

Aon Corporation

Hewitt Integration Should Continue to Unfold Favorably

Merger showing signs of success. The combined consulting division is showing early indications of success. The core operating margin (before savings and goodwill amortization) is running higher than expected. Also, the consulting revenue environment has improved from the time the merger was announced.

Consulting environment better than expected. Demand for human resources consulting and outsourcing had been relatively weak in 2009 and 2010. On the supply side, it appears that companies in both human resources consulting and the overall management consulting category are beginning to reinvest in their business. Total employment levels in consulting services are starting to recover from the prolonged slump during the last several years. For Aon, our current estimates for the consulting segment assume 2% top-line growth this year and only 4% next year. If the economy continues to recover and consulting demand remains as strong as we are predicting, our estimates are likely conservative.

Higher potential earnings range. We are increasing our 2012 EPS range on the scenario analysis and have higher conviction in the upper end of the range. Our previous range for 2012 EPS was \$3.53 to \$4.18. We have increased the range for 2012 to \$3.89 to \$4.35. The main reason for the higher range is that after two quarters, the core consulting margin is running higher than expected.

Good track record on cost savings suggest potential for upside. We are moderately increasing our 2012 estimate from \$3.95 to \$4.00, but believe upside is still possible if cost savings are ahead of our forecast (currently \$320 million for 2012).

Stock should perform even if economy slows. The stock has performed well on a relative basis in 2011 (up 10.4% year to date) and has held up well in the recent market downdraft. We expect this outperformance to continue in the near and long term. The key is that Aon should do well even if the economy stalls. The majority of growth over the next 18 months is related to Hewitt-related cost savings. Importantly, the cost-saving program should have an increasingly favorable impact on second- and third-quarter earnings. Signs of success should be a good catalyst for the stock, particularly with the valuation moving back to 10 times 2012 cash earnings. A more normalized level is in the 12-times to 14-times range.

Insurance Brokers Valuation Comparison														
Ticker	Rating	Price	GAAP EPS			GAAP P/E			Cash P/E			EV / EBITDA		
			2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E	2010	2011E	2012E
AON	O	50.80	\$3.07	\$3.35	\$4.00	16.5x	15.1x	12.7x	15.4x	13.8x	10.3x	9.9x	7.2x	6.5x
AJG	M	28.35	\$1.36	\$1.35	\$1.60	20.8x	21.0x	17.7x	15.2x	16.2x	14.0x	10.4x	8.7x	7.6x
BRO	M	25.46	\$1.13	\$1.17	\$1.32	22.5x	21.8x	19.3x	17.1x	16.5x	14.9x	10.5x	10.0x	9.1x
MMC	M	29.94	\$1.66	\$1.88	\$2.17	18.1x	15.9x	13.8x	17.4x	15.2x	13.2x	9.3x	8.6x	7.9x
WSH	O	41.82	\$2.69	\$2.87	\$3.60	15.6x	14.5x	11.6x	13.7x	20.3x	10.7x	10.0x	9.6x	8.1x
Average						18.7x	17.7x	15.0x	15.8x	16.4x	12.6x	10.0x	8.8x	7.9x
Median						18.1x	15.9x	13.8x	15.4x	16.2x	13.2x	10.0x	8.7x	7.9x

Sources: Company reports, Thomson One, and William Blair & Company L.L.C.

Adam Klauber, CFA
312.364.8232
aklauber@williamblair.com

John Thomas
312.364.8430
jthomas@williamblair.com

Chris Leikhim
312.364.8943
cleikhim@williamblair.com

Financial | Insurance Brokers

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Stock Rating: **Outperform**
Company Profile: **Established Growth**

Symbol: AON (NYSE)
Price: \$50.20 (52-Wk.: \$35-\$55)
Market Value (mil.): \$16,709
Fiscal Year End: December
Long-Term EPS Growth Rate: 12%
Dividend/Yield: \$0.60/1.2%

	2010A	2011E	2012E
Estimates			
EPS Q1	\$0.83	A\$0.80	\$0.96
Q2	\$0.81	\$0.79	\$0.96
Q3	\$0.61	\$0.72	\$0.86
Q4	\$0.84	\$1.04	\$1.22
FY	\$3.07	\$3.35	\$4.00
CY		\$3.35	\$4.00
Valuation			
FY P/E	16.4x	15.0x	12.6x
CY P/E		15.0x	12.6x

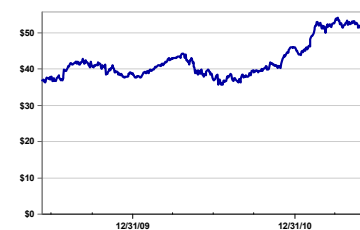
Trading Data (Thomson Financial)

Shares Outstanding (mil.)	331
Float (mil.)	327
Average Daily Volume	2,027,082

Financial Data (Thomson Financial)

Long-Term Debt/Total Capital (MRQ)	25.0
Book Value Per Share (MRQ)	21.2
Enterprise Value (mil.)	21,020.5
EBITDA (TTM)	1,953.0
Enterprise Value/EBITDA (TTM)	10.8x
Return on Equity (TTM)	9.2

Two-Year Price Performance Chart



Source: Thomson Financial, William Blair & Company estimates

Aon Corporation is a leading global insurance broker, providing risk management services, insurance and reinsurance brokerage, and human capital consulting.

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Please consult the last page of this report for all disclosures.

