717 (258)
Cash used for financing activities - discontinued operations		—		—		—	— —
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES		28		(1,980)		(23)	1,717 (258)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS							
		—		—		25	— 25
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		—		(208)		(46)	274 20
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR ⁽¹⁾		—		1,633		660	(1,862) 431
CASH AND CASH EQUIVALENTS AT END OF PERIOD ⁽²⁾	\$	—	\$	1,425	\$	614	\$ (1,588) \$ 451

(1) Includes \$5 million of discontinued operations at December 31, 2016.

(2) Includes \$18 million of discontinued operations at March 31, 2017.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

EXECUTIVE SUMMARY OF FIRST QUARTER 2018 FINANCIAL RESULTS

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

Financial Results

In the first quarter of 2018, Aon adopted new accounting guidance related to the treatment of revenue from contracts with customers that was applied prospectively on the U.S. GAAP financial statements and therefore comparable periods have not been restated. Refer to Note 2 "Accounting Principles and Practices" for further information surrounding the quantitative and qualitative impacts of adopting ASC 606.

The following is a summary of our first quarter of 2018 financial results from continuing operations on a reported basis:

- For the first quarter of 2018, revenue increased 30%, or \$709 million, to \$3.1 billion compared to the prior year period due primarily to a 17% increase related to the adoption of the new revenue recognition standard in 2018, 5% increase related to acquisitions, net of divestitures, a 5% favorable impact from foreign currency exchange rates, and organic revenue growth of 3%.
- Operating expenses for the first quarter of 2018 were \$2.3 billion compared to the prior year period. The increase was due primarily to a \$65 million increase related to the adoption of the new revenue recognition standard in 2018, a \$99 million unfavorable impact from foreign currency translation, a \$66 million increase in operating expenses related to acquisitions, net of divestitures, \$54 million of accelerated amortization related to tradenames, and an increase in expense associated with 3% organic revenue growth, partially offset by a \$70 million decrease in restructuring charges and \$52 million of savings related to restructuring and other operational improvement initiatives.
- Operating margin increased to 25.9% in the first quarter of 2018 from 14.1% in the prior year period, including an increase of 860 basis points resulting from adoption of the new revenue recognition standard in 2018. The underlying increase was driven by organic revenue growth of 3% and strong core operational improvement, partially offset by an increase in expense due to the factors listed above.
- Due to the factors set forth above, net income from continuing operations increased \$339 million, or 128%, to \$604 million for the first quarter of 2018 compared to the prior year period.
- Diluted earnings per share from continuing operations was \$2.35 per share for the first quarter of 2018 compared to \$0.94 per share for the prior year period, including an increase of \$1.06 per share resulting from the adoption of the new revenue recognition standard.
- Cash flow provided by operating activities was \$140 million for the first three months of 2018, a decrease of \$42 million from the prior year period. The decrease was driven primarily by a \$67 million increase in cash restructuring payments, partially offset by operational improvement.

We focus on four key non-GAAP metrics that we communicate to shareholders: organic revenue growth, adjusted operating margin, adjusted diluted earnings per share, and free cash flow. These non-GAAP metrics should be viewed in addition to, not instead of, our Condensed Consolidated Financial Statements and Notes thereto. The following is our measure of performance against these four metrics from continuing operations for the first quarter of 2018:

- Organic revenue growth, a non-GAAP measure defined under the caption "Review of Consolidated Results — Organic Revenue Growth," was 3% for the first quarter of 2018.
- Adjusted operating margin, a non-GAAP measure defined under the caption "Review of Consolidated Results — Adjusted Operating Margin," was 31.8% for the first quarter of 2018 compared to 21.9% in the prior year period. The increase primarily reflects the adoption of the new revenue recognition standard in 2018, incremental restructuring savings, and strong core performance.
- Adjusted diluted earnings per share from continuing operations, a non-GAAP measure defined under the caption "Review of Consolidated Results — Adjusted Diluted Earnings per Share," was \$2.97 per share for the first quarter of 2018 compared to \$1.45 per share in the prior year period.

- Free cash flow, a non-GAAP measure defined under the caption “Review of Consolidated Results — Free Cash Flow,” decreased in the first three months of 2018 by \$53 million , or 36% from the prior year period, to \$95 million , driven by a decrease of \$42 million in cash flow from operations and an increase of \$11 million in capital expenditures, including investments in our operating model.

REVIEW OF CONSOLIDATED RESULTS

Summary of Results

In the first quarter of 2018, Aon adopted new accounting guidance related to the treatment of revenue from contracts with customers that was applied prospectively on the U.S. GAAP financial statements and therefore comparable periods have not been restated. Refer to Note 2 “Accounting Principles and Practices” for further information surrounding the quantitative and qualitative impacts of adopting ASC 606.

Our consolidated results are as follow (in millions):

	Three Months Ended	
	March 31, 2018	March 31, 2017
Revenue		
Total revenue	\$ 3,090	\$ 2,381
Expenses		
Compensation and benefits	1,616	1,469
Information technology	115	88
Premises	93	84
Depreciation of fixed assets	39	54
Amortization and impairment of intangible assets	110	43
Other general expenses	318	308
Total operating expenses	2,291	2,046
Operating income	799	335
Interest income	4	2
Interest expense	(70)	(70)
Other income (expense)	(15)	(2)
Income from continuing operations before income taxes	718	265
Income taxes	114	—
Net income from continuing operations	604	265
Income from discontinued operations, net of tax	6	40
Net income	610	305
Less: Net income attributable to noncontrolling interests	16	14
Net income attributable to Aon shareholders	\$ 594	\$ 291
Diluted net income per share attributable to Aon shareholders		
Continuing operations	\$ 2.35	\$ 0.94
Discontinued operations	0.02	0.15
Net income	\$ 2.37	\$ 1.09
Weighted average ordinary shares outstanding - diluted	250.2	267.0

Revenue

Total revenue increased by 30% , or \$709 million , in the first quarter of 2018 compared to the first quarter of 2017 . This change reflects 17% related to adoption of the new revenue recognition standard in 2018, a 5% increase related to acquisitions, net of divestitures, a 5% favorable impact from foreign currency exchange rates, and 3% organic revenue growth.

Commercial Risk Solutions organic revenue growth was 4% in the first quarter of 2018 driven by strong growth globally across most geographies, highlighted by particular strength in the Americas and EMEA regions, driven by double-digit new business generation and strong management of the renewal book portfolio.

Reinsurance Solutions organic revenue growth was 6% in the first quarter of 2018 compared to the prior year period driven by strong growth across every major product line, including particular strength in treaty placements driven by net new business generation and a modest favorable market impact, as well as growth in both facultative placements and capital markets transactions.

Retirement Solutions organic revenue growth was flat in the first quarter of 2018 compared to the first quarter of 2017 driven by growth in investment consulting, primarily for delegated investment management, and in the talent practice for assessment services, offset by a modest decline in project-related work and an unfavorable impact from the timing of certain revenue.

Health Solutions organic revenue growth was flat in the first quarter of 2018 compared to the first quarter of 2017 driven by solid growth in health and benefits brokerage, highlighted by strong growth across Asia and the EMEA region, offset by a decline in project-related work that benefited the prior year period in the health care exchange business.

Data & Analytic Services organic revenue growth was 1% in the first quarter of 2018 compared to the prior year period driven by continued solid growth across core Affinity, with particular strength in the U.S., offset by unfavorable impacts from certain client contracts that were anticipated.

Compensation and Benefits

Compensation and benefits increased \$147 million , or 10% , in the first quarter of 2018 compared to the first quarter of 2017. This increase was primarily driven by a \$65 million increase related to adoption of the new revenue recognition standard in 2018, a \$78 million unfavorable impact from foreign currency translation, a \$51 million increase in expenses related to acquisitions, net of divestitures, a \$12 million increase in expense related to certain hedging programs, and an increase in expense associated with 3% organic revenue growth, partially offset by a \$70 million decrease in restructuring costs and \$50 million of incremental savings related to restructuring and other operational improvement initiatives.

Information Technology

Information technology, which represents costs associated with supporting and maintaining our infrastructure, increased \$27 million , or 31% , in the first quarter of 2018 compared to the first quarter of 2017 . This increase was primarily driven by a \$5 million increase in expenses related to acquisitions, net of divestitures, a \$7 million increase in restructuring costs, a \$3 million unfavorable impact from foreign currency translation, and investments in growth.

Premises

Premises, which represents the cost of occupying offices in various locations throughout the world, increased \$9 million , or 11% , in the first quarter of 2018 compared to the first quarter of 2017 . This increase was primarily driven by a \$5 million unfavorable impact from foreign currency translation and a \$3 million increase related to acquisitions, net of divestitures, partially offset by \$2 million of incremental savings related to restructuring and other operational improvement initiatives.

Depreciation of Fixed Assets

Depreciation of fixed assets primarily relates to software, leasehold improvements, furniture, fixtures and equipment, computer equipment, buildings, and automobiles. Depreciation of fixed assets decreased \$15 million , or 28% , in the first quarter of 2018 compared to the first quarter of 2017 . This decrease was primarily driven by a \$12 million decrease in restructuring costs related to fixed asset write-offs.

Amortization and Impairment of Intangibles Assets

Amortization and impairment of intangibles primarily relates to finite-lived tradenames and customer-related, contract-based, and technology assets. Amortization and impairment of intangibles increased \$67 million , or 156% , in the first quarter of 2018 compared to the first quarter of 2017 due to \$54 million of accelerated amortization related to tradenames and an increase in intangible asset amortization from previous acquisitions.

Other General Expenses

Other general expenses in the first quarter of 2018 increased \$10 million , or 3% , compared to the first quarter of 2017 due primarily to a \$5 million increase in operating expenses related to acquisitions, net of divestitures, a \$9 million unfavorable impact from foreign currency translation, and a \$5 million increase in restructuring costs, partially offset by expense discipline.

Interest Income

Interest income represents income earned on operating cash balances and other income-producing investments. It does not include interest earned on funds held on behalf of clients. During the first quarter of 2018, interest income was \$4 million, compared to \$2 million during the prior year period, due to modestly higher cash balances compared to the prior year period.

Interest Expense

Interest expense, which represents the cost of our debt obligations, was \$70 million during the first quarter of 2018, similar to \$70 million for the prior year period.

Other Income (Expense)

Other expense was \$15 million for the first quarter of 2018, compared to other expense of \$2 million for the first quarter of 2017. Other expense for the first quarter of 2018 primarily includes \$16 million of losses due to the unfavorable impact of exchange rates on the remeasurement of assets and liabilities in non-functional currencies. Other expense of \$2 million in the first quarter of 2017 primarily includes losses due to unfavorable impact of exchange rates on the remeasurement of monetary assets and liabilities in non-functional currencies, partially offset by pension and other postretirement income.

Income From Continuing Operations before Income Taxes

Due to the factors discussed above, income from continuing operations before income taxes for the first quarter of 2018 was \$718 million, a 171% increase from \$265 million in the first quarter of 2017.

Income Taxes From Continuing Operations

The effective tax rate on net income from continuing operations was 15.9% and 0.1% for the first quarters of 2018 and 2017, respectively. For the three months ended March 31, 2018, the tax rate was primarily driven by the geographical distribution of income, changes to tax laws as a result of U.S. Tax Reform, and certain discrete items including the impact of share-based payments and the recognition of previously unrecognized tax benefits related to the statute of limitations expiration following an audit. For the three months ended March 31, 2017, the tax rate was primarily driven by the geographical distribution of income, including the estimated impact of the Restructuring Program and accelerated amortization of tradenames related thereto, and the impact of share-based payments.

Income from Discontinued Operations, Net of Tax

Income from discontinued operations, net of tax, decreased \$34 million in the first quarter of 2018 as compared to the prior year period as a result of the execution of the sale of the Divested Business on May 2, 2017.

Net Income Attributable to Aon Shareholders

Net income attributable to Aon shareholders for the three months ended March 31, 2018 increased to \$594 million, or \$2.37 per diluted share, from \$291 million, or \$1.09 per diluted share, in the prior year period.

Non-GAAP Metrics

In our discussion of consolidated results, we sometimes refer to certain non-GAAP supplemental information derived from consolidated financial information specifically related to organic revenue growth, adjusted operating margin, adjusted diluted earnings per share, free cash flow, and the impact of foreign exchange rate fluctuations on operating results. This non-GAAP supplemental information should be viewed in addition to, not instead of, our Condensed Consolidated Financial Statements and Notes thereto.

Organic Revenue Growth

We use supplemental information related to organic revenue growth to help us and our investors evaluate business growth from existing operations. Organic revenue growth is a non-GAAP measure that includes the impact of intercompany activity and excludes the impact of the adoption of the new revenue recognition standard, changes in foreign exchange rates, acquisitions, divestitures, transfers between subsidiaries, and fiduciary investment income. This supplemental information related to organic revenue growth represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Condensed Consolidated Financial Statements and Notes thereto. Industry peers provide similar supplemental information about their revenue performance, although they may not make identical adjustments. A reconciliation of this non-GAAP measure to the reported Total revenue is as follows (in millions, except percentages):

	Three Months Ended								
	March 31, 2018	March 31, 2017	% Change	Revenue Recognition ⁽¹⁾	Less: Currency Impact ⁽²⁾	Less: Fiduciary Investment Income ⁽³⁾	Less: Acquisitions, Divestitures & Other	Organic Revenue Growth ⁽⁴⁾	
Revenue									
Commercial Risk Solutions	\$ 1,184	\$ 984	20%	—%	6%	—%	10%	4%	
Reinsurance Solutions	742	371	100	89	4	—	1	6	
Retirement Solutions	424	386	10	—	6	—	4	—	
Health Solutions	451	372	21	16	4	—	1	—	
Data & Analytic Services	294	268	10	2	4	—	3	1	
Elimination	(5)	—	N/A	N/A	N/A	N/A	N/A	N/A	
Total revenue	\$ 3,090	\$ 2,381	30%	17%	5%	—%	5%	3%	

(1) Revenue Recognition represents the impact of Aon's adoption of new revenue recognition standard, effective for Aon in the first quarter of 2018.

(2) Currency impact is determined by translating prior period's revenue at this period's foreign exchange rates.

(3) Fiduciary investment income for the three months ended March 31, 2018 and 2017, respectively, was \$10 million and \$6 million.

(4) Organic revenue growth includes the impact of intercompany activity and excludes the impact of the adoption of the new revenue recognition standard, changes in foreign exchange rates, acquisitions, divestitures, transfers between business units, and fiduciary investment income.

Adjusted Operating Margin

We use adjusted operating margin as a non-GAAP measure of core operating performance of the Company. Adjusted operating margin excludes the impact of certain items, as listed below, because management does not believe these expenses reflect our core operating performance. This supplemental information related to adjusted operating margin represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Condensed Consolidated Financial Statements and Notes thereto.

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

	Three Months Ended	
	March 31, 2018	March 31, 2017
Revenue from continuing operations	\$ 3,090	\$ 2,381
Operating income from continuing operations - as reported	\$ 799	\$ 335
Amortization and impairment of intangible assets	110	43
Restructuring	74	144
Operating income from continuing operations - as adjusted	\$ 983	\$ 522
Operating margin from continuing operations - as reported	25.9%	14.1%
Operating margin from continuing operations - as adjusted	31.8%	21.9%

Adjusted Diluted Earnings per Share

We use adjusted diluted earnings per share as a non-GAAP measure of our core operating performance. Adjusted diluted earnings per share excludes the items identified above, along with related income taxes, because management does not believe these expenses are representative of our core earnings. This supplemental information related to adjusted diluted earnings per share represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Condensed Consolidated Financial Statements and Notes thereto.

A reconciliation of this non-GAAP measure to the reported Diluted earnings per share is as follows (in millions, except per share data and percentages):

	Three Months Ended March 31, 2018		
	U.S. GAAP	Adjustments	Non-GAAP Adjusted
Operating income from continuing operations	\$ 799	\$ 184	\$ 983
Interest income	4	—	4
Interest expense	(70)	—	(70)
Other income (expense) ⁽¹⁾	(15)	7	(8)
Income before income taxes from continuing operations	718	191	909
Income taxes ⁽²⁾	114	36	150
Net income from continuing operations	604	155	759
Income from discontinued operations, net of tax ⁽³⁾	6	(8)	(2)
Net income	610	147	757
Less: Net income attributable to noncontrolling interests	16	—	16
Net income attributable to Aon shareholders	\$ 594	\$ 147	\$ 741
Diluted net income (loss) per share attributable to Aon shareholders			
Continuing operations	\$ 2.35	0.62	\$ 2.97
Discontinued operations	0.02	(0.03)	(0.01)
Net income	\$ 2.37	\$ 0.59	\$ 2.96
Weighted average ordinary shares outstanding - diluted	250.2	—	250.2
Effective Tax Rates ⁽³⁾			
Continuing Operations - U.S. GAAP	15.9%		16.5%
Discontinued Operations - U.S. GAAP	17.2%		46.5%

	Three Months Ended March 31, 2017			
	U.S. GAAP	Adjustments	Non-GAAP	
			Adjusted	
Operating income from continuing operations	\$ 335	\$ 187	\$ 522	
Interest income	2	—	2	
Interest expense	(70)	—	(70)	
Other income (expense)	(2)	—	(2)	
Income before income taxes from continuing operations	265	187	452	
Income taxes ⁽²⁾	—	50	50	
Net income from continuing operations	265	137	402	
Income from discontinued operations, net of tax ⁽³⁾	40	8	48	
Net income	305	145	450	
Less: Net income attributable to noncontrolling interests	14	—	14	
Net income attributable to Aon shareholders	\$ 291	\$ 145	\$ 436	
Diluted net income (loss) per share attributable to Aon shareholders				
Continuing operations	\$ 0.94	0.51	\$ 1.45	
Discontinued operations	0.15	0.03	0.18	
Net income	\$ 1.09	\$ 0.54	\$ 1.63	
Weighted average ordinary shares outstanding - diluted	267.0	—	267.0	
Effective Tax Rates ⁽³⁾				
Continuing Operations - U.S. GAAP	0.1%		13.3%	
Discontinued Operations - U.S. GAAP	29.8%		29.4%	

(1) Adjusted Other income (expense) excludes Pension settlement charges of \$7 million for three months ended March 31, 2018.

(2) Adjusted items are generally taxed at the estimated annual effective tax rate, except for the applicable tax impact associated with estimated Restructuring Plan expenses, accelerated tradename amortization, and non-cash pension settlement charges, which are adjusted at the related jurisdictional rate. In addition, tax expense excludes adjustments to the provisional estimates of the impact of US Tax Reform recorded pursuant to SAB 118.

(3) Adjusted income from discontinued operations, net of tax, excludes the gain on sale of discontinued operations of \$8 million for the three months ended March 31, 2018 and \$11 million of intangible asset amortization for the three months ended March 31, 2017. The effective tax rate was further adjusted for the applicable tax impact associated with the gain on sale and intangible asset amortization, as applicable.

Free Cash Flow

We use free cash flow, defined as cash flow provided by operations less capital expenditures, as a non-GAAP measure of our core operating performance and cash-generating capabilities of our business operations. This supplemental information related to free cash flow represents a measure not in accordance with U.S. GAAP and should be viewed in addition to, not instead of, our Condensed Consolidated Financial Statements and Notes thereto. The use of this non-GAAP measure does not imply or represent the residual cash flow for discretionary expenditures. A reconciliation of this non-GAAP measure to the reported cash provided by continuing operating activities is as follows (in millions):

	Three Months Ended	
	March 31, 2018	March 31, 2017
Cash Provided by Continuing Operating Activities	\$ 140	\$ 182
Capital Expenditures Used for Continuing Operations	(45)	(34)
Free Cash Flow Provided By Continuing Operations	\$ 95	\$ 148

Impact of Foreign Exchange Rate Fluctuations

Because we conduct business in more than 100 countries, foreign exchange rate fluctuations have a significant impact on our business. Foreign exchange rate movements may be significant and may distort true period-to-period comparisons of changes in revenue or pretax income. Therefore, to give financial statement users meaningful information about our operations, we have provided an illustration of the impact of foreign currency exchange rates on our financial results. The methodology used to calculate

this impact isolates the impact of the change in currencies between periods by translating the prior year quarter's revenue, expenses, and net income using the current quarter's foreign exchange rates.

Translating prior year quarter results at current quarter foreign exchange rates, currency fluctuations had a \$0.16 impact on net income per diluted share during the three months ended March 31, 2018. Currency fluctuations had no impact on net income per diluted share during the three months ended March 31, 2017, when 2016 results were translated at 2017 rates.

Translating prior year quarter results at current quarter foreign exchange rates, currency fluctuations had \$0.19 on adjusted net income per diluted share during the three months ended March 31, 2018. Currency fluctuations had a \$0.01 unfavorable impact on adjusted net income per diluted share during the three months ended March 31, 2017, when 2016 results were translated at 2017 rates. These translations are performed for comparative and illustrative purposes only and do not impact the accounting policies or practices for amounts included in the Condensed Consolidated Financial Statements.

Competition and Markets Authority

The U.K.'s competition regulator, the Competition and Markets Authority (the "CMA"), is conducting a market investigation into the supply and acquisition of investment consulting and fiduciary management services, including those offered by Aon and its competitors in the U.K. The CMA has indicated that it will assess whether any feature or combination of features in the target market prevents, restricts, or distorts competition. The CMA can impose a wide range of remedies to address uncompetitive markets. We are not presently in a position to estimate the impact, if any, of this investigation on Aon's UK investment business.

Financial Conduct Authority

The FCA is conducting a market study to assess how effectively competition is working in the wholesale insurance broker sector in the UK in which Aon, through its subsidiaries, participates. The FCA has indicated that the purpose of a market study is to assess the extent to which the market is working well in the interests of customers and to identify features of the market that may impact competition. Depending on the study's findings, the FCA may require remedies in order to correct any features found to be preventing, restricting, or distorting competition. The study is in its early stages and we are unable to estimate the impact, if any, on Aon's business at this time.

LIQUIDITY AND FINANCIAL CONDITION

Liquidity

Executive Summary

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

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

In our capacity as an insurance broker or agent, we collect premiums from insureds and, after deducting our commission, remit the premiums to the respective insurance underwriter. We also collect claims or refunds from underwriters on behalf of insureds, which are then returned to the insureds. Unremitted insurance premiums and claims are held by us in a fiduciary capacity. In addition, some of our outsourcing agreements require us to hold funds on behalf of clients to pay obligations on their behalf. The levels of fiduciary assets and liabilities can fluctuate significantly, depending on when we collect premiums, claims, and refunds, make payments to underwriters and insureds, collect funds from clients and make payments on their behalf, and the movement of foreign currency exchange rates. Fiduciary assets, because of their nature, are generally invested in very liquid securities with highly-rated, credit-worthy financial institutions. In our Condensed Consolidated Statements of Financial Position, the amounts we report for Fiduciary assets and Fiduciary liabilities are equal. Our Fiduciary assets included cash and short-term investments of \$4.1 billion and \$3.7 billion at March 31, 2018 and December 31, 2017, respectively, and fiduciary receivables of \$6.7 billion and \$5.9 billion at March 31, 2018 and December 31, 2017, respectively. While we earn investment income on the fiduciary assets held in cash and investments, the cash and investments cannot be used for general corporate purposes.