Consulting Scenarios Analysis

We are increasing our 2012 EPS range on the scenario analysis and have higher conviction in the upper end of the range. Our previous range for 2012 EPS was \$3.53 to \$4.18. We have increased the range for 2012 to \$3.89 to \$4.35. The main reason for the higher range is that after two quarters, the core consulting margin is running higher than expected. The margin, pre-cost savings, and goodwill charged averaged almost 18% for fourth quarter 2010 and first quarter 2011.

These quarters are seasonally high, but the margin is running 100 basis points ahead of our original expectations. We also have higher conviction in our bull-case scenario as the revenue environment consulting has improved from the middle of 2010 when Aon first announced the deal. We have increased our revenue growth range for 2012 from -2% to 8%, to 2% to 8%. Given a rebound in demand for consulting services and at least flattening of outsourcing-related growth, we would be surprised to see a negative growth rate in 2012. Given a higher-margin run-rate and better consulting dynamic, we are moderately increasing our 2012 estimate from \$3.95 to \$4.00, but believe upside is still possible if cost savings are ahead of our forecast (currently \$320 million for 2012).

Aon Corporation
Consulting Segment Scenario Analysis
(dollars in millions except per share data)

	2006	2007	2008	2009	2010(1)	Base		Bull		Bear	
						2011E	2012E	2011E	2012E	2011E	2012E
Aon Consulting Revenue	1,282	1,352	1,358	1,267	1,365						
Hewitt Revenue	2,788	2,921	3,227	3,073	3,147						
Combined Revenue	4,070	4,273	4,585	4,340	4,512	4,615	4,817	4,873	5,263	4,602	4,694
Revenue Growth		5%	7%	-5%	4%	2%	4%	8%	8%	2%	2%
Aon Consulting Operating income	140	200	231	220	230						
Hewitt Operating Income	340	374	456	449	450						
Total Operating Income	480	574	687	669	680	758	820	828	910	732	765
Estimated cost savings						220	320	250	370	200	300
Pretax Income after cost savings (excluding goodwill)						978	1,140	1,078	1,280	932	1,065
Income growth		10%	22%	-2%	0%	44%	17%	59%	19%	37%	14%
Aon Operating Margin	10.9%	14.8%	17.0%	17.4%	17.6%						
Hewitt Operating Margin	12.2%	12.8%	14.1%	14.6%	14.3%						
Combined Operating Margin	11.8%	13.4%	15.0%	15.4%	15.3%	16.4%	17.0%	17.0%	17.3%	15.9%	16.3%
Margin after cost savings						21.2%	23.4%	23.0%	24.0%	20.0%	22.0%
Estimated Consulting EPS (after goodwill and taxes)						\$1.25	\$1.54	\$1.46	\$1.84	\$1.16	\$1.38
Total Company EPS						\$3.35	\$4.00	\$3.56	\$4.35	\$3.26	\$3.89

(1) assumed merger had not taken place yet

Source: Company reports and William Blair & Company L.L.C.

Consulting Business Could Provide Upside in 2011, 2012

For Aon, our current estimates for the consulting segment assume 2% top-line growth this year and only 4% next year. If the economy continues to recover and consulting demand remains as strong as we are predicting, our estimates are likely conservative. Aon's two major segments within consulting include outsourcing and consulting services. The outsourcing business will be helped if payrolls at private companies begin to increase, while the consulting business could be helped by further clarity regarding healthcare reform.

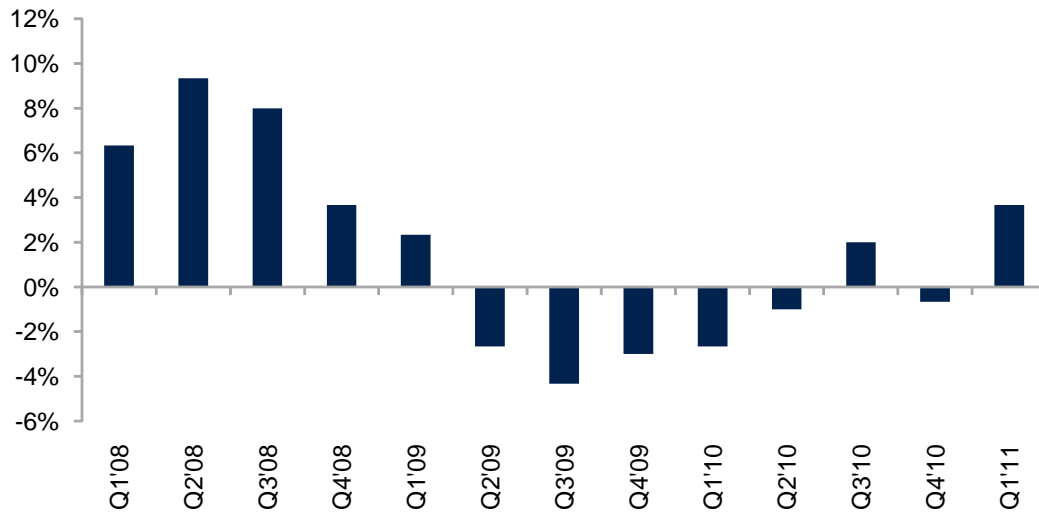
Aon Corporation
AON Consulting Businesses

Business	Segment	% of 2011 Consulting Revenue Estimate	Description
Consulting Services		50%	
	Health and Benefits		Focused on designing and administering employee benefit programs. Key areas are health and welfare, executive benefits, workforce strategies and productivity, data-driven health, compliance, employee commitment, investment advisory, and elective benefits services.
	Compensation		Focused on compensation planning design, executive reward strategies, salary data, market share studies and sales force programs. Sector strengths include financial services and technology industries.
	Retirement		Focused mainly on pension administration and investment services
	Strategic Human Capital		Focused on talent strategy and acquisition, performance management, leadership assessment and development, communication strategy and workforce training
Outsourcing		50%	
	Benefits Outsourcing		Focused on 401k, defined benefit plans, and health and benefits outsourcing.
	Human Resource Business Process Outsourcing		Focused on employment processing, data management, benefits administration, and other employment-related services. Areas of expertise are talent management, payroll and other core HR processes.