We maintain multicurrency cash pools with third-party banks in which various Aon entities participate. Individual Aon entities are permitted to overdraw on their individual accounts provided the overall global balance does not fall below zero. At March 31, 2018, non-U.S. cash balances of one or more entities were negative; however, the overall balance was positive.

As of March 31, 2018, our investments in money market funds had a fair value of \$1.5 billion and are reported as Short-term investments or Fiduciary assets in the Condensed Consolidated Statements of Financial Position depending on their nature.

The following table summarizes our Fiduciary assets, non-fiduciary Cash and cash equivalents, and Short-term investments as of March 31, 2018 (in millions):

Asset Type	Statement of Financial Position Classification				Total
	Cash and Cash Equivalents	Short-term Investments	Fiduciary Assets		
Certificates of deposit, bank deposits or time deposits	\$ 597	\$ —	\$ 2,680		\$ 3,277
Money market funds	—	118	1,384		1,502
Cash and short-term investments	597	118	4,064		4,779
Fiduciary receivables	—	—	6,674		6,674
Total	\$ 597	\$ 118	\$ 10,738		\$ 11,453

Cash and cash equivalents decreased \$159 million in 2018. A summary of our cash flows provided by and used for continuing operations from operating, investing, and financing activities is as follows (in millions):

	Three Months Ended	
	March 31, 2018	March 31, 2017
Cash provided by operating activities - continuing operations	\$ 140	\$ 182
Cash provided by investing activities - continuing operations	\$ 346	\$ 28
Cash used for financing activities - continuing operations	\$ (663)	\$ (258)
Net cash flows from discontinued operations	\$ —	\$ 43
Effect of exchange rates changes on cash and cash equivalents	\$ 18	\$ 25

Operating Activities

Net cash provided by operating activities for continuing operations during the three months ended March 31, 2018 decreased \$42 million, or 23%, from the prior year period to \$140 million. This amount represents net income reported, as adjusted for gains or losses on sales of businesses, share-based compensation expense, depreciation expense, and amortization and impairments, and other non-cash income and expenses, as well as changes in working capital that relate primarily to the timing of payments of accounts payable and accrued liabilities and collection of receivables.

Pension Contributions

Pension contributions were \$48 million for the three months ended March 31, 2018, as compared to \$31 million for the three months ended March 31, 2017. For the remainder of 2018, we expect to contribute approximately \$129 million in cash to our pension plans, with the majority attributable to non-U.S. pension plans, which are subject to changes in foreign exchange rates.

Restructuring Plan

In 2017, we initiated a global restructuring plan (the “Restructuring Plan”) in connection with the sale of the Divested Business. The Restructuring Plan is intended to streamline operations across the organization and deliver greater efficiency, insight, and connectivity. We expect these restructuring activities and related expenses to affect continuing operations through 2019, including an estimated 4,200 to 4,800 role eliminations. The Restructuring Plan is expected to result in cumulative costs of approximately \$1,025 million through the end of the plan, consisting of approximately \$450 million in employee termination costs, \$130 million in technology rationalization costs, \$85 million in real estate consolidation costs, \$50 million in non-cash asset impairments, and \$310 million in other costs including certain separation costs associated with the sale of the Divested Business. We estimate that our annualized savings from the Restructuring Plan will be approximately \$450 million by the end of 2019.

From the inception of the Restructuring Plan through March 31, 2018, the Company has eliminated 3,123 positions and a total of \$571 million of restructuring and related separation charges have been incurred. These charges are included in Compensation

and benefits, Information technology, Premises, Depreciation of fixed assets, and Other general expenses in the accompanying Condensed Consolidated Statements of Income.

The following summarizes restructuring and separation costs by type that have been incurred through March 31, 2018 and are estimated to be incurred through the end of the Restructuring Plan. Estimated costs may be revised in future periods as these assumptions are updated (in millions):

	Three months ended March 31, 2018		Inception to Date	Estimated Remaining Costs		Estimated Total Cost ⁽¹⁾
Workforce reduction	\$	33	\$ 332	\$	118	\$ 450
Technology rationalization ⁽²⁾		10	43		87	130
Lease consolidation ⁽²⁾		3	11		74	85
Asset impairments		1	27		23	50
Other costs associated with restructuring and separation ^{(2) (3)}		27	158		152	310
Total restructuring and related expenses	\$	74	\$ 571	\$	454	\$ 1,025

- (1) Actual costs, when incurred, may 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 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) Total contract termination costs incurred under the Restructuring Plan associated with Technology rationalizations, Lease consolidations, and Other costs associated with restructuring and separation, respectively, for the three months ended March 31, 2018 were \$1 million, \$2 million, and \$4 million and since inception of the Restructuring Plan were \$2 million, \$10 million, and \$7 million. Total estimated contract termination costs expected to be incurred under the Restructuring Plan associated with Technology rationalizations, Lease consolidations, and Other costs associated with restructuring and separation, respectively, are \$15 million, \$80 million, and \$80 million.
- (3) Other costs associated with the Restructuring Plan include those to separate the Divested Business, as well as moving costs and consulting and legal fees. These costs are generally recognized when incurred.

As of March 31, 2018, our liabilities for the Restructuring Plan were as follows (in millions):

	Restructuring Plan
Balance as of December 31, 2017	\$ 186
Expensed	74
Cash payments	(98)
Foreign currency translation and other	(2)
Balance as of March 31, 2018	\$ 160

Investing Activities

Cash flow provided by investing activities in continuing operations was \$346 million during the three months ended March 31, 2018, a increase of \$318 million compared to prior year period. The primary drivers of cash flow used for investing activities are acquisition of businesses, purchases of short-term investments, capital expenditures, and payments for investments. The primary drivers of cash flow provided by investing activities are sales of businesses, sales of short-term investments, and proceeds from investments. The gains and losses corresponding to cash flows provided by proceeds from investments and used for payments for investments are recognized in Other income (expense) in the Condensed Consolidated Statements of Income.

Short-term Investments

Short-term investments decreased \$411 million as compared to December 31, 2017. As disclosed in Note 16 "Fair Value Measurements and Financial Instruments" of Notes to Condensed Consolidated Financial Statements contained in Part I, Item 1 of this report, the majority of our investments carried at fair value are money market funds. These money market funds are held throughout the world with various financial institutions. We are not aware of any market liquidity issues that would materially impact the fair value of these investments.

Acquisitions and Dispositions of Businesses

During the first quarter of 2018, the Company completed the acquisition of three businesses for a total consideration of \$29 million and no businesses were sold.

During the first quarter of 2017, the Company completed the acquisition of two businesses for a total consideration of \$52 million and the sale of three businesses for a net cash outflow of \$2 million due to an excess of cash sold.

Capital Expenditures

The Company's additions to fixed assets, including capitalized software, which amounted to \$45 million in 2018 and \$34 million in 2017, primarily relate to computer equipment purchases, the refurbishing and modernizing of office facilities, and software development costs.

Financing Activities

Cash flow used for financing activities in continuing operations during the three months ended March 31, 2018 was \$663 million, an increase of \$405 million compared to prior year period. The primary drivers of cash flow used for financing activities are share repurchases, issuances of debt, net of repayments, dividends paid to shareholders, issuances of shares for employee benefit plans, transactions with noncontrolling interests, and other financing activities, such as collection of or payments for deferred consideration in connection with prior-year business acquisitions and divestitures.

Share Repurchase Program

Aon has a share repurchase program authorized by the Company's Board of Directors. The Repurchase Program was established in April 2012 with up to \$5.0 billion in authorized repurchases, and was increased by \$5.0 billion in authorized repurchases in each of November 2014 and February 2017 for a total of \$15.0 billion in repurchase authorizations.

Under the Repurchase Program, Class A Ordinary Shares may be repurchased through the open market or in privately negotiated transactions, based on prevailing market conditions, and will be funded from available capital. In the three months ended March 31, 2018, the Company repurchased 3.9 million shares at an average price per share of \$140.94, for a total cost of approximately \$550 million and recorded an additional \$2.8 million of costs associated with the repurchases to retained earnings. In the three months ended March 31, 2017, the Company repurchased 1.1 million shares at an average price per share of \$114.46 for a total cost of approximately \$125 million and recorded an additional \$0.6 million of costs associated with the repurchases to retained earnings.

At March 31, 2018, the remaining authorized amount for share repurchase under the Repurchase Program is approximately \$4.9 billion. Under the Repurchase Program, we have repurchased a total of 112.1 million shares for an aggregate cost of approximately \$10.1 billion. For further information regarding share repurchases made during the first quarter of 2018, see Part II, Item 2 of this report.

Borrowings

Total debt at March 31, 2018 was \$6.1 billion, an increase of \$134 million compared to December 31, 2017. On March 8, 2018, the Company's CAD 375 million (\$291 million at March 8, 2018 Exchange Rates) 4.76% Senior Note due March 2018 issued by a Canadian subsidiary of Aon Corporation matured and were repaid in full. Further, commercial paper activity during the three months ended March 31, 2018 and 2017 is as follows (in millions):

	Three Months Ended	
	March 31, 2018	March 31, 2017
Total Issuances ⁽¹⁾	\$ 805	\$ 994
Total Repayments	\$ (410)	\$ (947)

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

Other Liquidity Matters

Distributable Reserves

As a company incorporated in England and Wales, we are required under U.K. law to have available "distributable reserves" to make share repurchases or pay dividends to shareholders. Distributable reserves are created through the earnings of the U.K. parent company. Distributable reserves are not linked to a U.S. GAAP reported amount (e.g., retained earnings). As of March 31, 2018 and December 31, 2017, we had distributable reserves in excess of \$3.3 billion and \$1.2 billion, respectively. We believe that we will have sufficient distributable reserves to fund shareholder dividends, if and to the extent declared, for the foreseeable future.

Credit Facilities

We expect cash generated by operations for 2018 to be sufficient to service our debt and contractual obligations, finance capital expenditures, continue purchases of shares under the Repurchase Program, and continue to pay dividends to our shareholders.

Although cash from operations is expected to be sufficient to service these activities, we have the ability to access the commercial paper markets or borrow under our credit facility to accommodate any timing differences in cash flows. Additionally, under current market conditions, we believe that we could access capital markets to obtain debt financing for longer-term funding, if needed.

As of March 31, 2018, we had two committed credit facilities outstanding: its \$900 million multi-currency U.S. credit facility expiring in February 2021 (the “2021 Facility”) and its \$400 million multi-currency U.S. credit facility expiring in October 2022 (the “2022 Facility”).

Each of these facilities includes customary representations, warranties, and covenants, including financial covenants that require us to maintain specified ratios of adjusted consolidated EBITDA to consolidated interest expense and consolidated debt to consolidated adjusted EBITDA, tested quarterly. At March 31, 2018, we did not have borrowings under either the 2021 or the 2022 Facility, and we were in compliance with the financial covenants and all other covenants contained therein during the rolling twelve months ended March 31, 2018.

Shelf Registration Statement

On September 3, 2015, we filed a shelf registration statement with the U.S. Securities and Exchange Commission (the “SEC”), registering the offer and sale from time to time of an indeterminate amount of, among other securities, debt securities, preference shares, Class A Ordinary Shares and convertible securities. Our ability to access the market as a source of liquidity is dependent on investor demand, market conditions, and other factors.

Rating Agency Ratings

The major rating agencies’ ratings of our debt at May 4, 2018 appear in the table below.

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

A downgrade in the credit ratings of our senior debt or commercial paper could increase our borrowing costs, reduce or eliminate our access to capital, reduce our financial flexibility, restrict our access to the commercial paper market altogether, or impact future pension contribution requirements.

Guarantees in Connection with the Sale of the Divested Business

In connection with the sale of the Divested Business, we guaranteed future operating lease commitments related to certain facilities assumed by the Buyer. We are obligated to perform under the guarantees if the Divested Business defaults on the leases at any time during the remainder of the lease agreements, which expire on various dates through 2024. As of March 31, 2018, the undiscounted maximum potential future payments under the lease guarantee were \$97 million, with an estimated fair value of \$22 million. No cash payments were made in connection to the lease commitments during the three months ended March 31, 2018.

Additionally, we are subject to performance guarantee requirements under certain client arrangements that were assumed by the Buyer. Should the Divested Business fail to perform as required by the terms of the arrangements, we would be required to fulfill the remaining contract terms, which expire on various dates through 2023. As of March 31, 2018, the undiscounted maximum potential future payments under the performance guarantees were \$206 million, with an estimated fair value of \$1 million. No cash payments were made in connection to the performance guarantees during the three months ended March 31, 2018.

Letters of Credit and Other Guarantees

We have entered into a number of arrangements whereby our performance on certain obligations is guaranteed by a third party through the issuance of a letter of credit. We had total LOCs outstanding of approximately \$117 million at March 31, 2018, compared to \$96 million at December 31, 2017. These LOCs cover the beneficiaries related to certain of our U.S. and Canadian non-qualified pension plan schemes and secure deductible retentions for our own workers compensation program. We also have obtained LOCs to cover contingent payments for taxes and other business obligations to third parties, and other guarantees for miscellaneous purposes at our international subsidiaries.

We have certain contractual contingent guarantees for premium payments owed by clients to certain insurance companies. The maximum exposure with respect to such contractual contingent guarantees was approximately \$68 million at March 31, 2018, compared to \$95 million at December 31, 2017.

Off-Balance Sheet Arrangements

Apart from commitments, guarantees and contingencies, as disclosed herein and Note 17 “Commitments and Contingencies” to the Condensed Consolidated Financial Statements, the Company had no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the Company’s financial condition, results of operations or liquidity. Our cash flows from operations, borrowing availability, and overall liquidity are subject to risks and uncertainties. See “Information Concerning Forward-Looking Statements” below.

Financial Condition

At March 31, 2018, our net assets, representing total assets minus total liabilities, were \$5,385 million, an increase from \$4,648 million at December 31, 2017. The increase was due primarily to Net income of \$610 million, a decrease of \$306 million in Accumulated other comprehensive loss, and an increase of \$492 million due to the adoption of certain accounting standards in the first quarter of 2018, partially offset by \$553 million of share repurchases and \$89 million of dividend payments for the three months ended March 31, 2018. Refer to Note 2 “Accounting Principles and Practices” to the Condensed Consolidated Financial Statements contained in Part I, Item 1 of this report for further information on the adoption of new accounting standards in the first quarter of 2018. Additionally, working capital increased by \$535 million to \$1,457 million from December 31, 2017.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss decreased \$305 million to \$3,191 million at March 31, 2018 as compared to \$3,496 million at December 31, 2017, which was primarily driven by the following:

- positive net foreign currency translation adjustments of \$244 million, which are attributable to the weakening of the U.S. dollar against certain foreign currencies;
- an increase of \$48 million due to the amortization of net actuarial losses related to pension obligations;
- net financial instrument gains of \$14 million; and
- a decrease of \$1 million related to the adoption of the financial assets and liabilities guidance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes in our critical accounting policies, which include pensions, goodwill and other intangible assets, contingencies, share-based payments, and income taxes, as discussed in our Annual Report on Form 10-K for the year ended December 31, 2017 (our “2017 Annual Report on Form 10-K”) other than those described below.

Revenue Recognition

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

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

Commercial Risk Solutions includes retail brokerage, cyber solutions, global risk consulting, and captives. Revenue primarily includes insurance commissions and fees for services rendered. Revenues will generally be recognized at a point in time upon the effective date of the underlying policy (or policies), or over the term of the arrangement to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenues are recorded net of allowances for estimated policy cancellations, which are determined based on an evaluation of historical and current cancellation data.

Reinsurance Solutions includes treaty and facultative reinsurance brokerage and capital markets. Revenue primarily includes reinsurance commissions and fees for services rendered. Revenues will generally be recognized at a point in time upon the effective date of the underlying policy (or policies), or over the term of the to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Retirement Solutions includes core retirement, investment consulting, and talent, rewards & performance. Revenue consists primarily of fees paid by clients for consulting services, such as risk management strategies, health and benefits, and human capital consulting services. Revenue recognized for these arrangements are typically recognized at a point-in-time upon completion of the service or over-time to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For consulting arrangements recognized over-time, revenue will be recognized based on a measure of progress that depicts the transfer of control of the goods or services to the customer, utilizing an appropriate input or output measure. Fees paid by clients for consulting services are typically charged on an hourly, project or fixed-fee basis. Revenues from time-and-materials or cost-plus arrangements are recognized as services are performed, assuming all five steps to recognize revenue have been met. Reimbursements received for out-of-pocket expenses are recorded as a component of revenues.

Health Solutions includes health and benefits brokerage and healthcare exchanges. Revenue primarily includes insurance commissions and fees for services rendered. For brokerage commissions, revenue is typically recognized at the effective date of the underlying policy (or policies), assuming all five steps required to recognize revenue have been met. Revenues from health care exchange arrangements are typically recognized upon successful enrollment of participants, net of a reserve for estimated cancellations, assuming all five steps to recognize revenue have been met.

Data & Analytic Services includes Affinity, Aon InPoint, and ReView. Revenue consists primarily of fees for services rendered and is generally recognized over the term of the arrangement to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For Data & Analytic Services arrangements recognized over-time, revenue will be recognized based on a measure of progress that depicts the transfer of control of the goods or services to the customer, utilizing an appropriate input or output measure.

NEW ACCOUNTING PRONOUNCEMENTS

Note 2 “Accounting Principles and Practices” to the Condensed Consolidated Financial Statements contained in Part I, Item 1 of this report contains a discussion of recently issued accounting pronouncements and their impact or future potential impact on our financial results, if determinable.

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

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

- general economic and political conditions in different countries in which we do business around the world;
- changes in the competitive environment;
- fluctuations in exchange and interest rates that could influence revenues and expenses;
- changes in global equity and fixed income markets that could affect the return on invested assets;
- changes in the funding status of our various defined benefit pension plans and the impact of any increased pension funding resulting from those changes;

- the level of our debt limiting financial flexibility or increasing borrowing costs;
- rating agency actions that could affect our ability to borrow funds;
- volatility in our tax rate due to a variety of different factors including U.S. federal income tax reform;
- the effect of the change in global headquarters and jurisdiction of incorporation, including differences in the anticipated benefits;
- changes in estimates or assumptions on our financial statements;
- limits on our subsidiaries to make dividend and other payments to us;
- the impact of lawsuits and other contingent liabilities and loss contingencies arising from errors and omissions and other claims against us;
- the impact of, and potential challenges in complying with, legislation and regulation in the jurisdictions in which we operate, particularly given the global scope of our businesses and the possibility of conflicting regulatory requirements across jurisdictions in which we do business;
- the impact of any investigations brought by regulatory authorities in the U.S., U.K. and other countries;
- the impact of 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;
- failure to protect intellectual property rights or allegations that we infringe on the intellectual property rights of others;
- the effects of English law on our operating flexibility and the enforcement of judgments against us;
- the failure to retain and attract qualified personnel;
- international risks associated with our global operations;
- the effect of natural or man-made disasters;
- the potential of a system or network breach or disruption resulting in operational interruption or improper disclosure of personal data;
- our ability to develop and implement new technology;
- damage to our reputation among clients, markets or third parties;
- the actions taken by third parties that perform aspects of our business operations and client services;
- the extent to which we manage certain risks created in connection with the various services, including fiduciary and investment consulting and other advisory services, among others, that we currently provide, or will provide in the future, to clients;
- our ability to continue, and the costs and risks associated with, growing, developing and integrating companies that we acquire or new lines of business;
- changes in commercial property and casualty markets, commercial premium rates or methods of compensation;
- changes in the health care system or our relationships with insurance carriers;
- our ability to implement initiatives intended to yield cost savings and the ability to achieve those cost savings;
- our risks and uncertainties in connection with the sale, including arrangements under the transition service agreement and legacy IT systems associated with the Divested Business; and
- our ability to realize the expected benefits from our restructuring plan.

Any or all of our forward-looking statements may turn out to be inaccurate, and there are no guarantees about our performance. The factors identified above are not exhaustive. Aon and its subsidiaries operate in a dynamic business environment in which new risks may emerge frequently. Accordingly, readers should not place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We are under no obligation (and expressly disclaim any obligation) to update or alter any forward-looking statement that we may make from time to time, whether as a result of new information, future events

or otherwise. Further information about factors that could materially affect Aon, including our results of operations and financial condition, is contained in Part III, Item 1A Risk Factors of this report and in the “Risk Factors” section in Part I, “Item 1A Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2017. These factors may be revised or supplemented in subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

The following discussion describes our specific exposures and the strategies we use to manage these risks. There have been no changes in our critical accounting policies for financial instruments and derivatives as discussed in our 2017 Annual Report on Form 10-K.

Foreign Exchange Risk

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

Additionally, some of our non-U.S. brokerage subsidiaries receive revenue in currencies that differ from their functional currencies. Our U.K. subsidiaries earn a portion of their revenue in U.S. Dollars, Euro, and Japanese Yen, but most of their expenses are incurred in British Pounds. At March 31, 2018, we have hedged approximately 45% of our U.K. subsidiaries’ expected exposures to U.S. Dollar, Euro, and Japanese Yen transactions for the years ending December 31, 2018 and 2019, respectively. We generally do not hedge exposures beyond three years.

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

The translated value of revenue and expense from our international brokerage operations are subject to fluctuations in foreign exchange rates. If we were to translate prior year results at current quarter exchange rates, diluted earnings per share would increase by \$0.16 during the three months ended March 31, 2018. Further, adjusted diluted earnings per share, a non-GAAP measure as defined and reconciled under the caption “Review of Consolidated Results — Adjusted Diluted Earnings Per Share,” would increase by \$0.19 during the three months ended March 31, 2018 if we were to translate prior year results at current quarter exchange rates.

Interest Rate Risk

Our fiduciary investment income is affected by changes in international and domestic short-term interest rates. We monitor our net exposure to short-term interest rates and, as appropriate, hedge our exposure with various derivative financial instruments. This activity primarily relates to brokerage funds held on behalf of clients in the U.S. and in continental Europe. A decrease in global short-term interest rates adversely affects our fiduciary investment income.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures. We have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this quarterly report of March 31, 2018. Based on this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective such that the information relating to Aon, including our consolidated subsidiaries, required to be disclosed in our SEC reports is recorded, processed, summarized and reported within the time periods specified in appropriate statute, SEC rules and forms, and is accumulated and communicated to Aon’s management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting. No changes in Aon’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the quarter ended March 31, 2018 that have materially affected, or that are reasonably likely to materially affect, Aon’s internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

See Note 17 “Commitments and Contingencies — Legal” to the Condensed Consolidated Financial Statements contained in Part I, Item 1 of this report, which is incorporated by reference herein.

Item 1A. Risk Factors

The risk factors set forth in Part I, “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2017 reflect certain risks associated with existing and potential lines of business and contain “forward-looking statements” as discussed in Part I, Item 2 of this report. Readers should consider them in addition to the other information contained in this report as our business, financial condition or results of operations could be adversely affected if any of these risks actually occur.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities.

The following information relates to the purchase of equity securities by Aon or any affiliated purchaser during each month within the first quarter of 2018 :

Period	Total Number of Shares Purchased	Average Price Paid per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾⁽²⁾
1/1/18 - 1/31/18	908,595	\$ 137.10	908,595	\$ 5,295,464,060
2/1/18 - 2/28/18	1,508,271	141.02	1,508,271	5,082,763,110
3/1/18 - 3/31/18	1,484,989	143.20	1,484,989	4,870,118,294
Total	<u>3,901,855</u>	\$ 140.94	<u>3,901,855</u>	\$ 4,870,118,294

(1) Does not include commissions or other costs paid to repurchase shares.