Demand for human resources consulting and outsourcing had been relatively weak in 2009 and 2010. Organic growth has been moderately negative as corporations cut back on discretionary projects and U.S. healthcare legislation put a near-term hold on related consulting projects. The drastic increase in the unemployment rate/drop in nonfarm payrolls during the recession also severely hampered demand.

However, we believe the strong organic growth exhibited during the first quarter of 2011 is a sign of more positive demand trends emerging in the industry. Part of the increase can be attributed to rising prices in the sector due to healthcare reform, but we believe that as unemployment slowly moderates and corporations begin hiring again, companies will need to reassess and expand their benefits programs.

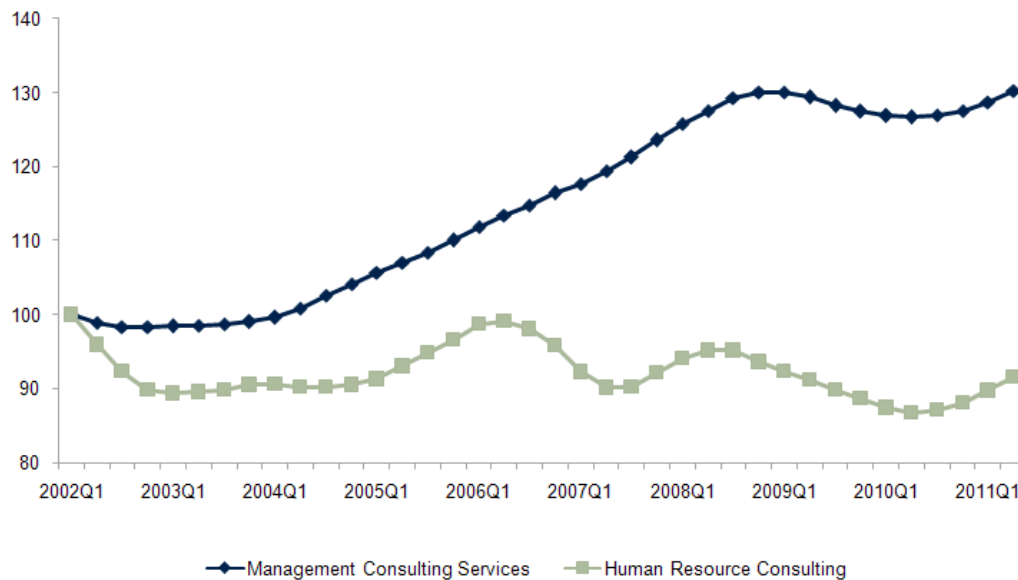
**Aon Corporation
Organic Growth in HR Benefits Consulting Industry***



Note*: Includes data for TW, AON, MMC
Source: Company Reports, and William Blair & Company, L.L.C.

On the supply side, it appears that companies in both human resources consulting and the overall management consulting category are beginning to reinvest in their business. Total employment levels in consulting services are starting to recover from the prolonged slump during the last several years. As you can see in the following figure, HR consulting has not seen as much growth over the last several years as management consulting in general, but the downward trend appears to be reversing over the last several quarters. We believe that firms hiring new staff is a great forward indicator for future demand trends, as companies tend to invest only when they expect significant business in the pipeline.

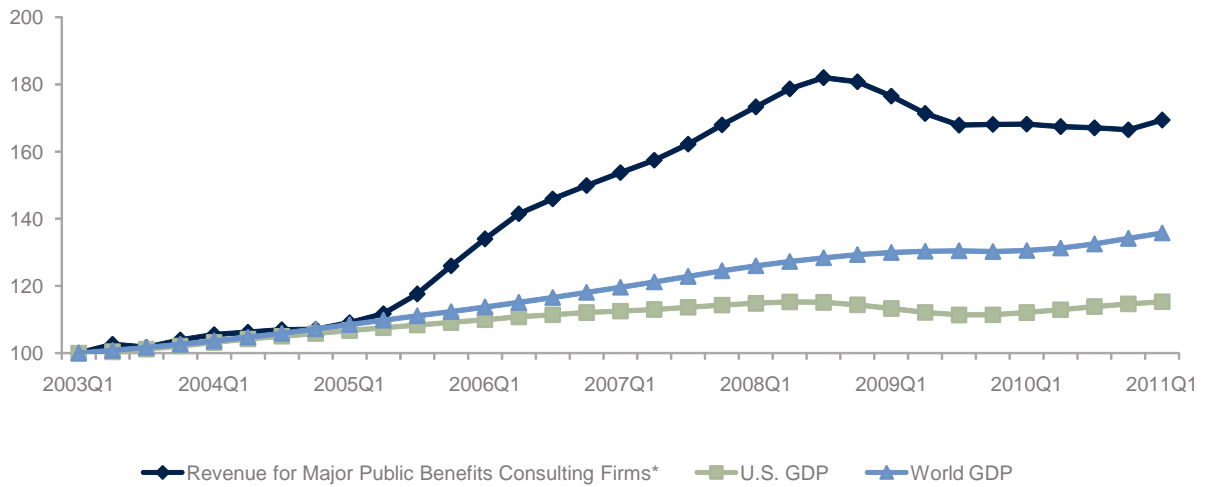
**Aon Corporation
Employment in HR and Management Consulting**
(Rolling 12 month periods indexed to Q1 2002)



Source: BLS

During the past 5 to 10 years, the major human resources benefit-consulting firms have grown revenue far faster than the economy as a whole. As firms have looked to decrease costs and run more efficiently, hiring external consultants for advisory and even outsourcing their entire human resources department have become commonplace activities among many corporations. Though revenue growth has pulled back somewhat over the last two years due to the recession, there are signs that the pattern is beginning to change, and continued growth in U.S. and world GDP will only help to hasten the pace of recovery. In a recent survey conducted by Forrester Research (FORR \$35.14; Market Perform) at the end of 2010, business decision makers were asked for which service they were most likely to hire third-party consultants. Human resources and talent consulting came out as the top choice, beating out nine other common consulting fields like tax and auditing, CRM, corporate strategy, risk management, and supply chain management.

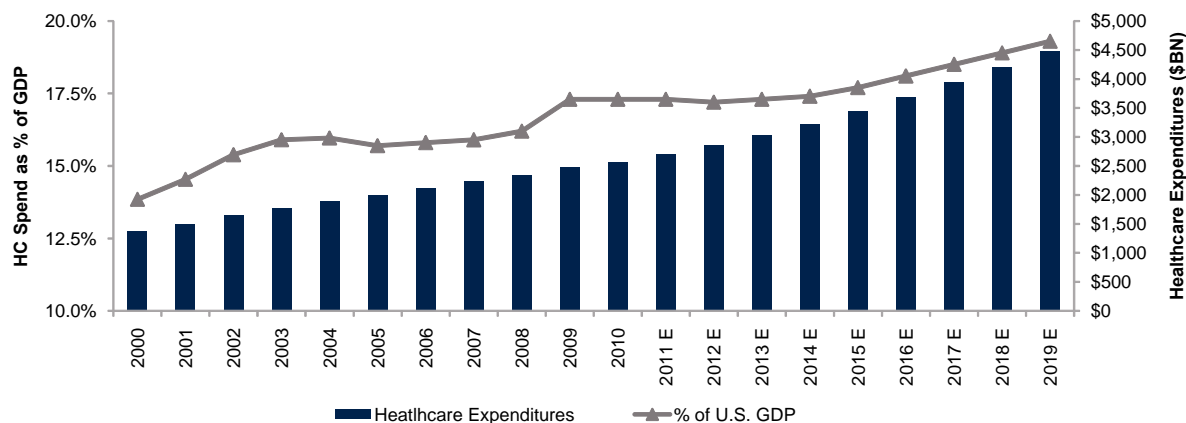
Aon Corporation
Growth in Benefits Consulting Index vs. Overall GDP
 (Rolling 12 month periods indexed to Q1 2003)



Note*: Includes data for TW, AON, MMC and Hewitt and Towers Perrin pre-merger
 Source: Company Reports, BEA, William Blair & Company, L.L.C.

Clearly corporations still recognize and value the importance that human resources consulting and outsourcing firms can provide, and much of that has to do with cost savings. One of the largest drivers of costs for employers has been the steady increase of healthcare costs and the complexities added with the recent healthcare reform. Healthcare expenditures are projected to nearly double by 2020, driven by increasing costs that will further drive up the costs of health insurance. Much of this burden will fall onto corporations, and as many of the uncertainties surrounding the current healthcare legislation become resolved, we expect corporate spending on healthcare and benefits-related consulting to quickly pick up.

Aon Corporation
Absolute Health Care Spending in the US and as % of U.S. GDP



Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group; U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Bureau of the Census.

On a long-term basis, global consulting demand is forecast to grow at 5% annually through 2014. According to International Data Corporation (IDC), the global human resources market is expected to expand to more than \$125 billion. The firm expects both business process outsourcing (BPO) and consulting services to grow at a healthy rate, although BPO should be the faster of the two, particularly with the new healthcare legislation.

Aon Corporation
Worldwide HR Management Services Spending by Service Type, 2009-2014
 (dollars in millions)

	2009	2010E	2011E	2012E	2013E	2014E	2009-2014E CAGR
Processing Services	\$48,621.9	\$50,216.8	\$52,335.5	\$54,810.7	\$57,479.3	\$60,277.2	4.4%
BPO Services	\$17,576.2	\$18,335.1	\$19,343.6	\$20,550.4	\$22,017.9	\$23,705.9	6.2%
Subtotal	\$66,198.1	\$68,551.9	\$71,679.1	\$75,361.1	\$79,497.2	\$83,983.1	4.9%
Consulting Services	\$36,098.8	\$37,073.1	\$38,380.5	\$40,239.1	\$42,182.1	\$44,158.2	4.1%
Total	\$102,296.9	\$105,625.0	\$110,059.6	\$115,600.2	\$121,679.3	\$128,141.3	4.6%

Source: IDC Market Report

Cost Savings Analysis Shows Incremental Benefit**Aon Corporation (AON)****Incremental Consulting Earnings With Hewitt Acquisition
(Amounts in millions, except per share figures)**

Line Item	Amount
2012 Consulting Pre-Tax Operating Income (Ex-Goodwill)	\$1,140
Deal Costs:	
2012 Amortization	\$310
Incremental Interest Expense	\$105
Total Deal Costs	\$415
Pre tax earnings	\$725
After tax earnings	\$508
2012 Average Diluted Shares Outstanding	328.9
Consulting EPS with deal (2012)	\$1.54
Consulting EPS pre deal (2010)	\$0.60
Hewitt Differential	\$0.94

Sources: Company reports and William Blair & Company, L.L.C.