(2) The Repurchase Program was established in April 2012 with up to \$5.0 billion in authorized repurchases, and was increased by \$5.0 billion in authorized repurchases in each of November 2014 and February 2017 for a total of \$15.0 billion in repurchase authorizations. During the first quarter of 2018, we repurchased 3.9 million shares at an average price per share of \$140.94 for a total cost of \$550 million.

We did not make any unregistered sales of equity in the first quarter of 2018.

Item 3. Defaults Upon Senior Securities

Not Applicable.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Not Applicable.

Item 6. Exhibits

Exhibits — The exhibits filed with this report are listed on the attached Exhibit Index.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Aon plc
(Registrant)

May 4, 2018

By: /s/ Michael Neller
Michael Neller
SENIOR VICE PRESIDENT AND
GLOBAL CONTROLLER
(Principal Accounting Officer and duly authorized officer of Registrant)

Exhibit Index

Exhibit Number	Description of Exhibit
10.1	<u>Aon Plc Leadership Performance Program as amended and vested effective January 1, 2018.</u>
10.2	<u>Employee Agreement, dated October 1, 2013, between Aon Corporation and Eric Andersen.</u>
10.3*	<u>Employment Agreement, dated March 29, 2013, between Aon Corporation and Michael J. O'Connor incorporated by reference to Exhibit 10.2 to Aon's Quarterly Report on Form 10-Q filed on May 1, 2013.</u>
10.4	<u>Employment Letter with Michael J. O'Connor effective March 1, 2018.</u>
12.1	<u>Statement regarding Computation of Ratio of Earnings to Fixed Charges.</u>
31.1	<u>Certification of CEO.</u>
31.2	<u>Certification of CFO.</u>
32.1	<u>Certification of CEO Pursuant to section 1350 of Title 18 of the United States Code.</u>
32.2	<u>Certification of CFO Pursuant to section 1350 of Title 18 of the United States Code.</u>
101	Interactive Data Files. The following materials are filed electronically with this Quarterly Report on Form 10-Q: 101.INS XBRL Report Instance Document 101.SCH XBRL Taxonomy Extension Schema Document 101.CAL XBRL Taxonomy Calculation Linkbase Document 101.DEF XBRL Taxonomy Definition Linkbase Document 101.PRE XBRL Taxonomy Presentation Linkbase Document 101.LAB XBRL Taxonomy Calculation Linkbase Document

* Document has been previously filed with the Securities and Exchange Commission and is incorporated herein by reference herein. Unless otherwise indicated, such document was filed under Commission File Number 001-07933.

AON PLC
LEADERSHIP PERFORMANCE PROGRAM
As Amended and Restated Effective January 1, 2018

1. Overview

The Leadership Performance Program (the “Program”) of Aon plc (the “Company”) has been adopted by the Organization and Compensation Committee of the Company’s Board of Directors (the “Committee”) as a sub-plan of the Aon plc Amended and Restated 2011 Incentive Plan (the “Stock Plan”), effective as of January 1, 2018. Capitalized terms not defined herein shall have the meaning assigned under the Stock Plan. The Program and all Awards issued hereunder are subject to the terms and conditions of the Stock Plan; in the event of any inconsistency between the Program and the Stock Plan, the Stock Plan will control to the extent consistent with applicable law.

2. Performance Cycle

The “Performance Cycle” means a three-year period commencing on the first day of the first calendar year of the three-year period, over which performance (as determined by the Committee) will be measured for purposes of the Program. A Performance Cycle may overlap with any other Performance Cycle under the Program.

3. Eligibility

As recommended by the Company’s Chief Executive Officer (the “CEO”) and approved by the Committee, key members of the Company’s senior leadership team are eligible to participate in the Program. The CEO is also eligible to participate in the Program as approved by the Committee.

4. Participation

The Committee will approve in writing, within the first 90 days of the Performance Cycle (with respect to Covered Employees, as defined below) or otherwise no later than June 30 of the first year of the Performance Cycle, the specific individuals eligible to participate in the Program (the “Participants”), each Participant’s Award (denominated as described below), the Target Earnings Per Share (as defined below), the Threshold Earnings Per Share (as defined below), and the Payout Scale (as defined below). Participants approved by the Committee shall be eligible to participate in the full Performance Cycle, retroactive to the first day of the Performance Cycle. A change in the Participant’s position or role during the Performance Cycle shall not affect the terms of any outstanding Award, subject to the Participant’s continued employment with the Company.

5. Performance-Based Compensation

Notwithstanding anything to the contrary herein, Awards under the Program to officers of the Company who are subject to Section 16 of the U.S. Securities Exchange Act of 1934, as amended (“Covered Employees”), are intended to qualify as “Performance-Based Compensation” under the Stock Plan for purposes of Code Section 162(m) and will be administered by the Committee accordingly.

6. Performance Share Units

Each Participant's Award shall be denominated in either US dollars or as a target number of performance share units ("Performance Share Units"), each representing a Class A Ordinary Share of the Company (an "Ordinary Share"). If the Award is denominated in US dollars, the target number of Performance Share Units under such Award will be derived by dividing the Award by the Fair Market Value of an Ordinary Share on the date the Award is approved in writing by the Committee (the "Grant Date").

7. Rules Applicable to Performance Share Units

(a) To the extent earned, the Performance Share Units will vest as of the date the Committee determines and certifies in writing whether and to what extent the applicable performance criteria have been achieved and the resulting payout (the "Settlement Date"), which shall occur as soon as administratively practicable following the end of the Performance Cycle.

(b) The number of Ordinary Shares into which the Performance Share Units settle upon vesting of such Performance Share Units (i) will be determined based on the Company's actual cumulative Adjusted Earnings Per Share during the Performance Cycle, as compared to the Target Earnings Per Share, and (ii) will range from 0% to 200% of the target number of Performance Share Units awarded, as set forth in the Payout Scale.

(c) The Performance Share Units will settle into Ordinary Shares during the calendar year immediately following the end of the Performance Cycle.

(d) The Company shall have the right to satisfy all federal, state and local withholding tax requirements with respect to a settled Award by withholding Ordinary Shares equivalent in value to the amount of the required withholding (based on the Fair Market Value of an Ordinary Share on the Settlement Date).

(e) The Performance Share Units are not transferable and may not be sold, assigned, pledged, hypothecated or otherwise encumbered.

(f) Until the Settlement Date, the Participant will not be treated as a shareholder as to those Ordinary Shares relating to the Performance Share Units. No cash payments will be provided for dividend equivalents or other distributions.

(g) Each Award will be evidenced by a Performance Award Certificate (the "Certificate") issued to the Participant. The Certificate, inclusive of its appendices, will set forth the target number of Performance Share Units granted to the Participant, among other terms and conditions. The Participant must sign and return to the Company the Certificate to indicate that he or she agrees to be bound by the provisions of the Program, including any restrictive covenants set forth in the Certificate. Failure to return a signed Certificate to the Company will result in forfeiture of the Performance Share Units.

(h) Notwithstanding anything herein to the contrary, if a Participant's employment with the Company terminates before the last day of the Performance Cycle, the following rules will apply to the vesting and settlement of the Performance Share Units:

Termination Event	Impact on Performance Share Units
Retirement (solely for Participants whose principal place of work is outside the EU) Termination by Company without Cause Termination by Participant for Good Reason	<p>The Participant will vest in a fraction (determined based on the number of full calendar quarters completed in the Performance Cycle as of the Participant's termination date, as compared to the total number of calendar quarters in the Performance Cycle) of the Performance Share Units that would have vested and settled following the end of the Performance Cycle based on actual cumulative Adjusted EPS achieved during the Performance Cycle determined in accordance with the Payout Scale, as follows:</p> <p>To the extent earned, Performance Share Units will be settled in Ordinary Shares in accordance with Section 7(c) above.</p>
Death or Total and Permanent Disability	<p>If the Participant's death or Total and Permanent Disability occurs in the first or second calendar years of the Performance Cycle, the Participant (or his or her estate) will vest in the target number of Performance Share Units, which will be settled in Ordinary Shares as soon as administratively feasible following such death or Total and Permanent Disability.</p> <p>If the Participant's death or Total Permanent Disability occurs in the third calendar year of the Performance Cycle, the Participant (or his or her estate) will vest in the target number of Performance Share Units or, if greater, the number of Performance Share Units earned based on actual cumulative Adjusted EPS during the Performance Cycle, determined in accordance with the Payout Scale.</p> <p>Performance Share Units will be settled in Ordinary Shares in accordance with Section 7(c) above.</p>
Voluntary Resignation (other than for Good Reason)	Performance Share Units will be forfeited in their entirety.
Termination by Company for Cause	Performance Share Units will be forfeited in their entirety.

Termination Event	Impact on Performance Share Units
Certain Terminations Following a Change in Control	<p>Following a Change in Control, the Performance Share Units will be subject to the following rules:</p> <ul style="list-style-type: none"> (i) If the Participant's employment is terminated by the Company without Cause or by the Participant for Good Reason after the Change in Control but prior to the end of the Performance Cycle, the Participant's Performance Share Units will immediately vest at the greater of the target Performance Share Units or the number of units that would have been earned based on the proportion of achievement of the Target Earnings Per Share as of the last full calendar quarter preceding or on the Participant's termination date. Performance Share Units will be settled in Ordinary Shares upon, or as soon as administratively feasible following, the Participant's termination of employment. (ii) If the Participant's employment is terminated by the Company for Cause, by the Participant other than for Good Reason, or by reason of the Participant's death or Total and Permanent Disability, the terms of the Program shall continue to apply to the Performance Share Units as if the Change in Control had not occurred. (iii) If the Company is not the ultimate parent entity following the Change in Control, then all Performance Share Units will be converted into rights to acquire shares of the ultimate parent entity in accordance with Section 5.2 of the Stock Plan, and performance measures will be based on performance of the ultimate parent company (subject to adjustment in accordance with Section 5.2 of the Stock Plan), and not the Company.

(i) Notwithstanding the foregoing, in the event an employment agreement or other binding written arrangement between a Participant and the Company provides for more favorable vesting of Performance Share Units upon termination of employment or includes restrictive covenants specifically intended to apply to Awards under the Program, the provisions of such employment agreement or binding written arrangement will control if such provisions are approved by the Committee on or before the Grant Date (but, with respect to Covered Employees, only to the extent consistent with the requirements applicable to Performance-Based Compensation).

(j) Notwithstanding the foregoing, if the successor to the Company in connection with a Change in Control does not assume and continue this Program substantially in its current form, the Performance Share Units shall become immediately vested at the greater of the target Performance Share Units or the number of units that would have been earned based on the proportion of achievement of the Target Earnings Per Share as of the last full calendar quarter as of or preceding the effective date of the Change in Control. Such Units will be settled in Ordinary Shares upon, or as soon as practicable following, the Change in Control.

8. Performance Measure for Performance Share Units

The performance measure for the Performance Share Units will be expressed as a target cumulative Adjusted Earnings Per Share for the Performance Cycle, as approved by the Committee by resolution (the "Target Earnings Per Share").

Following the end of the Performance Cycle, the Committee will determine in its sole discretion the payout, which determination shall be final and binding. Performance Share Units will be subject to complete forfeiture if the Company's performance for the Performance Cycle does not meet or exceed the minimum cumulative Adjusted Earnings Per Share approved by the Committee (the "Threshold Earnings Per Share") by resolution, and the payout for performance at or above that level will be calculated using the "Applicable Percentage" as set forth on the payout scale approved by the Committee by resolution (the "Payout Scale").