The success or failure of the acquisition in the first several years will mainly be driven by Aon's ability to deliver the targeted \$355 million in cost savings by 2013. As it has in similar restructuring efforts, Aon incurs significant up-front charges to deliver long-term margin and earnings improvements. Investors should not have to wait too long to see significant benefit from Hewitt-related efforts.

Our analysis shows that the acquisition will be incremental to earnings by 2011 and produce material incremental earnings by 2012. Estimated cost reductions are significant at roughly 10% of the cost base. The company has estimated restructuring charges of \$325 million with 56% related to the workforce, 34% from lease consolidations, and the remaining 10% from asset impairments. The plan targets 1,500 to 1,800 reductions in jobs, of which 360 were already eliminated in 2010.

Aon Corporation
Consulting Cost Savings v Restructuring Charges
(dollars in millions)

	2010	2011E	2012E	Total
Workforce reduction	49	80	40	180
Lease consolidation	3	20	40	94
Asset impairment	0	10	20	47
Other	0	4	0	4
Total Restructuring Charges	52	114	100	325
Est. Cost Savings	0	220	320	540
Net Benefit	-52	106	220	215

Source: Company Reports and William Blair & Company L.L.C.

Savings will begin to flow through in 2011. Management has targeted \$355 million by 2013, including \$280 from cost restructuring and another \$75 million from general corporate costs. Overall, the company expects to realize \$242 million in savings in 2011 and \$330 million in 2012. Our model assumes \$220 million of cost savings are realized in 2011 and \$320 million in 2012.

Cumulative savings less restructuring charges from 2010 through 2012 should produce a net pretax earnings benefit by the end of 2012, assuming the company's goals are attained. The cost savings should also benefit earnings in 2013 and beyond in the form of higher consulting operating margins.

The key question is whether the company can deliver on cost savings. History shows past expense initiatives have been successful. The 2007 and 2009 restructuring programs are good examples. The combined brokerage restructuring and Benfield programs initiated in 2007 and 2009 had combined restructuring costs of \$782 million. The ultimate result is that brokerage operating margin (excluding investment income) improved from 14% to 20%, mainly due to cost-cutting efforts. On a cumulative basis (i.e., subtracting charges from net benefits), the programs were accretive in 2010. Cumulative margin benefit of \$1.6 billion (2007 to 2012E) should exceed restructuring costs of \$782 million.

Aon Corporation
Brokerage Historic Restructuring Analysis
(dollars in millions)

	2006	2007	2008	2009	2010	2011E	2012E	Total
Restructuring charges								
Brokerage		41	234	322	84	0	0	681
Benfield				55	26	20	0	101
Total restructuring charges		41	234	377	110	20	0	782
Effect of savings								
Revenue	5,323	5,752	6,041	6,236	6,369	6,619	6,948	
Margin (ex investment income)	14.0%	15.7%	16.4%	19.0%	19.6%	19.3%	20.4%	
Cumulative margin improvement		1.7%	2.4%	5.0%	5.6%	5.3%	4.7%	
Earnings impact		98	145	312	357	351	327	1,589
Net benefit		57	-89	-65	247	331	327	807

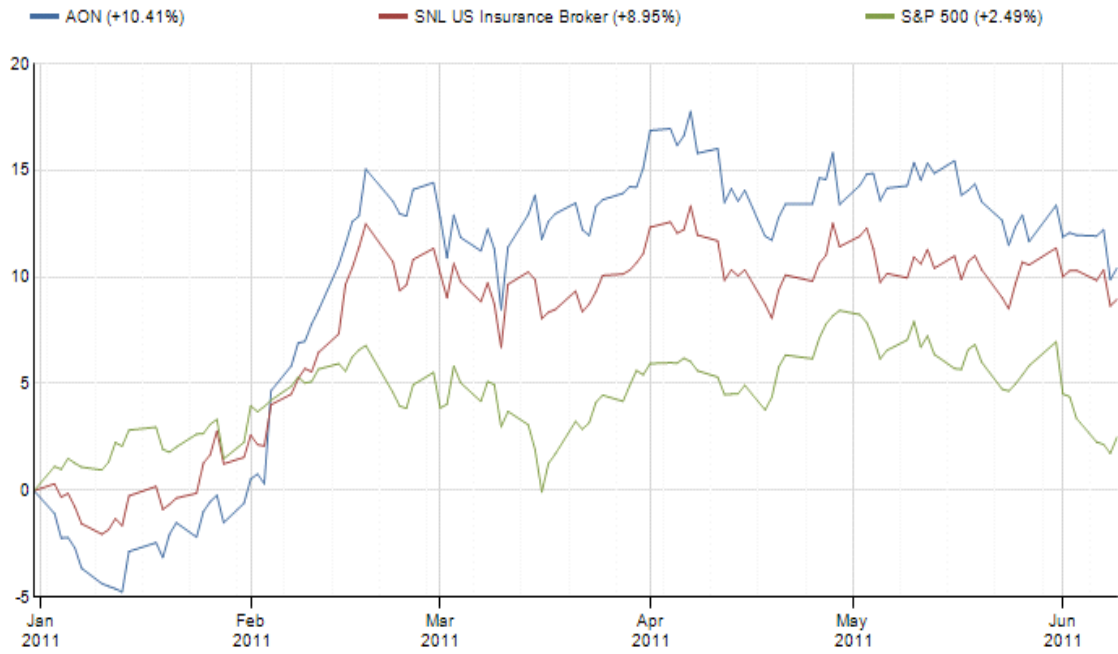
Source: Company reports and William Blair & Company L.L.C.

One major difference between these programs and Hewitt is that in the older restructuring effort the company invested a good portion of savings back into the company. According to management, most of the Hewitt cost savings will drop to bottom line. This should also allow the Hewitt initiative to add to the bottom line faster than the prior programs.

Valuation Becoming More Attractive

The stock has performed well on a relative basis in 2011 (up 10.4% year to date) and has held up well in the recent market downdraft. We expect this outperformance to continue in the near and long term. The key is that Aon should do well even if the economy stalls. The majority of growth over the next 18 months is related to Hewitt-related cost savings. Importantly, the cost-savings program should have an increasingly favorable impact on second- and third-quarter earnings. Signs of success should be a good catalyst for the stock, particularly with the valuation moving back to 10 times 2012 cash earnings. A more normalized level is in the 12-times to 14-times range.

Aon Corporation Stock Price Performance



Source: SNL

Aon Corporation (AON)

6/10/2011

*William Blair & Company*222 West Adams Street Chicago, Illinois 60606
www.williamblair.com

	2009	Q1'10	Q2'10	Q3'10	Q4'10	2010	Q1'11	Q2'11E	Q3'11E	Q4'11E	2011E	2012E
INCOME STATEMENT												
Brokerage comm. & fees	\$7,503.0	\$1,922.2	\$1,883.0	\$1,784.0	\$2,904.0	\$8,493.2	\$2,755.0	\$2,766.2	\$2,694.3	\$3,016.4	\$11,231.9	\$11,762.6
% Change	0.8%	5.1%	1.3%	0.3%	42.6%	13.2%	43.3%	46.9%	51.0%	3.9%	32.2%	4.7%
Net investment income	\$142.0	\$13.0	\$18.0	\$15.0	\$12.0	\$58.0	\$34.0	\$14.0	\$15.0	\$15.0	\$78.0	\$71.0
% Change	(46.2%)	11.0%	11.0%	11.0%	11.0%	(59.2%)	11.0%	11.0%	11.0%	11.0%	34.5%	(9.0%)
Total Revenue	\$7,645.0	\$1,935.2	\$1,901.0	\$1,799.0	\$2,916.0	\$8,551.2	\$2,789.0	\$2,780.2	\$2,709.3	\$3,031.4	\$11,309.9	\$11,833.6
% Change	(0.9%)	4.1%	0.5%	(0.9%)	40.3%	11.9%	44.1%	46.2%	50.6%	4.0%	32.3%	4.6%
Compensation Benefits & G&A	\$5,975.0	\$1,539.0	\$1,495.0	\$1,417.0	\$2,282.0	\$6,733.0	\$2,202.0	\$2,253.2	\$2,222.0	\$2,388.2	\$9,065.4	\$9,121.5
% Change	(5.5%)	5.6%	0.1%	(2.1%)	44.7%	12.7%	43.1%	50.7%	56.8%	4.7%	34.6%	0.6%
Benefits to Policyholders												
Interest expense	\$124.0	\$34.0	\$33.0	\$50.0	\$65.0	\$182.0	\$63.0	\$63.0	\$63.0	\$62.0	\$251.0	\$236.0
AON Amortization & Depreciation	\$242.0	\$58.0	\$60.0	\$60.0	\$60.0	\$238.0	\$62.0	\$61.0	\$62.0	\$62.0	\$247.0	\$248.0
Deal Amortization					\$65.0	65	\$61.0	\$60.0	\$60.0	\$60.0	\$241.0	\$310.0
Hewitt Depreciation					\$40.0	40	\$21.0	\$22.0	\$21.5	\$21.0	\$85.5	\$79.0
Total Amortization & Depreciation					\$165.0	\$343.0	\$144.0	\$143.0	\$143.5	\$143.0	\$573.5	\$637.0
Total Operating Expenses	\$6,341.0	\$1,631.0	\$1,588.0	\$1,542.0	\$2,472.0	\$7,233.0	\$2,388.0	\$2,376.2	\$2,345.0	\$2,510.2	\$9,619.4	\$9,915.5
% Change	(2.3%)	5.5%	0.6%	0.3%	47.1%	14.1%	46.4%	49.6%	52.1%	1.5%	33.0%	3.1%
Pretax Operating Income	\$1,304.0	\$304.2	\$313.0	\$257.0	\$444.0	\$1,318.2	\$401.0	\$404.0	\$364.3	\$521.2	\$1,690.6	\$1,918.1
% Change	7.1%	-2.8%	0.0%	-7.9%	11.3%	1.1%	31.8%	29.1%	41.8%	17.4%	28.2%	13.5%
Pretax Operating Margin	17.1%	15.7%	16.5%	14.3%	15.2%	15.4%	14.4%	14.5%	13.4%	17.2%	14.9%	16.2%
Special Charges	\$0.0	\$0.0	\$50.0	\$50.0	\$87.0	\$187.0	\$45.0	\$30.0	\$0.0	\$75.0	\$150.0	\$0.0
Adj. P-T Income	\$1,304.0	\$304.2	\$263.0	\$207.0	\$357.0	\$1,131.2	\$356.0	\$374.0	\$364.3	\$446.2	\$1,540.6	\$1,918.1
Income Taxes	\$354.0	\$61.0	\$60.0	\$61.0	\$144.3	\$326.3	\$103.0	\$121.2	\$109.3	\$156.4	\$489.9	\$565.9
Tax rate	27%	20%	23%	29%	33%	25%	29%	30%	30%	30%	29%	30%
Adj. A-T Income from cont. ops.	\$950.0	\$243.2	\$203.0	\$146.0	\$212.7	\$804.9	\$253.0	\$252.8	\$255.0	\$289.8	\$1,050.7	\$1,352.3
A-T Income from disc. ops./charges												
A-T Net Income	\$950.0	\$243.2	\$203.0	\$146.0	\$212.7	\$804.9	\$253.0	\$252.8	\$255.0	\$289.8	\$1,050.7	\$1,352.3
% Change												
Minority Interest	(\$45.0)	(\$8.0)	(\$5.0)	(\$3.0)	(\$10.0)	(\$26.0)	(\$9.0)	(\$9.0)	(\$9.0)	(\$9.0)	(\$36.0)	(\$36.0)
Preferred dividends	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Adjusted Income	\$905.0	\$235.2	\$198.0	\$143.0	\$202.7	\$778.9	\$244.0	\$243.8	\$246.0	\$280.8	\$1,014.7	\$1,316.3
Net Income Per Share	\$3.12	\$0.83	\$0.70	\$0.51	\$0.59	\$2.61	\$0.71	\$0.71	\$0.72	\$0.82	\$2.96	\$4.00
Extraordinary Items Per Share, Net	\$0.00	\$0.00	\$0.11	\$0.10	\$0.25	\$0.46	\$0.09	\$0.09	\$0.00	\$0.22	\$0.40	\$0.00
Capital Gains (losses) Per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Operating Income Per Share	\$3.12	\$0.83	\$0.81	\$0.61	\$0.84	\$3.07	\$0.80	\$0.79	\$0.72	\$1.05	\$3.35	\$4.00
% Change	10.3%	9.9%	6.0%	(6.7%)	(11.8%)	(1.6%)	(4.0%)	(1.9%)	18.2%	25.0%	9.3%	19.3%
Cash Earnings Per Share	\$3.32	\$0.89	\$0.87	\$0.67	\$0.87	\$3.30	\$0.89	\$0.89	\$0.90	\$1.01	\$3.69	\$4.92