9. Adjustments to Performance Measures or Results

The Committee will make appropriate adjustments to actual Adjusted Earnings Per Share to take into account material and/or significant items or events as publicly reported in the Company's annual Form 10-K or quarterly Form 10-Q, including the following and to the extent consistent with the Stock Plan, as amended: gain/loss on disposition of assets or business; extraordinary legal/regulatory judgments, settlements, fines, penalties, and other related expenses; extraordinary market conditions; effects of natural or man-made disasters (e.g., World Trade Center); hyperinflation (e.g., greater than 15%); foreign exchange impact; changes in applicable laws, regulations or accounting principles; and items that are unusual in nature and/or infrequently occurring. With respect to Covered Employees, any adjustment described above will be made in a manner consistent with Code Section 162(m). The Committee may not otherwise amend the Payout Scale in a manner that would be adverse to a Participant without the Participant's consent.

10. Nominal Value

As required under the U.K. Companies Act 2006, at the time of settlement of Ordinary Shares under this Program, the settlement of Ordinary Shares shall be subject to the Participant's payment of a nominal value (as determined in the sole discretion of the Company and in accordance with such law, as amended from time to time), and such obligation may be satisfied by the Participant in any manner to be established by the Company in its sole discretion.

11. Restrictive Covenants

Awards under the Program shall be subject to and contingent upon the Participant's acceptance of and compliance with any restrictive covenants set forth in the applicable Performance Award Certificate.

12. Administration

It is expressly understood by the Participant that the Committee has the discretionary authority to administer, construe, and make all determinations necessary or appropriate to the administration of the Program, all of which will be binding upon the Participant. The Committee may delegate its authority to one or more of its members, or to one or more members of the Company's senior management team, to offer participation in this Program to eligible individuals; provided, however, that the Committee shall not delegate its authority with respect to the participation of any Covered Employee. The Company shall, as necessary, adopt conforming amendments to this Program as are necessary to comply with applicable law.

13. General Provisions

All obligations of the Company under this Program with respect to payout of Awards, and the corresponding rights granted thereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or other acquisition of all or substantially all of the business and/or assets of the Company.

This Program, together with the Stock Plan and any applicable Performance Award Certificate, constitutes a legal document which governs all matters involved with its interpretation and administration and supersedes any writing or representation inconsistent with its terms.

14. Reservation and Retention of Company Rights

The selection of any individual for participation in this Program will not give that Participant any right to be retained in the employ of the Company. No Participant will at any time have a right to be selected for participation in a future performance-based incentive program despite having been selected for participation in this Program or a previous program.

15. Code Section 409A

The Company intends that this Program and the Awards granted hereunder to U.S. participants be interpreted and construed to be exempt from, or otherwise comply with, Code Section 409A to the extent applicable thereto. Notwithstanding any provision of the Program to the contrary, the Program shall be interpreted and construed consistent with this intent, provided that the Company shall not be required to assume any increased economic burden in connection therewith. With respect to any payment subject to Code Section 409A that is triggered by a "specified employee's" "separation from service" under Code Section 409A (as such terms are defined under Code Section 409A), such payment shall be delayed until the earlier to occur of the Participant's death or the date that is six months and one day following the Participant's termination of employment (the "Delay Period"). Upon the expiration of the Delay Period, all payments

delayed pursuant to this section shall be paid to the Participant. For purposes of the Program, the terms “retirement,” “termination of employment,” “terminated,” “termination,” and variations thereof, as used in this Program, shall mean a “separation from service” under Code Section 409A. The time or schedule of any payout of Ordinary Shares pursuant to Performance Share Units may not be accelerated for U.S. participants except as otherwise permitted under Code Section 409A. Although the Committee intends to administer the Program so that it will comply with the applicable requirements of Code Section 409A, neither the Company nor the Committee represents or warrants that the Program will comply with Code Section 409A or any other provision of federal, state, local, or non-United States law. Neither the Company, its Subsidiaries, nor their respective directors, officers, employees or advisers shall be liable to any Participant (or any other individual claiming a benefit through any Participant) for any tax, interest, or penalties any participant may owe as a result of compensation paid under the Program, and the Company and its subsidiaries shall have no obligation to indemnify or otherwise protect the Participant from the obligation to pay any taxes pursuant to Code Section 409A.

16. Definitions

(a) “Adjusted Earnings Per Share” or “Adjusted EPS” means the Company’s adjusted earnings per share from continuing operations as publicly reported each quarter, and on an annual basis, in the Company’s earnings release and Form 10-K.

(b) “Cause” means such term as defined in any written binding employment agreement entered into between the Participant and the Company and approved by the Committee prior to the Grant Date, or, in the absence of any such agreement or defined term, means the Participant’s: (1) performance of a deliberate act of dishonesty, fraud, theft, embezzlement or misappropriation involving the Participant’s employment with the Company, or breach of the duty of loyalty to the Company; (2) performance of an act of race, sex, national origin, religion, disability, or age-based discrimination which, after investigation, counsel to the Company reasonably concludes will result in liability being imposed on the Company and/or the Participant; (3) material violation of Company policies and procedures including, but not limited to, the Aon Code of Business Conduct; or (4) performance of a criminal act resulting in a criminal felony charge (or equivalent offense in a non-US jurisdiction) brought against the Participant or a criminal conviction of the Participant (other than a conviction of a minor traffic violation). The existence of “Cause” shall be determined by the Committee in its sole discretion.

(c) “Code Section 162(m)” means Section 162(m) of the Internal Revenue Code of 1986, as amended, and all regulatory or other interpretive guidance issued thereunder.

(d) “Code Section 409A” means Section 409A of the Internal Revenue Code of 1986, as amended, and all regulatory or other interpretive guidance issued thereunder.

(e) “Fair Market Value” means the per share value of the Ordinary Shares as determined by using the closing price of such shares as reported by the New York Stock Exchange on such date (or, if the New York Stock Exchange was not open for trading or the shares were not traded on that day, the next preceding day that the New York Stock Exchange was open for trading and Ordinary Shares were traded).

(f) “Good Reason” means such term as defined in any written binding employment agreement entered into between the Participant and the Company and approved by the Committee prior to the Grant Date. If there is no such agreement, or such agreement does not define “Good Reason,” the Participant’s voluntary termination of employment shall be treated as a voluntary resignation.

(g) “Retirement” means, solely with respect to a Participant whose principal place of work is outside the European Union, a voluntary termination of employment upon or after the Participant’s attainment of age 55. For purposes of this definition, the principal place of work for a Participant on secondment shall be considered to be the Participant’s home country. With respect to a Participant whose principal place of work is within the European Union, the Participant’s voluntary termination of employment at any age shall be treated as a voluntary resignation.

(h) “Total and Permanent Disability” means (1) for US employees, entitlement to long-term disability benefits under the Company’s long-term disability program, as amended from time to time, and (2) for non-US employees, such term as established by applicable Company policy or as required by applicable local law or regulations.

EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) is dated and effective as of October 1, 2013 (the “Effective Date”) between Aon Corporation, a Delaware corporation (the “Company”), and Eric Andersen (the “Executive”).

WHEREAS, for a number of years the Executive has been employed with a subsidiary of the Company, Aon Risk Services Companies, Inc., as a key executive; and

WHEREAS, the Executive desires to continue to serve and to be employed by the Company, upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereby agree as follows:

1. Employment Term; Title; Responsibilities; Outside Activities.

(a) **Employment Term; Title.** The Company, through its subsidiary, Aon Risk Services Companies, Inc. (“ARS”), has employed the Executive since May of 1997 in a number of roles, with the most recent role being Chief Executive Officer of Aon Risk Solutions Americas. The Company will continue to employ the Executive under the new title of Chief Executive Officer of Aon Benfield, or in a comparable senior executive capacity for an extended term (the “Term of Employment”) beginning on the Effective Date and ending on the fifth anniversary thereof, unless renewed pursuant to Section 3 hereof, or terminated during the Term of Employment as fully set forth in Section 3. For purposes of this Agreement, a “comparable senior executive capacity” means a level 1A position with the Company.

(b) **Responsibilities.** The Executive will report to the Group President of Aon plc (the “Group President”) or, if such title is no longer in use, the senior-most officer of Aon Risk, but it will not be a breach of this Agreement if the reporting structure is changed by the Company. The Executive will have the authority and responsibility typically held by a senior executive of a global, publicly-traded company (e.g., CHRO, CAO, COO, etc.) or such other Level 1A senior executive position. The Executive will also perform other duties on behalf of the Company and its subsidiaries as may from time to time be authorized or directed by the Company’s Chief Executive Officer (“Aon’s CEO”).

(c) **Outside Activities.** The Executive may engage in charitable, civic or community activities and, with the prior approval of the Company’s General Counsel, may serve as a director of any other business corporation, provided that (i) such activities or service do not interfere with the Executive’s duties hereunder or violate the terms of any of the covenants contained in Sections 4 or 6 hereof, (ii) such activities are consistent with the Aon Code of Conduct and reviewed and approved by the Company’s General Counsel, and (iii) such other business corporation provides the Executive with director and officer insurance coverage which, in the opinion of the Company, is adequate under the circumstances.

2. Compensation during Term of Employment.

(a) **Base Salary.** During the Term of Employment, the Company will pay to the Executive a base salary at the rate of \$800,000 per year (“Base Salary”), payable semi-monthly in accordance with the Company’s executive payroll policy. Such Base Salary will be reviewed annually on the Company’s regular executive salary review schedule, and will be subject to increase (but not decrease) at the discretion of Aon’s CEO and the Organization and Compensation Committee of the Company’s Board of Directors (the “Compensation Committee”), which increased amount will be thereafter the Executive’s “Base Salary” for all purposes hereunder.

(b) **Annual Incentive Compensation.** The Executive will be eligible to participate in the annual incentive compensation program for the Company's senior executives in accordance with the provisions of such program, as amended from time to time. The Executive's target bonus will be 100% of the Executive's Base Salary in effect at the end of such year and the maximum bonus will be 300% of the Executive's Base Salary. The Executive acknowledges and agrees that the annual incentive compensation awards earned hereunder will be subject to payment pursuant to and in accordance with the Aon Incentive Stock Program, payable in a combination of cash and an Aon equity-based award, if applicable.

(c) **Long-Term Incentive Compensation; Award under Leadership Performance Program.** The Executive will be eligible to participate in the long-term incentive compensation programs for the Company's senior executives in accordance with the provisions of such programs, as amended from time to time. Notwithstanding the foregoing, in consideration of the Executive's agreement to enter into this Agreement and in recognition of his past service, the Company will, subject to the approval of the Organization and Compensation Committee of the Aon plc board of directors, propose that an award shall be made to the Executive under the Company's Leadership Performance Program for the performance period beginning January 1, 2014 and ending December 31, 2016, with a proposed grant date value of \$2,000,000.

(d) **Employee Benefits.** During the course of employment, the Executive will be entitled to participate in the Company's employee benefit plans generally available to senior executives of the Company. Nothing in this Agreement will require the Company to establish, maintain or continue any of the benefits already in existence or hereafter adopted for executives of the Company and nothing in this Agreement will restrict the right of the Company to amend, modify or terminate such programs.

(e) **Vacation Time.** The Executive will be entitled to paid vacation time in accordance with usual Company policies and procedures. The Company will not pay the Executive any additional compensation for any vacation time not used by the Executive except as required by law.

(f) **Expense Reimbursement.** In accordance with Company policies and procedures and on prescribed Company forms, the Company will reimburse the Executive for all proper expenses incurred by the Executive in the performance of his duties hereunder.

(g) **Change in Control Protection.** As soon as practicable following the Effective Date, the Executive will execute an agreement accepting eligibility for the Company's "Tier 1" change-in-control severance protection (the "CIC Agreement"), which agreement does not provide for gross-up protection for excise tax incurred by the Executive under Section 4999 of the Internal Revenue Code of 1986, as amended.

3. Renewal; Termination.

(a) **Renewal.** This Agreement may be renewed upon (i) the issuance by the Company of a notice of renewal ("Notice of Renewal") to the Executive at least six (6) months prior to the end date of the Term of Employment or any renewal period thereof and (ii) the written acceptance of the Notice of Renewal by the Executive within (60) days thereafter.

(b) Termination.

(i) **Death or Disability.** This Agreement will be terminated immediately upon the death or total disability of the Executive (as defined under the Aon Long Term Disability Plan or its successor plan) or in the event that the Executive becomes otherwise disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of the Executive's duties and responsibilities for one hundred eighty (180) consecutive calendar days.

(ii) **Without Cause or for Good Reason.** This Agreement may be terminated by the Company without cause on no less than three hundred sixty-five (365) days advance notice by the Company

or by the Executive without cause on no less than forty-five (45) days, but no more than 365 days, advance notice to the Company or by the Executive for Good Reason. The notice from either party will specify the effective date of the Executive's employment termination (the "Termination Date"). If terminated without cause by the Company or for Good Reason by the Executive, the Company will pay a lump sum cash payment to the Executive equal to all accrued but unpaid Base Salary and benefits as of the date such notice of termination is delivered (the "Notice Date"). In addition, if this Agreement is terminated without cause by the Company or for Good Reason by the Executive, so long as the Executive continues to abide by the provisions of Sections 4(b), 4(c) and 6 herein and further provided that the Executive signs and returns an agreement containing a release of claims in a form typically used by or otherwise acceptable to the Company within the period of time set forth therein (without revoking it, if applicable), the Company will continue to pay to the Executive an amount equal to the Base Salary as and when it would be paid to its executives generally through the Termination Date. On the Termination Date, the Company will provide the Executive with a lump sum cash payment equal to the Executive's annual Base Salary as of the Notice Date.

As used herein, "Good Reason" will mean any of the following which remains uncured by the Company for twenty (20) days after the Notice Date: (a) a substantial adverse alteration in the then-current responsibilities of the Executive; (b) any material breach of this Agreement by the Company, including any purported termination of the Executive's employment which breaches this Agreement; or (c) the failure of the Company to obtain from any successor an express written and unconditional assumption of the Company's obligations under this Agreement.

Notwithstanding anything to the contrary in this Section 3(b)(ii), the Company may require the Executive to leave Company premises immediately on the Notice Date. Such a requirement will not relieve the Company of its obligations herein, including its obligation to continue Base Salary and benefits through the Termination Date.

In the event the Executive terminates this Agreement without cause or Good Reason, the Company will only be required to pay or provide to the Executive all accrued but unpaid Base Salary and benefits as of the date of such termination.

(iii) **For Cause.** The Company may at any time during the initial Term of Employment and during any renewals thereof, terminate this Agreement for "cause", effective immediately by written notice of termination given to the Executive setting forth the basis for such termination. For the purposes of this Agreement, "cause" will mean the Executive's: (A) performing an act of dishonesty, fraud, theft, embezzlement, or misappropriation involving the Executive's employment with the Company, or breach of the duty of loyalty to the Company; (B) performing an act of race, sex, national origin, religion, disability, or age-based discrimination, or sexual harassment, which after investigation, counsel to the Company reasonably concludes will result in liability being imposed on the Company and/or the Executive; (C) material violation of the Company's written policies and procedures including, but not limited to, the Aon Code of Business Conduct; (D) material non-compliance with the terms of this Agreement, including but not limited to Sections 4 and 6; or (E) admission or conviction of, or a plea of nolo contendere, to a felony or any crime involving moral turpitude or misrepresentation.

In the event of a termination for "cause," the Company will only be required to pay or provide to the Executive all accrued but unpaid Base Salary and benefits as of the date of such termination.

(iv) As of the effective date of termination, the Executive agrees that the Secretary of the Company may, as an irrevocable proxy and in the Executive's name and stead, execute all documents and things which the Company deems necessary and desirable to effect the Executive's resignation as an officer or director of the Company, the Parent and their subsidiaries and affiliates.

(v) Upon the effective date of termination, or other expiration of this Agreement, the obligations of the parties under this Agreement, other than the Executive's obligations under Sections 3(c), 4, 5, 6, and 8(e) and the Company's obligations under Sections 2(b) and 3(b), will cease; provided further that any other provision which contemplates performance or observance by either or both parties subsequent to any termination of this Agreement will survive any termination of this Agreement and continue in full force and effect.

(vi) Any agreement herein by the Company to continue to pay Base Salary or any other benefits after the termination of employment will be reduced by any benefits provided by the Aon Severance Plan.

(vii) For purposes of this Agreement, the terms "retirement," "termination of employment," "terminated," "termination," "this Agreement will be terminated" and variations thereof, as used in this Agreement, are intended to mean a termination of employment that constitutes a "separation from service" under Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A").

(c) The Executive agrees that, prior to the commencement of any new employment in the insurance brokerage, reinsurance brokerage or human capital consulting business, the Executive will furnish the prospective new employer with a copy of this Agreement. The Executive also agrees that the Company may advise any prospective new employer of the Executive of the existence and terms of this Agreement and furnish the prospective new employer with a copy of this Agreement.

4. Noncompetition; Nonsolicitation.

(a) **General.** The Executive acknowledges that in the course of his employment with the Company, and any predecessor company or affiliated company, the Executive has and will become familiar with trade secrets and other confidential information concerning the Company, the Parent and their subsidiaries and that the Executive's services will be of special, unique and extraordinary value to the Company and its affiliates.

(b) **Noncompetition.** The Executive hereby covenants and agrees that, except with the prior written consent of the Company, the Executive (on the Executive's own behalf or on behalf of any other person or entity) will not, during the course of employment and for two (2) years after the end of employment, directly or indirectly, call upon, solicit, accept, engage in, service or perform, other than on behalf of the Company, any business of the same type or kind as the business performed by the Company from or with respect to (i) clients of the Company with respect to whom the Executive provided services, either alone or with others, or had a business relationship, or on whose account he worked or became familiar, or supervised directly or indirectly the servicing activities related to such clients, during the twenty-four (24) months prior to the termination of the Executive's employment with the Company and, further provided, such clients were clients of the Company either on the date of termination of the Executive's employment with the Company or within twelve (12) months prior to such termination and (ii) prospective clients of the Company which the Executive alone, in combination with others, or in a supervisory capacity, solicited during the six (6) months prior to the end of employment and to which a proposal for services was rendered by the Company during the six (6) months prior to the end of the Employee's employment with the Company. "Client" means any person or entity listed on the books of the Company as such.

The Executive acknowledges that there is no general geographical restriction contained in the preceding paragraph because the restriction applies only to the specified clients of the Company. Nothing in this Agreement will prohibit the Executive from obtaining a livelihood for himself or his family. The intent of the parties is that the Executive's restrictive covenant is limited only to those clients as above specified.

(c) **Nonsolicitation.** The Executive further agrees that during the Noncompetition Period the Executive will not in any manner, directly or indirectly, induce or attempt to induce any employee of the Company or any of its subsidiaries to terminate or abandon his employment with the Company for any purpose whatsoever.

(d) **Exceptions.** Nothing in this Section 4 will prohibit the Executive from being (i) a stockholder in a mutual fund or a diversified investment company or (ii) a passive owner of not more than two percent of the outstanding stock of any class of a corporation, any securities of which are publicly traded, so long as the Executive has no active participation in the business of such corporation.

(e) **Reformation.** If, at any time of enforcement of this Section 4, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the parties hereto agree that the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the stated period, scope or area and that the court will be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law. This Agreement will not authorize a court to increase or broaden any of the restrictions in this Section 4.

(f) **Consideration; Breach.** The Company and the Executive agree that the payments to be made, and the benefits to be provided, by the Company to the Executive pursuant to Section 3 hereof will be made and provided in consideration of the Executive's agreements contained in Section 4 hereof. In the event that the Company determines that the Executive has committed a material breach of any provision of Section 4 hereof, on written notice to the Executive setting forth the basis for such determination, the Company will be entitled immediately to terminate making all remaining payments and providing all remaining benefits pursuant to Section 3 hereof and upon such termination the Company will have no further liability to the Executive under this Agreement; provided, however, that if a court of law determines that no such material breach occurred, the Company will be obligated to make such payments in a timely manner.

5. Company's Right to Injunctive Relief.

The Executive acknowledges that the Executive's services to the Company are of a unique character which gives them a special value to the Company, the loss of which cannot reasonably or adequately be compensated in damages in an action at law, and that a breach of Section 4 or 6 of this Agreement will result in irreparable and continuing harm to the Company and that therefore, in addition to any other remedy which the Company may have at law or in equity, the Company will be entitled to injunctive relief for a breach of this Agreement by the Executive.

6. Trade Secrets and Confidential Information; Inventions .

(a) **Trade Secrets and Confidential Information.** The Executive acknowledges that the Company's business depends to a significant degree upon the possession of information which is not generally known to others, and that the profitability of the business of the Company requires that this information remain proprietary to the Company.

The Executive will not, except as required in the course of employment by the Company, disclose or use during or subsequent to the course of employment, any trade secrets or confidential or proprietary information relating to the business of the Company or Parent of which the Executive becomes aware by reason of being employed by the Company or to which the Executive gains access during his employment by the Company and which has not been publicly disclosed (other than by the Executive in breach of this provision). Such information includes client and customer lists, data, records, computer programs, manuals, processes, methods and intangible rights which are either developed by the Executive during the course of employment or to which the Executive has access. All records and equipment and other materials relating in any way to any confidential information relating to clients or to the business of the Company or Aon Group will be and remain the sole property of the Company during and after the end of employment.

Upon termination of employment, the Executive will promptly return to the Company all materials and all copies or tangible embodiments of materials involving any confidential information in the Executive's possession or control.

(b) **Inventions.** The Executive hereby assigns to the Company his entire right, title and interest in and to all discoveries and improvements, patentable or otherwise, trade secrets and ideas writings and copyrightable material, which may be conceived by the Executive or developed or acquired by the Executive during the Term of Employment, which may pertain directly or indirectly to the business of the Company or any of its affiliates, parent companies, or subsidiaries. The Executive agrees to disclose fully all such developments to the Company upon its request, which disclosure will be made in writing promptly following any such request. The Executive will upon the Company's request, execute, acknowledge and deliver to the Company all instruments and do all other acts which are necessary or desirable to enable the Company or any of its affiliates, parent companies, or subsidiaries to file and prosecute applications for, and to acquire, maintain and enforce, all patents, trademarks, and copyrights in all countries.

7. Mergers and Consolidations; Assignability .

The rights and obligations under this Agreement will inure to the benefit of and be binding upon the Company and its successors and assigns so long as any assignee, successor or transferee of the Company has provided an express written and unconditional assumption of the Company's obligations under this Agreement. This Agreement will not be assignable by the Executive, but in the event of the Executive's death it will be binding upon and inure to the benefit of the Executive's legal representatives to the extent required to effectuate its terms.

8. Miscellaneous .

(a) **Integration; Amendment; Counterparts.** Except as is otherwise provided herein, this Agreement contains all of the terms and conditions agreed upon by the parties relating to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the parties, whether oral or written, respecting the subject matter of this Agreement. For the avoidance of doubt, this Agreement supersedes and replaces in full the Employment Agreement entered into between the Executive and Aon Risk Services, Inc. dated as of March 1, 2006, and any amendments thereto, whether written or oral, and such agreement shall be null and void of shall be of no further force or effect.

This Agreement may not be amended, altered or modified without the prior written consent of both parties and such instrument must acknowledge that it is an amendment or modification of this Agreement.

This Agreement may be executed in two counterparts, each of which will be deemed an original and both of which together will constitute one and the same instrument.

(b) **Waiver.** Waiver of any term or condition of this Agreement by any party will not be construed as a waiver of a subsequent breach or failure of the same term or condition, or a waiver of any other term or condition of this Agreement. Any waiver must be in writing.