Aon Corporation (AON)

	2009	Q1'10	Q2'10	Q3'10	Q4'10	2010	Q1'11	Q2'11E	Q3'11E	Q4'11E	2011E	2012E
RISK & INSURANCE BROKERAGE												
Americas	\$2,249.0	\$487.0	\$616.0	\$574.0	\$700.0	\$2,377.0	\$532.0	\$639.5	\$596.2	\$729.5	\$2,497.2	\$2,626.1
% change	(1.4%)	2.1%	7.3%	6.1%	6.5%	5.7%	9.2%	3.8%	3.9%	4.2%	5.1%	5.2%
International	\$699.0	\$598.0	\$598.0	\$534.0	\$717.0	\$2,548.0	\$719.0	\$621.1	\$562.6	\$749.6	\$2,652.2	\$2,813.1
% Change							5.5%	3.9%	5.4%	4.5%	4.5%	4.5%
Total Retail	\$4,751.0	\$1,186.0	\$1,214.0	\$1,108.0	\$1,417.0	\$4,925.0	\$1,251.0	\$1,260.5	\$1,158.8	\$1,479.1	\$5,149.4	\$5,439.1
% change	(5.6%)	5.4%	2.3%	1.5%	5.2%	3.7%	5.5%	3.8%	4.6%	4.4%	4.6%	5.6%
Reinsurance Brokerage	\$1,485.0	\$388.0	\$359.0	\$361.0	\$336.0	\$1,444.0	\$387.0	\$366.2	\$368.2	\$346.1	\$1,467.5	\$1,506.1
% change	47.6%	(1.8%)	(3.5%)	(4.7%)	(0.9%)	(2.8%)	(0.3%)	2.0%	2.0%	3.0%	1.6%	2.6%
Total commissions & Fees	\$6,236.0	\$1,574.0	\$1,573.0	\$1,469.0	\$1,753.0	\$6,369.0	\$1,638.0	\$1,626.7	\$1,527.0	\$1,825.2	\$6,616.9	\$6,945.2
% change	3.2%	3.6%	0.9%	(0.1%)	4.0%	2.1%	4.1%	3.4%	3.9%	4.1%	3.9%	5.0%
Net Investment Income	\$81.0	\$13.0	\$14.0	\$15.0	\$12.0	\$54.0	\$11.0	\$14.0	\$15.0	\$15.0	\$55.0	\$71.0
% change	(57.1%)	(56.7%)	(26.3%)	(16.7%)	(14.3%)	(33.3%)	(15.4%)	0.0%	0.0%	25.0%	1.9%	29.1%
Total Revenue - cont. ops	\$6,317.0	\$1,587.0	\$1,587.0	\$1,484.0	\$1,765.0	\$6,423.0	\$1,649.0	\$1,640.7	\$1,542.0	\$1,840.2	\$6,671.9	\$7,016.2
% change	1.4%	2.4%	0.6%	(0.3%)	3.8%	1.7%	3.9%	3.4%	3.9%	4.3%	3.9%	5.2%
Discontinued - ops	\$0.0					\$0.0					\$0.0	\$0.0
Total Revenues	\$6,317.0	\$1,587.0	\$1,587.0	\$1,484.0	\$1,765.0	\$6,423.0	\$1,649.0	\$1,640.7	\$1,542.0	\$1,840.2	\$6,671.9	\$7,016.2
% change	0.6%	2.4%	0.6%	(0.3%)	3.8%	1.7%	3.9%	3.4%	3.9%	4.3%	3.9%	5.2%
Expenses	\$5,050.0	\$1,330.0	\$1,252.0	\$1,226.0	\$1,378.0	\$5,186.0	\$1,336.0	\$1,289.6	\$1,270.6	\$1,440.8	\$5,337.1	\$5,531.7
% Change	(1.2%)	8.2%	(1.3%)	0.9%	3.1%	2.7%	0.5%	3.0%	3.6%	4.6%	2.9%	3.6%
Operating Income	\$1,267.0	\$257.0	\$335.0	\$258.0	\$387.0	\$1,237.0	\$313.0	\$351.1	\$271.4	\$399.3	\$1,334.8	\$1,484.6
% Change	8.7%	(19.9%)	8.4%	(5.8%)	6.6%	(2.4%)	21.8%	4.8%	5.2%	3.2%	7.9%	11.2%
P-T margin	20.1%	16.2%	21.1%	17.4%	21.9%	19.3%	19.0%	21.4%	17.6%	21.7%	20.0%	21.2%
margin ex inv income	19.0%	15.5%	20.4%	16.5%	21.4%	19.6%	18.4%	20.7%	19.6%	21.1%	19.3%	20.4%
Organic Growth												
Americas	1.0%	-5.0%	2.0%	1.0%	3.0%	0.0%	4.0%	3.0%	3.0%	3.5%	3.4%	4.0%
UK	-6.0%	-2.0%	-6.0%	-8.0%	6.0%	-2.0%	3.0%	2.5%	4.0%	4.0%	3.4%	4.5%
EMEA	-1.0%	-2.0%	-3.0%	4.0%	5.0%	0.0%	3.0%	2.5%	4.0%	3.0%	3.1%	3.5%
APAC	-1.0%	1.0%	3.0%	2.0%	7.0%	3.0%	3.0%	4.0%	5.0%	5.0%	4.3%	4.3%
Reinsurance	0.0%	-4.0%	-3.0%	-4.0%	-1.0%	-3.0%	0.0%	2.0%	2.0%	3.0%	1.8%	2.6%
Total	-1.0%	-3.0%	-0.8%	-0.5%	3.0%	0.0%	2.0%	2.7%	3.2%	3.5%	2.9%	3.3%
International blended	-2.3%	-1.6%	-2.7%	0.0%	5.7%	0.0%	3.0%	2.9%	4.2%	3.7%	3.4%	3.9%
CONSULTING												
Benefits, Compensation and Other	\$1,075.0	\$275.0	\$265.0	\$268.0	\$579.0	\$1,387.0	\$561.0	\$570.5	\$584.4	\$596.4	\$2,312.2	\$2,407.8
% Change	(5.8%)	4.6%	5.6%	2.3%	93.6%	29.0%	nm	nm	3.0%	3.0%	66.7%	4.1%
Human Resources Consulting	\$191.0	\$47.0	\$51.0	\$53.0	\$572.0	\$723.0	\$556.0	\$569.0	\$582.9	\$594.9	\$2,302.8	\$2,409.6
% Change	(10.7%)	4.4%	4.1%	15.2%	0.0%	278.5%	nm	nm	nm	4.0%	218.5%	4.6%
Total Revenues	\$1,267.0	\$322.0	\$316.0	\$321.0	\$1,151.0	\$2,110.0	\$1,117.0	\$1,139.5	\$1,167.3	\$1,191.3	\$4,615.1	\$4,817.4
% Change	(6.7%)	4.2%	5.3%	4.2%	228.9%	66.5%	246.9%	260.6%	263.6%	3.5%	118.7%	4.4%
Expenses	\$1,047.0	\$266.0	\$269.0	\$267.0	\$929.0	\$1,731.0	\$919.0	\$968.6	\$986.4	\$983.4	\$3,857.3	\$3,997.8
% Change	(7.1%)	3.5%	5.5%	2.7%	237.8%	65.3%	245.5%	260.1%	269.4%	5.9%	122.8%	3.6%
Hewitt Cost Savings							\$24.0	45.00	75.00	76.00	\$220.0	\$320.0
Total Expenses							\$895.0	\$923.6	\$911.4	\$907.4	\$3,637.3	\$3,677.8
Operating Income	\$220.0	\$56.0	\$47.0	\$54.0	\$222.0	\$379.0	\$222.0	\$215.9	\$255.9	\$283.9	\$977.7	\$1,139.6
% Change	(4.8%)	7.7%	4.4%	12.5%	196.0%	72.3%	296.4%	359.4%	373.9%	27.9%	158.0%	16.6%
Pre-Tax Margin (ex cost savings)	17.4%	17.4%	14.9%	16.8%	19.3%	18.0%	17.7%	15.0%	15.5%	17.5%	16.4%	17.0%
Pre -tax Margin (with costs savings)							19.9%	18.9%	21.9%	23.8%	21.2%	23.7%
Deal amortization					65		61	61	61	61	\$244.0	\$310.0
Income after amortization					157		161	155	195	223	\$733.7	\$829.6
Pre tax margin					14%		14.4%	13.6%	16.7%	18.7%	15.9%	17.2%
Organic Growth												
Services	-2.0%	-1.0%	2.0%	1.0%	2.0%	1.0%	4.00					
Outsourcing	-4.0%	-4.0%	-1.0%	19.0%	-2.0%	-1.0%	-3.0%					
Total Consulting	-2.0%	-1.0%	2.0%	4.0%	0.0%	1.0%	0.0%					
Total Operating Segments	-1.0%	-3.0%	-1.0%	0.0%	2.0%	0.0%	1.0%					

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Coverage Universe	Percent	Inv. Banking Relationships*	Percent
Outperform (Buy)	61	Outperform (Buy)	9
Market Perform (Hold)	29	Market Perform (Hold)	1
Underperform (Sell)	1	Underperform (Sell)	0

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