(c) **Captions.** The captions in this Agreement are not part of its provisions, are merely for reference and have no force or effect. If any caption is inconsistent with any provision of this Agreement, such provision will govern.

(d) **Governing Law.** The validity, interpretation, construction, performance, enforcement and remedies of, or relating to, this Agreement, and the rights and obligations of the parties hereunder, will be governed by and construed in accordance with the substantive laws of the State of Illinois, without regard to the conflict of law principles, rules or statutes of any jurisdiction.

(e) **Agreement To Be Available In Future Proceedings.** During the period of employment, and after employment termination (and subject to the Executive's then-current employment obligations), the Executive agrees, subject to the advice of legal counsel, to voluntarily make himself available to the Company and its legal counsel, at the Company's request, without the necessity of obtaining a subpoena or court order, in the Company's investigation, preparation, prosecution and/or defense of any actual or potential legal proceeding, regulatory

action, or internal matter. Subject to the advice of legal counsel, the Executive agrees to provide any information reasonably within the Executive's recollection. Payment or reimbursement of the Executive's expenses will be made promptly and in no event later than December 31 of the year following the year in which such expenses were incurred, and the amount of such expenses eligible for payment or reimbursement, or in-kind benefits provided, in any year will not affect the amount of such expenses eligible for payment or reimbursement, or in-kind benefits to be provided, in any other year. Additionally, any right to expense reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit.

(f) **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held by a court of competent jurisdiction to be prohibited or unenforceable for any reason, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

(g) **Notice.** All notices given hereunder will be in writing and will be sent by registered or certified mail or delivered by hand and, if intended for the Company, will be addressed to it or delivered to it at its principal office for the attention of the Secretary of the Company. If intended for the Executive, notices will be delivered personally or will be addressed (if sent by mail) to the Executive's then current residence address as shown on the Company's records, or to such other address as the Executive directs in a notice to the Company. All notices will be deemed to be given on the date received at the address of the addressee or, if delivered personally, on the date delivered.

(h) **Prohibition on Acceleration of Payments.** The time or schedule of any payment or amount scheduled to be paid pursuant to the terms of this Agreement, including but not limited to any restricted stock unit or other equity-based award, payment or amount that provides for the 'deferral of compensation' (as such term is described under Code Section 409A), may not be accelerated except as otherwise permitted under Code Section 409A and the guidance and Treasury regulations issued thereunder.

(i) **Code Section 409A.** The parties intend that this Agreement and the benefits provided hereunder be interpreted and construed to comply with Code Section 409A to the extent applicable thereto. The time and form of payment of incentive compensation, disability benefits, severance payments, expense reimbursements and payments of in-kind benefits described herein will be made in accordance with the applicable sections of this Agreement, provided that with respect to termination of employment for reasons other than death, the payment at such time can be characterized as a "short-term deferral" for purposes of Code Section 409A or as otherwise exempt from the provisions of Code Section 409A, or if any portion of the payment cannot be so characterized, and the Executive is a "specified employee" under Code Section 409A, such portion of the payment will be delayed until the earlier to occur of the Executive's death or the date that is six months and one day following the Executive's termination of employment (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this section will be paid or reimbursed to the Executive in a lump sum, and any remaining payments due under this Agreement will be payable at the same time and in the same form as such amounts would have been paid. Further, if the Executive is a "specified employee" and if any equity-based awards granted to the Executive by the Company, pursuant to this Agreement or otherwise, continue to vest upon the Executive's termination of employment, and are deemed a "deferral of compensation" (as such term is described under Code Section 409A), the equity-based awards will not be settled or released until the expiration of the Delay Period. For purposes of applying the provisions of Code Section 409A, each separately identifiable amount to which the Executive is entitled will be treated as a separate payment. In addition, the disability benefits and severance payments will be treated as a series of separate payments.

Although the Company intends to administer the Agreement so that it will comply with the requirements of Code Section 409A, the Company does not represent or warrant that the Agreement will comply with Code Section 409A or any other provision of federal, state, local, or non-United States law. Provided that the Company administers this Agreement in a manner consistent with the terms of this Agreement, neither the Company, its subsidiaries, nor their respective directors, officers, employees or advisers will be liable to the Executive (or any other individual claiming a benefit through the Executive) for any tax, interest, or penalties the Executive may owe as a result of compensation paid under the Agreement, and the Company and its subsidiaries will have no

obligation to indemnify or otherwise protect the Executive from the obligation to pay any taxes pursuant to Code Section 409A.

The provisions of this Agreement will be construed in a manner in favor of complying with any applicable requirements of Code Section 409A to avoid taxation under Code Section 409A. If any compensation or benefits provided by this Agreement result in the application of Code Section 409A, the Company will modify this Agreement in the least restrictive manner necessary in order to comply with the provisions of Code Section 409A, other applicable provisions of the Code and/or any rules, regulations or other regulatory guidance issued under such statutory provisions and, in each case, without material diminution in the value of the payments or benefits to the Executive.

IN WITNESS WHEREOF , the parties hereto have executed this Agreement as of the date first above written.

AON CORPORATION

By: /s/ Greg Besio
Its: EVP & CHRO

I have read the above Agreement and understand and agree to be bound by its terms.

_____/s/ Eric Andersen_____

Eric Andersen

March 1, 2018

Michael J. O'Connor
200 E. Randolph
Chicago, IL 60601

Re: Employment Letter

Dear Mike,

Aon Corporation (the "Company") is pleased to confirm in this Employment Letter (this "Letter") the terms of your continued employment as Chief Executive Officer, Aon Risk Solutions. Subject to your acceptance of this Letter, your continued employment in this position will be deemed to have commenced as of March 1, 2018 (the "Effective Date").

1. General.

At-Will Employment. Your employment with the Company pursuant to this Letter constitutes at-will employment and is not for a specified period. Nothing in this Letter is intended or should be construed as a contract for, or guarantee of, continued employment. This Letter supersedes all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the parties, whether oral or written, respecting your employment, including, without limitation, the Employment Agreement between you and the Company dated March 29, 2013 (your "2013 Agreement").

Responsibilities. You will continue to serve in the position of Chief Executive Officer, Aon Risk Solutions, and be a Level 1 senior executive of the Company (or comparable level if levels are changed). You will have the authority and responsibility consistent with your position, which shall be the authority and responsibility typically held by a senior executive of a global, publicly-traded company (e.g., CHRO, CAO, COO, etc.). You will also perform other duties on behalf of the Company and its subsidiaries as may from time to time be authorized or directed by the Company's Chief Executive Officer (the "CEO").

Outside Activities. You may engage in charitable, civic or community activities and, with the prior approval of the General Counsel of Aon plc (the "GC"), may serve as a director of any other business corporation, provided that (a) such activities or service do not interfere with your duties hereunder or violate the terms of any restrictive covenants applicable to you, (b) such activities are consistent with the Aon Code of Business Conduct and are reviewed and approved by the GC, and (c) such other business corporation provides you with director and officer insurance coverage which, in the opinion of the Company, is adequate under the circumstances.

2. Compensation.

Base Salary. During your employment pursuant to this Letter, the Company will continue to pay you a base salary at the rate of \$900,000 per year ("Base Salary"), payable semi-monthly in accordance with the Company's executive payroll policy. Your Base Salary will be reviewed annually on the Company's regular executive salary review schedule, and will be subject to adjustment at the discretion of the Organization and Compensation Committee of the Company's Board of Directors (the "Compensation Committee"), which adjusted amount will be thereafter your "Base Salary" for all purposes hereunder.

Annual Incentive Compensation. You will be eligible to participate in the annual incentive compensation program for the Company's senior executives in accordance with the provisions of such program, as amended from time to time. Your target bonus will be 100% of your Base Salary in effect at the end of such year. You acknowledge and agree that any such annual incentive compensation program awards will be subject to payment pursuant to and in accordance with the Aon Incentive Stock Program, payable in a combination of cash and an Aon equity-based award, if applicable.

Long-Term Incentive Compensation. You will be eligible to participate in the long-term incentive compensation programs for the Company's senior executives in accordance with the provisions of such programs, as

amended from time to time, pursuant to which you will be eligible to receive, subject to the approval of the Compensation Committee, an annual equity award in an amount that reflects and is consistent with your role and contribution.

Employee Benefits. During the course of employment, you will be entitled to participate in the Company's employee benefit plans generally available to senior executives of the Company. In particular, you will be eligible to participate in an executive health program. Nothing in this Letter will require the Company to establish, maintain or continue any of the benefits already in existence or hereafter adopted for executives of the Company and nothing in this Letter will restrict the right of the Company to amend, modify or terminate such programs.

Vacation Time. You will not accrue vacation time, but will be entitled to paid vacation time in accordance with usual Company practices applicable to similarly situated employees.

Expense Reimbursement. In accordance with Company policies and procedures and on prescribed Company forms, the Company will reimburse you for all proper expenses incurred by you in the performance of your duties hereunder.

Severance and Change in Control Protection. You will be eligible to participate in the severance and change in control plan for the Company's senior executives in accordance with the provisions of such plan, as amended from time to time.

Restrictive Covenants. The compensation and benefits described above will be provided to you in consideration of your agreement to execute and comply with the Company's standard non-competition and non-solicitation agreement for senior executives. By accepting this Letter, you acknowledge the receipt and sufficiency of such consideration.

If you accept the above-described terms and conditions of employment with the Company, please sign below and return this Letter to the Company.

Sincerely,

/s/ Anthony R. Goland

Anthony R. Goland
Chief Human Resources Officer
Aon Corporation

ACCEPTED AND AGREED:

_/s/___Michael J. O'Connor__

MICHAEL J. O'CONNOR

Aon plc and Consolidated Subsidiaries
Combined With Unconsolidated Subsidiaries
Computation of Ratio of Earnings to Fixed Charges

<i>(millions except ratio)</i>	Three Months Ended March 31		Years Ended December 31			
	2018	2017	2017	2016	2015	2014
Income from continuing operations before income taxes and noncontrolling interests	\$ 718	\$ 265	\$ 685	\$ 1,401	\$ 1,428	\$ 1,559
Less: Equity in earnings on less than 50% owned entities	1	6	12	13	13	12
Add back fixed charges:						
Interest on indebtedness	70	70	282	282	273	255
Interest on uncertain tax positions	—	—	—	—	—	4
Portion of rents representative of interest factor	10	8	33	28	33	40
Income as adjusted	\$ 797	\$ 337	\$ 988	\$ 1,698	\$ 1,721	\$ 1,846
Fixed charges:						
Interest on indebtedness	\$ 70	\$ 70	\$ 282	\$ 282	\$ 273	\$ 255
Interest on uncertain tax positions	—	—	—	—	—	4
Portion of rents representative of interest factor	10	8	33	28	33	40
Total fixed charges	\$ 80	\$ 78	\$ 315	\$ 310	\$ 306	\$ 299
Ratio of earnings to fixed charges	10.0	4.3	3.1	5.5	5.6	6.2

CERTIFICATIONS

I, Gregory C. Case, the Chief Executive Officer of Aon plc, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aon plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ GREGORY C. CASE

Gregory C. Case
Chief Executive Officer

CERTIFICATIONS

I, Christa Davies, the Chief Financial Officer of Aon plc, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aon plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ CHRISTA DAVIES

Christa Davies
Chief Financial Officer

**Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code**

I, Gregory C. Case, the Chief Executive Officer of Aon plc (the “*Company*”), certify that (i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2018 (the “*Report*”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GREGORY C. CASE

Gregory C. Case
Chief Executive Officer
May 4, 2018

**Certification Pursuant to Section 1350 of Chapter 63
of Title 18 of the United States Code**

I, Christa Davies, the Chief Financial Officer of Aon plc (the “*Company*”), certify that (i) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2018 (the “*Report*”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHRISTA DAVIES

Christa Davies
Chief Financial Officer
May 4, 2018